Market Roundup

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Schwartz Steps Up to Take Over as Sun CEO

By Siamanto

This week saw Scott McNealy hand over the reins as CEO of Sun Microsystems after more than twenty years at the helm of one of the IT industry's major Infrastructure suppliers. Current COO Jonathan Schwartz has been named by the board to succeed McNealy as CEO while retaining the title of President. McNealy has announced that he will continue to serve as Chairman of the Board and will also remain a full-time employee of the company.

What does this mean for Sun and its many customers around the world? The announcement of the appointment of Schwartz as CEO has been well received. McNealy and Schwartz have publicly stated that they fully expect the transition to be smooth. Indeed, McNealy has been quoted as saying that he hopes that the transition will be almost invisible. Schwartz added that the only visible difference he hopes to make will be to continue to enhance the company's improving financial returns. Schwartz has been with Sun since 1996 when Sun acquired Lighthouse Design Ltd., of which he was CEO. Since then he has risen rapidly through the ranks and has held a number of posts including EVP Software, SVP Corporate Strategy and Planning, and VP Ventures Fund in addition to his most recent role as President and COO. The experience garnered in his twelve years in the company will certainly be valuable in the months and years ahead.

It is likely that there will be no immediate change in the strategic direction of Sun. The company's current core Server and Storage platforms are at their strongest for several years and the latest chip developments appear to be attracting the attention of customers old and new. However, it is in the area of software and services where Schwartz may be able to bring benefits. Sun has long been recognized for its server offerings but has not been as successful promoting its wide range of software solutions. With his background running Sun's software business between 2002 and 2004 Schwartz has a very good knowledge of both the company's software offerings as well as the challenges faced by those selling them. Schwartz should prove to be a very good CEO for Sun in today's highly competitive market place. In the short and mid terms it is unlikely that Sun's customers will notice any major changes in their relations with the company and it is clear that the major strategic investments in research and development will continue apace. It will be interesting to monitor how McNealy adapts the role of Chairman of the Board.

Cisco's CRM Solution: Integration

By Susan Dietz

Cisco recently unveiled the Unified CRM Connector 3.0, a CRM application tightly integrated with Microsoft Dynamics CRM 3.0. The solution is aimed at helping SMBs to quickly gain access to customer information on inbound and outbound calls. The goal is to provide a complete view of the customer, including current and past purchases, sales information, order status, account relationships, and billing information. When a call is received by Unified CallManager or Unified CallManager Express, the Unified CRM Connector 3.0 automatically links to the Microsoft Dynamics CRM system and provides onscreen pop-up windows of the customer contact record and phone call activity. The same information and capabilities are also accessible remotely. The Unified CRM Connector 3.0 includes an IP phone service that automatically pushes customer information to IP phones from

inbound calls that uniquely match a customer record. The IP phone lookup service allows users to view customer contact information from any Cisco XML display-capable Unified IP phone. Additional features include fast and easy click-to-dial functionality for accessing CRM contact records, call-duration tracking, and detailed call-information capture.

Customer information within companies' departments are generally islands separated from each other by the imposing barrier of cubicles. Accounting has their information, the sales department has their information, transportation has their information, etc. When a customer is transferred from one department to another, they often have to repeat all of their information to someone new. Giving the info once and having the entire company know who you are is a time and money saver for both customer and company. Less hassles for the customer may lead to more sales. Quicker call time for the company, too, may lead to more phone calls taken. The Microsoft CRM system isn't #1 in the industry, but it is being pushed to mid-market customers, which we don't necessarily believe is a bad thing. Cisco and MS's new package is pushing SMBs to IP because of the perceived help it gives with CRM. One question to consider is how well channel partners will do in selling it. However, as with anything, as the costs go down, the reason to buy the stuff generally goes up.

There are four things to consider when talking about Cisco's Unified CRM. First of all this is aimed at the small and medium business, most likely because there are lots of them and generally the smaller they are, the less automated they are. Secondly, a seamless interface between the phone number and the computer information remains a great idea. Customers call in and are identified by their phone numbers, so the representative doesn't have to figure out who they are. One drawback to that is that if the customer uses a different phone to call in the identification factor is lost, but this would most likely be overcome with the help of an on-the-ball CSR. Thirdly, Cisco and Microsoft most likely recognize that Salesforce.com might have the potential to be a major force a la Google and Yahoo; therefore pre-empting some of the revenue that the other suppliers could have. This likely applies especially to Microsoft since they are software intensive. And last, add the cost advantage of VoIP and the hassle of changing software is really an easy justification.

Softricity: Software as a Service for PCs Everywhere!

By *Joyce Tompsett Becknell*

Softricity has announced version 4.0 of its SoftGrid application virtualization software, which is designed to make virtual applications easy to create, deploy, manage, and use. According to Softricity, SoftGrid can virtualize any Windows application and deploy it to servers within minutes by turning applications into portable run-time application images. The latest version also offers new remote help designed to reduce application management costs further. Softricity turns locally installed applications into virtual network services that are centrally managed and deployed to desktops, servers, laptops, or virtual machines. Softricity likens the virtual environment to a protected sandbox where applications create no changes to the underlying operating system, thereby avoiding conflict with other applications. In addition, Softricity has streaming technology which sends minimal code to run applications on the client system. Softricity believes that testing and help-desk support are reduced significantly by virtualizing applications.

Despite the fact that it's been around for awhile in various forms, virtualization is still a scary word to some IT managers. Virtualization in essence masks complexity between various layers of technology. Most of the recent fuss around virtualization has been at the hardware level: virtualizing servers or storage subsystems for example. Softricity believes that virtualization should continue to the application level, since many of ongoing IT management costs stem from having many machines with many copies of software deployed on them. This problem has been tackled from various fronts, including the idea of locking down systems, or thin clients that leave most of the code on the server. These solutions all have their merits, but each one also has limitations to users as well. Softricity's solution accepts the fact that most companies are heavily invested in rich clients and seeks to take advantage of that capability, rather than following the competition's lead by transferring the workload to server farms, which become a management issue of their own. With Softricity there is no need to rip and replace infrastructure, and there is no need to change applications. This is virtualization so the operating system and the application function as they always did while the Softricity product builds a prophylactic layer of

protection around them. For companies with many desktops and a desire to reduce the amount of time spent managing them, this could be a solution worth investigating.

Softricity is a small company that is slowly growing its presence along with its customer base. One of the ways it is seeking to expand its presence is by integrating its software with Microsoft SMS 2003, which means that managers can manage and deploy virtualized applications within the SMS management console. Softricity has also just announced that it has become a member of Blade.org, the community formed by IBM to build ecosystems around their blade technology. Softricity really is practicing a form of software as a service that should have appeal for a section of users who want to spend more of IT's time contributing to business value than firefighting. Software as a service is still embryonic as most people associate it with managed service providers and thin clients. One small company with a good idea can only make a certain amount of noise as it grows. One small company that partners with industry giants like Microsoft and IBM, assuring that it appears where its prospective customers are gathered, and demonstrating that it is taking the time to build the right partnerships to leverage its capabilities, is important in building credibility with IT decision-makers who have many issues to face. Customers using Microsoft's SMS to manage their environments or who are using IBM blade servers to consolidate their server environments may find Softricity's solution is the next step in getting their data center under control and performing on demand.

The Brave New Copyright Bill

By Clay Ryder

The Bush administration has created new legislation that is backed by Rep. Lamar Smith, chairman of the U.S. House of Representatives subcommittee that oversees intellectual property law, which would expand restrictions on software that can bypass copyright protections and increase federal wiretapping and enforcement powers. The House Judiciary Committee has stated that the Intellectual Property Protection Act of 2006 is expected to be introduced in the near future. It was also reported that Rep. F. James Sensenbrenner, chairman of the full House Judiciary Committee, will be leading the effort. The proposed law would permit wiretaps in investigations of copyright crimes, trade secret theft, and economic espionage, and would establish a new FBI copyright unit. Current law would be changed to permit criminal enforcement of copyright violations even if the work was not registered with the U.S. Copyright Office. The criminal penalties for copyright infringement would be increased five to ten years and doubled for subsequent offenses. The proposed legislation would permit civil asset forfeiture for anything used in copyright piracy along the lines of forfeiture rules established by federal drug laws and would permit copyright holders can to impound any records documenting the manufacture, sale, or receipt of infringing goods. In addition, the bill would make the act of trying to commit copyright infringement, even if unsuccessful, a federal crime punishable by up to ten years in prison.

The brave new world is upon us. Realizing that this new age made it easier for social reprobates to engage in intellectual property theft on a scale previously unimaginable, a few years back the U.S. government enacted the Digital Millennium Copyright Act. While the response was and remains an important one in the quest to protect the intellectual property of all parties, there were some aspects of the law that have given broadly enhanced powers to government agencies and some private parties, mainly corporations with large catalogs of intellectual property commonly known as CDs, and DVDs. This latest salvo at intellectual property crime seeks to further enhance the reach and scope of the DMCA, and to some, does so at a level that is more about limitation of fair use and private liberties with increased government encroachment on personal information than stopping blatant piracy.

To be clear, we believe that intellectual property is a tangible commercial asset, no different than any other asset that a company, organization, or person may own. With this ownership comes the right to decide upon how or whether this information is delivered into marketplace. That said, the doctrine of fair use, especially where no commercial loss is taking place, is equally sacrosanct. If one purchases or licenses intellectual property, backing it up for safekeeping (and continued personal use), no matter how it is done, in our mind remains a valid pursuit. Of particular note, the two-faced approach to encryption/decryption illustrates the level of contempt with which some copyright holders hold their customers (if you want a backup, buy two copies from us). The bill proposes

that anyone who makes, imports, exports, obtains control of, or possess copyright circumvention tools would be guilty of a federal crime. When one stops to think about this, this would include every DVD player on the market (be it hardware or software) since the player must decrypt the DVD with the CSS key, thus circumventing the copyright control, before it can be played. Why is it any different if this decryption takes place in a hardware DVD player, as opposed to a software DVD player on a computer? If one were to make a backup of a commercial 9.4GB DVD onto a lower quality 4.7GB DVD-R to protect the investment, this would seem to be violating the proposed rules. While it would remain legal to copy an LP to audio tape, copying a encrypted CD of the same music to an iPod would not be. To us, outlawing decryption software is foolhardy, and just another attempt to legitimize the questionable practices of CD rootkits and other privacy intrusions made by content vendors in the name of protecting intellectual property. Besides, such software will always be available from somewhere else, perhaps China, where the concern for intellectual property rights is at best limited. So while we remain committed to the protection of intellectual property, including our own, this latest legislative proposal in our estimation is even worse than the DMCA we have already have come to dislike.