

Re: HP World Magazine: For Business Continuity...the answer may be OpenVMS

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In article <d8ece8766feb0230d57ad42fe1bde30b@news.teranews.com>, JF Mezei <jfmezei.spamnot@teksavvy.com> wrote:

>*Robert Deininger wrote:*

>> *The components used in a DS10 probably haven't gotten much cheaper, and*
>> *DS15 is in the same ballpark. I think \$6-\$7k is too expensive for VMS*
>> *entry level.*

>

>> *Obviously, HP has some flexibility in pricing. But they can build an*
>> *rx1600 for far less than a DS15,*

>

>

>*Ok, please explain why a DS10 would have to be more expensive to HP than an*
>*itanium equivalent.*

I don't know exactly *_why_*, but it is the case. Digital built good systems, but they were not very good at controlling costs. Compaq didn't really change the alphaserver HW business. HP HW groups seem to be better at designing and building systems at lower cost. That is reflected in the selling prices.

I happened to know the approximate cost to manufacture DS15 when it was released. There isn't all that much profit in the sale of these systems. I strongly suspect DS15 costs more to manufacture than the list selling price of rx1600.

>*The problem with Alpha is that they are still priced at the upper limit of*
>*what rich customers will tolerate. The rest of the industry is priced*
>*competitively.*

There's significant profit in each large system sale. At the low end, that's not the case. A customer with a good relationship with a sales person will get discounts that take almost all the profit out of a DS15 sale. The expectation is that software, storage, service contracts, etc. will make up for thin profit margins on the systems.

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The only way to profitably sell Alphas much cheaper would be to cut the cost to manufacture. That would require aggressively designing for low cost (not a Digital strength) or significantly increasing the volume to lower the per-unit parts cost (also not a Digital strength).

HP is better at low-cost servers than Digital was. Maybe Digital got fat and lazy back when VAX was the hottest thing in the industry, and never recovered. I don't know.

*>I do not buy the argument that Alpha *systems* would be more expensive to
>build than IA64.*

>

*>If at all, I would presume that IA64 systems are priced as loss leaders
right now.*

Not from what I hear. Every system sale is supposed to turn a profit.