

IBM is looking at geo-expansion by adding partners in Tier II & III cities

“When a customer is buying x86 from IBM, our partners play an important role as they add their specific value proposition to the solutions and sell them to the customers. Along with that, they are able to sell the services built around those products and solutions.”

How has been the journey of x86 in the Indian market?

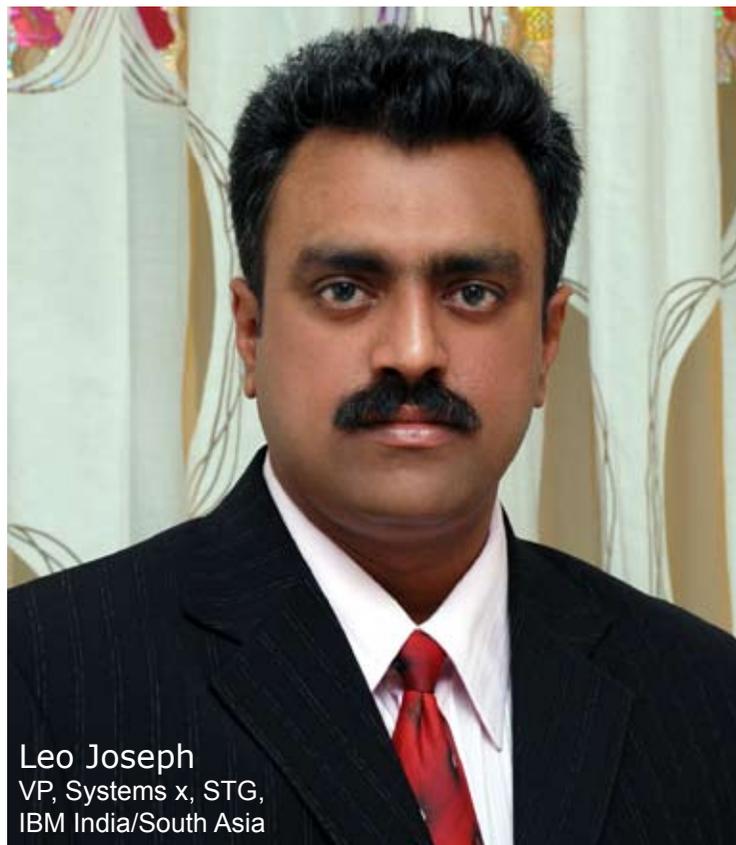
It has been a journey full of positives in the last few years. From the market perspective, the market looked seemingly polished from the second half of 2009 and the entire 2010 also. The financial crunch did have an impact on the x86 businesses, but post recession, the market has regained normalcy and has been on the upswing since then. The Indian market has been registering double-digit growth.

What are the factors responsible for the sudden spurt in the buying decisions of buyers?

It has been a mix of two–three factors combined together. During the slowdown, lots of customers had stopped buying and kept many of their projects on hold. But as the economy started recovering and projects resumed, prospective customers started buying again and sales and shipments took an upward trend. Also, when the economy starts growing, you happen to plan your business growth by not only looking at your present applications and resources but also looking at future growth prospective and market potentials. It is then that you start investing and your buying power gets normalized. This is actually what happened with the Indian customers too.

How is x86 doing globally and what is its market size in India?

The market size with respect



Leo Joseph
VP, Systems x, STG,
IBM India/South Asia

to the x86 server business in India is close-to \$420 million, according to IDC. For FY 2010, the overall x86 market grew 33.8%. In India, IBM is statistically tied for the number one position in revenues in the x86 server market in Q4 2010. IBM captured 35% market share in the India x86 server in terms of unit shipment in Q4 2010. IBM experienced 48.2% Y-on-Y growth in revenue and 32.8% Y-on-Y growth in unit shipment in Q4 2010. On the other hand, IBM gained 41.3% Y-on-Y growth in revenue and 28.6% Y-on-Y growth in unit shipment in 2010, respectively.

What are your expectations from 2011?

The last financial year was

great as we recorded a revenue growth of 30–31 per cent. For the ongoing year, we are surely expecting high growth but slightly lower than what we achieved last year. So, it would be between 15 and 18 per cent. This is because when you recover from bad financial times, you do experience a higher growth rate to try get back to your previous level, but this does not seemingly follow down the years as the market sees stability. So, this justifies as to why we have kept our projections low for this year.

When you approach your partners with your x86 servers, what benefits do you offer them?

When a partner partners with IBM, he partners with the entire value proposition that IBM brings to the market. It is not the x86 alone, but we have the entire infrastructure and the Hardware division plus the unique servers, storage solutions and consultancy solutions and a whole gamut of offerings that an IBM partner can value add to a customer. Secondly, from a product perspective, we have a product that is completely unique in the market place, which is our enterprise architecture offering. For this architecture, we work towards simplifying deployment and reducing cost. Thirdly, we have been very strong in the Indian market from x86 perspective and have constantly gaining share. So, value addition, product differentiation and our leadership positioning are the three things that apparently make us different from all the other competing players.

What different categories of partners you have?

We have partners signed up exclusively for the Hardware and then we have partners for both software and hardware.

We have three categories of partners, namely:

1 Member: IBM provides support covering a broad portfolio of IBM products and technologies for members in this category. These partners are recognized and rewarded with access to a comprehensive set of benefits and resources including:

- Marketing and campaign support
- Technical support and porting assistance

- Training discounts and reimbursements
- IBM Global Financing for your deals and your business

2 **Advanced:** Advanced level Business Partners have demonstrated a high level of skills and market success. They are committed to maintaining a prosperous business relationship with IBM. These partners get all the benefits of the Member level plus additional high-value benefits including:

- Access to IBM business intelligence reports
- Event and campaign support funding
- The Business Partner Application showcase
- Product development roadmaps

3 **Premier:** Premier Business Partners have demonstrated superior skills and market success. They actively collaborate with IBM to deliver significant client value through innovative solutions. Premier members get all the benefits of the Member and Advanced level plus additional high-value benefits including:

- An assigned IBM relationship executive / manager
- Use of the IBM Premier Business Partner emblem

What role do your partners play when it comes to deploying your solutions?

Majority of our business is done by our partners and there are limited and selected accounts where we deal directly with the customers. Our go-to-market is predominantly through partners. They add their specific value proposition to the solutions and sell them to the customers. Along with that, he is able to sell the services built around those products and solutions. This is the role that they are required to play when a customer looks at buying an x86 from IBM.

Have you added any new vertical to the already existent verticals that you were catering to?

One vertical that is giving us extremely good business is the SMB segment. Other than this,

Deepak Jadhav

Director
VDA Infosolutions Pvt. Ltd.

VDA's association with IBM

I have been associated with IBM for more than two decades – initially from the organization where I was working and now through our own organization. Slowly, we started adding the bouquet of IBM's offerings as our offerings portfolio. We deal in almost all the products of IBM, i.e. X series, P series servers, storage and IBM software products.

VDA's role in selling IBM's x86

We plan at the management level what products to position to customers and with whom we need to have business relationship in the long range and thus our solutions are respected and accepted at the customer's end as they meet their needs the best.

Server virtualization, ERP and desktop virtualization are driving the demand for x86 other than traditional uses of x86 for various business applications.

Biz benefits

We get a reasonable two-digit margin from overall IBM business based on our level of engagement, but in any case we do not get less than 5% in any individual case. In cases where we face tough competition, we may not get higher margin, but it is compensated in some other deals. If we get involved in solution design as well as implementation, our margin crosses two-digit, but it may not be the case when we are just doing trading activity of servers – and this is justified also.

We do have the capability for product post-sales but have not yet moved in the direction of becoming ASP for IBM which is on our radar in the near future.



Naveen Kapur

Managing Director
Iris Unified Technology Ltd.

Iris Unified's association with IBM

Growth and expansion in the market leads to growth in technology. Technological innovations require bigger players to cater to the organization. IBM as an organization is known as the pioneer in technological innovations. To address the needs of the growing market, the main requirement is the need to be at the right place at the right time. Iris Unified Technology Ltd. and IBM have an alliance to help and support the customer to build a smarter green infrastructure which would result in the growth and development of business integrity and productivity.

Iris Unified Technology has had a successful alliance since 2009. As the fastest-growing partner of IBM, Iris Unified Technology is also a Blade Champion partner. For all the server and storage requirements of customers, we only recommend IBM's offerings.

Iris Unified's role in selling IBM's x86

Iris Unified Technology is in the business of providing complete IT infrastructure solution to its customers primarily specialized in packaged software. Our approach to customers is to help them increase efficiency in the operation of their business by recommending them the latest technology. All the solutions carry a component on hardware servers. As an exclusive partner of IBM for server and storage, we primarily recommend IBM x86 on our solutions.

Biz benefits

Our offerings to customers are primarily on all solutions proposed to them. Hence, our solutions carry the component of consultancy, product – software and hardware, deployment/integration and support. We are satisfied with the margins being offered by IBM on their products. Growth and expansion is not limited to a few verticals only. Hence, as a technology partner, we have a thriving business from enterprise to mid-market and small businesses as well.



we have telecom and the financial sector at the enterprise level that are growing as potential customers for us. We are also looking at geo-expansion plans and expanding ourselves to tier-II and tier-III cities. So, we are adding partners in these new locations and identifying new resources to consolidate ourselves.

What are the criteria for you to select your

partners?

While selecting partners, we make sure the partner is based in the territory where we are looking for expanding our business. Secondly, his skill set should be such that he is able to address our growing customer needs from the SMB and the enterprise level in that particular area. They should also be able to address all our targeted verticals that I had just mentioned.

We have specific 15 cities that we have targeted where we have deployed our resources. So, cities like Coimbatore, Kochi, Trivandrum down South, cities outside Delhi and Kolkata like Raipur, Indore, Bhopal, Jaipur and Ludhiana are some of the places which we are targeting for our products. ■

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