# Market Roundup

September 9, 2005

## Apple Gets Motorola Singing Their iTunes
## McAfee Clean Pipes: Drano for Network Security Threats?
## Companies Working to Get Green
## Munich LiMux Team Slows Migration

:sageza:

---

## Apple Gets Motorola Singing Their iTunes

*By Joyce Tompsett Becknell*

This week in the spirit of September being the high season for apples and apple products, Apple Computer along with Motorola launched a new phone that will have the iTunes interface. This phone, when connected to a computer, will be able to transfer music and will use the iTunes interface on the phone. The phone will not be able to download music through a wireless Internet connection. The phone, known as the Motorola Rokr, can hold 100 songs even with the 512MB memory card enhancement, has a color display, built-in speakers, and stereo headphones with a built-in microphone that also functions as a mobile headset.

This announcement has garnered more excitement for the hardware than the software, and while that's predictable, it might be missing the significance of the event. Critics have argued about the relative paucity of songs the phone can hold and have mumbled about the price, and of course there's always the debate about how many people really want their mobile phone to double as a music player. Nevertheless, though we think these are all really interesting points, we're more interested in the software and the implications of a Motorola phone interacting with iTunes. Previously a lot of attention has focused on either the hardware or the file format. There are lots of places from which you can purchase music depending on the device you use. In Europe, there is an iTunes store for almost every country (due to annoyingly typical European laws that preclude a universal music store in the Eurozone). In the UK in particular, Virgin, HMV, and other music vendors have launched competing online stores. We have argued that in the long run these differences will tend to benefit vendors rather than users. Anyone who has studied hardware markets knows that users are more impressed by applications than by the underlying hardware in the long run. That's because while new hardware is exciting (as the iPod was when it first launched) over time the real differentiation lies in the software. And this is where we get excited about Apple. Apple has continued to improve the iTunes software, with the new release 5.0 launching in conjunction with the announcement. They have added podcast features, they've continued to refine the searching and organizational capabilities, and — realizing that Windows XP is the most popular platform for iTunes users — have improved the sync capabilities between the iPod and the Microsoft Outlook and Outlook Express contacts and calendar.

We've had this conversation with other vendors before, but it seems only Apple have worked this bit out. Over time, file formats will change to meet changing technology capabilities, as will file protection schemes. Most users will only be affected by this if it directly affects what they can or cannot use. Most are content with the quality their current player provides them and once the music is stored will not tinker with it much from the viewpoint of underlying technology. What they are more likely to care about is the organization of their music, the ability to tailor their listening to their current mood or activity, the ability to personalize the iPod, and the ability to include photos, lyrics, and other bits relating to the songs themselves. We believe that Apple is the winner in this regard and will continue to be, regardless of how well the first Motorola model meets all user expectations. Apple continues to build a reliance on its iTunes software, and it has added information from the All Music Guide to help users in their search for music and groups. It is far from perfect. Most users probably have a personal list of changes and additions they'd like to make to iTunes, but it provides users with a superior approach to cataloging and accessing their music electronically. Many pundits wonder if Apple will continue to innovate on the product side as they did with the iPod Shuffle and the new iPod nano, but we believe that real innovation will continue

---

with iTunes and that over time they will build a loyal user base, as the hardware plateaus and divides into mature user segments. We hope Apple continue to work with other companies to expand the use of iTunes with other products as more users adopting iTunes as their base will mean greater loyalty to Apple and continued market dominance.

## McAfee Clean Pipes: Drano for Network Security Threats?

By *Clay Ryder*

McAfee has unveiled its McAfee Clean Pipes strategy that is designed to enable service providers to offer managed security services. The envisioned services would leverage McAfee's security solutions to provide customers with value-added capability to stop security threats before they affect the network, computing infrastructure, or mobile devices, as a managed security service. Such services would target consumers and SMBs, and scale up to large enterprises. The initial McAfee-enabled Managed Security Services will consist of Intrusion Prevention, Secure Content Management, Vulnerability Management and Managed Anti-Malware, and Mobile Device Security. Service providers will be able to deliver these services individually or as a bundle to meet the unique needs of their customers. In addition, McAfee has created the McAfee Clean Pipes Consortium, an invitation-only group of global service providers designed to facilitate collaborative, two-way communications to help members leverage their investment in McAfee's security solutions, discuss security trends, and work directly with McAfee to provide strategic guidance on product development to influence the future of security solutions and services. Members will also have access to the company's technology labs, test beds, and product roadmaps. Charter members of the McAfee Clean Pipes Consortium include Cable & Wireless, Telefonica, China Netcom, and KPN. The company indicated that it would continue to engage with other large-scale Service Providers worldwide and will expand the membership and scope of the consortium on an ongoing basis.

One of the great aspects of the Internet is its almost science-fiction quality of allowing one to be in all places at all times. However, with this nifty connectivity comes the dark side of computing, the malevolent class of social reprobates whose delinquency, discontent, and general disregard for the general computing public is made known through deviously clever and fiendish computational heresy as manifest by viruses, malware, and general hackery. These malcontents spread electronic disease throughout the network much as polluted water carries typhoid in the real world. While attempts at stopping this electronic infestation are not new, most have focused upon the end user, or consumptive level of the information transportation chain. Anti-virus, anti-spyware, and other prophylactic measures at the desktop are an important undertaking, but attacking the issue at the network level would be much more effective and have a far-reaching effect. To this end, we see the Clean Pipes initiative as an idea whose time has clearly come.

This is not to say that this is a panacea to all threats electronic. Nevertheless, if McAfee is successful in instilling the notion of stopping infections before they strike in service providers' networks, it could have a significant positive impact on all who use the Internet. As with real world disease, an ounce of prevention is worth of pound of cure, not to mention the associated costs with disinfecting and restoring systems. It is noteworthy that none of the initial members of the new consortium is in North American, where arguably one of the largest Internet user populations resides. While this may change over time, it may also reflect the difficulties in getting broad-based support of one vendor's initiative in a competitive marketplace. As noble as McAfee's motives may be, there are likely many who would prefer to work with a different company, or simply bring competitive solutions to the marketplace as opposed to sending money to the Santa Clara company. While this will mean that some users will not benefit from Clean Pipes, it does offer a differentiated play for those service providers who choose to go this route. Internet access with protective gloves built in: as silly as it may seem, to our way of thinking it is preferable to donning the electronic equivalent of latex gloves and dumping Drano down the Internet pipe in hopes of unclogging it and flushing away the vile virus bits and bytes. Although it will take a long time to deliver a truly clean network pipe, we are heartened by this initiative and hope for the sake of all users that this or similar initiatives to rid the Internet world of disease catch on, before users catch anymore viruses.

## Companies Working to Get Green

*By Susan Dietz*

Gigabyte has launched an environmentally less hazardous Opteron motherboard containing reduced levels of lead and other harmful substances. Separately, Sony Ericsson announced that it will be phasing out toxic chemicals from its entire product line. In addition, Fujitsu Siemens recently launched two eco-friendly business class PCs based upon AMD chips, the Esprimo P and Esprimo E. The lead content of these PCs has been reduced from 12 grams to 1 gram, and the units are also halogen-free. Toshiba as well is working on eliminating all targeted hazardous chemicals from its entire product line, and estimates that by the end of 2005 it will be almost completely eco-friendly. All of its products will have the printing "Lead (Pb)-Free" on the package labels next to the bar codes. Separately, Greenpeace has been publishing reports of toxic e-waste dumps in India and China, and calling for companies to take back their products for proper disposal.

The EU recently enacted the RoHS Directive, which calls for a ban on hazardous electronic waste by July 1, 2006. Lead-Free is a term increasingly being used to indicate that not only is lead eliminated from the product, but also the other RoHS-banned chemicals including cadmium, hexavalent chromium, mercury, polybrominate biphenyls, and polybrominated diphenyl ethers are not present. We see these new rules about green technology shaking up companies almost as much as the anti-climactic Y2K scare of the late '90s. However, so far the EU has failed to address the issue of which agency, if any, is going to be responsible for compliance enforcement. With the deadline looming closer and no word on enforcement, some companies may be wondering if this is really going to be as problematic as it has been touted.

Regardless of whether or not individual companies are going to be sanctioned over infractions, there is still exists the issue of hazardous waste and what should be done about it. This recent flap over compliance has, if nothing else, served to shine a spotlight on an issue that had been previously largely ignored. Currently, old technology containing lead, mercury, and other hazards are being shipped to poorer countries that are willing to sully their landscape in exchange for the chance to earn sorely needed foreign exchange to buy the necessities of life. Not surprisingly, these same poor countries lack the technology to properly dispose of the waste they are receiving. Many reports exist about people taking apart e-waste by hand, then letting it all lie around on the ground to leach into watersheds and food supplies. The RoHS Directive and its sister bill, the WEEE Directive, are important steps in the right direction, but they are only first steps. In part this is because the RoHS Directive is only effective in the European Union, not in the rest of the world. Although some individual states in the U.S., like California, have adopted RoHS-based legislation in an effort to stem the tide of toxicity, this is simply a drop in the bucket against a world of toxic garbage and willing takers of such. Developing countries such as China and India have no such legislation in place and in fact, large electronic waste dumps have been found in those countries. Will it be even possible to enforce e-waste legislation without an agency with global reach and authority in place to monitor the industry? Given the globalization of technology, one part of the world — albeit a substantial part of the industrialized subset of it — policing itself is in and of itself unlikely to significantly affect the rest of the world. Companies teetering on the verge of solvency may decide that it is more economically warranted to simply ignore the EU market rather than reorganize their processing facilities, especially when numerous countries throughout the world remain willing takers of hazardous technological waste.

## Munich LiMux Team Slows Migration

*By Joyce Tompsett Becknell*

This week it came to light that the city of Munich will not commence migration to desktop Linux until 2006, which moves the migration out by a year. The migration will be of approximately 14,000 desktops from Windows NT 4.0 to Linux, and a combination of Microsoft Office 97 and 2000 to OpenOffice.org. There have been various reasons attributed to the delay, including the need to run a longer-lasting pilot, issues around the debate on software patents and its impact on open-source users, and a longer process around the request for proposals.

Because this is one of the first big projects involving a massive migration to Linux on the desktop, it has received an almost undue amount of attention. Linux supporters have seen the project as a way to boost Linux's mainstream acceptance and prove that it can work across the enterprise. Microsoft supporters have watched to see if this is the first in a chain of lost accounts switching, or whether this will prove to be nearly impossible and further cement Microsoft's grip on the desktop. Both sides have their detractors and evangelists and it makes for interesting press and even more interesting displays of total cost-of-ownership presentations which could upset those not possessing a highly developed sense of irony. Certainly there is a hint of *schadenfreude* in the air for those searching for any delay in this project or any hint that Linux is not the über-OS it is purported to be. But if we step back from the details and look at the bigger picture, this is actually a lesson to all IT managers planning any sort of migration project. One of the first things the IT managers learned was that it took more time to find the right partners. It is worth taking the time to find someone who truly understands your business from both the cultural and the technological vantage point. They also realized that a pilot was more important and would need more time. The migration team now plans to set up pilot PCs running Linux and OpenOffice.org in every department. They also decided to extend the pilot an additional six months. They did this so that they would have the time to make sure the entire solution works with all the services and not just one piece. They have decided that it is better to prepare up front in the hopes of suffering fewer problems during a bigger rollout.

Some of this caution is probably a result of being under the microscope. It would be hard to find anyone conversant with Linux or open source who is unaware of this project. The Munich team will try their hardest to minimize the opportunity for errors, but at the same time, this hesitancy probably has some good lessons for all IT managers. Any project is almost certainly going to take longer than you first plan for: you can take that delay up front, or you can take it on the back end. Pilot projects will become more complex as the number of variables increases. And like all variables, they are interdependent, so testing them in an isolated fashion will only give you limited feedback. We applaud the Munich IT team for taking the time to get this right and we wish them the best of luck. If migrations were easy we'd do them all the time. IT managers everywhere should be taking notes.