

Priority #1: Creating the Scalable Enterprise



Once upon a time—about nine years ago—companies that sold servers had to convince customers that their proprietary RISC-based servers running versions of the UNIX® operating system (OS) were worth a small fortune in hardware and services. The Intel® processor-based server market was in its infancy, and no major vendor was selling these servers direct to customers. Although

some forward-thinking analysts could see the long-term customer benefits of Dell's entry into this market, Dell had to prove that the direct model—and its servers—could work in environments traditionally reserved for more expensive and entrenched players.

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In 2004, it's clear that Dell has changed the rules in the global server market. Dell's direct model, ability to execute, focus, and consistency in services helped to bring down server costs for customers while keeping performance at a high level. As processor architectures progressed, customers adopted more robust operating systems such as Microsoft® Windows® 2000 and the Linux® OS. And because the capabilities of Dell servers have increased while prices have dropped, customers find it easy and economical to build their enterprises in a modular, or *scalable*, way—a concept Dell calls the Scalable Enterprise. This concept provides the flexibility for customers to build and control their infrastructures according to what they need, instead of making the best of the excess equipment they have bought.

Standards: An industry case study

To understand the compelling power of Dell's standards-based focus, we can look to the retail industry. In January 2003, Dell announced that it would offer its retail customers PC-based point-of-sale systems, servers for their back-end systems, and services to help them migrate to a Scalable Enterprise model. Many large and small retailers told us they were elated when they read about this news. They knew that Dell's focus on helping them build a standards-based enterprise would be the key to breaking free from the proprietary environments and long-term service contracts that limited their agility.

Our enterprise software alliance partners firmly support the trend toward enterprise scalability.

Many of these partners, including Oracle, now develop and test applications on Dell systems. SAP, which makes some of the most complex enterprise resource planning applications in the world, also has adopted a strategy based on the belief that the future lies in modular, standards-based systems—a concept very much in line with the Scalable Enterprise—and that lower costs help customers achieve a better return on investment (ROI). Because of the trends in customer adoption of this approach, we are convinced that the market wants scalable environments in the enterprise and this is now the first litmus test we use to determine which software companies we will select as alliance partners.

Standards lead to scalability

Despite the clear evidence of the trend toward the Scalable Enterprise and what customers have told us they plan to deploy, we are continually surprised that some software companies, or divisions of software companies, don't fully embrace the concept. The ability to achieve success in a proprietary world is possible; but at the end of the day, the downside can be huge. The landfill of computer industry history is littered with logos of companies who chose not to compete in a standards-based, scalable world that ultimately benefits customers. We prefer instead to drive where our customers are telling us they want to go: toward an easy-to-manage Scalable Enterprise. **D**

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