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Hyper-Converged Infrastructure Blockbuster: Dell To OEM Nutanix Software ^[1]

by [Joseph F. Kovar](#) ^[2] on June 24, 2014, 9:18 am EDT



Dell is giving the nascent hyper-converged infrastructure business a big booster shot of maturity with the unveiling of a reseller and OEM agreement with Nutanix, one of the technology's top up-and-comers ^[3].

However, it also could open the possibility of channel conflicts between the two vendors and their partners despite efforts to manage the deal-registration process.

Dell Tuesday said it will OEM the hyper-converged infrastructure software stack from Nutanix and integrate it on Dell servers for sale through its large channel partner base, making Dell potentially one of the top providers in the market.

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The Nutanix relationship expands on Dell's software-defined storage strategy ^[5] that also in part depends on a relationship with a technology partner, in this case Nexenta, said Travis Vigil, executive director of product management for Dell Storage.

Dell's upcoming hyper-converged infrastructure appliances, the XC Series Webscale Converged Appliances, will bring advanced software-defined storage capabilities to customers, Vigil told CRN.

"We'll be offering to the market a converged appliance with compute and storage in scalable bricks," he said.

This is an awesome partnership, said Michael Tanenhaus, principal at Mavenspire, an Annapolis, Md.-based solution provider and longtime Dell partner.

"We've watched the Nutanix offering for some time," Tanenhaus told CRN. "We're an exclusive Dell partner, and as such it was hard to offer a competing solution. This is the best of both worlds. Nutanix software on Dell hardware. Everyone will make a lot of money."

Having a Nutanix offering is important because Nutanix seems to have become a go-to market partner for companies in the VMware world, Tanenhaus said. "A lot of our customer base already has some Nutanix in their organization," he said.

The Dell-Nutanix solution is especially interesting because Nutanix has developed a software-defined solution that Dell, a much larger company, will now bring to market, Tanenhaus said.

"It's the software that makes the magic, not the hardware," he said. "A lot of customers are wondering how software-defined works. Dell is willing to partner with Nutanix to provision and manage workloads with a software-defined architecture behind it, mixed with Dell's logistics and hardware capabilities."

This is a big opportunity for Dell partners, said Chris Pace, founder and CEO of Centre Technologies, a Houston-based Dell solution provider.

NEXT: Dell Channel Partners: Nutanix A Huge Opportunity For Dell

"This adds an end-to-end solution to Dell's portfolio that allows Dell to compete against companies out there that are really disrupting the industry," Pace told CRN.

Nutanix has a very intelligent approach to the hyper-converged infrastructure business, said Paul Clifford, president of Davenport Group, a St. Paul, Minn.-based solution provider and longtime Dell partner.

Customers' data stores continue to grow, which means they need new ways to manage their storage that can help them control costs, Clifford told CRN.

"Nutanix is very good at this," he said. "Dell is very good at this. It makes sense for them to work together. A single approach to storage for customers with broad needs is not going to work."

Dell this month will start reselling the Nutanix appliances with the Nutanix brand, but by the fourth quarter of 2014 will offer its own branded version using the Nutanix software stack and Dell commodity servers, Vigil said.

The Dell version and the Nutanix version of the hyper-converged infrastructure solution will have the same feature set, because they run the same software, with the primary differences being that the Dell versions will come with the Dell brand name, Dell support and Dell PowerEdge servers as the hardware base, he said.

That could lead to channel conflict, some channel partners said.

While Dell will likely to work to minimize channel conflicts, they will still happen, said Aaron Cardenas, CEO and founder of P1 Technologies, a Hermosa Beach, Calif.-based solution provider and channel partner of both Dell and Nutanix.

"This is good for Nutanix, but in no way good for Nutanix's partners," Cardenas told CRN.

Dell customers typically prefer to, and in some cases have to, go to Dell for their technology, Cardenas said.

"This can hamper us in finding the best prices for customers," he said. "With new vendors in the market, customers take a risk, and to offset that, they accept really good deals. Having Dell getting their pound of flesh doesn't help us get the best deals. Dell will ask us to sell the Dell version to our Nutanix partners."

Cardenas said that having the Dell name on the solution will help grow the hyper-converged infrastructure business.

NEXT: Potential Channel Conflicts Between Dell, Nutanix

Having Dell out there pushing the technology will raise awareness," he said. "But if it's a Dell shop, and the customer asks about Nutanix, the sale will not go to the Nutanix partner. It will go to the Dell partner. It will not go to a boutique VAR like ours which focus on selling new technology."

Whenever two entities come to market with partners, there will be issues, said Davenport's Clifford.

"That's just the way it is," he said. "I'm confident that Dell's approach will help. Dell has worked hard to resolve channel issues. Does that mean no bumps out there? No. There may be a case where Dell and Nutanix both talk to customers about the solution. I'm sure there will be some cases. But Dell's approach has been to deal with these issues. Dell has been good to its word."

Tanenhaus said he expects the Dell-Nutanix solution to conflict at some level with the Dell DS (Desktop Virtualization Solution) reference architecture for virtual desktop infrastructure, or VDI for short.

"DS is packaged with Citrix VDI or VMware View for VDI," he said. "This is a sweet spot for Nutanix. Whether the Nutanix relationship will impact DS sales is a good question. For customers who already use DS or the Dell Gale automation infrastructure, maybe not. But for customers with certain workloads, they will have a choice."

Steve Kaplan, vice president of channels and strategic sales at [Nutanix](#) [6], said the Dell-Nutanix relationship was designed to minimize channel conflicts.

Dell, as one of Nutanix's many reseller partners, will not get a price that would allow it to sell the appliances for less than what other Nutanix partners pay, Kaplan told CRN. "And Dell will have to register every deal for both Dell-branded and Nutanix-branded sales," he said. "Just like any partner."

Greg Smith, senior director of product marketing for Nutanix, told CRN that Dell approached Nutanix about such a relationship, and that Nutanix insisted on very stringent rules to ensure parity between the two companies' channels.

"We didn't want to set Dell up as a competing partner," he said. "If a deal is registered by another partner, Dell will not be able to register it."

Kaplan declined to state whether Nutanix might offer an OEM agreement to other vendors, but did say that the Dell-Nutanix relationship was not an exclusive one. "But both companies are committed to this partnership," he said.

NEXT: Dell Takes Multiple Approaches To The Hyper-Converged Infrastructure Market

The XC Series Webscale Converged Appliances is one of three approaches Dell is taking in the hyper-converged market, Vigil said.

Dell also offers two other converged infrastructure solutions.

The first is the Dell PowerEdge VRTX, [7] which features integrated server, storage and networking technologies in a single chassis targeted at small and midsize businesses, and remote offices of midsize and larger businesses.

The second is the Dell Fluid Cache for SAN [8], a caching software that runs across three to eight Dell servers to allow tiered data storage across the servers and multiple storage technologies.

Vigil said the VRTX solution is more of a low-priced alternative for customers without a lot of I/O contentions, and is perfect for branch offices. The Fluid Cache offering is good for high-performance applications where the data is tiered close to the server processors, he said.

"Nutanix is more for midscale to large-scale deployments where scale-out architecture is important," he said.

Centre Technologies is already selling the Dell VRTX and the Dell Fluid Cache for SAN converged infrastructure solutions, but for some cases will find the Dell-Nutanix offering a better solution, Pace said.

"This allows us to compete on the virtual desktop side," he said. "VRTX is more of a remote office play, while Fluid Cache is more for larger environments."

All in all, this is a huge opportunity for Nutanix, Tanenhaus said. "Instead of going toe-to-toe with the big guys, they can ride Dell's channel to grow," he said.

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