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Sun's Plan to Confront Linux

I don't get it. Sun is still trying to go against market trends and push Solaris on SPARC when many customers want Linux. Sun has a wonderful volume server business with Solaris on SPARC. In fact, Sun has lowered its SPARC-based volume server prices so much that it can compete on price with some of Dell's offerings. And some of Sun's middleware products are included.

But many users want Linux. Linux server sales are growing by at least 30%-35% per year. Users are interested in Linux for a number of reasons: they don't want to be locked in to proprietary hardware; they know that it is just a matter of time until Linux (or Windows) replaces Unix in the data center; ISVs are moving more and more of their applications to Linux, etc.

It may be the case that Sun is able to compete from a price perspective with some Linux offerings, but for a company to succeed it has to give customers what they want. Sun has a good Linux strategy with an Opteron server, the z20, already on the market and more Opteron servers on the way. Rather than let Dell, HP, and IBM tease their customers with migration to Linux on their servers, Sun should be working to get those Solaris users who want to move to Linux to move to Sun's Linux servers. Doesn't that make sense?

IBM has done a good job positioning AIX and Linux. IBM generally gives users what they want. Although IBM would rather sell Linux on POWER, they will sell it on Itanium 2 or Opteron. As a result of this strategy, IBM claims that they are generating more revenue from AIX. The reason for this is just good marketing, give the customer what they want, and if they need added capacity that cannot be supplied by Linux, sell them AIX. IBM does have an advantage here though because Linux runs on POWER.

Linux does not run on SPARC, at least in any productive way. But Sun has Solaris on Intel and Opteron. Sun's push should be Linux and Solaris on Opteron for those users who prefer to move away from Solaris on SPARC. Sun has everything set up to make a move in the server market with its Linux and Solaris on Opteron, but it just cannot get away from Solaris on SPARC even though the market is going the other way.

I am probably one of the few analysts left who believes that Sun will alter its server strategy in the next two or three years. The question is will it be too late to help. Sun has to accept the fact that users do not want to buy proprietary platforms for all of their computing needs. Linux vendors such as Red Hat have been working overtime to get ISVs onto Red Hat Enterprise Linux and they have done a good job with over 750 ISVs. But Solaris 8.0 has over 6,000 certified ISVs and Solaris 9.0 over 2,000. Sun has been slow to get these ISVs to move to Solaris on Intel and Opteron. I believe that they should use the ISV advantage that they have over everyone except Microsoft to get the ISV applications on Solaris/Intel/Opteron and on Linux/Opteron. Then Sun would start to move again, albeit with a different business model.

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