

Panduit keeps cooling contained, but its datacenter ambitions remain unfettered

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Panduit has launched a cooling containment product that can be used with a variety of rack designs. The company already has a number of containment offerings, but these are usually only compatible with its racks and are typically deployed in new builds. The Net-Contain Universal Aisle Containment System can be retrofitted to existing datacenters, which Panduit hopes will help it reach new customers. Net-Contain fits with the company's wider strategy of expanding its range of datacenter products and services, including datacenter infrastructure management (DCIM) tools.

The 451 Take

For the past couple of years, Panduit has articulated a unified strategy that brings together many of its datacenter offerings, with DCIM as the centerpiece. The addition of a flexible containment offering is another, albeit incremental, addition to this strategy. Net-Contain also complements the technology acquired with SynapSense and helps strengthen Panduit's cooling-related products and services. Looking ahead, we expect that the company will pull together more and more of its offerings into 'packages' as well as continue to widen its range of datacenter products.

Context

Tinley Park, Illinois-based Panduit's datacenter offerings range from cabling and connectivity

products to advanced unified systems that span power, security and communications, as well as DCIM software. Founded in 1955, the company has a global footprint, about 4,000 employees and estimated sales of \$1bn, driven mostly by its core cabling business.

Panduit has a large number of products that are sold through five divisions (copper, fiber cabling and connectors/connectivity; electrical solutions; identification, safety and tooling; cabinets, racks and cable management; and managed network systems software). It has about a 50:50 mix between data communications and electrical products. Offerings include cabling, fiber-optic components, cabinets and racks, and various electrical systems. The company is active in datacenters, in campuses and buildings, and in industrial automation.

In recent years, Panduit has developed integrated systems that span datacenter power, security and communications. In partnership with companies such as Cisco, IBM, HP and EMC, Panduit sells optimized racks and modules in which IT gear, cabling, control functions and other features are installed and preconfigured. This has enabled high-margin sales and greater early-stage influence on the total design of a datacenter.

The company has a large install base of its cabling products within datacenters. It says more than one-fifth of Fortune 100 firms are clients, including Bloomberg, Bosch, Dell, Facebook, GE, Yahoo, Morgan Stanley, RagingWire, CenturyLink Technology Solutions and UBS.

Panduit also sells DCIM, which represents a small but growing portion of total revenue. Management reports that DCIM revenue grew in 2013, particularly in the second half with some significant deals, and that its DCIM business is profitable. In May, Panduit bought Folsom, California-based datacenter cooling control specialist SynapSense for an undisclosed amount. It now has one of the broadest DCIM portfolios.

In late 2012, Panduit formed a partnership with Cisco and Rockwell Automation to develop networked industrial automation systems, sometimes referred to as 'industrial' Internet of Things. Panduit and SynapSense's monitoring and wireless technologies will be used as part of that effort.

Technology

Containment is a strategy to improve the efficiency of datacenter cooling systems by isolating either the heat produced by IT equipment (hot aisle containment) or the cooling provided to the equipment (cold aisle containment). According to a recent survey by The 451 Group's Uptime Institute, approximately 80% of organizations questioned said they had some form of containment

(hot or cold aisle) in place. Adoption was higher, at 86%, in larger facilities with more than 5,000 servers, compared with 73% of datacenters with more less than 1,000 servers.

In June, Panduit released its Net-Contain Universal Aisle Containment System. The system can be configured for cold or hot aisle containment and differs from the company's existing containment (thermal management) products, which can usually only be used alongside its own rack designs. Net-Contain has been designed to be configurable with a wide variety of different racks, which makes it more applicable for being retrofitted to existing facilities.

A criticism of containment is that it can reduce the flexibility of the white space in the datacenter. However, Panduit says Net-Contain can be extended as new racks are added, and the system can also be fitted around existing overhead cabling and other potential obstructions.

The company also has software-based systems to monitor the cooling efficiency of Net-Contain (as well as other containment systems and cooling scenarios). Its SmartZone Energy Kit datacenter monitoring software package, which can be either rack-mounted or noninvasive, includes some DCIM capabilities and a (vendor-neutral) data-aggregation gateway, as well as optional smart power strips. The kits are targeted for up to about 30 racks - beyond that, it is more cost-effective to deploy Panduit's fuller-featured DCIM platform.

Business model

Panduit says customers can reduce cooling costs by up to 40% through the use of Net-Contain. The system can also be deployed to help with the problem of stranded datacenter capacity, which is capacity that can't be used by IT because of a lack of floor or rack space, or power or cooling (or the distribution thereof). In cooling-constrained facilities, containment can help improve cooling efficiency and potentially allow more IT to be added to the facility. Net-Contain may also be sold alongside a variety of Panduit datacenter assessment, advisory and design services.

In addition, Net-Contain may be sold alongside the dynamic cooling software and sensor hardware that Panduit obtained in its purchase of SynapSense. SynapSense is a pure-play specialist of dynamic cooling optimization software that automatically adjusts cooling by analyzing monitoring and sensor data (thereby saving energy and freeing capacity).

Competition

Panduit competes with other suppliers of racks and containment products, including Schneider Electric, Emerson Network Power, Eaton, Rittal, Chatsworth Products, Cannon Technologies and a

number of other suppliers. The company also competes with several of these vendors for power, cabling and other infrastructure offerings.

In addition, Panduit vies with DCIM providers such as ABB, Emerson Network Power, CA Technologies, CommScope's iTRACS and Schneider Electric, as well as smaller pure plays such as Nlyte Software, Cormant, Optimum Path and others that offer various DCIM features, including environmental and power monitoring and IT asset management.

SWOT Analysis

Strengths

Panduit is a large company that is strong in several areas. The acquisition of SynapSense and the addition of Net-Contain add to the company's cooling expertise.

Opportunities

Net-Contain's flexible design should allow Panduit to reach new customers that were not able or willing to use its other containment products.

Weaknesses

The company may still be viewed by some potential customers as a cabling specialist and will need to continue to educate the market about its wider offerings, including around cooling.

Threats

Panduit isn't known as a cooling specialist yet and although Net-Contain is vendor-neutral it may still struggle to win cooling-related business in facilities that aren't already customers of some of its other offerings.

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