



What's the Value you get from Value Added Resellers (VARs) these days?

As 2016 was drawing to a close, we had some interesting conversations with Clients about the value they felt they were getting from the average Value Added Reseller (VAR) they were doing business with. The comments we heard were in line with what our thoughts about the VAR business have been for some time, and we thought we would share them with you, in hopes of fostering some change.

First, a little history. The VAR business was established in the 1980s when IT manufacturers wanted to increase the number of accounts they could cover, without increasing their cost of headcount to go after those incremental accounts. Under the guise of providing greater technical coverage and expertise, but for the most part being about additional sales coverage, the VAR market was born.

Manufacturers typically wanted to cover the largest accounts themselves, and have VARs cover small, mid-market accounts. That made sense, and a kind of dual sales approach was born. Large accounts got love direct from manufacturers and smaller accounts were directed to deal with VARs.

The acronym VAR stands for Value Added Reseller. For the most part, VARs function simply as a conduit to acquire equipment from the manufacturer. Initially, this was viewed as an extra step for a customer to have to go through, but over time, it's become how over 80% of computer equipment acquisitions are transacted.

The V in VAR is supposed to stand for Value. The question has always been, how do you measure that

value? Some feel that value is defined by technical expertise, some feel it's having the lowest price, and others feel it's having quick service. We think it's all of these.

What we don't think that V should stand for is Volume. Volume isn't value; knowledge, expertise, support, and pricing are value. Availability isn't an issue; for enterprise systems, VARs do not inventory anything as everything ships directly from the manufacturer. Any VAR can deliver volume.

Many of you work with Volume-based resellers who only contract with you on the phone or over the internet. We think there's a better way. Work with a local VAR like Roundstone Solutions, which understands how to deliver value. There's no price disadvantage to working with Roundstone, and we think you'll appreciate the value we can bring to your project.

Roundstone is all about delivering value to you, our Client. We do so by working hard to understand the project you are working on, what the goals are, understanding various alternatives to achieving those goals, and then getting special pricing from the manufacturers to be able to provide the best price. Combined with the rest, that's real value, we think.

Give us a call at 925-217-117 or email us at sales@roundstonesolutions.com and we'll be happy to sit down and discuss your unique requirements. Get value in your IT infrastructure discussions by working with Roundstone Solutions.

We send this email version of the Roundstone Solutions Quarterly Newsletter to over 20,000 contacts every quarter. We try to keep our mailing list current, and only wish to send it to those who find it useful. If you're getting this newsletter and you like it, terrific. If you're getting it and you don't wish to continue to receive it, please let us know. We'll remove you from our mailing list right away. Thanks.

IN THIS ISSUE:

GETTING VALUE FROM VARs.....	Page 1
HOT TECHNOLOGIES FOR 2017.....	Page 2
DELL-EMC, HPE AND OTHERS.....	Page 3

WHAT'S UP WITH BROCADE?.....	Page 3
COMPUTER LEASING.....	Page 4
ABOUT ROUNDSTONE SOLUTIONS.....	Page 5



Technologies that should take off in 2017

One thing we all understand about Information Technology is that, as a business, it does not stand still. Constant change occurs and as IT professionals, we have to anticipate, understand, and deploy new technologies.

In 2017, here are some of the technologies we believe should be big:

Hyper-convergence: We think Hyper-Converged Infrastructures (HCI) will continue to be the direction that data centers head. Real benefits are being realized by companies which have deployed HCI, and we think that will continue, and accelerate.

HCI combines server and storage hardware into one appliance, and allows companies to truly acquire IT services as they need them, for workloads. We make this distinction because for the most part, companies have had to acquire IT equipment based on how the manufacturers serve it up. No longer.

The overall benefits are simplified operations, easier scaling at your pace, greater performance, and lower operating costs. Additionally, Nutanix provides its own hypervisor, giving you the ability to eliminate your cost of VMware software and services.

Roundstone partners with *Nutanix*, *HyperGrid*, and a couple of others in this space.

New approaches to backup: One of the areas users still struggle with is backup. It's kludgy, expensive, and very difficult to manage. There are a few "old-school" companies that make a ton of money keeping the gravy train going with older backup schemes. That's changing, with newer technologies being deployed. Companies like *Rubrik* are going to make a huge impact here, and Roundstone is a partner. We also think companies have to rethink what they backup and for how long. Tape is still around, and it's inexpensive. Roundstone partners with *Quantum*, and there's a rebirth of interest in this form of backup.

Tools to prevent Ransomware: This is a big topic. Some companies were hit hard by Ransomware in 2016, and it really messed things up. Having a solid approach to backup is the best way to combat Ransomware. If you have good backup, your exposure to Ransomware is minimized. It's also important to have a solid intrusion prevention and intrusion detection systems in place.

The Internet of Things: We're not currently a huge partner of Cisco, and we think their title sounds goofy, so let's call this what it really is...the interconnection of lots of different components into a huge network. In other words, every electronic thing can have an internet address and be connected to a network/the internet. We think this will be a big deal for some businesses, and for others, it won't even be a factor. If your business doesn't involve lots of electronic devices, this won't impact you much. In your personal life, this will be a different story. Expect all electronic devices to be connected.

Unified Communications as a Services (UCaaS): Companies gained a huge advantage when, for the most part, they embraced Cisco, Avaya, and a few others as vendors for telecom services. They moved their phone systems onto servers and storage in their own data centers, replacing proprietary equipment from the "phone company". Well, we're onto the next phase of this, which is to get rid of those servers and storage, and let it be run in the Cloud. You'll find lower costs, easier management, and a better overall experience. Roundstone partners closely with *Fuze*, one of the leading vendors in this space.

Continued explosion of storage capacity: For years, companies have used more and more storage, and a greater percentage of it does not get stored in your data center. The big topic over the past few years has been whether Solid State Disk (Flash) or Hard Disk Drives are more appropriate for your business. That will continue to be a topic, as Flash gets less expensive and can store greater capacity than previously.

Despite the fact that storage media is getting less expensive, we think there will come a time when companies begin to take a hard line on what is being stored on this capacity. Even if the media were free, the effort required to manage storage capacity is not. Regardless of whether data is stored in the Cloud or on-premises, there is still an effort needed to manage it. The larger the amount of data to manage, the bigger the effort/issue.





Dell-EMC, HPE, and others

2016 saw a number of large computer equipment companies go through some major restructuring and acquisitions. Much has been written about these companies, and we thought we would chime in with our thoughts.

Dell-EMC: This acquisition is complete, and was the merging of two very different cultures. EMC had been a “take no prisoners” sales culture, with terrific results over the years. Dell had been the “low price leader” in selling PCs for corporate America. It was interesting that these two companies chose to come together.

Since the acquisition closed, we’ve seen the combined company come to market with a very strong message. Essentially, Dell-EMC can sell you everything you need, whether it be PCs, servers, storage, networking, software, and other pieces.

The jury is still out on how this one will turn out. EMC’s core storage business was not growing, and Dell’s reliance on the PC business meant that its growth slowed as companies acquired less PCs. While we think there are many brilliant people at Dell-EMC, their future is very much tied to the “old way” of doing things, and will require they make significant change to the way they do things to be successful.

HPE: 2016 saw the first full year of Hewlett-Packard Enterprise, where the former HP split out the PC and printer business (HP Inc.) and the Enterprise business (HPE).

This deal probably meant less to customers than any other deal, because it didn’t involve them. It was simply HP deciding that they would be more

successful long term by having two different companies serving these two different markets.

HPE looks a lot like Dell-EMC, without the PCs. You can pretty much buy everything you’d need for a data center from HPE.

Like Dell-EMC, HPE is tied to the old way of doing things, and a lot of their growth is tied to technologies they acquired, not developed. We think HPE will be successful due to their large installed base, and local customers. But a company this big still has to move fast in the technology business, and that’s not really HPE’s heritage.

Others: There is no shortage of companies that manufacture and sell computer equipment. Some can offer a complete suite of products, like Dell-EMC and HPE, others can offer most products, like Cisco, Lenovo, and others, and some are more focused on singular technologies, like Nimble Storage, Pure Storage, Nutanix, Juniper, and others.

We think the winners going forward will be the companies that can offer newer technologies faster, those that are not afraid to turn their installed bases to newer platforms, and those that keep in mind companies acquire computer equipment because of what it allows them to do for their businesses.

Roundstone is one of the most experienced and hands-on Solutions Providers/VARs in Northern CA. We know technology well, and we’d like to understand your environment and goals so we can help you select the best approach for your company.

Call us at 925-217-1177 or email us at sales@roundstonesolutions.com for more details.

What’s up with Brocade?

For the past 4-5 years, Brocade has been making some of the best IP networking equipment in the market. Their 1GB and 10/40GB product sets are excellent performers, and are offered at a much more attractive price point than Cisco offers. In 2016, Brocade acquired Ruckus, allowing Brocade to offer complete solutions in the wired and wireless network space.

Recently, Broadcom acquired Brocade, and the acquisition is scheduled to close in early 2017. As a part of the acquisition, Broadcom was interested only in Brocade’s Fibre Channel product line, and will be selling the IP part of the business. For now, the future ownership of Brocade’s IP business is to be determined. In the meantime, if you already have an investment in Brocade IP, don’t worry. You’ve got a great technology and one that will continue to live on for a long time. Roundstone can help with your networking requirements. We can be reached at sales@roundstonesolutions.com or call us at 925-217-1177.



Whatever happened to computer leasing?

The principal of Roundstone Solutions is an experienced executive who spent half his career in the computer leasing industry. Leasing used to be way that most computer systems were acquired, in part because of the large costs associated with buying mainframes, storage devices, and networking equipment. Systems that cost \$25,000 today used to cost millions of dollars not so long ago.

A few things happened that spelled the end of computer leasing as we once knew it. In the mid-1990's, the US Justice Department vacated something called the Consent Decree of 1956, and allowed computer manufacturers to lease equipment directly to their customers at competitive pricing. Second, the cost of money came down from over 10% to roughly 1%. Finally, the cost of equipment fell dramatically, allowing companies to purchase outright instead of lease equipment.

At its peak, the largest company in the computer leasing business was Comdisco. Comdisco had annual revenues of over \$4B, and was a very successful company. However, mismanagement and some bad business decisions cost the company dearly. Sadly, the company no longer exists.

Other companies in the computer leasing business were forced to change their business models to succeed. Few of the original computer leasing companies still exist just as leasing companies. Some of these companies, like Forsythe McArthur, CSI, and others were forced to become equipment VARs in addition to providing leasing services. Today, leasing is a small part of these companies' businesses.

Other computer leasing companies moved into leasing other unrelated components. Medical equipment and plant handling equipment became two areas that computer leasing companies moved into. Others leased transportation equipment (trucks, busses, planes, trains, ships) and others leased ski area equipment, manufacturing plants, and other assets.

We've taken you through this to share a little history, as well as to let you know that the computer business is all about change. What once were viable businesses are no longer viable, companies that had billion dollar revenues are no longer around, and those that were in those businesses have had to evolve to survive. Just like the rest of today's businesses.

Roundstone Solutions wants to work with you. call us at 925-217-1177 or email us at sales@roundstonesolutions.com for more information.

About Roundstone Solutions

Roundstone Solutions is an IT Infrastructure Integrator based in San Francisco. We help our Clients transform their IT infrastructure through the use of Next Generation IT Infrastructures. The end result are much higher performing, lower cost, simpler, enabling infrastructures.

Roundstone Solutions was founded in 2012 by experienced IT infrastructure executives. Our relentless focus is to be the Northern CA VAR/Reseller with the highest level of satisfaction by our Clients. We accomplish this by understanding our Clients' business objectives, and then matching the appropriate technology solutions to get the job done right. We provide value to our Clients.

Please see more about Roundstone Solutions at www.roundstonesolutions.com. Our blog can be found at www.timjoyce-roundstonesolutions.blogspot.com and is updated regularly.

Let us help you transform to a Next Generation IT infrastructure!

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