

Lenovo ThinkServer RD540 and RD640: Small Steps Forward

Introduction

In September, 2013, Moor Insights & Strategy published an overview analysis of Lenovo's server offering entitled, "[Understanding Lenovo's Server Position](#)", and stated that there was an opportunity for Lenovo to break out of their current market share position in the "other" category and make a serious play in the server market.

With Lenovo's latest server [announcement](#) on October 16th, we were hoping to see something very different, but we're still seeing, for the most part, more of the same. The [ThinkServer RD540 and RD560](#) announcement was Intel-leveraged with little to differentiate the Lenovo ThinkServers from the competition, and little to cause customers to move away from their current [Dell](#), [HP](#) and [IBM](#) platforms and consider Lenovo. There were 3 key observations we recognized that we would like to point out, none of which we believe will help Lenovo break out of their current market share position.

Observation #1: Heavy Reliance on Intel

In parsing the news from Lenovo, much of the excitement is tied to the CPU. Performance gains are up to 27% over the previous generation. While that might sound impressive, Intel and other Intel OEMs tout [11% integer performance increases and 35% floating point performance increases](#). That puts the Lenovo claims of 27% squarely between the two, but with no actual benchmark data it is nearly impossible to categorize the claims. Clearly, this launch was tied to a processor refresh, but typically there is some additional "special sauce" that OEMs like to wrap around the Intel platforms to help provide some differentiation. There was little of that here.

Lenovo also include their new Smart Grid power management software in the new servers. There are 2 types of server management software that OEMs provide. There is base level management that second tier vendors utilize, typically provided from companies like LANdesk or Intel, but that has no differentiation and little actual integration with the servers. These are "table stakes" offerings that allow a server vendor to have a check mark in the server management box. First tier vendors will provide their own products, like Dell OpenManage, HP Insight Manager or IBM Systems Director.

Lenovo Smart Grid is a rebranding of Intel Node Manager, Intel's attempt to provide a rack-level power management scheme for its platforms. It is not apparent if there is any additional Lenovo IP added on top of the Node Manager code other than the instrumentation that would be necessary to identify and manage the servers. While Intel communicates a very good story on the features and functionality of Node Manager,

when it comes to seeing this software actually being deployed by customers in a production environment, those instances are a bit harder to locate. Because it is yet another management console, Node Manager presents one more “pane of glass” for server managers to interact with. Lenovo is already providing ThinkServer EasyManage (based on LANdesk), so there are now two disparate tools for managing servers instead of a single tool. Because these are third-party applications instead of an OEM-centric product, the depth of integration is more limited than the deeper integration that you will find from Dell, HP or IBM. That means some feature gaps may exist, some functionality could be duplicated, and using the two products together could be awkward.

Observation #2: Catching Up in a Few Areas

Along with the news about the CPUs, Lenovo is also touting new I/O options and greater bandwidth. The press release discusses new I/O, but there is little detail. [According to the technical specifications](#), the base model comes with 2x1GbE for networking and another 1GbE shared with the management controller, which most customers would dedicate to the management function and not share. With a target of virtualization, having high throughput networking is really a critical feature for a server in this application class. 10Gb Ethernet is becoming more mainstream, especially in 2014, and there does not appear to be an option for this technology like there is on the ThinkServer RD530/630. It will probably be offered as an aftermarket option, but competitors have moved to a modular network controller that can be configured at the point of purchase, eliminating the need to consume an I/O slot with an expensive add on card.

In addition, Lenovo is catching up with its competitors from a storage capacity, which is a good thing, especially in platforms that are focused at the SMB market where there is lower probability of centralized network-based storage. We will again stress that “closing the gap” isn’t as compelling as moving ahead.

Lenovo also [announced support](#) for [Oracle VM](#) and [Oracle Linux](#) at Oracle Open World this year. While we applaud this as a step in the right direction as broader OS, hypervisor and application support is always preferred, it is important to note that if one was to draw the Venn Diagram for Oracle VM/Oracle Linux customers and Lenovo customers, there would be little, if any crossover. Oracle is selling into larger accounts and Lenovo’s customers (outside of PRC) are generally in the SMB space.

This Oracle announcement may help them eventually move upstream, but for now it represents little, if any immediate upside. SMB customers who are interested in virtualization are more likely to choose VMware from the support/purchase security aspect or Microsoft Hyper-V from the cost perspective. Few customers are utilizing Oracle for virtualization, and most that are tend to be large Oracle customers, and they are unlikely to be prospects for Lenovo’s products because they are most likely Oracle (Sun) shops.

Taking a quick look at the supported systems further emphasizes the point. On the [Oracle certification](#) page there are 1,170 supported systems, of which 4 are Lenovo. Over time, as Lenovo support continues/expands and they begin to make inroads into larger accounts there is an opportunity to leverage this certification, but for now it is akin to bringing tofu to a barbeque. It's protein and edible but the participants have a different expectation.

Observation #3: Minimal Differentiation

Lenovo continues its path of meeting the market without adding a lot of differentiation. Traveling in the same footsteps as the others in the market is fine, as the steps you are following are established and well worn, however, you cede the ability to use the innovation card and you can't position your accomplishments as ground breaking or differentiated.

For instance, Lenovo is stressing the ThinkServer RAID 710 controller for these new servers. It is based on the LSI MegaRAID card and carries all of the same features and functionality of LSI's commercial card. LSI products are not exclusive to Lenovo and other OEMs like Dell, Fujitsu, HP and IBM have all private labeled LSI solutions for their branded RAID over the years. While this puts Lenovo in the same camp as the market leaders, it does not provide any real differentiation or competitive advantage.

Lenovo did announce that platforms *"when optionally equipped with Stoneware's webNetwork software, school administrators, students and staff can access data, applications and services from a multitude of devices and platforms using just a browser."* Through Lenovo's acquisition of Stoneware there is an opportunity to begin to bring some differentiation, but with the acquisition being only a month old, it is probably too early to see any differentiation here as that software will work on any vendor's servers. This is an area to watch for the future.

Server Customer Guidance

While we would love to see Lenovo take some bold, new action in the server market and potentially shake things up with more competitive pressure on the big three, this announcement doesn't come close to changing the market dynamics.

For some SMB customers, these products might be able to meet their server needs, and the pricing may present an interesting option to consider. But for the bulk of the market, there isn't a compelling reason to stray from existing, standardized vendors, because at this point we still fail to see any additional competitive differentiation that could be translated into a business advantage for customers.

Important Information About This Paper

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