



Beyond Content

While there is a broad variety of digital entertainment content (video, music, games, personal media such as photos and home videos) that drives storage revenue opportunities in home media servers, system integrators should also be aware of the many emerging service opportunities surrounding storage in the digital home. These opportunities include backup, metadata management, system optimization, content sales and differentiating storage solutions.

Storage service opportunities for system integrators

June 2007 Computer User Poll

- 31% do not back up their data because they say it is “too technical.”
- 39% fear losing their digital photos, compared to 12% who fear losing their financial data.
- 33% said their content is “priceless” and 22% said it’s worth more than US\$1000, yet nearly half of all users never back up.

Sales Tip

Clients resent it when fear is aggressively used as a sales technique. Sometimes a simple question is all it takes to get clients thinking about the value of their content—and motivate them to request a backup storage solution.

Backup

Securely storing redundant copies of important data has traditionally been seen as a storage service opportunity primarily associated with office environments. However, integrators are now finding a growing demand for digital backup solutions from homeowner clients.

As might be expected, integrators report this demand reflects consumption of digitally-stored movies, videos, music and photos. The average music server installed today includes 500 GB of storage space, while a typical media server boasts 3-TB capacity. With so much personal content stored on home servers, customers are demanding backup solutions to ensure they don’t risk losing all of that content.

Fear of losing their personal photo and video memories (often representing hours of editing work) or their favorite music and movies is a powerful motivator in spurring consumers towards implementing storage backup solutions. These solutions present two revenue opportunities for integrators: hardware sales (additional hard disks), and services that help customers get the backup work done regularly, efficiently and reliably.

The opportunity to sell backup services is more frequently overlooked, as integrators have not traditionally been effective at selling long-term services to their clients. For the most part, integrators are much more comfortable making their sales on the front end of the project, ignoring service offerings that have the potential to generate long-term recurring revenue. Backup is an ideal way for integrators to stop leaving money on the table while providing consumers with a valuable service.

When left to the consumer, backup is rarely done effectively or consistently. Proactive integrators are moving towards services that automatically back up consumer data. Some of these integrators choose to back up all the data locally to a multi-terabyte network-attached storage device, while others elect to use web-based storage service providers. That said, most integrators believe consumers are wary of web-based storage and would prefer to have their data backed up locally.

Regardless of the specific approach chosen, integrators selling backup services are reporting satisfied clients and a growing list of recurring-revenue accounts that will strengthen their company’s financial stability.

Metadata Management

All digital content needs to be organized, and using metadata is an effective way to accomplish this. The music industry has been the forerunner in attaching metadata to digital content in order to enhance the user’s experience, but many consumers don’t know that metadata can help them organize and manage all of their digital content, not just music. This will become increasingly important as the volume of user-generated content continues to flourish.

Gracenote has been a leader in metadata management for the music industry, with clients including iTunes, Yahoo, Escient, Yamaha and Philips. Gracenote is now beginning to launch metadata products/solutions for user-generated content such as photos and videos, and this should greatly improve consumer interaction with content. Integrators can play a key role

in metadata management, helping clients get the most out of their storage solutions while boosting the integrator's profitability.

System Optimization

Integrators who sell computer systems have traditionally bundled them with software to detect viruses, spyware and malware. Similarly, integrators who sell storage solutions should provide clients with software packages that help them optimize their systems. One such solution comes from Clean Machine; offering a reseller program, it performs optimization services on the consumer's PC with in-person technicians, who can make judgment calls and observations that software can't.

Services such as those offered by Clean Machine are increasingly valuable as the sheer volume of content in the digital home grows. Integrators who fail to provide system optimization solutions run the risk of client dissatisfaction because of storage solutions that have become progressively less functional due to buildup of digital clutter, redundancies, residual files and fragmentation.

Content Sales

When consumers first invest in a digital storage solution, they're naturally inclined to increase their consumption and production of content. Directing the client to a trusted source (or sources) of content is both useful to the client and profitable for the integrator. MusicGiants is an example of this type of service; its software storefront can be installed on PCs and comes embedded in digital storage solutions from companies like iMerge, Xperienet, Inteset, NiveusMedia and Crestron.

Consumers can purchase music, HD photos and HD videos directly from the MusicGiants store, and if the integrator who installed the system is a MusicGiants dealer, the integrator will receive sales commissions on all MusicGiants purchases made by that customer for life. This is yet another opportunity for integrators to provide a valuable service to their customers while creating an additional revenue stream.

MusicGiants is one of the most channel-friendly content sources available, but there are other content sources such as Napster, Amazon, MusicMatch, Netflix, Audible, MovieLink, iStockphoto and CinemaNow. Companies such as these are providing creative ways for consumers to access content in rental and ownership formats, and integrators must begin partnering with such content sites and bundling them into their solutions if they are to maximize their revenue opportunities.

Differentiating Storage Solutions

It's clear that storage plays a critical role in the digital home of today and will do so in the future. However, integrators find that consumers often take storage for granted. It's important to note that while consumers don't care about the technical details of hard drive storage, they are passionate about what they'll be able to do once the storage system is in their home.

This situation represents a substantial opportunity for integrators and manufacturers in the digital home storage market. With little-to-no product differentiation in the minds of most consumers, there are many opportunities

Consumer Education

Integrators report that the following four technical differentiators are the most critical to their clients:

- **Reliability**—By far the most important feature. Integrators are sure that proven reliability enables them to sell more storage solutions. Evidence of such superior reliability is key to the consumer.
- **Serviceability**—How a storage solution facilitates periodic service by its integrator is a prime opportunity for differentiation. Emailed reports on operating temperatures, storage capacity and/or error messages are examples of service offerings that integrators can use to distinguish quality storage solutions. “Hot/warm swappable” drives is another important feature that enables integrators to more efficiently service their clients in case of any problems.
- **Cool operation**—Storage solutions are often located in large equipment racks in digital home installations, making operating temperature a critical item. Storage solutions that generate excessive heat will combine with other heat-generating devices, such as audio amplifiers, to raise system temperatures and increase the chance of early equipment failure.
- **Quiet operation**—For storage solutions located within living rooms, family rooms, bedrooms or other living quarters, operating noise level is a crucial issue. Integrators have found that comparative demonstrations are very effective.

for storage-related solutions to capture mindshare and reinforce branding with clients.

All integrators point to education as the single most important tactic to help overcome consumer apathy. Indeed, when integrators engage in educational efforts with their clients, they consistently find that apathy turns to keen interest as the consumer begins to understand how storage can fundamentally impact their interactive experiences with their content.

But still more education is needed. Integrators and manufacturers must partner to educate customers on the core value propositions of storage solutions and what differentiates superior storage from the merely mediocre.

Forward-thinking integrators and manufacturers are already capitalizing on the emerging trends in digital entertainment content described earlier. By listening closely to consumer demands, they are creating both long-term solutions and long-term storage opportunities that address the discrete content types driven by those emerging trends.

Storage manufacturers who focus on the four technical differentiators listed above, while also offering more consumer and integrator education around these issues, can capture significant branding and awareness of their superior quality. And that is key to supporting premium prices for their products.

Author

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