

Dell builds up assets for its cloud offerings

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Dell is a company that has been busily reinventing itself and seems to be taking the right steps towards being a true cloud player

It's not too long back that Dell was a "pile 'em high, sell 'em cheap" vendor of computers. Anything else you wanted, you had to go elsewhere to get it – storage, networking equipment and real technology know-how weren't exactly core strengths. However, customers knew where they stood and either got the hardware directly off the page as it met their cost requirements, or got it through their incumbent systems integrator, generally as it met their cost point.

Then, Dell decided that storage was probably a little important – but not important enough to make it truly core. Initially, it teamed up with EMC to resell its Clariion NAS devices and co-sell its Symmetric SAN storage. A little while later, it then picked up Equallogic and so gained its own low-end storage capabilities to replace the Clariion systems.

Over time, Dell has been building on its portfolio through acquisitions – many of them being a lot quieter in the press than others from the likes of IBM, Oracle and HP. The acquisition of Perot Systems provided Dell with much needed professional services – even though this was pretty small outside of the USA, it has provided a platform for growth on a worldwide basis. KACE Systems came next, providing hardware-based systems management appliances – but gave Dell the capability to build in systems management to its own overall offerings.

Then came Compellent, another storage vendor playing at the higher end of things – so effectively destroying the EMC relationship (even though on paper it runs through to 2013), but putting strategic storage control firmly in Dell's hands. As well as these purchases, others of

note include InSite One for cloud-based data archiving, SecureWorks for cloud security, RNA Networks for cloud virtualisation, Scalent for data centre flexibility, Boomi, for cloud services integration, Ocarina for storage optimisation and, in its latest move, Force10 Networks to give it some capability in the networking space.

A common thread through most of Dell's acquisitions is cloud and the data centre. In a strong attempt to refocus as a more strategic partner, Dell has decided that it has to cover more ground and to be able to position this to the customer base at a more strategic level.

Where Dell does not have capabilities is in the traditional software space. It does not own an operating system unlike IBM, HP and Oracle. It does not own a database or business intelligence, or any enterprise applications. It looks like Dell will continue to play as a platform vendor – it's just that the platform will be a lot more complete than it has been in the past.

But Dell has two additional cards up its sleeve to boost its cloud credentials. As HP has played hard to get with Microsoft, it has driven Microsoft more towards Dell. Dell will be a big partner for Azure and for providing platforms for running Microsoft's own cloud offerings – Office365, Lync, Dynamics and so on. The other card is that Dell is also a supporter of OpenStack, the open-source cloud stack developed by RackSpace as a less proprietary alternative to the first-mover stacks of Amazon and co, and of the big vendor stacks of IBM, Oracle and HP (although HP is also a signatory to OpenStack – a move that may be more for competitive intelligence rather than a strategic direction).

The raft of acquisitions and the need to change not only business direction but also hard-wired mindsets within Dell is not going to be easy, nor painless. It has bought in a lot of channel during

its acquisitions – something that Dell has never had to deal with outside of a few large partners such as CSC in the past. It also has to look to selling an aggregate of items as a “solution” rather than as a system – and this requires more in-depth knowledge of existing customers and future prospects alike.

However, for those looking to a cloud based on pure scale out, Dell is beginning to look very interesting. With HP looking less attractive, Oracle and Cisco appearing to be niche players and IBM appealing more to the very large enterprises, Dell could be a cloud winner.

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