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## **Storage & Its Effect on Your Budget**

*By Joseph Marion*

Over the last 10 years there has been an explosion within the data storage business. It was only seven years ago that we thought that 1TB of data was a lot of storage to be sold in an array. Storage today seems to be immune to budget restraints. One way to gather realistic storage performance statistics and at the same time reduce costs per terabyte of storage is to begin to view and manage unused storage as “inventory” for your production environment. Doing this exposes storage requirements and its hidden costs to the light of economics and practicality.

### **Storage Is a Lot like Inventory**

Most manufacturing plants have some type of inventory control system to control the costs of unused inventory. The longer unused inventory sits idle, the more it costs the company. One way to optimize a manufacturing plant’s IRR (internal rate of return) is to minimize the inventory holding cost. This simple inventory concept of controlling costs has rarely been used in the data storage business. Industry averages reported in the trade press typically talk about storage efficiency numbers between 17% and 25% of storage in storage arrays. Companies today routinely purchase twice the storage they need to cover themselves for anticipated storage growth.

Can you imagine the reaction of a company’s controller looking at unused inventory that was sitting for a year or two in a factory that was running at less than 50% of capacity?

### **Inefficient Storage**

What would the controller do if he was faced with a factory that was running at less than 30% efficiency? If you were a stockholder what would you want him to do? Yet this is the typical environment into which additional storage is sold today. As a 2003 industry study by Glasshouse Technologies demonstrates, the average utilization rate of storage environments is approximately 25%.

I heard a story recently about a large integration company that has hundreds of terabytes of storage. The company was told by its NetApp sales representative that it needed to upgrade its FAS940s to FAS3020s because the “price performance of new systems was so much better than that of its older systems.” But its older systems were not even running at 50% of capacity!

In an article in *ComputerWorld Malaysia*, Nasir bin Baki, country manager of Malaysia and Brunei, Network Appliance Malaysia, said, “Our customers tell us that data storage consumes 30% to 50% of their information technology infrastructure budgets, and that data growth presents a huge management challenge.”

If 50% of your operation's equipment cost is tied up in data storage, you had better be certain that it delivers on its promises. And if 50% of your budget is only running at a 25% efficiency rate, you have an unacceptable IRR for your company

### Control your Data at a Reasonable Cost

In an article for eChannelLine Daily News, Suresh Vasudevan, senior vice president of products at Network Appliance, said, "The emphasis is on redefining the price performance. The main attributes of the new platform supports four times the capacity and has two times the price performance."

Let's assume that you need increased performance and/or capacity. If you call the wrong company, be prepared for sticker shock. Support and upgrades for storage from most manufacturers and their authorized resellers is very expensive. If you are hardly using your storage equipment, how can you rationalize a huge increase in costs for such products?

Whether you are an enterprise or ecommerce company, you need to control your critical data at a reasonable cost. The secondary market represents an alternative to manufacturers' high prices. Zerowait for one is company that specializes in providing Network Application solutions at a reasonable price. And there are others. Go to [www.ascdi.com](http://www.ascdi.com) and use their free search facility to find secondary market dealers who fit your needs.

I cannot stress enough the importance of looking at your storage "inventory." It is a way to bring business and cost controls into your storage environment.

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