



## NetApp's Crafty Acquisition of Akorri Will Be Boon to Users — and Not Just NetApp Users

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### Background

Last week, NetApp of Sunnyvale, California and Akorri Networks, Inc., of Littleton, Massachusetts announced a definitive agreement for NetApp to acquire Akorri for an undisclosed dollar amount in an all cash transaction. The deal is expected to close before the end of NetApp's fourth quarter (April), assuming all parties agree and any regulatory concerns are addressed. Certainly, those are factoids of immediate interest to Wall Street, competitors, and most industry publications. At Clipper, however, we are more interested in the "story behind the story" as it relates to the user and the work that needs to be done. What does this acquisition mean for the user? What will be better? Are there any downsides to customers and prospects and can they be ameliorated?

### Selective Points from Clipper paper on Akorri BalancePoint

Back on March 31<sup>st</sup> of 2010, we wrote about Akorri<sup>1</sup>. Several of the points made in that document undoubtedly played a role in the acquisition analysis completed before making the deal public. The most important point was that there is a dearth of performance tools in the market as they relate to virtualized environments. For users, Akorri's *BalancePoint* software represents fulfillment of a crying need to understand when performance is not living up to its SLAs (or Service Level Agreements) with the user community. Because it works in traditional (physical) environments as well as virtual ones, this tool is groundbreaking and filled an unmet need in the march to *virtualized everything*.

Akorri BalancePoint is "full 360 degree management", meaning that it addresses the performance and utilization challenges of any domain of the installation from servers to hypervisors to networks to storage, including how each of them interacts with the other's domains. No longer does the user have to buy one domain-specific tool for storage for example and a different domain-specific tool for the host. Instead, the user can purchase just one product and begin the performance triage with a single tool and single user interface.

BalancePoint is "agent-less" software so the headaches of keeping all copies of the software at the same maintenance level are avoided. This software maintenance challenge is moot for agent-less BalancePoint software.

Using KPIs (Key Performance Indicators) allows BalancePoint to unravel performance and utilization issues across all domains up and down the entire software stack. Because Akorri support data is based on real data from real customer situations, the recommendations made by Akorri – either manually or via automated tools – have been vetted thoroughly in the real world and not just in lab simulations. This means users get credible advice 24 by 7 by 365.

**Ahhh, but existing Akorri users already know these facts and more. The real implication of the**

<sup>1</sup> See *Akorri's BalancePoint Fills Unmet Need for Virtualization Diagnostics* in [The Clipper Group Navigator](#) dated March 31, 2010, and available at <http://www.clipper.com/research/TCG2010015.pdf>.

**acquisition news is that NetApp users can take advantage of this technology and its benefits as well.** It is expected that BalancePoint will be integrated into NetApp's popular *On Command* management suite. **BalancePoint will give NetApp users an all-domain performance and utilization tool that is particularly useful in new virtualization deployments.** On Command will now have performance analytics to provide customers greater visibility into performance issues so data center managers and administrators can further improve IT efficiency and flexibility. Now, they will be armed further to control, automate, and analyze their shared IT infrastructure.

### **BalancePoint — Not Just for Akorri Users, Not Just for NetApp Users**

Akorri BalancePoint also has been certified for use with products from Brocade, Cisco, Dell/EqualLogic, EMC, HP, Hitachi Data Systems, IBM, Oracle/Sun, 3PAR, and LSI and is compatible with *VMware vSphere*, *Hyper-V* (from Microsoft), *Linux*, *AIX*, *Windows*, *Solaris*, and *HP-UX*. This broad range of environments is important for users who are looking for helpful tools and analytics that match their particular configurations. The longer this list, the more likely that BalancePoint will be appropriate for them. It is just this multi-vendor nature of Akorri products that makes this a compelling acquisition for NetApp, and by extension, NetApp's customers and users. Incrementally, being a certified partner of VMware means that Akorri's capabilities can show immediate returns for users in all supported environments. The VMware community is the leading virtualization environment while Hyper-V is coming on strong. Any user looking for performance and/or utilization diagnostics for these environments will be ecstatic that Akorri products can be deployed immediately.

### **Upsides for Users (and How to Leverage Them Once the Deal is Consummated)**

- **Access to the Strength and Reputation of NetApp.** In the story of David and Goliath, the young and smallish shepherd boy David takes on the giant Philistine Goliath. And he wins!! In this merger, users of software from the small, privately-held, Littleton, MA Akorri will now be part of giant NetApp's family. As such, they inherit all the rights and responsibilities of a major player. NetApp provides

Akorri immediate enterprise credibility with the industry's storage platform of choice for building an efficient and flexible shared IT infrastructure as the foundation for cloud computing.

- *Akorri users should ask how to join NetApp User Groups and product feedback panels.*
- **Access to NetApp Infrastructure, including worldwide support and deeper escalation expertise.** Multi-national customers will appreciate the increased presence in additional markets where they may have remote locations.
  - *All users should map their IT locations against NetApp locations rather just Akorri support locations.*
- **Access to all NetApp sales and marketing channels.** Although business has been good for Akorri, NetApp has far more direct and indirect sales channels and partners. Akorri has gained significant marketplace momentum, growing its customer base by more than 100% in 2010 – without benefit of this acquisition. On a go forward basis, the installed base for Akorri will inevitably grow. More users mean more real life situations and experience for the product, thereby building the support history and experience for users in need of assistance.
  - *Users should evaluate whether their wait times for problem resolution are better or worse than before the acquisition. After a reasonable integration period (during which a few hiccups can be expected), users should see quicker answers to problems and fewer problems, since more "corner cases" (e.g., obscure and unlikely combinations and situations) will have been resolved.*
- **Intellectual Property Sharing.** Giant NetApp has far more IP assets into which the Akorri family can tap. If the cross-company integration is done properly, there will be more patents to share, more gurus to query, and more development creativity, as teams work together. A prime example is that NetApp formerly acquired Onaro and integrated its functionality into On Command management suite. Users will now have a performance and efficiency set of analytics to assess their environments more fully. With release version 3.5 of BalancePoint, administrators can employ predictive analyses that alert them to infrastructure issues that could affect busi-

ness operations. This feature significantly enhances the On Command management suite.

- *Users should be watchful for accelerated develop schedules in the new organization rather than slower ones. We expect NetApp to learn as much from Akorri as Akorri does from NetApp. Both teams have their superstars available for joint projects.*
- **Deeper R&D Pockets.** The merged organization will have a larger R&D pie, leading to quicker qualifications and more agile development responsiveness. More money available translates into more releases sooner with more functionality. Because they are not as constrained fiscally, Akorri users should see more aggressive software releases.
  - *Are release calendars more or less aggressive than before the merger? This comparison should be made against both Akorri and NetApp development teams.*
- **In-family access to NetApp partners and channels** that can provide new and innovative technology solutions heretofore unavailable or heretofore available at less favorable pricing.
  - *Akorri users should ask NetApp for their partner list and any partner-specific pricing or business arrangements, such as evaluation software copies or early beta testing opportunities.*

## Be Watchful for Any Rough Seas and Be Prepared

Sometimes mergers and acquisitions do not work out as well or as originally planned, so it pays to be ever vigilant. Clearly, we do not anticipate downside issues, as we believe management teams on both sides are committed to making the situation favorable to stockholders, equity partners, and customers of both organizations.

- **Does Akorri's added value to NetApp seem to disappear as if swallowed by the whale?** We do not think this will happen else their acquisitive investment will have been for naught.
  - *Stay aware of product release calendars and product functionality. They should be expanding with the new integration with On Command, but give this time (several quarters) to happen. If the improvement in functionality seems to be waning, be a squeaky wheel. Know the new escalation paths and phone numbers and verbalize*

*your concerns to senior management in the NetApp organization. You could form your own sub-community within the NetApp community to ensure focus stays on the needs of former Akorri users.*

## Bottom Line: What is Different Now?

NetApp has always enjoyed a fine reputation as an excellent storage company providing both hardware and storage software to its worldwide users. Their products are efficient and of highest quality. This reputation is well earned and well deserved and comes from both organic and acquisitive sources. Indeed, the 2008 acquisition of Onaro was an earlier step bringing them *SANscreen* functionality that was inserted into the On Command Management suite.

However, we would describe the deal with Akorri as a “breakout” acquisition because their domain of interest is no longer limited to just storage hardware, storage software, storage management, or storage analysis. NetApp will always have a special affinity for storage of course, but Akorri BalancePoint lets them widen their view to every item in the software stack all the way up to the application. Using KPIs and analytics from Akorri widens the On Command lens to a full infrastructure view of performance and optimization. NetApp, the company, brings trusted insights to infrastructure management, enhances its value to its customers, and promotes itself as a vendor in the process. Good move.

## Conclusion: Why “Crafty”?

Our analysis concludes that this is a crafty acquisition on the part of NetApp is based on the hard realities of virtualization projects and cloud infrastructures. The first vendor to offer credible analytics, performance and efficiency diagnostics, and roll all of them together into a single point of management with a single intuitive user interface will be the vendor of choice. With this acquisition (and with due diligence and follow through), NetApp is, at a minimum, one of the leaders. If NetApp was not on your short list of providers before, it should be now.



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