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Market Roundup
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Is Big Blue a Bit Shy?

EMC Introduces CLARiiON with ATA

Florida Gators Choose IBM z800 for Grid Computing Research

Whither CRM?

Is Big Blue a Bit Shy?

By Jim Balderston

IBM has announced a new suite of autonomic computing technologies that are designed to offer automatic response to surges in demand for computing recourses. The three technologies are called Adaptive Forecasting, Rapid Reconfiguration, and Online Capacity Planning. The new offerings will be available with the company's latest versions of WebSphere Application Server V 5 and DB2 Universal Database Version 8 as well as offering the potential for working with other third party applications and platforms. The Adaptive Forecasting technology can be used to anticipate the progression of an unexpected surge in resource demand. Online Capacity Planning provides estimates of the resources required to maintain things such as customer service levels for project demand and allows for the hot swap of resources without interruption of service. Rapid Reconfiguration allows for the addition of nodes to a high demand resource while also allowing for the removal of those nodes when demand subsides.

The autonomic computing concept that IBM has been burnishing in the past few years comes out of the eLiza project, which was put forward as a means to make computing environments more self-aware and self-managing. Highly technical offerings to be sure, but their high levels of technological sophistication should not put potential customers off. In fact, it is this kind of technology that makes owning and maintaining an IT environment less expensive and more useful.

And, perhaps, there's the rub. IBM has been making a lot of noise in this area, including its recent announcements concerning On Demand computing, which is a larger strategic vision for offering fluid, real-time resource allocation across complex enterprise computing environments. When we see autonomic computing initiatives, we see the building blocks of the On Demand vision. We think it would benefit both IBM and its customers if that connection were made more explicit each time announcements either on the tactical or strategic side are made. Autonomic computing drives On Demand, and On Demand is a reality being fulfilled by the delivery of autonomic computing offerings. Furthermore, we believe that because of the technical sophistication of the autonomic computing offerings, there may be a tendency within IBM to literally undersell the merits and value of these products to customers in language that customers understand. It is not unheard of to find companies more enamored with their technological prowess than their ability to deliver the message of real value to their customers. Happily for IBM, they are in a position to do both with autonomic computing, up and down the food chain of enterprises. Both large and small concerns will lend a willing ear to value propositions that include reduced IT staffing requirements, greater reliability, greater ease of configuration and management as well as flexibility for future growth. We think IBM should be clear in expressing such value propositions going forward. In this instance, Big Blue has no need to be modest.

EMC Introduces CLARiiON with ATA

By Charles King

EMC has introduced CLARiiON with ATA, which the company claims is the world's only storage system with integrated ATA and Fibre Channel disk drives. EMC described the new product as a disk-based solution designed to extend the useful life and ease backup and restore functions for data kept on tape media. EMC pointed out that while ATA drives do not offer the performance of Fibre Channel drives, the cost is about half as much. Additionally, the company claims ATA-based solutions are significantly faster in data backup and restore processes than tape-based solutions. EMC also announced that it has integrated CLARiiON with ATA with its own backup and restore application, EMC Data Manager, and that the company's full portfolio of open management software supports the new systems. Additionally, EMC said that major backup partners including Computer Associates, VERITAS, LEGATO, and KVS have integrated CLARiiON with ATA within their own applications. CLARiiON with ATA systems are available immediately, with CX400 and CX600 systems supporting 250GB 5,400 RPM ATA drives. List pricing for a 10TB CLARiiON with ATA configuration begins at $170,000.

EMC's CLARiiON with ATA offers an interesting glimpse into the company's practical and strategic approaches to creating data storage solutions. On the practical side, the new products are aimed directly at certain segments of the tape storage sector, which has long been in EMC's crosshairs. Realistically, tape storage will not disappear anytime soon. Tape is still significantly cheaper than any other storage media, encouraging existing customers to stay put and enticing new customers, especially among SMEs, into the fold. But while the initial and ongoing cost of tape media may be less expensive than disk, it requires more hands-on management and offers significantly slower overall performance. As businesses of every size continue to be oppressed by the languishing economy and become increasingly aware of the percentage of TCO taken up by management overhead, we believe that the attachment to tape storage will dwindle over time, eventually marginalizing tape to a tiny corner of the storage market. While EMC's new CLARiiON with ATA is not a product for every enterprise, it offers notable improvements that are likely to tempt businesses that are looking for a way to improve the value and longevity of company data or economically transition from existing tape- to disk-based solutions.

On the strategic side, CLARiiON with ATA offers more evidence that, contrary to some competitors' claims, EMC is anything but a one trick (i.e., high-end DAS) pony. While the company made its original reputation and fortune in the DAS space, the company's CLARiiON and Celerra systems show a notable ability to adapt to and pursue new opportunities as they arise. Additionally, EMC's introduction of last year's Centera content-addressed solutions surprised many by leveraging industry standard components and ATA drives. CLARiiON with ATA suggests that EMC is finding success in developing and delivering affordable, carefully considered industry standard solutions. Overall, we expect to see EMC continue to leverage ATA technologies in future well-targeted storage products.

Florida Gators Choose IBM z800 for Grid Computing Research

By Charles King

IBM announced this week that the University of Florida, with the help of a National Science Foundation grant, has become the 1,000th customer to purchase a Linux-only zSeries z800 entry-level mainframe. The university plans to integrate the z800 running zVM (IBM's virtualization software) with a 3.36TB IBM Enterprise Storage Server (codenamed "Shark") and a 32 node IBM xSeries cluster running VMWare and Linux to support grid computing research in its Advanced Computing and Information Systems (ACIS) lab. The university's approach to grid relies heavily on virtualization at the machine, network, data, and application levels to dynamically create virtual information grids per user or per application. The intended beneficiaries of this approach include worldwide communities of scientists and engineers in nanotechnology and computer science. One of the leaders of the university's grid program indicated that the z800's virtualization capabilities and Linux support would be particularly applicable to support grid software R&D and also claimed that future

grid resources will be able to provide virtualization capabilities similar to those already available on the z800.

At one level, this announcement qualifies as a simple IBM sales win, but there are some details on and below the surface of this story that make it worth closer consideration. Over the past year or so, grid has generated a great deal of noise as an advanced approach for linking, integrating, and leveraging widely separated computing resources. Most major hardware vendors are delving into grid to one degree or another, and IBM has been particularly successful in partnering with government-, research lab- and university-sponsored grid projects. The UoF's virtualization approach to grid is singular in allowing (theoretically and perhaps eventually practically) all of a grid infrastructure's resources to be easily and centrally viewed, shared, and allocated. This is highly complex stuff on the best days, and even tougher to make happen in real world computing environments. So the university has decided to utilize a z800 mainframe as a virtual alembic for its exercises in grid alchemy.

Good enough. What we find most intriguing here is the suggestion that some fine day, grids will have the same virtualization capacities as those already available on the z800. One need hardly be a graybeard to remember a time not so long ago when industry pundits declared the mainframe moribund and called for an undertaker. Indeed, the vast majority of mainframe vendors either abandoned the field or hit the skids, leaving IBM essentially alone at the top of a fast dwindling heap. But a funny thing happened on the way to the funeral. IBM kept the best pieces of its traditional mainframe capabilities, added eye-opening jolts of virtualization capabilities and Linux/Open Standards support, and voila, the mainframe was reborn in zSeries swaddling clothes. What exactly does this mean? Just as the UoF sees the z800's current capabilities as a model for highly virtualized future grids, we regard the mainframe as a doppelganger for what many are imagining as the natural evolution of enterprise computing. Let's see: high-end performance, extreme fault tolerance and availability, and heterogeneous platform and open standards support acting as the basis of a tightly integrated, largely virtualized and highly resilient computing environment. Sounds to us like the attributes many vendors are claiming will be at the heart of their datacenters of the future.

Whither CRM?
By Jim Balderston

This past week, Siebel Systems issued a press release noting that a subsidiary of Irish Life and Permanent, a leading provider of financial services in Ireland, attained a 52% increase in revenues in one year using Siebel Insurance, one of the products in Siebel's CRM portfolio. The press release went on to say that Irish Life increased direct business annual revenues by 15% and grew its market share by 1%. The press release noted that Irish Life was able to cross sell many of its policyholders new products as a result of Siebel Insurance, which was implemented in the company's sales offices, call centers, and bank branches. The release stated that Irish Life was using the product in its call center to secure an additional 1,200 customer appointments each week for the company's direct sales channel.

Press releases like this have long been a staple of the CRM. In the industry's heyday, these releases bragged about increased sales due to CRM implementations. At one point CRM — and industry leader Siebel Systems — appeared to be the sole bright spot in the declining software and IT space. The logic that supported that faulty vision went something like this: It costs much more to acquire new customers than to keep the ones you have; CRM will help you do that and help companies through the rough times by keeping their customer lists intact. Looking at this release now, it seems something out of the distant past, dug up and dusted off for a new audience. Certainly, CRM is no longer the magic buzzword that once made people's eyes light up.

Those were the days. Now, with CRM companies — including Siebel Systems — down over 90% in market valuation (in Siebel's case hovering at $8 per share from a price once over $100 per share) it would appear that the CRM's immunity to declines in the greater IT sector has completely evaporated. And that comes as no surprise to us. CRM was a massively hyped — and completely misnamed — offering that never truly delivered on its claims. The Holy Grail of customer retention was not the focus of CRM, mainly because it was really about Sales Force Automation driving Customer Revenue Maximization, a very different sort of CRM that all vendors desire but few clients willingly embrace. Given the fact that CRM was an incredibly complex

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installation — as well as expensive — it is no surprise to see recent reports noting that large percentages of CRM installations were never actually used, only paid for. In such cases, we suspect the customer relation with the CRM vendor is a bit strained, as costs went through the roof and returns (if any) were down amongst the dust bunnies. We suspect that a new CRM paradigm may emerge in the next IT uptick, but unless we see a real change in focus on CRM, i.e., managing the customers relationship in a way that enhances the value to the client — not just the sales numbers of the vendor — the second coming of CRM will be no more long-lived than the first.