



## I D C   A N A L Y S T   C O N N E C T I O N



**Ashish Nadkarni**  
Program Director, Enterprise Servers and Storage

### Understanding the Impact of the Dell-EMC Merger on Enterprise Customers

April 2016

*Seldom does a megamerger or acquisition have a ripple effect across the entire information and communications technology (ICT) market spectrum. But when it does, the impact goes deep — and often leaves indelible marks on the industry. Such is the nature of Dell Inc. — a leading supplier of enterprise, cloud, security, and end-user computing solutions and services — and EMC — a leading supplier of enterprise and cloud solutions and services — combining their two formidable companies.*

The following questions were posed by Dell-EMC to Ashish Nadkarni, program director for IDC's Worldwide Infrastructure Practice, on behalf of Dell-EMC's customers.

**Q. How are customer needs in the datacenter changing, and how do you feel the Dell-EMC merger will be able to address these needs?**

A. A lot of enterprises are moving toward industry-standard computer hardware and equipment racks. In other words, the enterprises are embracing the software-defined infrastructure stack: software-defined storage, networking, and computing as well as converged infrastructure — all of which are designed to provide quicker time to business value.

What the Dell-EMC merger does is bring together a computing powerhouse with a storage powerhouse. Dell is a leader in the server marketplace, while EMC is a leader in the storage industry. We can add to that VCE's market share in the converged infrastructure market along with VMware's solid position in virtualization. Together, the merged organization can holistically address datacenter requirements of enterprise customers today and tomorrow.

With a growing movement toward industry-standard hardware with a software storage and compute stack that can leverage hardware in a homogenous fashion, the combined Dell-EMC company will be properly positioned to take advantage of this trend.

**Q. How important are channel partners and resellers during these times of change, and why?**

A. Channel partners and resellers enjoy a trusted advisor relationship with many enterprise, midmarket, and small business customers. When there's an acquisition or merger of this type, there can be some fear or uncertainty stirred up in the market because of media coverage and competitor whisperings or even bold statements. Partners and resellers can do a lot to instill confidence in this merger and help customers better understand the future value potential of the combined Dell and EMC

From our knowledge of the deal, IDC believes that the key message can be: "Mr. Customer, you will be taken care of. The combined companies will put your interests first and not leave you high and dry." Partners and resellers can relay the confidence they have in terms of support and the ability to cater to customer needs. I do think, given how some acquisitions have been handled in the past, it's natural for customers to be concerned about what may happen to their existing investments in Dell and EMC equipment and software.

Partners and resellers can do three things: show customers that their investments are safe, instill confidence in terms of future product development investments and innovations from the combined company, and squash doubts about the value proposition of the combined company.

**Q. How will the Dell-EMC merger impact customers from a product and solution standpoint?**

A. The merger brings together best-of-breed storage with best-of-breed servers and computing and converged infrastructure technologies with best-of-breed management software across it all. You could almost think of it as bringing together the best-of-breed datacenter technologies into a single company.

EMC is very strong in storage and datacenter solutions. Dell is very strong in server solutions. Both of them have datacenter software stacks across the infrastructure space. When you bring two powerhouses together, it's taking the best-of-breed technologies from these respective product sets and creating a holistic, full-service portfolio that can cater to the needs of practically every buyer out there.

**Q. What additional opportunities does the combined Dell-EMC company have to bring value to customers?**

A. Having a bigger, more full-service portfolio allows the combined company to address a wide range of use cases in a very holistic fashion. These use cases can be diverse and even emerging, like the Internet of Things (IoT) and real-time analytics. It also gives the merged company a lot more buying power and therefore the ability to extract more value out of the supply chain. This value can be passed onto customers in terms of compelling economics for products and solutions.

The combined company also has a lot more R&D capability, and the investment dollars will be substantial. Dell and EMC can likewise take advantage of synergies when it comes to joint go-to-market efforts around compute, storage, and networking solutions. This would include a full suite of professional services of course.

With the merged company being held privately, this should offer the flexibility of interesting product road maps and solutions as well as additional purchasing options, like subscription-based offerings, free from the 90-day shot clock pressures typically exerted on public companies.

**Q. As with any merger, there are challenges. What do you think the biggest challenges are for Dell's and EMC's current customers and potential new customers?**

A. For current customers, the challenge is to ignore the competitive FUD and remain confident that the new company will protect its investments and there will be little to no changes in service and support experiences.

The merged company must be transparent about which products and solutions will not make it into the future, because, while minimal, there is some overlap in the combined portfolio.

Dell and EMC have publicly stated they will continue to support those solutions and put the customer first without compromise.

As for potential new customers, it's about assuring them that the newly merged company will continue to be laser focused on meeting the needs of next-gen datacenters — which include traditional applications and workloads as well as supporting future initiatives like software-defined infrastructure with industry-standard hardware. Dell and EMC need to continue to stay in front of use cases such as IoT, real-time analytics, converged infrastructure, all-flash datacenters, software-defined everything, and cloud. Basically, new customers want to be assured the combined company will still be a leader in the respective markets they now play in and will continue to focus on innovation and bringing the best products to market as fast as they did before.

IDC believes this will fundamentally be a new company in the end, able to move quickly and put customer choice, innovation, and value first. Current customers should take a look at the broader portfolio to assess the ability to unlock further business value. And IDC would advise current non-customers of Dell or EMC to take a fresh, serious look at the combined new company.

#### ABOUT THIS ANALYST

*Ashish Nadkarni is a program director within IDC's Worldwide Infrastructure Practice, which includes research on servers and operating environments, storage systems and software, and networking infrastructure for enterprise and cloud datacenters. This research is delivered via syndicated programs and reports, special studies, trackers and other data products, and end-user research programs, as well as via advisory services, and consulting programs.*

---

#### ABOUT THIS PUBLICATION

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.

#### COPYRIGHT AND RESTRICTIONS

Any IDC information or reference to IDC that is to be used in advertising, press releases, or promotional materials requires prior written approval from IDC. For permission requests, contact the IDC Custom Solutions information line at 508-988-7610 or gms@idc.com. Translation and/or localization of this document require an additional license from IDC.

For more information on IDC, visit [www.idc.com](http://www.idc.com). For more information on IDC Custom Solutions, visit [http://www.idc.com/prodserv/custom\\_solutions/index.jsp](http://www.idc.com/prodserv/custom_solutions/index.jsp).

Global Headquarters: 5 Speen Street Framingham, MA 01701 USA P.508.872.8200 F.508.935.4015 [www.idc.com](http://www.idc.com)