
Market Roundup

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Looking to the Future: Making NetWare Hip, and Linux Hipper

By Clay Ryder

This week Novell held its 20th annual BrainShare Developer's conference in Salt Lake City. Replete with the requisite spate of press releases and brouhaha the company announced several new Linux-focused initiatives and even had Linux über guru Linus Torvalds on hand to the cheering accolades of the Linux faithful. Among the many company announcements were the Novell Open Enterprise Server, a new part of the Novell Nterprise family, which combines the capabilities of NetWare, SuSE LINUX Enterprise Server 9, and networking services including Nterprise Linux Services, to offer customers the ability to interoperate between NetWare and Linux environments. Novell also announced two new open source initiatives that the company hopes will help drive development of improved enterprise class solutions for Linux. The company is also pursuing a multi-vendor, multi-platform systems management initiative by making its SuSE LINUX systems management tool, YaST, available to the open source community. In addition, Novell is placing part of its iFolder technology consisting of Simias (synchronization engine and data store), an address book, and iFolder (which utilizes both Simias and the address book) in the open source community. Novell also announced that it would combine its Nsure and exteNd technologies to provide advanced identity management applications for user provisioning with workflow and corporate directories to simplify the deployment of identity-based services.

IT is filled with fallen flags; vendors who hit it big then either quickly or gradually fade from relevance. To many observers, Novell had come to represent an influential company who in its heyday single-handedly set the stage and standard for networking Intel x86 based computers through its flagship NetWare product. Nevertheless, during the final years of the 20th century, many wondered whether Novell was rapidly becoming a relic of a time long since past. Fortunately for Novell, this week's announcements serve notice that it is no longer content to be "the NetWare Company." The fact is the company wants to pursue several new avenues, including Linux on the server and the desktop, while coalescing the formerly disparate worlds of value-added networking services on NetWare and the leading edge of computing, namely Linux and the open source community. This newly energized vision is manifest in the announcement of Novell Open Enterprise Server, a product that, if it is creatively marketed, could cause a tectonic shift in the balance of power in the x86 server software marketplace with the added bonus of not leaving any of Novell's current customers behind. We believe the potential of the seamless integration of NetWare and Linux networks may eventually allow Novell to regain some of the bragging rights for being the network operating system company.

Bringing NetWare into the new age of Linux offers Novell a unique opportunity to complement its existing customer base with little threat of competition from others. Through the SuSE and Ximian acquisitions, the company now has the technology inhouse to deliver comprehensive Linux-based server and desktop solutions that include value-added services and management capabilities. Combined with Open Office or other open source office productivity products, this means that there is now a "good enough" Linux based desktop alternative for many general-purpose enterprise-computing needs, a thought that the Redmond Giant must find unsettling, to say the least. Recent announcements by HP and IBM further expressing their support of Novell in either product

or financial fashion also illuminates some other impacts in the market. Linux is now enterprise class plain and simple. Novell through its acquisition of SuSE and Ximian has effectively cemented a bond between the phlegmatic NetWare community, the Linux revolution, and the geeky-to-the-max open source community. This market intersection could prove an enormous opportunity for these formerly disparate communities to sing “Kumbaya” around the Novell campfire. However, we believe that while tantalizing, this is by no means a sure bet. Perhaps the largest challenge Novell will face is teaching itself how to reach out and market a concise and compelling message to each of these constituencies while avoiding the pitfalls of navel gazing and changing years of entrenched expectations and behaviors. Nonetheless, we see these announcements as good for Novell, its customers, and the market overall. Innovation and creative thinking in the IT marketplace: it’s refreshing to see it coming back in style.

Blades for Razors

By Jim Balderston

HP announced this week that it has partnered with Novell to offer its customers the SuSE Linux OS on specific HP Compaq client systems, to go along with the company’s SuSE Linux offerings on ProLiant and HP Integrity Servers. As part of this deal, SuSE Linux will become HP’s standard Linux distribution for its business desktop and notebook PCs in North America. The company said similar arrangements for EMEA will be forthcoming at some later date. HP and Novell said that as part of the combined offering, both companies will support Linux-based PCs and in certain instances, HP will provide indemnification to customers against legal action from SCO.

As a result of its Compaq acquisition, HP became the default leader in volume Linux server sales, and the company has made no bones about its interest in leveraging Linux as a means to sell more hardware and services. What is interesting about HP’s new deal with SuSE is that the company is first rolling out its Linux-based PCs in North America. First, this seems to contradict HP’s longstanding and increasingly cozy relationship with Microsoft, especially in driving enterprise sales and the market penetration of its Itanium-based servers. Since Microsoft regards Linux with the same general enthusiasm Mel Gibson might work up for a pagan harvest bacchanal, one wonders how the folks in Redmond are taking this news. At the same time, North America is where the established hegemony of Windows is at its pinnacle. While there is strong evidence that Linux desktops are beginning to become a strategic alternative to Windows for some companies, there is also no denying that Microsoft still holds the upper hand, most notably within the United States. In our mind it would seem to make more practical sense to push Linux offerings offshore, where markets are less mature and more open to alternatives to Windows.

That said, we can’t help but notice how much HP is emulating its rival, IBM, when it comes to designing and offering services for its enterprise customers. IBM has always driven a significant amount of its revenues through service offerings, and HP must do the same going forward if its business solutions organization expects to survive, let alone thrive. The reasons for this necessity are multi-layered and can be seen when one contrasts the two companies. IBM has done a notable job of creating hardware and middleware platforms that partners such as ISVs use to drive value added business solutions. For HP, nearly all of its solution offerings require third-party platforms/components to reach beyond the box. Where IBM has WebSphere and other middleware solutions, HP must go to BEA. Where IBM has the POWER chip, HP must follow Intel’s lead. HP is increasingly dependent on Microsoft while IBM pushes forward with AIX, OS400, z/OS, and Linux, in addition to Windows solutions. For HP, what is largely left is selling services for its boxes, the equivalent of delivering blades for enterprise razors. Is this a long-term sustainable path? Stay tuned.

Apple Ships Xserve G5

By Charles King

Apple Computer has announced availability of its new Xserve G5, the newest generation of the company’s 1U rack mounted servers. According to Apple, the new systems deliver about 60% more performance than the company’s original PowerPC-based Xserve G4 solutions. Apple is currently shipping single-processor Xserve G5 systems with

512MB of PC3200 ECC RAM, a single 80GB Apple Drive Module with expandability for up to 750GB, dual Gigabit Ethernet on-board, FireWire 800, and USB 2.0. In addition, Apple said that dual processor Xserve systems and dual processor cluster optimized systems would begin shipping in April. Apple also introduced the Apple Workgroup Cluster for Bioinformatics, a turnkey, high-performance computing cluster that also includes a third-party bioinformatics package from The BioTeam that provides 200 ready-to-use bioinformatics applications optimized for the Xserve G5. Pricing for the Xserve G5 begins at \$2,999 for single processor systems, \$3,999 for dual processor systems, and \$2,999 per node for dual processor cluster-optimized systems.

Given Apple's contributions to and dwindling presence in desktop computing, the company is not a vendor typically associated with servers. However, Apple's Xserve G4 products made some notable inroads among users of clustered high-performance computing (HPC) systems. In particular, after a homegrown Xserve cluster built by Virginia Tech leapfrogged from nowhere into the third-place spot on the prestigious Top500.org list of supercomputers last year, it gave doubters and naysayers reason to reconsider Apple. But a close look at the company's server products reveals an interesting synergy between Apple's traditional OS solutions and less well understood partner contributions. One of Apple's most important efforts has been the creation of user-friendly interfaces for its OS X Server platform. While some might dismiss this as window dressing, it is important to remember that the face of desktop computing, typified by market leader Microsoft, wears a thick layer of Apple pancake. Ever since the famous (or in Apple circles, infamous) agreement by then Apple CEO John Scully to ignore any Apple-like leanings in Windows products, Microsoft has looked as if it embarked on a Macintosh Eye for the Windows GUI makeover. Beyond cosmetic features, the ease of use of Apple products offers some interesting opportunities in server solutions. While applications in the HPC space are often homegrown and tend to rely on inhouse programmer expertise, Apple tools such as its Workgroup Cluster for Bioinformatics offers biologists the opportunity to easily design and manage their own projects.

More important are the benefits Apple server products have gained from the company's partnerships with other vendors and developers, especially IBM. While the company's POWER processor solutions have long served as the basis of Apple and Motorola's PowerPC development efforts, the IBM PowerPC 970 chip core used in Apple's G5 chip delivers much of the new Xserve notable boost in horsepower. Indeed, the 970 is also the core technology behind IBM's own HPC-focused JS20 blade servers. In essence, by developing the PowerPC 970, IBM has created a powerful, flexible toolset that can be used to construct any number and variety of solutions. In the case of IBM, the result has been blade servers that leverage IBM and its partners' well-known Linux expertise. In the case of Apple, the result is a new generation of technically enhanced Xserve solutions designed to be easily clustered and managed by new classes of technical users.

Big Company, Big Fine, Big Deal

By Joyce Tompsett Becknell

The European Union has announced a record-setting fine of €497m (~\$613m) against Microsoft for engaging in anti-competitive behavior with its Windows operating system and Windows Media Player. Microsoft will have to pay the above fine, provide an additional version of the OS for European customers without the bundled media player, and open its operating system source code (that being the Server APIs and protocols) to competitors to make it easier for them to build their products for Microsoft's OS. Microsoft plans to appeal.

Watching the Microsoft v. EU proceedings reminds us of watching childhood cartoons. In particular we are thinking of Road Runner v. Coyote. Here is Coyote (aka the EU) pulling out their Acme Monopoly Busting Kit and setting up an elaborate trap for Road Runner (aka Microsoft), whom we all know will go speeding past the ridiculous trap into the high-tech sunset. We also know that the trap will backfire on Coyote, and that he will probably realize this is happening only after he has stepped off the cliff, hanging in mid-air, turning to look at us before disappearing from sight. Alas, the flaw in this analogy is that Coyote represents not just the Brussels Bureaucrats, who have an interminable need to micromanage every facet of European citizens' life, but also the EU consumers of high-tech products who must suffer from the aftereffects of what

Signor Monti and company intend. First off, for a large company like Microsoft, the fine is a symbolic slap on the wrist rather than a real financial blow. While the press is excited about the big number, the real pain, and why Microsoft should rightly appeal, is in the consequences to the end user. European IT managers have enough problems negotiating the various language versions, regional customs, and local rules, not to mention vertical regulations that make doing business in the region an art as much as a science. They do not need to worry about multiple versions of operating systems and licenses that involve media players – not exactly an enterprise feature outside of a few industries where multimedia is critical – but a pain to IT administrators everywhere. EU customers do not need more choice. They need smarter choices.

The EU, in typical government fashion, is attacking the symptom and missing the whole point of the malaise. Microsoft has not created a monopoly in the last couple of years. Microsoft won the desktop war over ten years ago. The battle then was between the Unix or DOS vendors who slapped a character-based operating system on a machine and demanded that we custom-configure a desktop with hideous command-lines, and Apple/Microsoft developing and deploying graphical user interfaces (GUIs) that ultimately integrated all the applications, making computers useful to non-technical people. Microsoft was able to win over Apple because Microsoft took the approach of making their software available to everyone, everywhere, and encouraging all hardware OEMs to include it on their systems. Apple chose the opposite path, forcing customers who wanted to use their software to also use their hardware. The market wanted PCs from a highly competitive group of vendors and not Macs, making Microsoft a de facto standard. The market will continue to choose going forward, and in fact if you look closely at the horizon, it's pretty easy to see the so-called Microsoft monopoly dimming in the distance. Hardware leads software in change, and the desktop is losing its hold as the end-user interface device of choice. PDAs, mobile phones, point-of-sale devices, set-top boxes and others are becoming more common for users as access devices. Each of these devices has its own type of operating system and interfaces appropriate for their specific footprint, and while Microsoft has made a play in many of these markets, they have not been able to dominate, because their products do not have an inherent edge over the other choices available on the market. This means that Linux, Palm OS, and device-specific operating systems will continue to have share and the Microsoft Monopoly will prove itself as another chimera of IT legend. The EU would be better off spending its time protecting its citizens from corporate accounting run amok than breaking off bits of Microsoft revenue and worrying about whether Malta or Cyprus will be entitled to a bigger share of the crumbs.