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STRATEGIC INSIGHTS

TECHNOLOGY INTEGRATORS

JACK DOMME,
COO, HITACHI
DATA SYSTEMS

MATT MEDEIROS,
PRESIDENT & CEO,
SONICWALL

Attack *of the* **ALTERNATIVES**

Alternative vendors are coming out swinging, beating the big boys to the punch with **better product/price performance, up-close-and-personal support, and higher margins.** Our annual study reveals who's in the ring and why.

ATTACK

of the ALTERNATIVES

LOOK WHO'S SCORING A KNOCKOUT WITH A ONE-TWO PUNCH OF INNOVATION AND IMPROVED CUSTOMER ROI

BY STEVEN BURKE

Some of the biggest and baddest technology vendors have made a fine art of using FUD—fear, uncertainty and doubt—to bully any and all comers to adopt their product or solution sets. And for years risk-averse customers with hefty IT budgets would fall sway to that perennial line: “No one ever got fired for buying ... (fill in your vendor of choice).”

Fast forward to 2008. IT budgets are tight. Customers of all stripes are looking for improved ROI and are more willing to place a bet on innovative technology that delivers more bang for the buck. The FUD factor doesn't play like it used to. In fact, alternative vendors are being embraced at a record-setting clip. They are growing faster than the big vendors, and there are more of them than at any time in the history of the technology business.

This year's CMP Channel Alternatives Study features 144 alternative companies compared with 96 last year. What's more, the study found that 63 percent of the time customers have no brand preference.

That's a big opening for solution providers carrying these vendors. Call it the “attack of the alternatives.” Only it's no science-fiction fantasy. It's real.

Just ask Matt Medeiros, president and CEO of SonicWALL Inc., and Jack Domme, COO of Hitachi Data Systems. Both have competed for years against two of the biggest, baddest wolves (Medeiros against Cisco Systems Inc.; Domme against EMC Corp.). And both have led their companies to big sales and profit gains by providing more value for customers and more margin for their partners.

With the economy in free fall, Medeiros and Domme say it's easier than

ever to compete against industry giants.

“As we see the economy getting pushed closer and closer to a recession, alternatives are being talked about far more frequently,” said Medeiros.

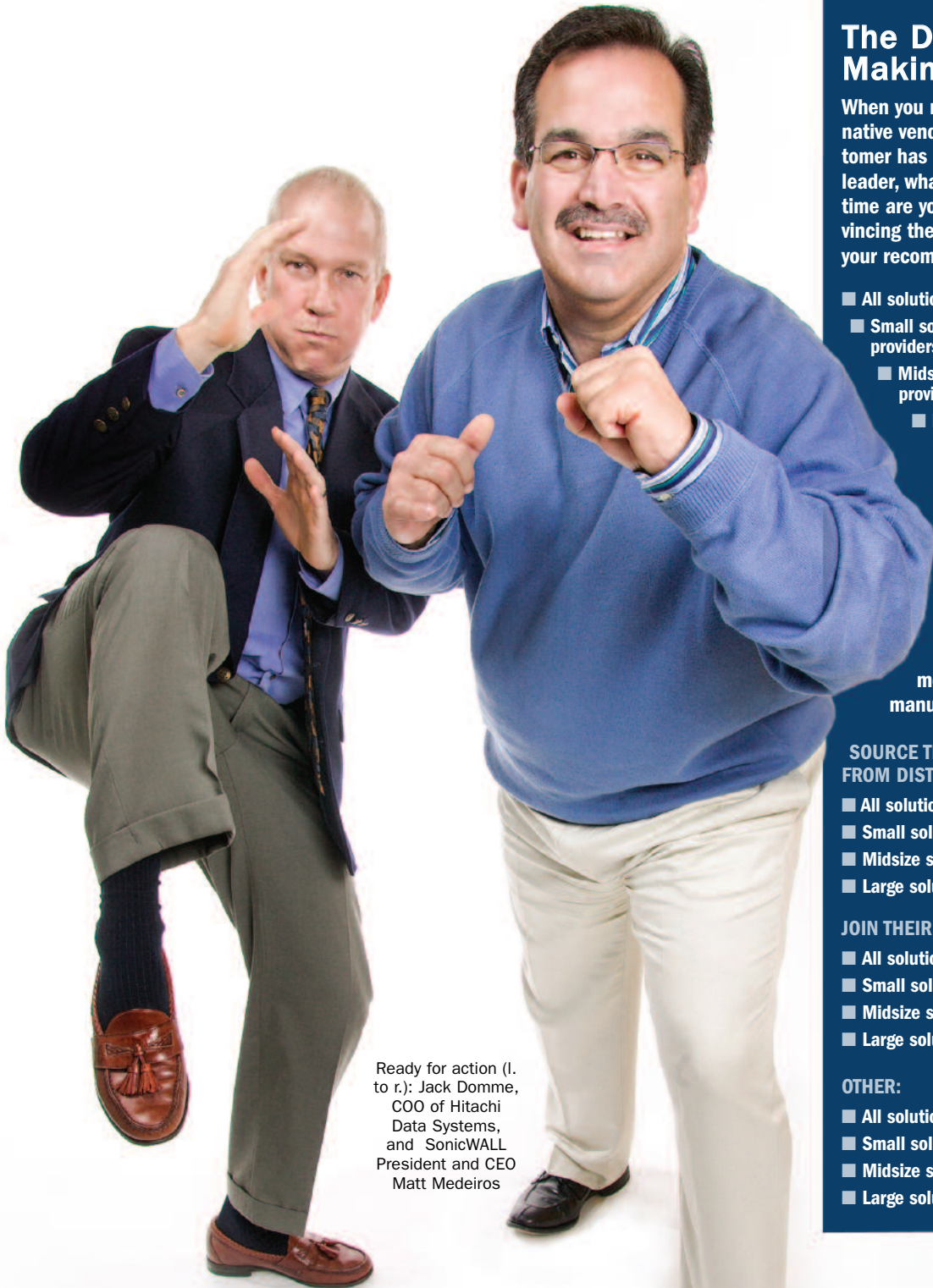
Domme sees Hitachi gaining traction in accounts where it was previously tough to get in the door. “Budgets are flat or tight so customers are looking for a solution that saves them money,” he said. “A lot of customers are sweeping the floor, [moving] from EMC to Hitachi.”

Ron Dupler, president and CEO of GreenPages Technology Solutions, a \$120 million Kittery, Maine, solution provider whose Hitachi business is up 100 percent in the past year, said alternatives like Hitachi are winning the day in mid-market accounts trying to find “the best technology solution for their dollar.” Dupler said one of the benefits is the higher margins and tighter relationship with the vendor. “Second-tier vendors are more hungry and have richer programs,” he said.



ON CHANNELWEB.COM

Slide show extravaganza: Check out which alternative vendors have caught solution providers' eyes in the 14 technology/product categories we cover in our annual Alternatives Study.



Ready for action (l. to r.): Jack Domme, COO of Hitachi Data Systems, and SonicWALL President and CEO Matt Medeiros

Brand-New World

What percentage of the time does your customer request a specific brand?

- All solution providers 37%
- Small solution providers 27%
- Midsize solution providers 33%
- Large solution providers 51%

The Decision-Making Process

When you recommend an alternative vendor after the customer has requested a market leader, what percentage of the time are you successful convincing the customer to go with your recommendation?

- All solution providers 53%
- Small solution providers 53%
- Midsize solution providers 58%
- Large solution providers 44%

Who Wants To Join In?

When your company decides to start selling/recommending an alternative manufacturer, do you ...

SOURCE THEIR PRODUCT FROM DISTRIBUTORS:

- All solution providers 70%
- Small solution providers 76%
- Midsize solution providers 73%
- Large solution providers 63%

JOIN THEIR PARTNER PROGRAM:

- All solution providers 68%
- Small solution providers 61%
- Midsize solution providers 77%
- Large solution providers 67%

OTHER:

- All solution providers 9%
- Small solution providers 4%
- Midsize solution providers 10%
- Large solution providers 10%

ATTACK of the ALTERNATIVES

The SonicWALL Advantage

VARs say they are winning with SonicWALL because its solution has been built from the ground up to address the cost-conscious SMB segment.

Eryck Bredy, founder and CTO of BNMC, an Andover, Mass.-based IT services company that partners with both SonicWALL and Cisco, said a comparable Cisco solution for a 250-person shop is three times more expensive than the SonicWALL offering. He says Cisco needs two separate ASA appliances (the Cisco ASA 5520 IPS Edition and the Cisco ASA 5520 Anti-X Edition at a combined cost of \$23,690 vs. the SonicWALL Pro 3060 with Enhanced OS with a comprehensive gateway security suite at a combined cost of \$6,290). "What Cisco has done with its PIX firewall and the ASA line is try to take an enterprise solution and architect it for small business," Bredy said.

In fairness to Cisco, Bredy said that the twin box offering will outperform the SonicWALL solution. "Cisco makes the best-performing box out there," he said. "But where Cisco loses out is that the small-business owner is not solely concerned with performance. He is concerned with cost."

Medeiros points to a nearly \$1 million, multiyear deal with a semiconductor company that pitted SonicWALL and one of its partners against a Cisco offering in a Cisco-dominated IT network environment. The SonicWALL solution not only came in at a substantially lower price, but also was "easier to use and manage across the large-scale network," he said. "They truly looked at total cost of ownership and we won hands down," said Medeiros. "Given the current economic trends in North America with budgets being tightened, the CIO felt that he absolutely had to consider an alternative and that is how we got brought to the party. It was an absolute Cisco environment."

When the CIO signed the purchase order, he left Medeiros with a telling final comment: "He said: 'No one ever got fired for buying Cisco,'" said Medeiros. "But everyone's been fired for blowing their budget."

The Hitachi Advantage

Solution providers say Hitachi is winning in the market because it has a more innovative technology set with storage virtualization and dynamic provisioning.

Dave Cerniglia, president of Consiliant Technologies, an Irvine, Calif., Hitachi partner, competes against EMC in virtually every deal. He said Hitachi has a more cohesive product line with a common foundation than EMC's bric-a-brac point product set. "Hitachi has a clear competitive technology advantage," he said. "People don't want point products. They want a platform solution that makes it easier to move forward as technologies continue to evolve."

Cerniglia said he decided to base his business exclusively on Hitachi six years ago and he's never looked back, adding that his Hitachi business was up 35 percent last year. "I couldn't afford to partner with someone that didn't provide me with 100 percent reliability and availability," he said. "I don't have to deal with customer service issues with Hitachi."

Domme said the reason Hitachi partners are seeing that kind of sales growth is the higher ROI with Hitachi storage solutions. One example: Hitachi's impressive storage virtualization technology, which is pumping up storage utilization rates from a mere 20 percent to as high as 80 percent. "We just haven't seen EMC [storage] virtualization come out," Domme added. "Our partners really appreciate the R&D and vision they get with Hitachi."

Domme points to a multimillion-dollar win Hitachi scored with one of its partners six months ago against EMC for a large financial institution. "We went head to head against EMC Centera and won the deal," he said. "Customers are seeing the value we are delivering with a combination of hardware, software and services, and margins are fairly healthy for us and our partners. Customers are willing to pay for that value."

THE LEADERS RESPOND



"Today, we not only have one of the most comprehensive and industry-recognized security portfolios in the industry, we have the largest and most dynamic channel in the industry. There are now more than 1,200 security specialized channel partners around the world who focus on solving customer security issues using Cisco technology."

—Edison Peres, Cisco, VP, Worldwide Channels



"EMC's Velocity partners believe this is an exciting and rewarding time to be working with EMC. They communicated this in the 2007 VARBusiness ARC survey by giving EMC the highest marks for the two categories we competed in. We remain focused on providing them with world-class products and programs to support their continued success with us."

—Mitch Breen, EMC, senior VP, Global Channel Strategy and Sales

DATA NETWORKING

ANDREW R. HICKEY

It's no secret that when it comes to data networking, Cisco Systems Inc. is king. Still, that doesn't scare off VARs looking for success with alternative vendors. Going against the big boys and selling wares from alternative vendors like ProCurve Networking by HP, 3Com Corp., Nortel Networks Corp. and a host of others can have its rewards.

"A lot of companies are almost starting to rebel against Cisco," said Ray Nelson, CTO of Whippany, N.J.-based solution provider Consultedge Inc. "They feel it's all or nothing and they're getting frustrated. They're tired of being forced into one thing."

Nelson, an Extreme Networks Inc. partner, said it's challenging to go up against a networking behemoth like Cisco for potential accounts, but in Extreme's case, it has solid switching products that he can back 100 percent.

"A lot of the times when we present these alternative platforms, we really believe they are best-in-breed," he said.

Nelson noted that he also sells Cisco gear. It's the nature of the beast in the data networking market. But through his partnerships with Extreme and Avaya Inc., Nelson said he's found better performance and more innovative technologies. Consultedge also offers solutions from Juniper Networks Inc.

Sean Johnson, business development manager at Hayes Computer Systems, Tallahassee, Fla., agreed that alternative vendors can offer more attractive pricing and strong performance. Hayes is a Cisco partner, but also has strategic partnerships with 3Com and Nortel. "It's nice to have a couple of different options," Johnson said. "I like having alternatives. Sometimes customers demand something else. Sometimes they can't afford Cisco. Why would we miss out on business because we don't offer an alternative?"

CONSIDERATION SET

LEADING VENDOR: CISCO

- LINKSYS
- HP
- 3COM
- NETGEAR
- D-LINK
- DELL
- NORTEL
- EXTREME
- BELKIN
- JUNIPER
- ADTRAN
- SMC

TOP REASONS

- Better product performance
- Better price performance
- Innovative technology
- Better support
- Increased margin opportunities

CONSIDERATION SET

LEADING VENDOR: CISCO

- AVAYA (TIE)
- NORTEL (TIE)
- 3COM
- LINKSYS
- SHORETEL
- POLYCOM
- MICROSOFT
- DIGIUM/
ASTERISK
- D-LINK

TOP REASONS

- Increased margin opportunities
- Better price performance
- Better support
- Competitive differentiation
- Offers high margin

VoIP

JENNIFER HAGENDORF FOLLETT

In a market as strong as VoIP, it's no wonder solution providers have so many options.

While solution providers identify Cisco Systems Inc. as the leading VoIP vendor, they say a bevy of rivals are on deck as strong, viable alternatives.

Cisco holds 42 percent of the IP-PBX market and 28 percent of the IP phone market, according to Yankee Group Research Inc. But it faces stiff challengers, whether it's voice-focused Avaya Inc., networking rivals 3Com Corp. and Nortel Networks Corp., open-source player Digium Inc., newcomer Microsoft Corp., or even itself, in the form of its Linksys division. When VARs do turn to alternative VoIP vendors, they said it's because they find increased margin opportunities, better price/performance, improved support or competitive differentiation, sometimes in combination.

Westron Communications Inc. has eschewed bigger-name VoIP players in favor of ShoreTel Inc. because the seven-year-old partnership is a profitable one, said Dave Casey, principal at Westron, Carrollton, Texas. "The benefit for us is it's a very profitable product line for us to sell for two reasons. We have a good discount rate from ShoreTel, but the second thing is that we have very high customer satisfaction ratings with it. Our customers give us tons of referrals because they like the technology," Casey said.

On accounts that are 500 seats or smaller, Westron typically pulls in margins of 20 percent to 30 percent on ShoreTel deals, including services, Casey said. Hardware margins tend to drop by 5 to 7 points on larger deals, but Westron's blended margins for big ShoreTel sales still come in above 20 percent, he said.

Casey said he has been surprised to find that the delta between the up-front costs of a ShoreTel VoIP solution vs. a Cisco one is not as large as expected, typically running 10 percent to 20 percent less for ShoreTel. But that gap increases as total cost of ownership is considered over the long haul once maintenance, ease of expansion and other factors come into play, he said.

ATTACK of the ALTERNATIVES

CONSIDERATION SET

LEADING VENDOR: CISCO

- LINKSYS
- NETGEAR
- D-LINK
- 3COM
- BELKIN
- SONICWALL
- HP
- NORTEL
- MOTOROLA/
SYMBOL
- BUFFALO

TOP REASONS

- Better support
- Better price performance
- Better product performance
- Innovative technology
- Increased margin opportunities

WIRELESS NETWORKING

ANDREW R. HICKEY

As wireless networking becomes much more pervasive, partially due to the upcoming deluge of 802.11n products, VARs are faced with a choice: Go with the established leader, or align themselves with second-tier wireless vendors that can offer similar performance, better prices and higher margins?

That's a tough call in a market where Cisco Systems Inc. holds the two top spots, first with its Cisco-branded gear and second with wares under the Linksys moniker.

But solution providers are finding great success in bucking the Cisco trend, becoming partners with vendors that may not have the mind-share of the 800-pound gorilla but can offer solid technology with the right price.

Josh Bailey, founder of Norcross, Ga.-based solution provider Layer 3 Communications LLC, avoids Cisco altogether, saying he built his business around being a Nortel Networks Corp. partner. "We don't sell any Cisco; we're an oddball in the wireless space," Bailey said.

That's not to say Bailey isn't familiar with Cisco's wireless offerings. But Nortel, he said, brings to the table a management interface that beats out the competition. Plus, aligning with a vendor that is not a clear market leader in the wireless space allows Layer 3 to offer competitive pricing to its customers.

Lance Alexander, general manager of Computer Backup, Orange Beach, Ala., said he dabbles in solutions from several vendors, including Cisco and D-Link Systems Inc. His success, however, has come from a strong partnership with Netgear Inc. "The cost is very reasonable," he said. In addition, he said, Netgear's support trumps that of major players and margins are better, as the vendor notifies Computer Backup of current promotions. "The margins may be an extra 5 percent here or whatever percent there, but it adds up and we can get great value out of that," he said.

SECURITY HARDWARE

STEFANIE HOFFMAN

Think security hardware, and sure enough, Cisco Systems Inc. is on top of everyone's list. But that list is changing. Companies such as SonicWALL Inc., McAfee Inc. and Trend Micro Inc. are closing in by providing a reliable and, in many cases, superior, alternative. VARs also have rated Check Point Software Technologies Inc., WatchGuard Technologies Inc., Juniper Networks Inc. and Barracuda Networks Inc. as strong alternatives to Cisco, underscoring better support, product performance, innovative technology and increased margin opportunities.

VARs say that when it comes to finding a reason to veer off the beaten Cisco track, significantly higher margins are ultimately one of the most compelling factors.

"Cisco has their tiers. Unless you're a big dog, you don't get a price break," said Jay Jensen, president and CEO of JensenIT, a WatchGuard partner. WatchGuard's unified threat management system appliances, he said, offer "a better product for a better price point and I make money."

Smaller vendors also can specialize, which often leads to a superior product with a focus on their core competency. VARs say customers have hailed products from Check Point, WatchGuard and Barracuda. Yet while attractive profit margins and innovative technology are compelling reasons for VAR loyalty, they're not the only ones. More and more, VARs say some of the smaller vendors deliver personal touches—quick and responsive support, flexibility, open communication and a strong channel focus.

Mitch Miller, president of Dynamic Computer Solutions, Topeka, Kan., said WatchGuard reps brought pizza and spent several face-to-face hours on multiple evenings training and answering employee questions. "They hung in there and did exactly what they said," Miller said. "The end result—they made a commitment and they stuck to it. That gave us a lot of confidence in what they said."

CONSIDERATION SET

LEADING VENDOR: CISCO

- SONICWALL
- MCAFEE
- TREND
- MICRO
- CHECK
POINT
- WATCHGUARD
- JUNIPER
- HP
- BARRACUDA
- NETGEAR
- 3COM

TOP REASONS

- Better price performance
- Better support
- Innovative technology
- Better product performance
- Increased margin opportunities

ATTACK of the ALTERNATIVES

SECURITY SOFTWARE

STEFANIE HOFFMAN

Sometimes bigger isn't always better. That definitely holds true for the security software space. As with any great empire, some of Symantec Corp.'s following has since fragmented and moved on. It's no secret that VARs are leaning toward non-leading vendors that they say give them more opportunity, more flexibility and, above all, more money. Some that have consistently made the grade include Trend Micro Inc., Microsoft Corp. and McAfee Inc. Also on the list are Check Point Software Technologies Inc., SurfControl, Grisoft and Secure Computing Inc. And many other alternative vendors continue to successfully recruit new partners.

Of course, opportunities to move up the ranks and higher profit margins are probably two of the biggest selling points for VARs. "Definitely higher margins," said Robert Koran, Check Point partner and vice president of MARK Enterprises Inc., El Segundo, Calif. "Even though a firewall is a commodity these days, you're still able to eke out a few extra points."

Yet it's the personal touches that often make the difference. VARs say in-person meetings, excellent support and a strong commitment will most likely gain their long-term loyalty. Koran said Check Point's obvious commitment to the channel puts it ahead of other leading vendors. "[Check Point] is a great channel company, probably one of the best I've seen," he added.

VARs also maintain that they commit to alternative vendors because they are more likely to take a keen interest in their success. "It doesn't necessarily have to be the big giant gorilla," said Michelle Drolet, Trend Micro partner and CEO of TowerWall (formerly ConQwest). "It's where you feel confident even if you don't win the deal, you're going to be taken care of at the end of the day."

CONSIDERATION SET

LEADING VENDOR: SYMANTEC

- | | |
|--------------------|--------------------|
| - TREND MICRO | - WEBROOT |
| - MCAFEE | - KASPERSKY LAB |
| - MICROSOFT | - JUNIPER |
| - CISCO | - NOVELL |
| - GRISOFT (AVG) | - IBM |
| - ZONE LABS | - PANDA SOFTWARE |
| - CHECK POINT | - WEBSense |
| - SURFCONTROL | - FORTINET |
| - SECURE COMPUTING | - SUNBELT SOFTWARE |
| - CA | - PGP |

TOP REASONS

- Innovative technology
- Better product performance
- Better price performance
- Competitive differentiation
- Better support

CONSIDERATION SET

LEADING VENDOR: EMC

- | | |
|------------------------|------------------------|
| - HP | - NETAPP |
| - IBM | - SUN |
| - DELL/
EQUAL-LOGIC | - HITACHI DATA SYSTEMS |
| - INTEL | - WHITE BOX |
| - QUANTUM | - ADAPTEC (SNAP) |

TOP REASONS

- Innovative technology
- Increased margin opportunities
- Offers high margin
- Better price performance
- Gain access to potential new clients

NETWORK STORAGE

JOSEPH F. KOVAR

Solution providers who have a close relationship with one primary storage vendor tread carefully when taking on an alternative, something they usually do to fill a hole in their portfolio. But as long as solution providers play fair with the vendor that brings them to a customer opportunity, there's typically little more than a scowl from their primary vendor.

Hewlett-Packard Co. is by far the largest vendor for Lilien Systems, Larkspur, Calif. In seven years, the VAR has only worked with one competitive vendor, said Dhruv Gulati, Lilien's executive vice president. Lilien signed with Network Appliance last year to have access to a full line of NAS products, Gulati said. "HP wasn't happy about it," he said. "But we had to make our own decision."

Despite signing on with NetApp, Lilien is still tied very closely to HP in its sales and marketing, and would never do anything to hurt that relationship, Gulati said. "We have rules of engagement," he said. "The most important one is, we dance with the partner that brought us to the dance."

Keith Norbie, director of Plymouth, Minn.-based Nexus Information Systems' storage division, whose primary vendor partner is EMC Corp., said alternatives give VARs an opportunity to work with new ways of doing storage, and forces primary vendors to evolve their offerings. Norbie cited EqualLogic, which was just acquired by Dell Inc., as a disruptive force that provided a counter-culture to traditional vendors by including features that were options in the past.

Other solution providers, such as Chi Corp., Cleveland, avoid the primary vendors altogether. For Chi, the difference is the people, said Greg Knieriemen, vice president of marketing. Partners such as FalconStor Software Inc., Nexsan Technologies Inc. and Overland Storage know their partners very well. "And we know them well," Knieriemen said. "For any of those three, I can pick up the phone any time and call. If I have a special problem, or if I need help with a customer, I can call them."

ATTACK of the ALTERNATIVES

CONSIDERATION SET

LEADING VENDOR: SYMANTEC/
VERITAS

- | | |
|--------------|--------------|
| - IBM/TIVOLI | - NOVASTOR |
| - EMC | - LEFTHAND |
| - HP | - DATA |
| - MICROSOFT | - DOMAIN |
| - CA | - HITACHI |
| - COMMVAULT | - DATA |
| - NETAPP | - SYSTEMS |
| - FALCONSTOR | - STORACTIVE |
| - DATACORE | |

TOP REASONS

- Innovative technology
- Better product performance
- Better partner program
- Better support

DATA PROTECTION SOFTWARE

RICK WHITING

Solution providers identify Symantec Corp. as the dominant player in the data protection market with products such as the Backup Exec data backup and recovery software it gained through its 2005 acquisition of Veritas Software. But a significant number have identified vendors they consider viable alternatives to the market leader.

The list of alternative suppliers of data protection software includes some of the industry's biggest names: CA Inc., EMC Corp., Hewlett-Packard Co., IBM Corp. and its Tivoli software, and Microsoft Corp. But a number of smaller vendors also make the list, such as CommVault Systems Inc., FalconStor Software, LeftHand Networks Inc. and NovaStor Corp.

While product price, margins and other criteria certainly are factors, product performance and a vendor's ability to innovate frequently top the list of what resellers are looking for.

Microtrends, Calgary, Alberta, resells data protection software from NovaStor because of the product's performance. "It was so simple. I just thought, 'Wow, that's a great little product,'" said Lorne Reimer, IT sales executive for corporate accounts at Microtrends. And innovation doesn't always mean complex whiz-bang features: Reimer said he was attracted by how easy NovaStor's products are to use and maintain, as well their ability to work in multiple environments.

Chi Corp., Cleveland, sells data backup products from Symantec, FalconStor, CommVault and others, said Vice President of Marketing Greg Knieriemen. There are enough differences

between the competing products that Chi will sell one vendor's software over another based on the customer's specific needs. If a customer is backing up data in remote offices on-site, for example, Chi will likely stick with Symantec. But if the customer wants to replicate data from those offices to a corporate data center, Knieriemen said he'll go with FalconStor.

EXTERNAL DATA STORAGE

DAMON POETER

When it comes to external data storage solutions, Seagate Technology Inc. rules the roost. But not by as wide a margin as you might think. There are plenty of alternative options from various vendors, with a few of them competing quite strongly with the hard-drive vendor.

According to solution providers, external storage from companies such as Western Digital Corp., SanDisk Corp., Hitachi Data Systems, LaCie and Quantum Corp. are fine options to choose from. Maxtor, Iomega Corp., Buffalo Technology Inc., Plextor LLC and Micro Solutions Inc. also made solution providers' consideration set.

When it comes to alternative vendors, Patrick Derosier, co-owner of CPU Guys based in Hanson, Mass., said he is a fan of products from Western Digital for their price-per-performance and likes LaCie for its no-frills solutions in smaller enterprise environments and "pretty good" warranties and support.

For his part, Tyler Dikman, CEO of Tampa, Fla.-based CoolTronics, adds Hitachi Data Systems to the list of external storage vendors he's happy to do business with, directly or through LaCie-branded products using Hitachi drives. "We do a lot of Seagate, but I like Hitachi. On external drives, we use LaCie, and LaCie uses Hitachi drives, so there you go. If I had to pick any hard-drive manufacturer for external storage, I like Hitachi. They have good warranties and solid reliability," he said.

Dikman said CoolTronics is also considering Drobo, a data storage peripheral from Data Robotics Inc. featuring proprietary RAID technology.

CONSIDERATION SET

LEADING VENDOR: SEAGATE

- | | |
|-------------------|-------------------|
| - WESTERN DIGITAL | - HITACHI |
| - MAXTOR | - LACIE |
| - SANDISK | - BUFFALO |
| - IOMEGA | - PLEXTOR |
| - QUANTUM | - MICRO SOLUTIONS |

TOP REASONS

- Better price performance
- Better support
- Innovative technology
- Offers high margin
- Better product performance

ATTACK of the ALTERNATIVES

LAPTOPS/MOBILE COMPUTING

JENNIFER LAWINSKI

When it comes to deciding on a notebook vendor, variety is the spice of life. While market leaders Dell Inc. and Hewlett-Packard Co. offer choices, sometimes customers come in looking for things the big guys don't provide. And other times the custom-system route best satisfies customer needs while allowing solution providers to make more margins.

"It depends on the different models that you pick. The notebook more than any other part of the market is not a one-size-fits-all," said Paul Whalley, CEO of Whalley Computer Associates Inc., Southwick, Mass. While corporate customers may come with specific requirements and company-approved brands, SMBs come in with a wish list and then depend on the solution provider to prescribe the best model, he said. As opposed to desktops, notebooks are often bought with attention to look and feel. In addition to HP, Whalley Computer sells Lenovo and Toshiba America Inc.

Another up-and-coming force in the notebook market is Apple, but it's often an either/or situation when it comes to Apple or HP and Dell. "[Apple's] a very cool product, and people usually ask for one or the other. They're not usually torn between a PC and a Mac," Whalley said.

Apple MacBooks are what Craig Flint, owner of Computer ER, Missoula, Mont., sells when he's not selling HP notebooks. "We're actually having quite a few of our business customers moving over from PCs to MacBook Pros and the MacBooks. In a lot of people's eyes that's alternative, big time."

Another growing alternative market is the white-book segment. Seneca Data's white-book business has seen triple-digit growth in recent years, said Steve Maser, vice president of product development and marketing for the Syracuse, N.Y., system builder. White books have longer life cycles than tier-one vendors' notebooks, he said, and provide more stable platforms for customers.

CONSIDERATION SET

LEADING VENDOR: DELL & HP

- SONY
- TOSHIBA
- APPLE
- ACER
- LENOVO
- PANASONIC
- GATEWAY
- FUJITSU
- ASUS
- WHITE BOOK

TOP REASONS

- Better product performance
- Better support
- Better price performance
- Innovative technology
- Increase sales with existing customers

CONSIDERATION SET

LEADING VENDOR: HP

- IBM
- SUN
- DELL

TOP REASONS

- Better product performance
- Better price performance
- Better support
- Innovative technology
- Offers high margin

SERVERS

SCOTT CAMPBELL

While it seems a bit strange to consider IBM Corp. an "alternative" vendor, it is the case because the server category is so dominated by a select number of major players. Solution providers chose Hewlett-Packard Co. as the primary server vendor, with bellwethers IBM, Dell Inc. and Sun Microsystems Inc. rounding out a short list of alternatives.

Better product performance was selected as the top reason why VARs consider alternative server vendors, followed by better price performance and better support. But many solution providers feel differences between the vendors—and their products—is not as great as in other categories. It's more about the relationships with the vendors and what customers want, they said.

"We sell [multiple vendors' servers] because there is no one server that fits all," said John DeRocker, senior vice president of sales and marketing at Nexus Information Systems, a Plymouth, Minn.-based solution provider. "We have some customers that are IBM/Lenovo, some that are Dell, some that are Hewlett-Packard. We do it based on customer-driven demand. I have no problems carrying all those guys because servers are so generic."

In the Alternatives Study, 11 percent of solution providers said they were afraid of repercussions from vendors for adding another company to their product portfolio. In particular, they feared not meeting sales goals that could determine their margins or support from the vendors. Fear of losing dealer status from their primary vendor was also highly cited.

From his experience selling multiple vendors, DeRocker said those fears are unfounded. HP is Nexus' primary server vendor, but the solution provider has never faced any repercussions from HP—or IBM or Dell—for selling competitive products.

"They'll ask the question, but I don't get pressure. They know better," DeRocker said. "I could go introduce IBM into an HP account and HP wouldn't bat an eye. I do \$20 million [a year] in HP. Is a \$50,000 project going to make them worry? I have no fear of any of those vendors. They don't help me drive demand," DeRocker said.

ATTACK of the ALTERNATIVES

CONSIDERATION SET

LEADING VENDOR: VIEWSONIC

- SAMSUNG
- HP
- NEC
- DELL
- LG
- PHILIPS
- SONY
- BENQ
- ACER
- CTX

TOP REASONS

- Better price performance
- Better product performance
- Better support
- Offers high margin
- Innovative technology

DISPLAYS UNDER 30"

NATHAN EDDY

Brian Lisse, owner and manager of Madison Computer Works, says that after 25 years in business, the nightmares from vendors that didn't offer any support stay with him. But with Acer Inc., there's never been a support snafu that had him losing any sleep. "They just have a really low failure rate, which is why we like them," he said.

The Madison, Wis., solution provider also sells Samsung and, as with Acer, price matters less to the customers than trusting the quality of the hardware and reliable service, he said. "Samsung is a familiar name, so we're not fighting the battle of non-recognition," he said. "We're adding a value, a service, so we're looking for a company that's going to stand behind it and offer a good product."

Solution providers identified ViewSonic Corp. as the leading vendor in the category of displays under 30 inches. But Pat Walsh, owner of The Computer Station, Orlando, Fla., takes issue with the entire concept of alternatives in the display space. Calling companies like LG Electronics, Samsung Electronics or Philips Electronics "alternatives" is misleading, he said, because he considers them

all top-tier vendors. When discussing these products, Walsh says reliability on the hardware end and the support end is critical. "When you're talking about a product like this, you're not making much on that product to begin with," he said. "If you've got to spend two hours of your time trying to fix one with bad pixels you want to make sure it's easy to take care of."

Todd Swank, director of marketing for Burnsville, Minn.-based system builder and solution provider Nor-Tech, agrees with Walsh on the pre-conceived notion of "alternative" vendors but says different vendors offer different advantages. "For NEC, specifically, they're not going to be the best price, but there's a customer base that demands it because they're known as the crème de la crème of high-quality monitors," he said. For customers looking for the lowest price, Swank says he would recommend CTX or Acer, and points to LG, ViewSonic and Sony Corp. of America as offering middle-range quality and competitive prices.

HIGH-END WORKGROUP COLOR LASER PRINTERS

JENNIFER LAWINSKI

In the high-end workgroup color laser printer space, Hewlett-Packard Co. is tops. However, alternative vendors are gaining traction through pricing and aggressive maneuvering.

Solution providers say their reasons for going with alternatives like Oki Data Americas Inc., Lexmark International Inc. and others range from better pricing and margin opportunity to better product performance and more innovation.

Joe Elliot, sales manager at Elliot Services and Peripherals in Conover, N.C., said he finds Lexmark to be more active in courting his business than market leader HP. "Lexmark offers more front-end rebates from distribution and the manufacturer only to Lexmark partners. They're easier to work with," he said.

For Jim Fall, vice president of strategic planning at Cannon IV, Indianapolis, corporate or organizationwide mandates sometimes have meant bringing in alternative vendors. "On the straight, single-function color laser printers, there might be a corporate standard. In school systems there might be a Lexmark or an Oki Data standard. It's more customer spec than functionality or pricing even," he said.

Sharon Krell, owner of government reseller Imaging Systems, Colorado Springs, Colo., said aggressive partner recruitment has helped Xerox Corp. work its way to having 25 percent of her company's workgroup color laser printer sales. "We've been doing a lot more Xerox over the last two years because they're getting more aggressive in the marketplace. Our customers are becoming more acquainted with them," Krell said.

CONSIDERATION SET

LEADING VENDOR: HP

- XEROX
- KONICA
- LEXMARK
- MINOLTA
- RICOH
- BROTHER
- CANON
- SHARP
- OKI DATA
- KYOCERA
- SAMSUNG
- TOSHIBA
- DELL

TOP REASONS

- Better price performance
- Innovative technology
- Better product performance
- Increased margin opportunities
- Better support

SERVER VIRTUALIZATION

JOSEPH F. KOVAR

The fast-growing x86-based server virtualization industry stands unique from a competitive perspective. It's not just that the market is overwhelmingly dominated by a single vendor, VMware Inc. Instead, the alternatives to the top vendor are an eclectic mix of startups, open-source developers, no-names, and a group of companies more used to being the dominant vendor—Microsoft Corp., Oracle Corp. and Sun Microsystems Inc.

So as the big boys play catch-up, it is the buzzing of smaller companies VMware hears most often. A significant number of VMware solution providers offer technology from Virtual Iron, Parallels and Citrix Systems Inc., the latter of which acquired the developer of the Xen hypervisor. The only real barrier to working with alternatives is the mind share that comes with VMware's market share.

Larger companies focused on the management of virtual environments will find VMware to be the right choice, said Zeki Yasar, CTO of Intellistore, a Mountain View, Calif.-based VMware and Virtual Iron solution provider. But, Yasar said, the choice often comes down to budgets. "If the customer has no experience with one or another vendor, and a limited budget for implementation on a small scale where they don't need all the management features, a vendor like Virtual Iron is a good choice," he said. "But for smaller companies with smaller bureaucracies with a technical manager who are willing to take a risk because they know the rewards, they're open to working with alternatives."

VMware doesn't care if partners work with alternatives, said Francis Poeta, president of P & M Computers, a Cliffside Park, N.J.-based Citrix and VMware partner. And that is important to P & M. "We have to look at what a customer wants from virtualization. What works in a company with 5,000 people and 500 servers doesn't work in a 500-person company with 50 servers," Poeta said.

CONSIDERATION SET

LEADING VENDOR: VMWARE

- | | |
|------------------|----------------|
| - MICROSOFT | - CITRIX |
| - HP | (XENSOURCE) |
| (HARDWARE-BASED) | - ORACLE |
| | - SUN |
| - IBM | - SWSOFT |
| (HARDWARE-BASED) | (VIRTUOZZO) |
| | - VIRTUAL IRON |

TOP REASONS

- Competitive differentiation
- Better product performance
- Innovative technology
- Better partner program

CONSIDERATION SET

LEADING VENDOR: APC

- | | |
|--------------|-------------|
| - TRIPP LITE | - POWERWARE |
| - BELKIN | - MGE |
| - LIEBERT | - INTRONICS |

TOP REASONS

- Better product performance
- Better price performance
- Better support
- Better partner program
- Innovative technology

UPS

NATHAN EDDY

Stan Lichenstein, president of Global Technologies, a Melville, N.Y., solution provider and longtime Liebert Corp. partner, says he takes an "old school" approach to his choice of UPS vendor. Although a brand like American Power Conversion Corp. might offer more immediate name recognition, Lichenstein's commitment to Liebert's UPS products comes down to a triangle of elements: price, quality, and delivery.

"We deal with the top Fortune 500 companies of the world, and their sensitivity to battery backup is to the highest degree," he said. "In my opinion, Liebert is second to none in those three areas." Where service is concerned, Lichenstein points to a customer whose UPS unit developed a problem and needed a quick fix. "We called our Liebert service rep, and they had the part there in an hour and a half, as they promised," he said. "At the end of the day everyone was happy."

He says all companies talk the talk, but it comes down to the customer's assessment of the product based on the recommendation of the reseller. While he notes everyone puts their own spin on the product, after 30 years in the business Lichenstein puts the most stock in his self-described old school mentality. "We let the units speak for themselves," he said. "Let them make the decision based on pure performance."

Philip Cardone, consulting purchasing manager at KDSA Consulting, North Andover, Mass., feels that same dedication to CyberPower Systems and MGE. When serving clients throughout the New England area, most of them small businesses, Cardone says the quality of MGE products and the customer-to-vendor relationship play major roles. He says he uses MGE for high-end systems while offering CyberPower UPS products for lower-end systems. With both vendors, service support has been top-notch, he said. "MGE was able to show me a really nice product, and I was immediately given a rep that I can call," he said. "I have not used their support yet, though, because every time we put a product in, it works."

SONICWALL