Lenovo and Nutanix partner to ease deployment for early hyperconvergence adopters

December 2015

TECHNOLOGY BUSINESS RESEARCH, INC.

Introduction

Data center customers face unprecedented levels of infrastructure complexity due to cloud, analytics and mobility trends and the associated rise of data. In particular, customers face challenges with emerging workload deployments and burdensome management with traditional, siloed architectures, especially in environments with heavy storage requirements. Consequently, alterative infrastructures designed to mitigate these challenges and create more opportunities for driving positive business outcomes are being deployed increasingly by organizations with large and small IT teams.

Hyperconverged platforms, often delivered in an appliance delivery model, represent the cutting edge of these alternative infrastructures. The software-defined capabilities of these platforms help customers overcome IT challenges related to internal IT processes and infrastructure management. Enterprises will continue to purchase and deploy traditional, stand-alone storage products, but hyperconverged platforms will better serve a growing number of workloads and associated requirements. The technology has advantages over traditional storage-area network and network-attached storage (NAS) infrastructures in environments where data requirements are expanding rapidly, creating scaling and management challenges for legacy storage systems. TBR believes these storage-centric complexity and management challenges are best served by hyperconverged platforms vendors with broad hardware, software and services capabilities.

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Customers of hyperconverged platforms are deploying the technology for select workloads such as virtual desktop infrastructure (VDI), video surveillance, data loss prevention, data warehousing, visualization and traditional virtualized workloads such as Microsoft Exchange, SQL Server and Oracle Database. These workloads can be complex to deploy and manage on aging infrastructure environments, but hyperconverged platforms ease the deployment and management burdens found in traditional environments. TBR anticipates hyperconverged solutions will address an even wider variety of workloads, as target use cases expand from areas such as VDI to cloud, enterprise resource planning, transaction processing, analytics and others.

As customers increasingly recognize the benefits of hyperconverged platforms, the technology will continue to take share from stand-alone infrastructure and traditional converged systems. In 2015 TBR estimates overall hyperconverged platforms market revenue will more than double year-to-year to $806 million, up from $370 million in 2014.

Hyperconverged platforms OEMs are investing heavily in portfolio development and sales initiatives as well as using aggressive pricing to differentiate and provide greater value to customers. Differentiation is critical in an emerging market in which competition continues to grow. However, competitors that have established themselves in the hyperconverged market and the overall data center market will be trusted by customers to deliver technologies that are new to their environments.

TBR research finds a significant percentage of customers purchase hyperconverged platforms directly from the vendor due to the nascence of the technology and the need for customers to work directly with vendors to receive the most effective education and advice. As customers deploy hyperconverged platforms for a wider variety of use cases, TBR believes education and support for the technology will be key areas for vendors to provide greater value to customers and differentiate.

Streamlined deployment and management are touted as key advantages of hyperconverged platforms, enabling users to cut deployment times from weeks to days — or even days to hours — compared to traditional storage. To prevent unexpected time and resource investments with rollouts of the technology, customers seek vendors with strong services and support organizations to assist with the deployment, management and maintenance of their hyperconverged investments. These vendors will enable customers to reduce the internal IT resources needed to

manage hyperconverged platforms, and free up staff to focus on more business-critical initiatives. Furthermore, customers indicate higher levels of due diligence are required to vet technologies sold by vendors unfamiliar to data center customers. However, experienced vendors with established reputations in the market can provide assurances that newer vendors cannot.

With its partnership with Nutanix, Lenovo greatly enhances its value proposition in the hyperconverged platforms market

As Lenovo works toward its goal of becoming the leader in the x86-based server market, the vendor is investing in hyperconverged infrastructure to address growing demand for the technology and augment its core stand-alone server business. Lenovo allies with several hyperconverged software providers, which enables the company to offer multiple choices and better serve customers' unique workload requirements.

Recently, Lenovo announced a strategic partnership and OEM agreement with hyperconverged platforms market share leader Nutanix, which TBR believes will be a key component of its strategy to become a disruptive force in the hyperconverged market. The vendors are working together to develop, market and sell Lenovo's new HX Series hyperconverged appliance product line, which leverages Nutanix's hyperconverged software platform. The partnership is deeper than a traditional OEM agreement, as the companies are collaborating on platform engineering and go-to-market activities, and Lenovo has dedicated sales and technical teams to support customers of its HX Series products.

At its launch, Lenovo's HX Series product line includes the HX3500, HX5500 and HX7500 offerings, which are designed to meet the requirements of compute-intensive, storage-intensive and high-performance workloads, respectively. For example, customers with VDI use cases and less-intensive virtualization workloads can benefit from Lenovo's HX3500 product, while its HX5500 offerings can best serve customers with server virtualization use cases and other workloads with larger capacity requirements. Lenovo's HX7500 product addresses the needs of customers with I/O-intensive use cases such as Microsoft SQL, Exchange, SharePoint and Oracle Database.

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Hyperconverged customers will benefit from the combination of Lenovo's highly reliable x86 sever portfolio and Nutanix's leading hyperconverged software platform

Customers of hyperconverged platforms prefer vendors with highly reliable hardware that can prevent outages and ensure uptime as they use the technology increasingly to deploy business-critical workloads such as database management systems. Lenovo's server hardware, a key component in its HX Series product line and other hyperconverged offerings, has a reputation for being highly reliable and secure.

In TBR's *3Q15 Corporate IT Buying Behavior and Customer Satisfaction Study: x86-based Servers (CSAT x86-based Servers Study)*, which measured customer satisfaction in 22 sales, product and service attributes, Lenovo was the outright leader or tied for the lead in rolling six-month mean satisfaction scores for each attribute. TBR believes Lenovo's leading satisfaction scores indicate the company's hardware quality, performance and reliability are effectively meeting the growing demands of x86 server customers.

Security is becoming more important to hyperconverged customers due to the growing use of the solutions for business-critical workloads. With a majority of data center security breaches, such as malicious software and viruses, occurring in the software stack, customers are increasingly concerned with the security of the hardware they are using to run their software. Lenovo uses a dedicated security office to ensure security for its customers and adherence to industry best practices and international standards including ISO 27000, NIST and EU Data Protection Directive and refines its policies to respond to the emerging threats.

Lenovo owns more than 50% of its manufacturing facilities, which TBR believes provides greater control over product development and supply chain operations compared to other server vendors. Additionally, the company builds security features directly into its products and uses select components from certified providers. TBR believes customers can rely on Lenovo's x86 server hardware as a key component in their hyperconverged platforms.

Nutanix brings market credibility in the hyperconverged platforms market and an established worldwide presence to the HX Series partnership with Lenovo. The vendor is the market share leader in the hyperconverged platforms market, and TBR estimates Nutanix will account for nearly 40% of total market spend on hyperconverged platforms in 2015.

Nutanix's hyperconverged software platform has several advantages for customers such as enhanced flexibility through several choices of hypervisors and cloud providers. Customers have the option to use Nutanix's built-in Acropolis hypervisor, based on open-source KVM technology, or hypervisors from VMware or Microsoft. Additionally, Nutanix provides integrated management and workload migration across hypervisors to mitigate complexity and drive efficiency. Acropolis enables users to scale compute and storage independently, helping customers gain efficiency and cost advantages when rolling out new workloads.

Lenovo's global services and support organization, as well as its vast channel network, will help customers mitigate challenges

To prevent unexpected time and resource challenges with rollouts of hyperconverged platforms, a majority of customers are also purchasing additional services. This trend will only accelerate due to the growing need for customers' IT organizations to focus on business issues and goals, rather than deployment and maintenance issues. Vendors with strong services, support and maintenance organizations are best able to serve these customers.

Lenovo has a global services and support organization and a large network of channel partners, which enables its customers to focus on meeting their business goals such as gaining market share or improving communication with customers. Lenovo and its partners offer a variety of services for customers, such as presales consulting, implementation, and support and maintenance throughout the life cycles of their hyperconverged purchases.

Lenovo's customers stand to benefit from the company's deep relationship with Nutanix. Dedicated Lenovo sales and technical teams for the HX Series provide a single point of support for customers.

With the introduction of its HX Series product line, Lenovo's customers stand to benefit from the company's deep relationship with Nutanix. Dedicated Lenovo sales and technical teams for the HX Series provide a single point of support for customers through Lenovo. For any software-related issues, Nutanix support teams are available to assist customers and limit downtime.

Lenovo uses an open approach in the hyperconverged platforms market to provide greater flexibility and choices for its customers

Lenovo maintains partnerships with niche hyperconverged software providers including SimpliVity, StorMagic, DataCore and Pivot3 to enable its vast channel network to offer appliances based on its partners' software platforms. Lenovo's strategy of partnering with multiple hyperconverged software providers increases value to customers, as each of the vendor's partners specializes in different aspects of the deployment model. Further, partnerships enable Lenovo's channel network to offer more choices and deliver solutions that best fit customers' specific IT needs. TBR believes Lenovo maintains a flexible portfolio through multiple relationships, including those with Nutanix for hyperconverged and IBM for traditional storage.

Outlook for the hyperconverged platforms market

Global data center customers will deploy hyperconverged platforms increasingly as they continually face challenges with legacy hardware plaforms, particularly as their businesses — and data requirements — grow. Customers will look to integrate hyperconverged-driven benefits such as improved efficency of internal processes, enhanced management over operations, total cost of ownership savings and simplicity of preintegrated appliances.

TBR estimates annual spending on hyperconverged platforms will be nearly $3.9 billion by the end of 2019.

Successful implementations by early adopters, as well as vendor education initatives, will drive a greater overall understanding of hyperconverged platforms. Additionally, as customer understanding of the technology rises, use cases for hyperconverged platforms will expand to a wider variety of workloads. In turn, the overall hyperconverged platforms market will continue to experience rapid growth.

TBR estimates the hyperconverged platforms market will grow at a five-year CAGR of 60.1% from 2014 to 2019. Annual spending on hyperconverged platforms will be nearly $3.9 billion by the end of 2019, accounting for approximately 18.4% of global converged infrastructure spend.

Conclusion

Lenovo is well-positioned to address the growing demand for hyperconverged, as customers seek its efficiency, simplicity and manageability benefits compared to traditional, stand-alone systems for a growing variety of workloads. Lenovo and Nutanix offer a compelling value proposition for customers of hyperconverged platforms. Lenovo offers a host of advantages, including in-house manufacturing, a deep supply chain, a heritage of strong server performance and reliability through the System x brand, and dedicated sales force and technical teams supporting its HX Series product line. Furthermore, Lenovo's lack of major investments in external storage means it does not encounter conflicts with protecting existing lines of revenue due to legacy product lines.

Lenovo's deep relationship with Nutanix, along with its other hyperconverged partnerships, enables the company to accurately address emerging IT requirements that increasingly impact the ability of businesses to accelerate. Inherent advantages across Lenovo and Nutanix will provide assurances to customers as they seek to deploy new workloads and expand deployments of existing workloads.

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