Market Roundup

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EMC Advances Document Management

By Jim Balderston

EMC has announced its Content Intelligence Service 5.3, an add-on to the Documentum 5.3 platform that will allow for greater granularity of document classification as well as multiple language support, prepackaged taxonomies, and a unified architecture with Documentum 5.3. The new classification capabilities allow member of an enterprise with expertise in an area of documents to perform custom classifications when the existing rule set cannot make such a decision. The new functionality also allows those with expertise to modify classification rules as well. CIS 5.3 also comes with support for English, German, Dutch, Italian, French, Spanish, Portuguese, Swedish, Norwegian, Danish, and Finnish. The prepackaged taxonomies provide frameworks for a variety of industries and functional units within and enterprise.

The document management business is one that is now coming into its own, as more and more regulations require that various forms of unstructured data be maintained and archived. Of course, such information can not be merely stored as bits; it must be preserved in a fashion that shows its complete content. Documents such as contracts with signatures, X-rays, photographs, and digital media need to be archived in means that allows them to be quickly and efficiently retrieved. In the past, vast warehouse of cardboard boxes filled with such unstructured information had to be hand-searched for the proper box and file number. Given the more rapid demands for documentation by government regulatory agencies and the like, the old storage methods are falling quickly into disrepute, especially when document integrity and persistence are taken into account.

A significant number of people have questioned the EMC acquisition of Documentum, wondering why a storage hardware vendor would buy up a company that pursues a rather arcane market of document archiving. With the continued wave of regulatory requirements showing no signs of receding any time soon, this purchase looks like a better buy with each passing day. Given EMC's and Documentum's profile in the market, we would expect EMC to hold a commanding position given the lower profile of most of its competitors in this space. EMC announced its strategy to expand offerings beyond hardware, and has done a solid job of providing value-added offerings in software and document management as a means to escape being caught in a commodity-like, low-margin market. By offering more broadly useful document management capabilities for a global market, EMC continues to execute on its strategy and we suspect will continue to prosper doing so.

HP Gets Virtual: How 'bout SMBs?

By Jim Balderston

HP made a number of announcements this week including end-to-end Virtualized Infrastructure for MySAP and the HP Integrity NonStop Server. Both offerings highlighted the ability to virtualize environments for greater flexibility and performance cost per CPU. HP's Virtualized Infrastructure Solutions (VIS) for MySAP is a combination of hardware, software, and services that monitors and allocates computing power, storage, and network resources as needed so that enterprises can respond to spikes in demand and cut costs by more granular provisioning, the company said. The new HP Integrity NonStop Server also utilizes application virtualization that the company says not only delivers seven nines of reliability but also allows for rapid growth without service disruption for existing users.

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HP announcements are the latest in the increasing wave of virtualization product offerings that are making IT deployments more flexible and cost effective. Virtualization offers the capability to lower the costs of maximum provisioning while at the same time offering the benefits of physical consolidation of servers and IT infrastructure. HP's virtualization of MySAP is one example of offering ISV products in way that is less painful and more customer-friendly; a sure way to keep those existing accounts happy and in-house. The HP Integrity NonStop Server offers what HP calls mainframe performance at a lower cost point that many competing systems. One assumes the company is speaking to IBM products, although it does not say so.

HP is not manning the cutting edge when it comes to product introduction. In its present state it tends to be following the leading edge set by competitors. That being said, HP's aggressive virtualization offering is yet the latest indication — and should confirm to the market at large — that virtualization has moved out of the labs and into the mainstream. We have criticized other vendors, most notably IBM, for making announcements in the past that speak of virtualization for the large enterprise without pointing out the similar benefits proffered to SMBs, which are also seeking to consolidate server environments and reduce both physical and managerial complexity. To their credit, IBM has noted the value proposition of virtualization to SMBs, even though SMB enthusiasm for such offerings caught them a bit by surprise. If HP wants to make up ground on Big Blue, the company should move post-haste to position virtualization as a highly valued offering to SMBs, and provide products and services that will allow this booming market to adopt and embrace HP products.

SBC Offers Residential DSL for under Fifteen Bucks

By Clay Ryder

SBC Communications Inc. has announced that it is lowering the price for new residential customers who order SBC Yahoo! DSL over the Web for a limited-time base price of $14.95 a month with a twelve-month term commitment. This offer provides 384Kbps to 1.5Mbps throughput, online through SBC's web site. The SBC Yahoo! DSL Pro (1.5Mbps to 3.0Mbps) service is also available for $24.99 a month with the same terms and conditions. The online offers for either service include a $99 credit toward a $149 SBC Yahoo! DSL Wireless Home Networking kit, a $179 laptop home networking bundle, or a $99 DSL modem. Customers must purchase SBC local telephone service and there is a $200 early termination fee if the service is disconnected before the end of twelve months. At end of term, the price per month will become the then-current monthly rate.

In the world of retail marketing, there are magic price points, such as 99¢, $1.99, and $9.99. While dial-up Internet access is not exactly the same as a bag of potato chips, there are historic price points in the market, namely $23.90/month for AOL, $21.95 for the big dial-up service guys, and $14.95 or less for the discount providers. In the broadband arena, $39.99 and $49.99 are the current magic price points. So, with this announcement we see SBC not only undercutting the market rate for dial-up Internet, but doing so with a broadband product. On the surface this would beg the question: if DSL is available for fifteen bucks, why would someone ever want to deal with dial-up again? This is most likely the question SBC is hoping that people will ask, and that they will come to SBC for the answer.

The reality is simple: this is a helluva deal, at least for the first year, and if you live close to the central office, and if you have SBC local service, and if you disconnect your second phone line, and if you don't mind paying $49.99 a month a year from now. Oh yes, don't forget FUSF, taxes, and other gimmicks. Nevertheless, this offer actually is a pretty good one for folks who can take advantage of it, and potentially don't mind jumping to another competitive offer at the end of the term. From a competitive perspective, we believe that SBC is extending this loss leader to help bolster its existing 5.6 million DSL lines in service, in preparation for when the cable providers begin the onslaught of VoIP telephony products combined with the existing television, pay-per-view, and Internet access bundles. Obviously, SBC would love to be competitive with the cable and satellite providers, and extending a big carrot may work well for them. Broadband deployments have been lagging as of late as the early adopters having gotten theirs and the mass market is somewhat less than enthusiastic. Although the technical limitations of DSL remain, stimulating the general market to use the service makes a lot of sense for SBC, as it would free up capacity on the PSTN, create a new revenue stream, add to a product bundle, and perhaps most importantly create a continuous connection with their customer base. Whenever the TV is turned on, the cable company is there,

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branding and all. The same is potentially true for Internet access, and leveraging this conduit as a marketing channel probably has many with SBC licking their chops. But all cynicism and commercial motives aside, this offer has the potential to be disruptive, and also provide an opportunity to see if broadband deployment has really been stymied by cost, or by a lack of relevance to the potential customer base. If it is the former, they we should see a rapid uptake and expansion of SBC's DSL service base. However, if it is the latter, a more ominous reality may come into view, one suggesting that broadband Internet has achieved all it is going to in the near term, and that it remains largely irrelevant to the rest of the market.

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