
Market Roundup

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Salesforce.com Mobilizes AppExchange

By *Siamanto*

This week Salesforce.com made significant moves that could lead to significant benefits for the company's rapidly growing customer base. The first development saw the company announce that it had spent \$15 million in cash to acquire Sendia Corporation. In these days of multi-billion dollar acquisitions and mergers this announcement may, at first glance, not appear to be too earth-shattering. However, to make such an assumption would be to miss the potential represented in the purchase. The potential impact of the acquisition of Sendia can be seen in the second announcement made by Salesforce.com, namely the announcement of AppExchange Mobile. The acquisition of Sendia and the immediate launch of AppExchange Mobile today takes some sixty-plus applications that are currently available via AppExchange and makes them available to mobile, wirelessly connected users on a number of platforms such as PDAs and cell phones. The AppExchange Mobile service is priced at \$50 per user per month for Enterprise Edition and Professional Edition customers. Unlimited Edition customers receive the AppExchange Mobile service for no additional charge.

The on demand software delivery model that Salesforce.com provides to its customers is proving to be very attractive and the number of subscribers to the company's core CRM and other business applications is expanding at very strong rate. The launch of AppExchange earlier this year provided a platform for the authors of other applications to make them available in the same fashion and using similar revenue-generation models. To date over 200 applications are available on AppExchange, a number that is certain to expand as it is relatively straightforward for vendors to take their existing offerings and port them to the AppExchange platform. Indeed, it is our opinion that in the very near future AppExchange has the potential to become the main touchpoint for Salesforce.com's customers. The acquisition of Sendia and the launch of the AppExchange Mobile platform will allow users of mobile devices, including RIM BlackBerry, PalmOS, Windows Mobile, and Intel Centrino to make use of applications hosted on AppExchange Mobile. The AppExchange Mobile platform takes applications and utilizes over-the-air management capabilities along with secure and reliable data transfer, allowing customers to employ a wide range of wirelessly connected devices to run enterprise applications safely and efficiently without the need either for the customer to have to develop new support skills or for the application author to rewrite its code.

With the sixty-plus applications available today, AppExchange Mobile is a service that the existing Salesforce.com user base is likely to welcome. It should also attract new customers in a wide range of industries, geographies from organizations large and small. The only potential inhibitor to a very rapid adoption of AppExchange Mobile is the charges levied by the suppliers of wireless connectivity services, especially for those customers that need to roam outside of the base country. It is time for the Mobile telecommunications operators to provide affordable wireless data connection plans. There is no doubt that delivering application access to customers on the move is a major priority for many organizations. AppExchange Mobile has the promise to become the delivery platform of choice for customers wanting mobile application delivery on a pay-monthly, "on-demand" basis.

Red Hat Acquires JBoss

By *Clay Ryder*

Red Hat announced that it has entered into a definitive agreement to acquire JBoss Inc. Red Hat will acquire JBoss for approximately \$350 million initially, plus around \$70 million subject to achieving certain future performance metrics. The transaction will be approximately 40% in cash and 60% in Red Hat common stock and the acquisition is expected to be closed near the end of Red Hat's fiscal Q1 (May 2006), subject to customary closing conditions and regulatory approval. Red Hat believes that the acquisition will be slightly dilutive to its quarter ending August 31, 2006, but neutral to earnings and cash flow for the full fiscal year. The transaction is expected to be accretive to both earnings and cash flow in the next fiscal year ending February 28, 2008. The company indicated that it believes the combination of its enterprise solutions with JBoss will help accelerate the shift to SOA by making innovative, powerful solutions available to developers and customers that seek lower development and deployment costs.

The software business is a funny one. Ask any developer who writes the best code, and he quite gladly will tell you that his code is pristine, perfect, and certainly not pilfered. Well, okay, perhaps not. Anyone who studied computer science in college knows that developers recycle, borrow, or augment more code than they may admit, in part because it saves time, but also because sometimes someone has simply done a really nice job of coding something that is pretty darned cool. The open source movement has certainly brought attention back to developers, even hobbyist ones, and has created a plethora of open source projects/communities/initiatives. While all these activities are a breeding ground for zeal and hopefully creativity, the reality is that just as in the commercial software space, customers are increasingly solution-focused, and are losing the desire to integrate numerous discrete packages on their own. In addition, maintaining many discrete open source software packages will not yield the long-term viability of open source. Yes, at some level people need to make some money to continue contributing to initiatives. Just as the economics in the commercial space has spawned many an acquisition and merger, we should not be surprised to see similar events take place in open source.

In this transaction, one of the big names in open source distribution has bought another big name in open source but there is a little more at play here. JBoss's business model was similar to Red Hat's based upon a subscription model of services and support. Red Hat has an OS, middleware, applications, and management technology. JBoss has middleware technology, messaging, development tools, and other largely complementary offerings. So at one level, it would seem that this melding of the minds may have a chance of succeeding. However, as this may provide for a broader portfolio of offerings, over time we expect customers' desire for holistic solutions will only grow and expectations will include solutions based upon a combination of open source and vendor sourced software. Packaging and delivering a finite collection of infrastructure technology is one thing; acting as an integrator of many levels of software is quite another. One of the potential challenges we see for Red Hat is how the company might play against these higher expectations over time. Will Red Hat be able to continue focused solely on open source, or will it have to morph into a more of an integrator? If the market ultimately demands mixed-source solutions as the norm, this could play to the advantage of other Linux and open source suppliers who play in the commercial software marketplace and maintain integration expertise. Nevertheless, the future is yet to come, but we see this acquisition as perhaps an early indicator of longer-term trends surrounding open source, in many ways paralleling those of the traditional commercial software marketplace.

IBM Mobilizes SecureBlue

By *Joyce Tompsett Becknell*

IBM has announced new security architecture, SecureBlue, that can be built into microprocessor chips. According to IBM, SecureBlue provides new security features to embedded processor products, at both the microprocessor level and the entire microprocessor-based device. IBM believes that the security protects the integrity of information on a device even should someone have physical access or physical control of the device, as the solution is based on secure hardware rather than software techniques. Some mobile chips already have hardware to accelerate encryption algorithms, but it is generally used to encrypt individual files, or communications.

SecureBlue takes it to the next step by encrypting all information in device memory. The technology performs encryption and integrity checking at the full memory bandwidth of the processor, making the operation transparent to software running on the device. SecureBlue also performs “whitening,” which pads out encrypted data with redundant information, designed to prevent malware from decoding encryption keys. IBM expects the technology to be used for consumer products, medical devices, government applications, and digital media. IBM will now work with chipmakers to get them to license the technology in their mobile processors, which means it will take a couple of years for the technology to reach end-user products.

As mobile devices invade the corporate infrastructure, they give rise to concern among IT managers tasked with managing security. The problem with mobile equipment is that it is small, portable, and therefore easy to steal. Additionally, more and more workers are storing sensitive data on their devices as they have access to a greater number of applications on those devices. While software security is available, it tends to put overhead on the primary processor. IBM believes that this new security is inexpensive, and takes up little room on the processor, so that technology previously only available on a mainframe now can be deployed all the way down at the device level. While it will take a while for this technology to reach end users, the fact is that mobile devices are now part of the corporate infrastructure and need to be treated as part of the corporate network. While some companies may prefer to limit or restrict users’ access to mobile devices, the fact is that mobile workers in particular are dependent on these devices, and this technology will be one of the ways to protect this class of IT infrastructure.

We expect that a certain class of chip and device manufacturers is going to be interested in this technology. IBM says it will be available through Technology Collaboration Solutions, who will license the technology, provide engineering, collaboration, and design services to implement SecureBlue technology into customer designs. IBM also claims it can help manufacture the product for clients. IBM is a company known for doing innovative things, both in building its own products and in providing bits that help its customers innovate. In fact Innovation that Matters has become the new mantra at IBM. No one doubts IBM’s intentions, nor does anyone doubt its capabilities. The actual challenge for those wishing to take advantage of what IBM has to offer is the supposed ease of doing business with the company. In this example, we searched the Web as well as IBM’s site to find out more about this Technology Collaboration Solutions group. It does seem to exist, it is discussed in press releases, and individuals within the group are quoted. However, there is no home page for this group. We believe it is buried within Engineering & Technology Services (E&TS), a group with a vague name that is responsible for much of the interesting non-product bits happening within IBM. However, we can’t find out much more than that. Knowing how to get started in the vast labyrinth that is IBM is a formidable challenge that has left more than one potential partner frustrated and resigned. We would remind IBM that half the battle is creating the various cool bits it does, but the other, more significant bit (in that it drives revenue) is the ability to execute the new ideas. Knowing who to contact and how would be a good first step in that process. Otherwise this capability will be somewhat limited to those vendors that already work with IBM and have mastered some bit of corporate navigation. Clearly identified directions would be much appreciated.

AppSense Makes the Heart Grow Fonder

By *Susan Dietz*

AppSense recently announced the availability of its Security Analyzer. Designed to help enterprise organizations quickly assess the security “health” of their system endpoints, the tool conducts a comprehensive analysis of a system by attempting to run unauthorized applications and perform various non-disruptive activities on the desktop, notebook, or server. The degree to which it is able to successfully complete these actions indicates the level of risk faced by the device. The assessment takes about 60 seconds, and creates a report that identifies where potential vulnerabilities exist as well as suggestions about how they may be addressed. Some of the potential problem areas covered include the introduction of malicious executable files, modification of unprotected registry keys, downloading of files with altered file extensions, access of low level utilities to compromise system stability, running .vbs files (commonly used in the propagation of viruses), and inadvertent delivery of network knowledge to an outside user. There are several different types of download available at the AppSense website, one of which

is the free AppSense Security Analyzer. Another adjunct download, AppSense Desktop Security, seems to dovetail the Security Analyzer and is free for twenty-one days.

Free is usually a good price, but it comes with a fair amount of skepticism. If a product is so great, why are they giving it away? Unless, of course, this is a loss leader for some other product, which we suspect it just may be. AppSense also offers a range of security products aimed at enterprise and available through channel partners. Although there are no price points listed on the website, one is not led to believe that these are free. Most likely, the report generated by Security Analyzer that suggests solutions for your problem will suggest only AppSense products, which makes sense. Why promote the other guy's stuff? However, if a product is going to be given away as a marketing tool, then it had better impress the user with optimum performance. It is, after all, the ambassador for the other product lines. Based on that reasoning, one would expect that the Security Analyzer would be a fairly reliable product.

Compliance, especially endpoint compliance, seems to be one of the big buzzwords in the security arena and as such, most companies have a product targeted to meet the needs of enterprise businesses. Security Analyzer is no exception; however, it may just be what small businesses need, too. The price is right, and with the generated report, smaller companies without extensive IT departments (if any at all), may well be better informed as to their own security vulnerabilities, enabling them to pick and choose which vulnerabilities are the most urgent. This may enable them to save a few bucks while beefing up security in the critical areas. This will most likely endear AppSense to smaller businesses, thus enabling AppSense to develop a customer base in an area that other companies aren't necessarily targeting at the moment.