

Dell Takes On Data Centers with New Services Unit

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The PC vendor is looking to increase its services offering by creating a new division that will focus on developing and managing the infrastructure of data centers.

In its ongoing effort to expand beyond PCs and servers, Dell is planning to sell itself as an all-in-one provider of data center services and support.

On March 27, Dell unveiled a new business unit, Dell Data Center Solutions Division, which will focus on designing and customizing data centers. The unit will also help manage infrastructure and hardware, as well as create a network of services for problems ranging from power consumption, cooling and the deployment of virtualization.

This new division is specifically targeting Web 2.0 companies, financial institutions and highly specialized verticals, such as oil and gas companies, said Forrest Norrod, vice president and general manager of Data Center Solutions.

The Round Rock, Texas, company is looking to create data centers that address the needs of "hyper-scale" computing environments, Norrod said.

"We are talking about companies that add 1,000 or 10,000 servers per quarter," Norrod said. "We are looking at companies where IT is their business or where IT is the driver of their business. These companies are looking for ways to deploy 1,000 servers per month, as well as ways to

manage that fleet and to keep up with TCO - total cost of ownership - ."

Charles King, an analyst at Pund-IT Research, believes that the latest move by Dell signals a major shift away from its traditional strength of selling PCs and servers to small and medium-sized companies to a much more ambitious attempt to compete with the likes of IBM, Sun Microsystems and Hewlett-Packard.

Unlike Dell, these other large IT vendors have had years of experience in designing and managing data centers for other companies. King believes that while Dell is technically capable of offering these types of services, it will take time to develop relationships with companies looking for this type of intensive data center management.

"Vendors need a huge degree of trust to embark on an endeavor like this," King said. "It's more than just having a good relationship between a client and a salesman. There has to be a really strong belief on the side of the client that the vendor can deliver the goods."

One advantage the Dell does have, King said, is its ability to exploit its own supply chain and deliver a competitive price to the customer.

"Dell's ability to scale and its ability to exploit its supply chain could make for a very interesting situation," King said.

So far, Dell's new division is working with "a dozen" customers to develop, manage and service their data centers. For now, Dell is working to address problems and concerns at the rack level for these customers, but the company plans on expanding its services to include data center design and component management, Norrod said.

Dell will concentrate on delivering what Norrod calls standard technology, such as x86 servers, interfaces, form factors and

components.

"We're not looking to 'blade everything,'" Norrod said, referring to an effort by rival HP to use more of its c-Class blade architecture in its various data center efforts as a way to control power, cooling and space costs.

He also stressed that Dell will provide customized and tailored data center services for these types of Web-based and financial services companies.

"This is not about prepackaging," Norrod said. "This is not going to be like Sun's Project Blackbox. A portable data center is a good idea, but we believe that it locks the customer into one particular point of view."

The first set of services from the new business is called Cloud Computing Solutions, which focuses on four aspects of the data center: capacity planning, specially designed hardware, component optimization and services.

In its role as service provider, Norrod said Dell will not limit itself to its own technology and hardware, but will service an array of equipment from other vendors and IT providers.

Dell also hopes to use the new division to overcome the perception that the company lacks customer support. Within its PC division, the company launched its Dell 2.0 initiative, which looks to reconnect the company to its customers and offer more products geared toward users' needs.

The company's new focus on data center services looks to mirror that effort.

"This is really part of the changes at Dell," Norrod said. "We really think about this as bringing customer intimacy to the next level. We're looking to take some risks with this model. We want to bring customer support and our own business model to the next level."

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