
Market Roundup

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CA to Acquire Network Management Vendor Concord Communication

By *Rob Kidd*

This week Computer Associates agreed to purchase Concord Communication for approximately \$330 million, and assume \$20 million of debt. The Concord eHealth technology provides proactive network performance management and predictive capacity planning for companies seeking to proactively manage IT services and align them with business requirements. Concord recently acquired Aprisma Management Technologies and its SPECTRUM software for IT infrastructure availability management that supports service modeling and patented technology for root cause analysis, relationship mapping, impact analysis, topology discovery, and condition correlation. Concord will be integrated into CA's newly created Enterprise Systems Management Business Unit, with most of Concord's 640 Employees joining CA. The acquisition is expected to close by the end of August, pending regulatory and shareholder approval.

We see the Concord acquisition as synergistic with the CA Enterprise IT Management (EIM) strategy of providing a one-stop shop for asset management, infrastructure performance, and security. CA is a dominant player in systems management and Concord has been an innovator in network management. Concord has more than 100 patents, and a large installed customer base including all but one of the world's twenty-four largest service providers and fourteen of the world's twenty largest banks. CA probably hopes to leverage the strong Concord presence in the service and telecommunication provider markets to increase CA security and system management sales. Also, Concord technology can be a good fit for CA non-shared Concord enterprise customers. The Concord VoIP and wireless mobile network offerings should prove attractive to these customers, as VoIP and mobile wireless technology penetrate the enterprise. We believe that management solutions for VoIP and mobile wireless networks will be a high-growth segment of the network and system management market.

CA, with this acquisition and the company's recent reorganization, may be showing signs of emerging from its long-running accounting scandal, dotcom slowdown, and general decline. Nevertheless it may be too soon to wave the flag of success. CA, as with other big niche vendors like Symantec, has realized that to prosper in the evolving demand-driven computing world, it has to broaden its horizons or face being marginalized with stagnant growth. In the new reality large dominant segment vendors like Cisco and EMC are expanding beyond their traditional offerings and markets. CA is attempting to offer software coverage in server, network, applications, desktop, and security management: some areas where it has not had a previous presence. CA, in its drive for supremacy in these areas, will be facing formidable competition. It is good counsel for vendors like CA, while expanding horizons, to consider tightly focusing them as well. The Concord acquisition may be an attempt to do just that. By concentrating its substantial direct sales force on traditional enterprise market segments with expanded offerings and by adding the Concord market strengths with telecoms and service providers, CA may have the formula to expand and correct its focus. Other large vendors pursuing a similar strategy would be wise to keep a close eye on how the CA EIM strategy fares.

Moore's Law on eBay

By *Jim Balderston*

Intel announced this week that it is seeking an original copy of the now defunct Electronics Magazine in which Intel founder Gordon Moore presented Moore's Law that stipulates computer processing power would double every eighteen months. Intel said the company does not have a good original copy of the 1965 issue, and has employed eBay to try and drum up a good-quality version of the magazine. Intel is offering \$10,000 for such a find.

Lasting upward of four decades, Gordon Moore's original prediction is one of the more lasting ever made in the technology industry, having remained largely upheld to date. In contrast, IBM once commissioned experts to determine how much of a demand existed for its early computers. The results of that study indicated less than ten computers would be needed worldwide. Likewise, IBM passed on the budding xerographic technology when it decided that worldwide demand for photocopiers would peak at a mere 5,000 units. Happily, Moore's prediction has fared much better.

While computing power continues to improve — and the need for evermore powerful chips continues — chip speed is losing its appeal as a pure technology value proposition. A more important and central rule of thumb is one that pertains to the value of computer networks, which argues their value increases as more nodes are added. Given the reality of modern enterprise computing, we see this as a much more pertinent "law" to be observing. As we move forward, enterprises of all shapes and sizes will become ever more intertwined, offering deeper and deeper access to each other's data as a means for proving demand-driven business practices. This reality actually forces the reconsideration of the network/node observation and brings us to a point where it is not just the number of nodes on the network that provides value, but the scarcity of barriers to data access. Of course, such musings bring us into the realm of network security demands as well as managing those demands against a free flow of data. The resolution of these issues lies in our future; today we will offer a forty-year Happy Birthday to Gordon Moore's Law and hope that someone can find Intel a copy of that 1965 edition of Electronics, which would make a very suitable gift indeed.

IBM New Services for Aligning Enterprises Technology Investments with Business Goals

By *Rob Kidd*

IBM Global Services (IGS) recently introduced services to help companies maximize their technology investments through a comprehensive roadmap aimed at enterprises seeking to deploy service-oriented architecture (SOA), a framework that breaks business applications into discrete business functions and processes. SOA allows application- and platform-independent, standards-based construction, deployment, and service integration. SOA is a combination of technology, processes, and best practices. The new IGS offerings include: SOA Business Enablement services to identify how SOA can align IT with business goals and assure appropriate future technology implementations; SOA Design Services to create architectural designs to identify SOA implementation benefits; SOA Implementation Services to build and deploy targeted enterprise SOA vision and roadmap components; and SOA Management Services for ongoing performance monitoring, maintenance, and validation of SOA management. IGS also introduced the Value Optimization Services to help enterprises continuously transform, package, and manage legacy applications for maximum flexibility and minimum maintenance as promised by the enterprise's new SOA and Web service implementation.

SOA has been around for approximately ten years under different nomenclatures, yet SOA's benefits, if realized, would please any enterprise's senior management team. Organizations today tend to build on a demand-driven business model in the quest for rapid and flexible adoption to change, with customer needs, competitive pressures, and compliance being some of the driving factors. Increasingly, CIOs are forced to resolve issues related to multiple heterogeneous applications, lacking interoperability or common data formats. SOA offers promise for dealing with these issues but is by no means a silver bullet. IGS's new Services offerings provide CIOs a roadmap and services to aid in a lower-risk evolution to this SOA nirvana. IGS and other service providers have

the history and expertise to help enterprises realize the benefits of SOA, but in general have not dealt effectively with the behavioral changes that are part and parcel of the evolution.

Bridging the gap between implementing SOA and achieving the promised benefits depends not on technical or service-oriented issues, but rather on organizational and human behavioral modalities. IGS and other proponents of the demand-driven enterprise, and those SOA proponents aligning IT with business goals, have in our opinion failed to adequately deal with this human factor. Enterprise IT behavior is rarely driven by human factors, but instead through the limitations of current state of technological capability. When business users within the enterprise begin to direct information flow, IT personnel become more focused on the wider view. This represents a shift in roles, and may be difficult for enterprises to manage. Many other such behavioral issues will occur in implementing SOA that may inhibit effective solutions. We recommend that any organization embarking on an SOA strategy carefully review the related human resources issues especially with respect to retention and security.