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Market Roundup
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IBM Exposes More of its WebSphere, Application Integration Strategy
By Myles Suer

IBM has announced WebSphere Application Server version 5.0. Included in this release are J2EE 1.3 certified Web Services optimized for the QoS of zOS, Application Server Express to allow faster deployment of dynamic Web applications, extended J2EE application optimization and choreographing, and WebSphere Studio Application Developer for Linux and Windows. The latter integrated design environment enables the building workflows, J2EE Artifacts, Web Services workflow, and sophistication application adapters. WebSphere Application Server Enterprise v5 is priced at $25,000 per processor; WebSphere Studio Application Developer Integration Edition v5 is priced at $6,000 per developer seat. Both products will be available on February 21.

IBM's announcement is not a revolution but represents a logical extension to application integration, service reliability, and development timelines. IBM sees itself enabling enterprises to integrate across company business processes for partners, suppliers, and customers and this release illustrates the growing role of Web Services in bridging the gap between IT and business processes. What underpins this latest release is the continuing trend of a modular approach to application deployments through Web Services. As such, applications vendors may need to rethink their historic stovepipe approach of providing specialized monolithic applications. At the same time, the Web Service approach could create opportunities for these same vendors to provide value above and below existing application software — a case of true value added technology applied to existing solutions — and possibly the first indication that application vendors are beginning to see Web Services as more than just an optional strategy.

We believe that the strategic plans of enterprise application providers will need to account for more open environment implied by Web Services and the decline of the monolithic application stack. In particular, we believe that application vendors need to seriously consider the formerly unthinkable, i.e., pulling apart and selling separately their applications. This could eventually evolve into application canisters where developers or systems integrators could tailor the application or its outputs for a particular customer's needs. Although in the past this turned out to be a pipe dream with enterprise application services, Web Services differs in that it is about data/application sharing versus moving data between application stores. Nonetheless, such a time will take time. The implication for users is that there will be more choice in the portfolio of software functionalities at their disposal for their needs and the opportunity to match the application to the

peculiarities of their own business practices. This would also reinvigorate the role of integrators as they would need to be more knowledgeable at both technical and business levels, and could provide a new set of value add to bring to their customers, thus mitigating some of the revenue threat proffered by inhouse solutions seeking to gain from the promise of on-demand Web Services.

FCC Sends the Power to the States

By Jim Balderston

The FCC voted 3-2 this week to give the states the authority to regulate how — and to what degree — the Baby Bells will allow competitors to lease their equipment, a vote that ran counter to the wishes of FCC Chairman Michael Powell and the phone companies themselves. Powell and the Bells wanted the phone companies to be freed from the rules that had required them to give discounted rates for access to their networks. The commission, in a separate vote, did agree to free the Bells from having to provide competitors discount access to future networks, including those comprised of fiber optic cables. Powell, in a dissenting comment from the losing side of the vote, said the ruling to allow states to oversee how the regional phone companies allow access will create more chaos in the telecom sector.

The FCC, and most notably Powell, signaled early and often that they were intent on unburdening the Baby Bells from requirements that they allow their competitors to access their infrastructure at rates that allowed those competitors to offer services at or below what the phone companies themselves could do. The phone companies pushed long and hard for relief from these regulations, at the same time making it as difficult as possible for the local providers of things like DSL service to gain access to central offices and other infrastructure. Anyone who ever had to try and track down what was wrong with their DSL line and was met with a round robin of "it's the phone company's problem," "it's the ISP," and "it's the DSL provider" knows exactly how uncooperative this arrangement is and how poorly the consumer fares under this arrangement.

Of course, that will not necessarily change as the individual states take over the responsibility of determining what the Baby Bells will or will not be allowed to do, but without a doubt the uniform application of the rules that came with the federal mandate is going to become a thing of the past. As the lobbying pressure from the phone companies moves from federal to state level, statewide public utility commissioners and the people that appoint them are going to see much more in the way of political pressure and campaign cash. How each individual state will make its rules is unclear, but one thing is certain: the way statewide rules are formed will impact how well or quickly new services will be offered, and as a result individual states could gain or lose advantage over others as they try and attract new business. Yet with that said, the increasing ubiquity in networked information technology means that any state that inhibits the growth of reliable telecommunications services runs the risk of hamstringing its economy, a risk that becomes all the more formidable in the face of ongoing economic lethargy.

Microsoft Provides More Skinny on Xdocs, Its Electronic Forms Alternative

By Myles Suer

Microsoft has announced that its Xdocs initiative, a planned addition to Office 11 that would bring XML-based electronic forms to its productivity suite, would assume the product name InfoPath. Microsoft claims InfoPath streamlines the process of gathering information by rich, dynamic forms, thus enabling customers to reuse information across the enterprise. While the company indicated that InfoPath would be a new office application, it did not disclose which versions of Office would include InfoPath or what type of integration will be provided with existing Office applications. Pricing information has not yet been released.

As with most things that Microsoft does, many will question whether Microsoft's InfoPath is part of a broader set of intentions; specifically, to leverage InfoPath to establish a position in the content management marketplace against current players Documentum, Filenet, IBM, and Oracle. By including support for XML schemas, Microsoft states that InfoPath allows companies not only to capture data that previously would have been lost, but also to define and organize this data to meet their unique needs. Thus, the company believes InfoPath will be a productivity boon for a number of vertical industries with distinct industry-specific data

needs. Although some may see this yet another Redmond Giant out to dominant a market space story, we believe this reasoning overlooks two important issues. In contrast to the proprietary Word of past, InfoPath provides Office the ability to create electronic forms compliant to an open standard. If Microsoft succeeds in its efforts, it would help all application players, as no unique format advantage is imbued to Microsoft. At the same time, Microsoft's involvement could make the whole business of content management easier as it would eventually reduce if not outright eliminate the need to maintain hundreds of document interfaces — excepting for legacy applications.

The more interesting question is what impact InfoPath will have on the current and semi-pervasive standard called PDF. Clearly, Adobe perceives the same opportunity as Microsoft; however, it appears Adobe plans to respond with a forms product related to its existing PDF franchise. Here, Microsoft may perceive the opportunity to use its Office franchise to establish itself as the leader of the emerging electronic forms market. One might simplistically view InfoPath as another path for Microsoft to drive users to buy another Office upgrade, but the compelling benefit of accelerating of the flow of information across the enterprise through forms has not yet been a rallying cry for most enterprise users. Therefore, Microsoft will need to do some significant market cultivation if it wishes to drive the notion of InfoPath as a "gotta have" technology in the enterprise. Until the time that such cultivation happens, Adobe is well positioned to maintain its PDF franchise, but it is clear that both companies will have much riding on their future success in driving the market to their electronic forms solution as the expense of the competition.

Versata Announces Availability of Business Logic Designer for WebSphere Studio
By Jacques Halé

Versata has announced the general availability of Versata Business Logic Designer, a free plug-in for WebSphere Studio. This plug-in enables WebSphere developers to specify business logic as business objects and rules, and according to the company, to generate reusable business components without the costly hand coding of software. The company claims its product complements the J2EE-development facilities within WebSphere Studio by offering the ability to develop software as business logic instead of Java coding, the ability to cut costs by using less skilled labor, and the potential to keep development more aligned with business specifications. Business Logic Designer can be downloaded from Versata's Web site or IBM's Plug-In Central Web site.

From a commercial point of view, Versata has made an interesting move by giving away its Studio plug-in product in what appears to be the desire to seed the demand for its revenue-generating product, the Versata Logic Server, which is positioned as a business logic extension for IBM WebSphere Application Server. Versata acknowledges that some customers will buy its product to customize packaged software applications, although this is not the declared product focus. However, we believe that tailored versions of Versata Business Logic Designer fitted to specialized applications such as ERP and CRM could open up an entirely new market for Versata. This would be consistent with the trend of software developments tools helping with breaking up large monolithic applications into smaller, more adaptable components, encapsulated in the notion of Web Services. This could result in more effective and less expensive solutions for customers who could adapt these large applications to their specific circumstances.

From a wider perspective, Versata is representative of a breed of vendors that are seeking to tackle the challenging task of bridging the gap between the world of software and the world of business processes. The global name for this class of facilities is Business Process Management (BPM). Most of the BPM vendors have come from workflow automation or document management and are building their products "upwards" toward the process level. However in order to enable the full involvement of the business executives in the creation of an effective IT infrastructure, there is a need for a methodology, supported by a workbench, for modeling the process and generating the supporting code as automatically as possible. This requires handling business concepts in business terms and not computer terms. We believe that Versata is pointing in the right direction, but it will be up to the market to decide whether Versata's products do indeed facilitate the involvement of the business executives in the IT provision process.

HP OpenView Adds Functionality to Assist Service Providers with SLAs

By Myles Suer

HP has announced OpenView Quality Manager Software, which creates an enterprise-wide service management view of how well voice and data services are delivered to customers, with respect to SLAs. The company claims OpenView Service Quality Manager automates the definition, monitoring, and reporting of SLAs and enables active management of the network and enterprise infrastructure to ensure SLA objectives are met. If service level degrades below a defined threshold, corrective actions are automatically triggered and managers notified. The product monitors and reports on service quality by aggregating key service indicators throughout the enterprise, including the operator's own business processes. HP OpenView Service Quality Manager has begun field trials with large operators and is expected to be available worldwide in April.

Although we believe service level agreements can represent an important element of managing outside services as well as internal datacenter performance, to date the ability to accurately measure and take corrective action based on SLA events has been spotty at best. We believe real-time monitoring and corrective tools are needed that cover the end-to-end process of creating service contracts, measuring results, and managing performance so that CIOs can establish parameters for negotiation and measuring SLA performance. By enabling CIOs to perform these functions, they can move from tactically managing technology to strategically managing essential corporate services. In this modality, a CIO can act as an executive rather than technician and his/her performance measured by the quality of key corporate business services delivered. For this to happen, we see the need for extending enterprise contract management software concepts into data center management software. In particular, it will be essential to provide mechanisms for creating XML-based SLAs so key contract parameters can easily be extracted for competitive metrics. This would allow the CIO to be more proactively involved in modifying service plans to increase up time while also enabling the enterprise to ensure it gets its money worth. Thus a company CIO would be able to act more strategically as opposed to being an overpaid de facto Manager of Systems Administration.