
Market Roundup

March 17, 2006

Lenovo Partner Program

IBM Offers Business Partner Access to Its Intellectual Capital

Microsoft's Ultra Mobile Personal Computers: Where's the Beef?



Lenovo Partner Program

By Joyce Tompsett Becknell

This week Lenovo unveiled its new partner program for channel partners, featuring tools and offerings tailored to the needs of PC resellers. The program is designed to address the complete partner lifecycle, from recruitment and education to training, sales and marketing tools, and service and support. The program will divide resellers into two tiers and also aims to tackle the SMB market worldwide through a transactional business model to complement the relationship model for large customers. The new program replaces an older, more complex program that had three levels and a point system. Now, only two criteria—skills and growth—will determine Premium status with Lenovo. Lenovo's core go-to market for the transaction business will be the TopSeller product, which provides competitive pricing on specific models for the mid-market and retains good margins for the partners. Current partners will be part of the new network automatically, and business partners will also continue to have access to benefits earned under IBM PartnerWorld membership.

Lenovo is currently number three in the cutthroat world of PC vendors, and no one doubts it harbors ambitions to be number one. In order to do that, however, it must reach a large number of customers in multiple geographies with multiple routes to market. For all but the largest customers, this usually translates to indirect channels. And that means that Lenovo had better be there with a large presence. This means it had better have two things going for it: the ease of doing business with Lenovo from a partner point of view, and the ease of doing business with Lenovo from a customer point of view. Because it has cut its teeth with IBM and the ThinkPad brand, the Lenovo team has a good idea of what partner relationships entail and what is expected of it. Because Lenovo is a smaller and therefore a more nimble organization than IBM, it should be able to combine its experience with its newfound agility to create a program that truly addresses customer and partner needs.

In order to take first, Lenovo needs to prove itself to a lot of SMB customers that may not have experience with the ThinkPad brand and may be familiar with neither Lenovo nor IBM from a desktop or portable viewpoint. That said, Lenovo has not only established a new incarnation of their channel program, but has also recently launched a new family of products designed specifically for the SMB markets in EMEA and North America. Combining these products with the TopSeller program with new incentives for the resellers is the next step necessary in building Lenovo's presence in the PC market. The pieces continue to be put in place by corporate for a strong strategy. If Lenovo can execute without major missteps then Dell and HP will certainly take notice.

IBM Offers Business Partner Access to Its Intellectual Capital

By Clay Ryder

This week at IBM PartnerWorld in Las Vegas, IBM announced its intention to open access to its intellectual capital typified by the scientists and engineers working in IBM's research division and its facilities. Qualified Business Partners now have an opportunity to collaborate with IBM's leading researchers and industry experts in the quest to deliver more innovative solutions to broader range of clients, especially SMBs. The program is scheduled to be launched in Q2 2006 and will be offered through IBM's PartnerWorld Industry Networks, a collection of industry-focused resources designed to help partners develop, market and sell solutions. Participants in the program can team with IBM to help bring solutions to market more easily. As part of the initiative, IBM will

sageza.com

Copyright © 2006 The Sageza Group, Inc.
May not be duplicated or retransmitted without written permission

The Sageza Group, Inc.
32108 Alvarado Blvd #354
Union City, CA 94587
510-675-0700 fax 650-649-2302
London +44 (0) 20-7900-2819
Milan +39 02-9544-1646

be offering Business Partners access to research and analysis not previously available outside of IBM. Business Partners will also be eligible for consultations with IBM's 3,000+ research engineers and scientists worldwide to collaborate on delivering new solutions to the marketplace. Qualified partners interested in working with IBM Research also have an opportunity to leverage the work underway at the newly launched IBM Research Innovation Centers. Current centers include the SMB Innovation Center in China and the Electronics Innovation Center in Tokyo. IBM indicated that it plans to open additional innovation centers later this year.

Intellectual property, patents, and open source. These are three topics that are commanding a lot of attention and in our opinion, for good reason. One aspect of Open Source is that it draws upon the intellectual agility of the larger community and therefore is able to provide certain technologies at a different cost and speed factor than traditional models. Recent discussion in the marketplace about enhanced efforts to license more patents, and even cede some patent capital into the open community, are reflective of the trend we see where vendors, communities, and—yes—even competitors, are beginning to realize the leverage and potential of more easily and frequently sharing intellectual achievements. With this announcement, we see qualified business partners being granted access to a pirate's booty of R&D and intellectual excess that probably exceed the scale of imagination for many.

We see this as significant not only because IBM remains a leader in patent holdings and R&D spending, but more importantly that it will be making available resources to its partners on an unprecedented scale. Assuming that partners will be able to digest the quantity of resources, the potential to improve product development and encourage new radical out-of-the-box thinking is noteworthy. Seemingly esoteric breakthroughs that might not be optimum for IBM to capitalize on its own could well be the missing link for smaller players' technology initiatives. But beyond the raw technology is the collective process and production know-how that Big Blue holds that assist partners' efficiency and time to market. Overall, we consider this to be a significant announcement, and one that we hope will spur other vendors to take a stroll down the same path. Although we were all taught it years ago in primary school, we often need reminders that sharing is often the best way for all to get what they want. Hopefully, others beyond the Open Source community will come to see this truth as well.

Microsoft's Ultra Mobile Personal Computers: Where's the Beef?

By *Susan Dietz*

Microsoft unveiled the Ultra Mobile Personal Computers (UMPCs), formerly codenamed Origami, at this year's CeBIT. Input options are touch, stylus, and dedicated buttons as well as keyboards, accessing Windows-based applications. The units operate on Windows XP Tablet PC Edition, and come pre-installed with Microsoft Touch Pack, which contains Program Launcher to organize software programs into categories as well as large buttons and icons to make it easier to find and open applications. It also includes a thumb-based, on-screen keyboard that is touch-optimized, and features the new Brilliant Black for Windows Media Player skin. While the first generation of UMPCs will run Windows XP Tablet PC Edition 2005, future models will run on Windows Vista. Windows-based UMPC devices will weigh less than two pounds with a 7-inch screen size. A traditional keyboard may be utilized, linked either by USB port or Bluetooth connectivity. Devices will reportedly have a battery life of 2.5 hours, and feature 30 to 60 GB hard drive for storage, with Intel Celeron M, Intel Pentium M or VIA C7-M processors. UMPCs will be connected through WiFi, Bluetooth, and Ethernet networks. The estimated price point will be in the \$599-\$999 range, dependent upon Microsoft's OEM partners. Founder, Samsung, TabletKiosk, and PaceBlade Japan are anticipated to launch their versions of UMPCs in the second quarter of 2006, and Asus will debut their model shortly thereafter.

It's no secret that form factors are becoming more compact. Smaller packages with larger functionalities are commonplace in today's market, so when a company comes out with a new form, we don't believe it's going to sell just on the "kewl" factor; it also has to have a killer app. And even though Microsoft touts the new units as devices that have the power of a laptop with even more mobility, we just don't see how the factor of being smaller would be that much of a selling point. Laptops are already go-practically-anywhere devices, and if they have the drawback of needing a base to sit on, well, that's why they're called laptops. Besides, typing is just about impossible while walking down the sidewalk, anyway.

Smaller just isn't headline news any longer. Something should both be smaller and have some new application in order to win consumers' hearts and open wallets. Without a clear vision of what else a unit can do besides just look cool, it most likely won't have a clear market, either. Will notepad-sized form factors perhaps someday become the ubiquitous units that Star Trek fans are familiar with? Perhaps. And perhaps the UMPCs are the first step in that direction. But we believe that it will most likely take more than just a smaller form to get there; the average electronic consumer already has even smaller units that do everything the UMPCs do. So we ask Microsoft to give us a killer app to go along with the new form. We want to be dazzled, and that's just not something that's happening with the UMPCs.