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Enterprise Mac Solutions: Apple rolls into the data centre

Its resellers have been concentrating on workstations, but thanks to an expanded line of servers and storage, Apple VARs can now start to push for business in the back office

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by Vawn Himmelsbach



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For 12 years a Vancouver VAR tried persistently to sell an Apple server to a large grocery chain without success. But this spring the reseller installed its first server, winning a client that wouldn't consider biting for over a decade.

What changed?

Over the past couple of years, Apple has been dipping its toes into the server and storage markets. Now it's wading deeper, looking for new customers and engaging the channel in new business opportunities.

“It's different than 10 years ago. (If) you mentioned Apple to anybody on the PC side, any IT guys would kind of laugh at you,” says Regan Hayes, corporate sales manager with Vancouver-based Simply Computing.

“Now we've got credibility from a company that's doing well, we've got credibility from a consumer marketplace that's doing well and now we have companies like Oracle supporting us. It's like a 180 (degree turn).”

Apple has always been a strong niche player with a loyal following, particularly in the publishing industry. “But in some of the bigger shops where they have dedicated IT, you may not see a whole lot of us,” says Willi Powell, strategic development manager for Apple Canada in Markham, Ont.

This is something the company hopes to change, both with existing customers and new ones. Version 10.4 of the Unix-based Mac OS X Server (called Tiger), which rolled out in April, is being touted as “open source made easy.”

It includes support for 64-bit applications, iChat Server secure instant messaging, Weblog Server for publishing Weblogs and Xgrid to turn a group of Macs into a supercomputer.

“We have over 100 open source projects that are integrated in,” says Powell.

""We've got Apache, SquirrelMail, SpamAssassin."" These can be deployed on Mac, Windows or Linux clients. And this provides a lot of meat for resellers to service their existing customer base, he says, as well as anyone with an aging Unix or Linux infrastructure.

He sees four key areas where the channel can position Apple servers: e-mail, network services, collaboration services and research computing. ""All the Unix-y things are there and you can run your network infrastructure off this server platform,"" he says.

""We're finding (channel partners) that really never thought of selling or servicing Apple in a data centre space,"" he says, adding that Apple itself has a big data centre.

But, he says, Apple's current customer base doesn't necessarily understand the value of servers, and this is where education plays a key role. Its customers tend to be smaller shops where personal file-sharing has served well, but with growth their need to centralize will become more important.

Doors opening

""What we're finding is any company with a firm IT infrastructure setup really seems to be opening their doors to Apple servers, and that's been a bit of a change over the last 12 months,"" says Hayes. The reseller has been targeting customers in biotech, mid-size companies with a lot of Macintosh equipment and anybody using Oracle databases.

Apple just wouldn't have been treated seriously in these markets before, he says. And for some customers, it comes as a surprise that Apple is making a play in servers and storage. ""It's taken Oracle to say, 'We can put in these servers and they're identical to Sun servers but they're less money,'" he says.

Last summer Oracle announced the availability of its 10g database on Mac OS 10.3 (the Panther release) and is now in the testing process with Tiger.

""Oracle will go in and sell their Oracle databases and we'll sell the Mac hardware and maybe some network upgrades as well,"" he says. Looking forward, the reseller plans to target Oracle's installed base with Mac solutions, and that's where he expects to see the most business success.

""(Apple) used to do more collaboration sales,"" says Sanjay Sadhu, senior director of global alliances with Oracle Corp. ""Now you can buy soup to nuts from Apple.""

He says the collaboration between the two companies is providing a platform for resellers to build products on top of. ""For resellers, the ISV community, it opens up more channels to push more product,"" he says, including resellers who traditionally haven't sold Apple products.

New opportunities

One reseller has created new business opportunities by integrating Mac clients in Microsoft's Active Directory environment, building a bridge between the two that didn't exist before.

""The argument of enterprise IT managers is, 'Well, we like Mac, we'd like to support Mac, but unfortunately they do not fit into our corporate policy management, which is based on Active Directory,'" says Stephan Pinheiro, president of Montreal-based resellers Mac 911 Inc. and humanIT Inc. ""It's no longer an excuse, period.""

But he sees the greatest opportunities in storage-area networks, where he says the potential has ""suddenly just exploded."" Apple storage solutions are on average 35 to 50 per cent cheaper than comparative technology, he says, which allows him to go back to customers that previously couldn't afford a SAN.

""Now we're saying, 'Yes, you can (afford it), and on top of it you have the simplicity and ease of management that is brought by the Mac platform,'" he says.

He has divided his company into two separate entities in order to deal with these new opportunities; ninety-five per cent of humanIT's business is made up of new customers in areas like education, science, research, banking and large enterprises.

""We used to be the dentist for these corporate environments, but with expertise like Active Directory we've transformed from the dentist and become a neurosurgeon,"" he says. ""We have a completely different business model.""

VARs have to change their business model, he says, because the customer has dramatically changed – and because selling Apple is no longer about just selling workstations.

Apple is trying to break out of its niche markets, such as media and content development, and become more of a mainstream enterprise vendor, says Alan Freedman, research manager of infrastructure hardware with IDC Canada in Toronto.

""They certainly have a long way to go,"" he says. They're small in terms of market share and sales: their share of the server market is about US\$1 million a quarter while the overall market is between US\$350 and \$400 million per quarter.

Loyal users

But what it does have is a very loyal user base, he adds. Because of that it should be able to work up from the desktop into the back office, growing share in traditional niche markets, building a reputation and gaining credibility so it can expand into other areas.

Another area that's ripe for the picking is the small and medium business market. ""Apple's always been known for their simplified management style and simplified user experience, so if they can translate that into the server and storage side, that will help them grow their share and break into the SMB market,"" he says.

However, other vendors will likely point to Apple's lack of experience, lack of products and even lack of application availability, he adds.

Frank Gillett, principal analyst with Forrester Research in Framingham, Mass., sees Apple's offering as an alternative to Microsoft's Small Business Server (SBS).

""When I look at Mac OS Server and the associated hardware, what I see is competition for SBS, integration with Mac OS clients and for people who (don't want) Linux on Intel but still want open source,"" he says.

Focus on small markets

Apple's offering intersects a number of small markets that add up to a reasonable business, he says, but it's not clear if it is going to get the attention of mainstream IT anytime soon.

""They're not going to be competing in any significant way with HP or IBM or Sun or Dell's server business, but I don't think that's their goal,"" he says.

""I think their goal is to carve up all these specialty markets where people appreciate Apple, and that's a reasonable play for them.

""Your major database vendors like Oracle and Sybase have ported their software to run there, but the bottom line is it's not a platform that's

supported by a lot of mainstream ISVs that run standard business applications,"" he says. What it's really good for, he says, is environments where tight integration with a client is needed.

""We are actually positioning our servers and storage so that they can fit into all the tiers, including mission-critical,"" says Apple's Powell, ""but I would say we're not going after the banks. We don't want to take responsibility for the Toronto Stock Exchange being down – we haven't got

the servicing power to service that kind of customer. So that's another thing we're trying to build, an integration network."

Oracle's Sadhu says Apple's strength is predominantly on the consumer side, but it's developed a strong customer base in the areas of multimedia, medicine and life sciences.

"As you build the customer base, then we can expand it to a broader market," he says. "You want to walk before you run on this one."

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