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RESEARCH NOTE D128

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## When Sharks Attack: IBM Takes a Bite Out of EMC

### ***THE BOTTOM LINE***

IBM is making a push to migrate EMC Symmetrix customers to IBM Shark storage systems using a data transfer product called Piper. Companies with EMC equipment that is more than a few years old can reach a positive ROI by switching to less expensive IBM systems and eliminating their EMC maintenance costs.

On December 3, 2003, IBM announced an initiative to siphon EMC storage customers to IBM's Shark storage product line. The initiative, which IBM is calling a "storage migration program," is based on a data transfer product called Piper. The device allows IBM consulting teams or a company's in-house IT staff to make a perfect replica of data stored on an EMC Symmetrix system and transfer it to an IBM Shark system, without any downtime.

Though IBM is not announcing anything particularly new or innovative, this latest strategy does highlight a shifting dynamic in the storage industry. Whereas companies were once happy to pay EMC millions of dollars for what were the most advanced storage systems available, increased commoditization of high-end storage hardware has eroded EMC's market share and is allowing companies to reevaluate their investments in proprietary and costly EMC systems. IBM is now giving companies the opportunity to make a relatively painless transition to its storage systems.

For companies with existing investments in EMC systems, the obvious question is what sort of ROI impact switching to IBM will make. The answer depends on a number of factors, including how old a company's current EMC systems are, what sort of training in-house personnel have received, and what maintenance contract terms a company is currently dealing with.

Because most storage systems are sold with 3-year warranties, companies that went on a late-1990s buying binge are now stuck with expensive EMC maintenance contracts that can drag down ROI. Companies in this situation may find that switching to a new IBM system and eliminating the EMC maintenance contract can lead to a positive ROI, especially because the Piper technology reduces switching costs to a minimum, though it should be noted that the Piper device can cost several hundred thousand dollars.

However, companies need to be wary of the total cost of switching to a new platform. If a company's IT personnel are well versed in working with EMC and if there is little IBM storage experience in-house, it will be necessary to incur the expense of either retraining

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those employees or relying on IBM's professional services team to run the new equipment.

Nevertheless, because IBM's Shark storage equipment tends to be priced at lower levels than EMC's equipment, switching to the Piper initiative can be a way for companies to reach a positive ROI. Companies with EMC equipment may also want to leverage this announcement as a means to renegotiate maintenance contracts with EMC.

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