



Market Roundup

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IBM Introduces Next Gen Shark

By Charles King

IBM has introduced the next generation of the company's TotalStorage Enterprise Storage server (ESS — code-named "Shark") in two configurations that the company says offer significant performance enhancements over previous models. Both the ESS Model 800 and 800 Turbo are powered by IBM's copper microchips, and provide what IBM claims to be the industry's first 2 Gbps Fibre/FICON data transfer rates. According to IBM, the new machines deliver a 50% increase in data backup capability and improved remote copy performance that is 125% faster than the previous model, and the company also says the new product's Turbo configuration is designed to handle 150% more workload than the Model 800. In addition, the ESS Model 800 features "autonomic" technologies introduced as part of IBM's eLiza project including predictive failure analysis and preemptive RAID reconstructs that are intended to monitor and detect system errors before they occur, which IBM believes will improve data availability and reduce TCO. The ESS Model 800 is available with a variety of disk drive options including standard 72.8GB drives and higher performance 15,000 RPM drives in 18.2 and 36.4GB capacities, and the new machines are designed to work with a variety of hardware and software technologies including IBM's entire eServer family, UNIX, Windows NT, and Novell NetWare. The ESS Model 800 will be generally available on August 16, 2002. No pricing information was included in the announcement.

The introduction of the ESS Model 800 provides an interesting window into the curious state of enterprise storage. While the newest versions of high-end storage products including IBM's Shark, EMC's Symmetrix, and HDS's Lightning all offer some incremental technological improvements over one another, market leadership bragging rights are short term, at best. The fact is that as IBM and HDS have come to high performance products that are roughly on par with EMC's market leading storage arrays, the three companies' competitive positioning has focused on more slippery storage management software and service issues rather than Big Iron dominance. With that in mind, what does the latest addition to IBM's Shark line bring to this happy party? The new 2Gbps Fibre/FICON data transfer rates are probably the biggest technological news, though the size/performance of IBM's 36.4 GB 15k RPM disk drive allows the company to deliver products similar to those based on the high performance drives EMC introduced in April. To our minds, though, the inclusion of eLiza-based predictive failure analysis and preemptive RAID reconstruct technologies may be the most interesting wrinkle here. As data storage environments have become increasingly complex and widely dispersed, every storage vendor has shifted gears to develop and deliver solutions that simplify and automate

storage management chores. IBM's long-term strategy of migrating mainframe-derived technologies and tools across its enterprise product line could provide the company's storage group a leg up over storage specialists who lack similar solutions. That should be good news for enterprise customers, who are likely to reap the benefits of continuing technological improvements coupled with what we expect will be extremely competitive pricing in the months ahead. On the vendor side, this means that bragging rights, for this month, anyway, go to IBM's ESS Model 800.

Singing the Blues at the Former Bluestone

By Clay Ryder

HP has announced its software strategy and focus for the future with respect to its software suites. The company indicated that it will redirect its current and future development and go-to-market efforts toward three software categories where it has already established intellectual property and customer acceptance, namely: HP OpenView, HP Utility Data Center, and HP Opencall. Plans for HP OpenView include extending it to support Web Services as well as providing tighter integration between business and operations management. HP Utility Data Center is slated to create virtual global infrastructure resources to allow data centers to proactively anticipate problems and proactively re-deploy infrastructure resources to avoid performance or availability impacts. HP also announced it would continue to invest in Web Services middleware solutions for its UNIX, Windows, and Linux platforms by strengthening relationships with Microsoft and BEA Systems to provide middleware solutions to support .NET and J2EE environments. HP and Microsoft will also work together to accelerate the adoption of .NET and Web Services in Windows-based environments. In addition, HP will discontinue the HP Netaction Application Server, HP Netaction Web Services Platform, and HP Web Services Registry products. Nonetheless, it plans to leverage the technologies associated with these products to continue development in selected strategic areas, specifically in the space of Web Services management and business activity management in order to enable HP to extend HP OpenView across infrastructure, Web Services, and business processes.

There is an old saying about the eastern seaboard: if you do not like the weather, just wait ten minutes. In New Jersey, changing weather is inevitable; however, the technology industries in said geography also seem to be suffering from change seemingly unfathomable less than two years ago. There has been much said about the Telco industry's fall since then (with much of it located in New Jersey) but despite the IT market upheaval, an interesting company that was busily pioneering Web Services and Application Servers, Bluestone Software, was purchased by HP in part to bolster HP's position as a Web Services savvy systems vendor. It seemed that Bluestone had made it into the big leagues, relatively unscathed. But the market is a very different place today, and given the marriage of HP and Compaq, needs and plans do change.

Although cost cutting is seen as a popular path to profitability right now, we suspect that the new HP made a simple choice: either continue to invest in NetAction, which is not in a market leading position, or take advantage of BEA's technological position and commitment to the HP platform. The choice of the latter is not surprising given BEA's previously announced support for HP's new Itanium-friendly UNIX OS and long-time BEA partner Sun's decision to integrate its SunONE Applications Server into Solaris 9. Ironically, BEA's independence and specialization in Web Application Servers and related software may have allowed it to more easily adjust to changing market conditions, whereas the former Bluestone is now a part of the much larger HP. Specialty technologies such as Web Services have matured to the point where much of their gloss and mystery have been eroded by common use, but the technology of Bluestone will live on, rather logically, as part of the greater HP software initiative, not as discrete products. While BEA may seem to be the short-term winner, we believe it will find itself in an increasingly precarious position where Sun bundles competitive technology at minimal cost, and IBM makes a tidy profit on competitive technology, leaving HP as the remaining systems vendor without its own product to ply. Thus, BEA may ultimately be surrendering some of its independence through the necessity of deeper relationship with HP or face the onslaught of IBM's magnitude and Sun's low cost alternatives standing alone.

Symantec at Your Service

By Jim Balderston

Symantec Corporation announced this week that it has acquired three security companies for a total of \$355 million. Symantec has agreed to acquire SecurityFocus, Recourse Technologies, and Riptech. SecurityFocus offers what it describes as proactive early warning to a variety of IT security threats — detecting and then delivering patches for security holes — as well as the Bugtraq community-based threat alert mailing list. Symantec will also sell SecurityFocus' threat database to third parties. Recourse Technologies offers ManHunt, a gigabit speed network intrusion detection system that Symantec says it will combine with its own offerings. Riptech provides managed security services for 500 customers in more than 30 countries. The combination of Symantec and Riptech will give the company a network of operations centers in Virginia, Texas, the UK, Germany, and Japan.

While there never seems to be an end to the latest and greatest in the world of IT security technology, this set of announcements has much more to it than the acquisition of new IT security gizmos. While security technology is important, and ever escalating in complexity, we believe what is most notable about this announcement is it signals Symantec's desire to offer security as a managed service. While it already offers such services, the acquisition of Riptech strengthens Symantec's hand in a time when we believe that such moves are imperative in the IT security market.

Managed security services, run by specialists with no other mandate than to maintain a secure computing environment, offer a much better chance at the development of an integrated, coherent security schema than enterprise IT departments bolting on another technical layer onto an already overburdened network architecture using skilled IT professionals who only do security part-time. Symantec's three acquisitions offer some tantalizing opportunities to develop new security frameworks that could make the ideal of an integrated security environment a reality. Bugtraq is an example of what we foresee as one aspect of this new environment, with a network — or GRID — of security monitoring sites that can offer what amounts to a combination of early warning and neighborhood watch, giving security services the opportunity to anticipate new threats based on activity elsewhere. While Symantec today remains primarily a security products vendor, its expansion of its managed security services will, in the coming years, be seen as one of its more prescient and insightful decisions as managed security services become the norm, not the exception, within enterprise IT (and probably the consumer market as well).

EMC, HP Exchange Storage System APIs

By Charles King

EMC and Hewlett-Packard have announced an agreement to cross-license certain storage system application programming interfaces (APIs), saying that the technology exchange will facilitate the development of applications capable of managing each company's respective storage systems. The two companies claim the technology addressed under the agreement represents more than 70% of the combined market share for networked external RAID storage and more than 50% of the overall external RAID revenue market share for 2001. Under the terms of the agreement, EMC is licensing APIs to support discovery and control functions of EMC Symmetrix and EMC CLARiiON storage systems. HP is licensing APIs to support discovery and control functions of HP StorageWorks Virtual Array (VA) systems and HP StorageWorks XP systems. The new agreement expands on a previous API cross-licensing agreement between EMC and Compaq announced in November 2001, and also includes plans by EMC and HP to define cooperative support levels to insure product support for one another's configurations. According to the two companies, the agreement can serve as a model for agreements with other companies, thereby accelerating progress toward solving customers' storage interoperability concerns.

At one level, the EMC/HP API deal qualifies as little more than a minor, if necessary expansion of a previous cross-licensing agreement inspired by HP's merger with Compaq. The original agreement's significance was

based largely on EMC and Compaq's combined storage market share, and the inclusion of HP's StorageWorks Virtual Array and XP systems to the deal does not lend it enormous additional weight. However, the agreement does bring up a couple of issues we think are worth further consideration. First, vendors tend to lead their sectors by developing mindshare and/or market share. Though EMC's once commanding lead in the enterprise storage space has eroded as other vendors aggressively entered the market, the deal with HP demonstrates how the company can retain or expand market influence through cooperative agreements with other vendors.

We also believe that while this agreement holds obvious attractions for both EMC and HP, it is also likely to be embraced by the two companies' customers. Over the past year, the notion of providing easier management of heterogeneous storage systems has become gospel among storage vendors. But the race to develop industry standards to support such solutions has turned glacial, and individual efforts (such as EMC's WideSky initiative) have run into resistance from less than enthusiastic competitors. Until industry standard APIs become available or are supplanted by widely accepted proprietary solutions, the most efficient, effective methodologies for managing and supporting heterogeneous storage systems are likely to arise via cooperative vendor agreements such as the one announced by EMC and HP. From where we stand, such agreements have the potential to be good for vendors, good for their customers, and good for developing workable solutions for managing heterogeneous data storage environments.

IBM Launches New eBusiness Hosting Services

By Joyce Tompsett Becknell

IBM Global Services has announced expanded application hosting capabilities for Europe and the U.S. Application hosting which began in 2001 with Hosted Ariba Buyer and WebSphere is now being expanded to cover new solutions with Siebel and SAP as well as updates to the WebSphere offering. IBM stated it believes that the market for application hosting will grow from \$3.2 billion in 2001 to around \$10 billion in 2005 and that hosting Siebel and SAP will allow them to grab a more significant share of the pie. This strategy now focuses on strategic ISV partners, with e-procurement solutions from Ariba and i2, CRM and ecommerce from WebSphere and Siebel, and enterprise resources from SAP and Lotus, encompassing mid-market and large enterprise needs.

IBM is quick to differentiate itself from the traditional ASP model; in fact, its model turns most of the conventional wisdom of outsourced applications on its head. This is not a surprise, seeing how most ASPs have yet to make their model work outside of a PowerPoint presentation. They are focused on large enterprise accounts rather than the mid-market (although some will work with partners to provide solutions to the mid-market). These ASPs are focused on a few ISVs with whom they have proven relationships, and with whom they have extensive professional services experience. IBM is avoiding the message of lower TCO and instead focusing on profitability delivered based on the needs of that account. This is the Concorde as opposed to easyJet approach to customer service. IBM promises to offer each customer the latest functionality, skills, security, and quality of service it will need. All of this individual attention will be very necessary since applications such as Siebel and SAP tend to be highly customized — remote hosting with these products is not the sort of thing one undertakes lightly. This would be a valuable service with a correspondingly valuable price tag. However, for enterprises who are fed up with trying to make such applications function on their own, this may indeed be welcome relief. Just as over 120 enterprises in EMEA have already availed themselves of this service and we suspect more will sign on with this announcement.

IBM believes that between its worldwide centers of competency, its range and experience of IT services beyond application hosting, and its reputation, that it can provide a superior offering to that of its competitors. Of course IBM also promises everything else in this announcement, including improved ROI, lower risk factors, and that most important of features these days, a financially stable partner. While news of hosted applications in and of itself is not that interesting, what does matter is that IBM views this as the next step on their way to providing ebusiness on demand. Through their Global Services division, IBM is gaining

the skills and experience needed as the Web services, GRID computing, autonomic computing, and other visionary aspects of high tech continue to develop. While IBM software and hardware continue to focus on the individual pieces that are necessary to make ebusiness on demand real, IGS is learning the processes, pratfalls, and possibilities of creating and running an ebusiness utility. While other competitors are talking about how good it's going to be, IBM is building the necessary skill base and resource centers one customer at a time to make it a reality. Whether it can transform this highly individualized service into a utility with all the implications of more generic offerings and less customization at utility prices will be the trickier part. We shall be watching developments in this space with great interest.