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Analysis Firm The 451 Group Finds Storage Vendors are Leading the Development of Information Lifecycle Management (ILM)

New 451 Special Report highlights ILM's role as the missing link between enterprise storage and the wider IT infrastructure; announced M&A activity exceeds US\$4.5 billion in the period from Q2 2003 to Q1 2004 – an increase of over 600% – and continues to accelerate

New York, May 6, 2004 – Research released by analysis firm The 451 Group shows that enterprise storage vendors are taking the lead in shaping the development and adoption of information lifecycle management (ILM). ILM encompasses a set of technologies and processes that enable organizations to manage the massive amounts of corporate information they generate from creation to disposal, according to the information's changing value over time. However, definitions and approaches for ILM remain in flux, with competing vendors, technologies and philosophies jockeying for position. The result is a rapidly evolving and growing competitive environment, which has seen well in excess of \$4.5 billion worth of announced merger and acquisition activity in the past year. Among the largest enterprise storage vendors, EMC, Hewlett-Packard and StorageTek have emerged as leaders that have built the most complete ILM portfolios to date.

Economic, operational and legal factors, including the Sarbanes-Oxley Act, are driving enterprise IT departments to adopt ILM approaches. However, The 451 Group has found that a gap remains between customers' expressed needs and vendors' products and services. In particular, many users are wary of the somewhat "utopian" nature of the vendors' expansive vision for ILM, which is multiyear and multipronged, and which will fundamentally affect how a company thinks about the value of its information. Software, systems and storage vendors are all racing to bridge the gap between today's reality and tomorrow's vision. Yet The 451 Group believes it is the enterprise storage sector leading the charge, and it is in the storage domain where end users are applying the most immediate pressure on vendors for products and services.

This core analysis is contained in a new 451 Special Report – *ILM: a strategic opportunity for storage vendors?* – released today by The 451 Group. The report identifies the market segments most critical to ILM's development and identifies the most compelling vendors within those segments, including key pure-play vendors and startups. The detailed analysis identifies the fertile growth areas for future product development, vendor positioning and competition. It also addresses investment opportunities for both public and private companies and assesses potential M&A activity that could ensue over the next 18 months. The report is more than 230 pages in length and was written by Simon Robinson, sector head for storage & systems; John Abbott, chief analyst; and Steve Wallage, director of research.

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Key Findings

The following highlights The 451 Group's key findings from the report:

- The enterprise storage sector is the driving force behind the emergence of ILM. Storage vendors will continue to play a key role over the next three years as ILM products and services become increasingly sophisticated.
- Five key factors are driving customer demand for ILM technologies from vendors:
 - Unbridled data growth (both structured and unstructured data)
 - The variability in value of data that organizations own
 - The increasingly distributed and complex nature of storage infrastructures and the difficulty in managing them
 - Emerging regulatory and compliance issues (Sarbanes-Oxley, HIPAA, etc.)
 - The continuing pressure on CIOs to manage more with less and to control costs.
- During the one-year period from April 1, 2003, through March 31, 2004, the announced value of ILM-related M&A deals totaled more than US\$ 4.5 billion, although the actual value was higher, since this figure represents only 13 of the 25 total deals announced during this period – i.e., this figure represents announced deals whose values were publicly reported. This total announced deal value represents an increase of more than 600% over the prior 12-month period, and the total number of deals announced increased over this same period by more than 92%.
- The following leading enterprise storage vendors rated the highest (“Very Strong”) in The 451 Group's assessment of ILM portfolios in the following areas: (*Additional information on ratings criteria and meaning are detailed in the actual report.*)
 - **Technology:** EMC and IBM
 - **Partnerships:** Hewlett-Packard and Microsoft
 - **Installed base:** IBM and Microsoft
 - **ILM vision:** none (although 4 out of 10 vendors received “Strong” ratings)
 - **ILM visibility:** EMC

Key Companies Covered

The report includes in-depth competitive assessments of the following companies (although this is not a complete list of companies covered in various sections of the report): Archivas, Avamar Technologies, Bycast, EMC, ExaGrid Systems, FilesX, IBM, Hitachi Data Systems, Hewlett-Packard, Isilon Systems, Mendocino Software, Microsoft, Network Appliance, NuView, Oracle, Panasas, Permabit, PolyServe, Revivio, Sanbolic, StorageTek, Sun Microsystems, TimeSpring, Veritas Software, XOsoft and Z-force.

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Analyst Perspective

“The future of storage management is about making infrastructure intelligent enough so that IT shops can make more informed and efficient decisions about how to store, protect and make available the massive amounts of structured and unstructured data that today's organizations generate,” comments Simon Robinson, sector head for storage and systems at The 451 Group.

“Storage vendors that choose to embrace ILM today face a challenge. ILM is about processes, not just products, and its implementation requires an understanding of an organization’s business processes and workflow. Only when users and vendors understand this can the vendors begin selling products that simplify or automate these processes.”

Report Orders

To learn more about this report, or to discuss developing a client relationship with The 451 Group, contact Simon Carruthers via phone at 212-505-3030 x-103.

About The 451 Group

The 451 Group is an analysis firm covering the business of emerging information technologies for a senior executive audience. The firm delivers timely, research-based insight that delves deeply into the dynamics and impact of newly commercialized technologies in all major segments of the enterprise computing marketplace.

The Group is headquartered in New York, with offices in key regional locations, including San Francisco and Silicon Valley, the Boston/Route 128 area and London. For additional information on the Group or to apply for a client trial online, go to the firm’s website: www.the451group.com

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