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Nexsan buys ILM software provider

22 March, 2005

by [Mark Cox](#)

Storage vendor Nexsan Technologies has announced the signing of a definitive agreement to acquire privately held Information Lifecycle Management (ILM) software provider, AESign Evertrust, in a cash and stock deal of an undisclosed amount. The acquisition of Evertrust, which Nexsan says is critical in its evolution into a leading ILM solutions vendor, is scheduled to close the week of March 21, 2005.

Montreal-based Evertrust was founded in 2000 to research and develop technology for the authentication and management of digital assets for long-term storage. It licenses its software technology and services to computer storage vendors looking to deliver compliance solutions. And Nexsan thinks it has the technology that will let it take a serious run at EMC, which it acknowledges has pretty much blown out the competition in the compliance space to date.

"There aren't too many ILM products out there," said Philip Black, CEO of Nexsan. "The companies in the systems areas [IBM, HP] are trying to keep pace with EMC's Centera, which has been a fabulous success story. But we looked at the solutions out there, and we believe we've found the best of the second generation solutions."

Nexsan's plan is to integrate Evertrust's ILM, content addressed storage (CAS) and compliance capabilities into new systems level products that feature Nexsan's storage systems. Nexsan also says that it will actively continue Evertrust's OEM relationships with leading optical and tape system vendors.

The idea is to be able to offer an ILM appliance, including scalable low priced disk storage, as a single integrated system. That, Black said, gives them an opening against EMC in the growing compliance market, because while the storage titan's Centera solution is formidable, it has some weaknesses.

"We know what their customers don't like about Centera, especially the four disks in a box." Black said, referring to Centera's requiring additional whole boxes to be purchased to scale up. Nexsan's solution, Black said, won't have those scalability/price issues.

But how does Nexsan, best known for its ATA low cost storage products, drive into the turf of a much larger, powerful company?

The key, Black said, will be the channel.

"Our go-to-market is through the VARs, and the VARs have been cut out of the whole compliance play," Black said.

In fact, he said that to date, VARs have been losers in the compliance market, because most haven't had compliance products to sell on the one hand, while they have been losing some of their own backup sales to Centera. Black also said that the focus on compliance products so far has really been at the enterprise, but there is a broad segment of the midmarket that now requires these solutions, and that VARs can reach them.

Black also said that as EMC expands its professional services component, a company like Nexsan which doesn't offer professional services will be more attractive as a partner to other services companies.

"The professional services companies will likely own the ILM space in the end. EMC is

growing its professional services very rapidly, and we think high-end services companies like Accenture need a partner like ourselves that doesn't have a professional services element."

In the short term, Black said that they will be able to undercut Centera on price, although he is realistic enough to doubt a sizable gap will remain for long after their goods hit the market.

"We think Centera is overpriced, and that we can deliver 30-35 points off their street price without batting an eyelid because they overcharge for their software," he said. "But will they lower their price to meet us? Probably."

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