Microsoft offers line of entry-level servers

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Microsoft is introducing a new low-price, entry-level server for small businesses with fewer than 15 employees as a way to introduce them to the company's broader server-software line and address falling server-hardware prices.

"If somebody can buy a $500 server, they're a little loath to spend $500 for the server-operating system that goes with it," Microsoft CEO Steve Ballmer said last month, explaining the new version of Windows Server to financial analysts.

Windows Server 2008 Foundation is designed to address a huge market of small businesses, relatively few of which currently use servers for running applications and managing data. Of an estimated 39 million small businesses globally, only 30 percent have a server, according to Microsoft's research.

Hardware makers Dell, IBM, Acer and others will sell the low-functionality software preinstalled on a server with a single processor for less than $1,000, said Bill Hilf, general manager of Windows Server marketing. Microsoft's current Small Business Server, designed for companies with up to 75 employees and including features such as integrated e-mail, starts at that price for the software alone.

Many small businesses get by now without traditional servers, which have largely been the province of big corporations. Small shops use so-called "sneaker nets," moving data from one PC to another by burning documents and photos onto physical media - a DVD or USB thumb drive

- and carrying them where they need to go. Others repurpose a standard PC as a server, Hilf said.

These methods are inefficient and make data and applications more difficult to manage, Hilf said. The Foundation server provides "a first step to a more sophisticated and more efficient way to run their business."

Cloud computing, in which a business' data and applications are hosted remotely by a third party and accessed online, could be an alternative to servers for small businesses in the future. But right now, Hilf said, even large, sophisticated companies are "not moving full-bore to the cloud. ... The small businesses are still a ways away from that."

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