



Market Roundup

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More Security... for Everyone

By Jim Balderston

IBM and SuSE Linux AG announced this week that the Linux Enterprise Server 8 running on IBM eServer xSeries has achieved an Evaluation Assurance Level 2+ security certification based on Common Criteria, an ISO standard. The certification is one method used by the governments of fourteen countries, including the U.S., to determine if an operating system meets security criteria for sensitive computing environments. The testing evaluated the various components of the SuSE Linux, including the development environment, security functionality, the handling of security vulnerabilities, security documentation, and product testing. IBM and SuSE indicated they will continue to seek higher levels of security certification later this year based on ISO Common Criteria as well as seeking the Common Operating Environment certification later this year. Both companies stated they would release key components of the Common Criteria evaluation to the Linux development community. IBM paid nearly a half a million dollars for the certification testing process.

As a technological milestone, this announcement may not be all that big a deal. It would be hard to imagine the ongoing maturity of Linux not including this type of security certification as this is essential for greater Linux adoption in government and private sector environments where information security is crucial. The fact that IBM and SuSE are moving on to the next level of certification — bringing it to a par with Microsoft's Windows 2000 server — says that this announcement is part of a larger continuum that will continue ad infinitum.

That is not to say that this announcement is insignificant; far from it. With this certification in hand, and the likely prospect that higher security certifications are in the offing, the Linux community gains a powerful antidote to FUD dissemination focused on potential security vulnerabilities associated with open source development efforts. It also opens the door to government Linux deployments, even in the most sensitive of environments. We think a sales pitch that includes the phrase "it's secure enough for the Department of Defense" will resonate powerfully with many IT managers and C-level executives who are not sure if Linux is their particular cup of tea. That resonance will be felt up and down the food chain, in both large and medium sized businesses. Large enterprises may need less convincing, as their level of awareness and familiarity with Linux — and IBM's support of Linux — is becoming increasingly commonplace. Moving down into the market, to the middle tier, the message that Linux is certifiably secure will have a much greater impact, we believe. Now an IT manager — looking to take advantage of Linux cost savings — can present a credible, persuasive certification into any argument or resistance to Linux deployments based on security concerns. In our minds, the real impact of this certification will be in the SMB market, where lack of familiarity with Linux can breed reluctance to deploy it over vague notions that it is transparently developed, and therefore a "see through" environment for potential hackers. In this vein, we see this certification as a real boost to IBM's ongoing SMB initiative, which already has featured Linux offerings front and center as being cost effective, scalable, extensible alternatives to proprietary offerings. Adding security certification to that list can't hurt a bit.

HP Fires up Linux Clustering

By Jim Balderston

HP has announced a new Linux-based clustering offering along with supporting management and service offerings. The HP High Performance Cluster LC series features ProLiant DL380 or DL360 servers with configurations running from 16 to 128 nodes. Options for the number of processors, memory, and storage options are available. The company also announced Enhanced HP Serviceguard for Linux, high-availability clustering software that supports Red Hat Enterprise Linux and SuSE Enterprise Server 8, and includes toolkits to integrate MySQL and Oracle databases. The company is also offering a number of Linux-focused management tools, including HP ProLiant Essentials Rapid Deployment Pack Linux Edition, HP OpenView Network Node Manager Starter Edition 7.0 for Linux, HP OpenView GlancePlus for Linux, and HP OpenCall Media Platform on Linux. HP also announced a number of customers for its new Linux-based clustering package.

While HP can't lay any claims to being first to market with a Linux-based clustering solution, their entry into the market and apparent conviction that Linux is here to stay does pose a new competitive threat to IBM and other clustering technology vendors. HP has seen the Linux light as it were, and the ability to offer high-speed clustering solutions at a lower price point will undoubtedly help HP hardware and management software out into the market. We think this is a smart move on HP's part, and one that certainly adds momentum to the Linux adoption rates, something that will be beneficial to all vendors offering Linux-based solutions, including HP itself.

More importantly in our minds, HP's support of Linux gives it a greater claim to competitive balance with its main rival, IBM, who can bring fully integrated Linux offerings to the table and has been doing so for a while now. Linux is not just a faddish new way to do things; it is a way to offer necessary technology deployments (such as clustering) at a price point that does scare the customer off the lot never to be seen again. In its ongoing battles with IBM, Linux will not merely be an option to offer; instead, it needs to be a key strategic element of HP's ability to hang with Big Blue. While at present HP does not possess a home-grown middleware portfolio like IBM does, HP's relationship with BEA provides it a viable middleware sales pitch. The increasing reliance on BEA to match up with IBM's offerings can only ensure that HP will do everything in its power to make sure BEA products run on HP hardware as though they were developed in house. The key going forward for HP will be to extend its Linux offerings to a wider range of products, offering its scalability, open standards architecture, and extensibility up and down the product family. In our minds, the only mistake HP could make in its support of Linux is to do so in a half-hearted fashion. To do so would only hand yet another competitive edge to IBM as the two companies battle it out for both large enterprise and SMB customers.

Linux Gains More Corporate Credibility... on the Desktop

By Jim Balderston

Novell made several announcements at LinuxWorld this week, including one in which the company and SuSE AG have signed an agreement to ensure that Novell customers running on SuSE Linux will have complete enterprise level support for their Linux deployments. Under the agreement Novell customers running the company's Enterprise Linux Services will get support from Novell for both the Novell products and the underlying SuSE Linux distribution. Novell also announced that its GroupWise product will run entirely on Linux in the next iteration, due out in 2004. Novell's announcements come on the heels of its purchase of Ximian, a Linux desktop vendor. Novell officials also indicated that going forward, it would continue to support its existing Netware customer base, but would be winding down its ongoing development of that platform, instead offering future products — with similar features and functions — in a Linux-based environment. Company officials indicated that twin development paths going forward simply did not make sense.

The late senator Everett Dirksen once said, concerning government spending, "A billion here, a billion there, and pretty soon you're talking real money." As Linux continues to pick up momentum — in the form of support from a growing number of large IT vendors — one can't help but think that we are, indeed, talking about real money in the future of Linux. Those IT vendors that are making commitments to what was once dismissed as an interesting experiment in communal development are also looking at real money. No only is Linux here to stay, it appears to be poised for a very long haul indeed.

Novell is not the first major IT vendor to jump on the Linux bandwagon. IBM has been there for some time, HP is beginning to see the Linux light, and others are sure to follow. IBM and HP will be mostly focused on pushing Linux on the server side, where they can sell big boxes and service contracts that are focused entirely in rarely seen server rooms of both large and medium enterprises. Novell, on the other hand, especially with its acquisition of Ximian, appears to us to be ready to add a little corporate credibility to the idea of a client-side Linux incursion, one that could add a substantial amount of awareness and acceptance of Linux throughout the enterprise. By focusing on Linux offerings — on both the server and client — Novell is to ready offer its customer base a migration path from an increasingly aged Netware platform. Novell, through its ISVs, can put forward a credible alternative on both server and desktop to what many customers view as a forced march onto the latest — and more expensive — Windows offering. A successful demonstration of the viability of Linux on the desktop portends further disruptions of the existing order of things, something not likely to be making the folks in Redmond very happy these days.

BI Consolidation: Getting Ready for the Next Wave

By Myles Suer

Over the last several weeks, a series of acquisitions have been announced within the business intelligence (BI) space. Business Objects started things off by indicating it was acquiring Crystal Decisions. Crystal previously had announced its intention to go public and was preparing the paperwork but instead will be acquired for approximately \$820 million. Next, Hyperion announced the acquisition of Brio Software. Hyperion indicated that this transaction, valued at approximately at \$142 million, will expand its addressable market. Its approach would be to capture customers earlier in the buying cycle when their needs are simple reporting against transactional systems (Brio's specialty) versus corporate performance management, which focuses on financial planning and performance (Hyperion's claim to fame).

For those of you who have not closely followed this marketplace, BI software enables business users to analyze data embedded in their existing enterprise transaction software including CRM, ERP, and SCM. In many cases, consolidations are the result of over capacity on the supply side of a market. In the case of the BI space, we see the up tick in acquisitions because of a desire to consolidate piece parts products into complete offerings.

We see competition increasing in the BI market because the space has enjoyed higher growth than other application software segments during the last several years. At the same time, we note technology coming into place; in particular, Web Services connectivity to applications and applications that sit on top of existing software and mediates cross-application consistency. We believe this is creating what is effectively an alternative to BI. Thus, it comes as no surprise that BI companies are moving in to realtime activity monitoring and decision making, called Business Activity Monitoring (BAM). In contrast with BI's past mantras, this one has already attracted the "Big Three" application software houses (SAP, PeopleSoft, and Oracle) as well as the major EAI players who themselves have been looking for new markets. To position themselves, BI companies have asserted the importance of historical comparison, which necessitates core BI technologies including data conditioning, data warehousing, and dependent data marts. These are what BI players excel at compared with other entrants. Regardless, we see this new market as part of the so-called, realtime enterprise, a mainstream play. For this reason, we see the consolidation efforts of BI participants initially providing them a more defensible position. However, as the market changes accelerate the question begs, where's the beef? As the old BI mission fades, the remaining BI value proposition appears to be Web Service addressable analytics; something — interestingly — that Crystal was focused upon. Given this, who will be the last standing: the acquirer or acquiree?