

Technological Determinants of Server Price: A Cross Country Comparison across Vendors

Dr. Subhasis Bera
Assistant Professor
FORE School of Management
New Delhi -110016
e-mail : subhasisbera@gmail.com

Abstract

The presence of alternative technology platform and alternative technology architecture provided by rival brands have added a new dimension in the quality adjustment for the construction of price indexes for computer server. The earlier attempts to construct hedonic price index have mainly focused on mainframe segment of the computer market and hence did not take into account alternative technology architecture. Moreover, the contribution of “Moore’s Law” has implication on these studies as the presence of next level technology can provide better performance at a cheaper cost.

This research article analyses the technological determinants of server prices with the help of hedonic regression for three major brands namely, IBM, HP and SUN. The analysis shows that alternative technology architectures play an important role in the variation in server price while the essential software component, types of operating system (OS), do not play any significant role. At the same time this analysis also shows that the price variation tendency based on the components of the system remain almost same across countries under study (in India, China and Singapore) irrespective of the vendors and draws conclusion regarding their pricing strategies in different countries.

Keywords: Pricing, Hedonic Regression, Server, Technology Architecture

JEL classification: D40, L1, L63, O3