Market Roundup

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Novell Announces the Platform for the Open Enterprise

By Clay Ryder

Earlier this week at BrainShare 2006, Novell announced the Platform for the Open Enterprise, an architecture of software and services from Novell and its partners designed to help organizations benefit from open source and open-standards-based computing. SUSE Linux Enterprise 10 was identified as the core of this platform. In addition, Novell announced enhancements to its security, identity, and collaboration offerings; a significant expansion of its partnership with Dell; and expansion of its Market Start program for several product lines. SUSE Linux Enterprise 10 is positioned as raising the bar for enterprise Linux computing, with substantial performance, virtualization, and management enhancements. Novell ZENworks 7 Linux Management – Dell Edition offers integrated hardware and software management capabilities for Linux-based Dell PowerEdge servers for customers seeking to deploy, manage, and maintain hardware, operating systems, and applications from a single console. Wireless GroupWise integration with new solutions with Intellisync and Research in Motion provides a new level of mobile support. The new Open Workgroup Suite includes server and desktop platforms with complete management tools, email and collaboration, and office productivity software. The company announced its long-term plans for Novell Open Enterprise Server and that will also support NetWare as long as customers demand it. In addition, Novell announced an expansion of the Novell Market Start program with open source vendors Alfresco, Black Duck, EnterpriseDB, SpikeSource, and Novacoast having joined the program that seeks to promote innovation and open source adoption through leverage of Novell's global sales and marketing channels.

This was a big week for Novell. Besides hosting what the company stated was its largest user conference ever, the product announcements were numerous and for the most part an impressive fulfillment of the stated directions announced at last year's BrainShare. While there were several announcements made, without a doubt Linux was the fulcrum on which all other announcements revolved. The announcement of SUSE 10 in both server and desktop editions illustrates a creative and market-leading approach that combines the best of vendor source and open source software in a commercial grade offering replete with the support, maintenance, training, services, etc. sought by most any organization. The value-added capabilities of other Novell software rest on top of an operating system base of either Linux or NetWare not only to create some rather extensive network infrastructure services but also to provide a wide reaching identity management, security, collaboration, and mobility-enabled access paradigm.

To us, perhaps the greatest single component of the announcements was SUSE 10 for the desktop, which we analyze below. But beyond SUSE 10, Novell has been busy working with ecosystem partners and beginning to articulate a business-focused marketing strategy as opposed to a technology-focused discussion. We find this refreshing. Novell has a large loyal customer base; however, the company needs to reach new markets and customers to really be able to grow in the future. A business-focused discussion that brings to light the viability of and commercial-grade support for open source and value-added vendor-sourced technology is an elixir that we believe many would want to partake of. Add to this an increased focus on mobility with respect to collaboration and identity management, and much of Novell's marketing thrust is coming in close alignment with the needs of organizations of most any stripe. This is good news for the big red N. However, Novell still suffers from a

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perception held by many that it is a great brand they have heard of, and even used at one time, but that they do not truly know what it represents today and how the company is relevant in the 21st century. Thus, some highly targeted and effective marketing is in order so that Novell can cultivate some of the latent demand for what it can deliver into customer engagements. Nevertheless, we believe Novell has undergone a considerable transformation over the past year or so and has stepped up to the plate in the quest to regain its heritage as a viable player in the infrastructure and desktop software marketplace.

Novell to Deliver First Linux Workgroup Suite

By Clay Ryder

Novell has announced what it states is the first open standards-based workgroup suite. Novell Open Workgroup Suite (OWS) includes server and desktop components that feature management tools, email, collaboration, and advanced open source office products. The offering includes the Linux version of Novell Open Enterprise Server, GroupWise for Linux, Novell ZENworks Suite, SUSE Linux Enterprise Desktop, and OpenOffice.org. Pricing is $110 per device/user for a perpetual license and $75 annually for software maintenance. For existing NetWare customers, the suite is available with the NetWare version of Open Enterprise Server and cross-platform GroupWise, available as an upgrade bundle to existing customers of NetWare, GroupWise, ZENworks, or competing products for $150 per user/device. A rental option will also be available for both offerings. The scheduled availability for the Novell Workgroup Suite is early May.

For years we have witnessed much spilled ink touting Linux's low cost, open source, free-for-taking approach to software with many positing that it would lead to the demise of Microsoft's hegemony over corporate desktop operating systems and office productivity applications. To date, this has largely been the delusional fantasy of religious fanatics that are hell-bent on venting their frustration at Microsoft's ability to create two seemingly unstoppable cash cows of out this market opportunity. However, the problem has not convinced organizations to give up their love affair with Software Assurance, or what many consider increasing feature bloat or the convenience-over-security approach taken by the Redmond Giant, but rather that any proposed alternatives have been far less than "good enough" and did not have the commercial trimmings requisite to be seriously considered as an alternative. With OWS, we believe this reality has changed.

From a simply visual standpoint, the GUI on SUSE Linux Enterprise Desktop (SLED) is familiar, and perhaps to some cleaner than that of XP, but beneath this pretty veneer is the host of utilities and basic application features such as word processing, spreadsheet, multimedia, presentation, Internet access, email, calendar, etc. that are needed by the bulk of corporate information workers. In addition, SLED has quite a bit of cool factor in its rotationally adroit multiple desktops on a cube interface. In short, the desktop aspect of OWS has in our view reached the "good enough" bar for serious consideration as an alternative to Microsoft's desktop. While we do not expect companies to suddenly dump Microsoft's solution overnight, given the significant minimal hardware requirements for Vista and the expense of upgrade and retraining organizations would face; for many, a switchover to OWS would instantly add life expectancy to their desktops, reduce their financial outlay, and not require substantial changes to the environment already familiar to the majority of information workers. So although the OWS desktop will not be a panacea for many classes of power users or those with specialized applications, for the great masses a viable alternative has in our opinion has finally emerged. When combined with the substantial back-end infrastructure capabilities of ZENworks along with GroupWise, the pricing and performance offered by OWS is bordering on disruptive. While Windows Vista—or whatever its final name will become—may come to represent a substantial upgrade opportunity for Microsoft, it may also unleash a considerable upgrade opportunity for Novell. So grab a bag of popcorn and a cold drink and let's watch as the real battle for the corporate desktop begins.

HP Bolsters Performance with the Latest Integrity Server Offering

By Clay Ryder

HP has announced the latest offerings in its Integrity server line and HP-UX 11i operating system which deliver significant upgrades to capacity, virtualization, and systems management. These enhancements offer customers

increased server capacity as well as faster deployment of software within an HP Virtual Server Environment (VSE) found within HP-UX 11i. The next-generation chipset for Integrity servers delivers performance enhancements by enabling 30% more throughput across multiple workloads for the same number of Itanium 2 processors. This chipset is available today in the cell-based HP Integrity rx7640, rx8640, and Superdome servers, and provides single-system availability to improve memory availability, interconnectivity, and fault tolerance. Security is enhanced through the HP-UX 11i Encrypted Volumes provided while HP Competent Cluster Service and HP Cluster Extension software for HP StorageWorks EVA and XP now deliver enhanced high availability and seamless failover. HP also announced solutions for HP-UX 11i disaster tolerance that include intercontinental failover of Oracle 10g environments and support of SONET as well as new HP Serviceguard Extensions for SAP to improve the speed and simplicity of high-availability solutions for HP-UX 11i and Linux on HP Integrity servers. The company also noted that the multiple operating system ability of Integrity servers is now supported by more than 7,400 applications including availability of additional HP OpenVMS products. HP also announced the Integrity NonStop NS14000 and the telecom customized NonStop NS16000, the latest additions to the HP Integrity NonStop family.

Showing that it is never one to let a chance to extol the virtues of high performance pass by, HP is clearly excited by its latest high-performance offerings and for several reasons. Although the company is relentless in its insistence that Itanium is an industry standard, looking beyond this wishful thinking, the capabilities of the Integrity servers are notable and with this announcement, even faster. Although speed improvements are part of an ongoing thrust enjoyed by vendors in their quest for benchmark superiority, improvements in the chipsets that surround a processor delivering a 30% performance boost are nothing to sneeze it. This is a simple reminder that while many fixate on the clock speed of CPUs, the reality is that overall performance in dependent upon many factors including other chips found on the motherboard. By optimizing this aspect of the system, HP has boosted performance without relying solely on faster and more expensive CPUs, and thus has created additional value for customers, without necessarily eroding its profit margins. This kind of a system—as opposed to CPU focus—is an example of one of the competitive advantages that HP has held over the years, continued R&D investment in building a better mousetrap.

Many of the other enhancements to the servers and the accompanying operating systems are valuable especially in the high-performance and/or high-reliability computing space. Business continuity along with disaster recovery remain an ongoing concern for organizations and HP's focus on critical business software such as Oracle and SAP in its high availability endeavors are well positioned to address the concerns of larger enterprises as well as those who simply demand platinum-grade availability from their IT infrastructure. Enhanced virtualization is also a key aspect in high availability as well as a continuing opportunity for organizations to achieve a higher ROI from their computing investments. Overall, we are impressed by the tenacity of the Palo Alto company, and its ongoing commitment to engineering creativity. However, given today's market environment where business-focused messages are increasingly trumping technological ones, we are quick to point out that while HP has a pedigree in engineering fortitude, the company is not as skilled at maintaining a business-focused discussion of its capabilities. In the long haul, we believe this is the challenge that will prove more daunting to the company than any question of its ability to craft high caliber technology.

Microsoft Does IPTV in Europe

By Joyce Tompsett Becknell

Microsoft has reached an agreement with Deutsche Telekom for Internet Protocol television (IPTV) services to German consumers. With the contract, Deutsche Telekom will be able to offer IPTV including standard and high-definition programs, interactive TV, and complementary interactive services and entertainment products such as digital video recording and video on demand, as well as content packages including feature films, TV series, or documentaries over its forthcoming VDSL (very high rate digital subscriber line) network. VDSL transmits data in the 13 Mbps to 55 Mbps range over short distance, usually between 300-1500 meters of twisted-pair copper wire, on the principle that the shorter the distance, the faster the connection rate. This technology is often used in lieu of more expensive fibre optic for the final length to the household or office.

The network is expected to be launched in mid-2006 in ten major German cities. Deutsche Telekom will use Microsoft TV IPTV edition software platform. The two companies will engage in joint marketing in Germany. This contract is Microsoft's largest IPTV contract in Europe and its second largest in the world. Microsoft also has IPTV agreements with AT&T, Verizon, Swisscom, British Telecom, and Telecom Italia.

Microsoft has certainly done the work to position itself with the major service providers in Europe and the U.S. and take the lead in driving IPTV forward from future to actual product. The statistics from various quarters predict that uptake of IPTV services will take off as service providers roll out their offerings. Microsoft has indicated its intention to be a leader in the developing home entertainment market, and working with the SPs to offer IPTV is the first step in building that empire.

While Microsoft has the software, a necessary component to making IPTV work, the content is the much more important issue at this point. Users will line up for the personalization of content, but it had best be content they want with real value. Consumers who have tried IPTV and discontinued it will find the difference between IPTV and satellite or digital cable offerings still notable. Satellite and digital cable providers still offer richer offerings and broader content. We understand that this is a point-in-time issue rather than a long-term gating factor, but the issues of content management are complex and going to take time to resolve. While some users may choose IPTV because they have fewer options, pricing is going to have to meet content levels and customer service is going to have to be good. Service providers are used to a binary approach to customer service—either the service works or it doesn't—but media customers want SPs that are responsive to their needs, who can market their value proposition clearly, and who offer packages that meet genuine customer wants. IPTV should not be about re-broadcasting in time shifts; it should be about the foundation of creating individualized entertainment hubs so that sports addicts can get the teams and sports they want, so that content fits viewer interests, and so that people who want niche products— foreign languages, specialty programs, or genres—can get the programming they are willing to pay for. While online retailers have had leadership in creating sub-segments and nurturing them, the mainstream software vendors and service providers have maintained a small-medium-large or one-size-fits-all approach focusing on mass-market, general-purpose products and services that will not drive IPTV to its full potential. To make this market succeed sooner rather than later, much work remains beyond setting up the networks and getting the software infrastructure in place.