
Market Roundup

June 2, 2006

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Center near You

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AMD Live Coming to a Home Entertainment Center near You

By Joyce Tompsett Becknell

This week, AMD announced its next milestone in digital entertainment with the AMD Live PC, a media-center PC designed to enable consumers to organize, distribute, share, and enjoy its content. OEMs participating in the program include Acer, Alienware, Fujitsu Siemens Computers, Gateway, HP, Sahara, and Tsinghua Tongfang. The AMD Live PCs will have Athlon 64 X2 dual-core processors and the AMD Live Entertainment Suite, a collection of services and applications to enhance the PC experience. With the new PC customers should be able to stream music through their entertainment center; view and share photos on the TV; burn recorded TV shows, videos, music, and pictures to a DVD or CD; or transfer the content to a notebook, MP3, portable media player (PMP), or personal digital assistant (PDA). This will be possible since customers will be able to consolidate content in a central location and then easily access content through various devices. AMD has also announced an agreement with STMicroelectronics to develop high-definition networked set-top box solutions to connect to a desktop or notebook PC. The software in the Entertainment Suite will include On Demand powered by Orb Networks that streams live or pre-recorded television programs, photos, music, and movies; Compress, a tool that optimizes recorded television content to save space; and Network Magic, to set up, manage, and secure the home network. There is also LogMeIn, a service that lets users remotely control their Live PC to obtain access to files remotely, and Media Vault, a service that can automatically back up digital content collections to a secure online server. AMD plans to offer users 25GB of free storage to store photos, home movies, and music collections.

One of the hottest spots in the consumer electronics market currently and in the projected future is the home entertainment center. Most consumers currently have a collection of various products that may or may not function together, but it would be nice to have greater integration. Last August, Intel introduced a VIIV line of computers that would incorporate quick on-and-off similar to other entertainment devices, 5.1 surround sound with optional 7.1 surround sound support, and automatic transcoding of media files. VIIV technology will be a platform using Intel's dual-core technology within the PC in addition to High Definition Audio, the Intel PRO Client LAN, and Intel Matrix Storage technology. The bigger idea is that two VIIV-certified products will work together, unlike most products today which require a lot of work to achieve interoperability. VIIV technology will be integrated in set-top boxes designed to match stereos and DVD players. Both Intel and AMD will work closely with Microsoft's Media Center edition, which will be incorporated into various versions of the forthcoming Vista product. Any advancement in interoperability is goodness in our book. Any techno-enthusiast who has spent time making systems work together knows that getting all the right lines into the right inputs, and getting all the software settings correct is more often a prolonged labor of frustration than a question of fine tuning for digital media enthusiasts. By integrating various capabilities and creating a home media network, both Intel and AMD are advancing technology in the way that is most likely to make users upgrade their technology. For most home consumers, the PC is already fast enough (except where gamers are concerned) but with new multimedia capabilities, a new PC is more attractive. This is good news for Microsoft as well, who hopes to upgrade various customer segments to Vista as soon as it actually can release the product.

In the meanwhile, the competition between AMD and Intel is fierce and likely to get hotter. We expect both companies will seek to extend their technology innovations to standards. The problem with this is that consumers will need to know which technology they have, and as they upgrade various other digital media components, will need to make sure everything else they purchase is compatible. Competitive standards are a headache in

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consumer electronics. Just purchasing the appropriate writeable and recordable media has become a challenge. In addition, Sony has Blu-ray and Toshiba/NEC have the “HD-DVD” in competition for the next DVD standard, and that’s just for the recordable media. There are also competing digital rights management (DRM) standards, and various Codecs for audio files as well. Hobbyists will likely have several options, but mainstream consumers will not want to have to worry about the format of their content; they will just want to be able to use it or develop it in the comfort of their own homes. We suspect that the market is going to get more complicated and uglier before it sorts itself out, and that’s only going to hurt everyone’s sales as a certain amount of the public will wait until the dust settles before they invest heavily. We strongly—no—very strongly encourage the vendors to develop interoperable standards. It’s in their interests to build fiefdoms they can rule, but it’s in the consumer’s best interest to make everyone play nicely in the sandbox together. Unfortunately, we suspect that day will be a long time in coming.

Cisco Zero’s Progress Payments

By *Tony Lock*

For the past few months, Cisco Systems has been busy bringing its Unified Communications solutions to market. Cisco Unified Communications is a solution set that seeks to allow organizations to put in place communications systems that foster better collaboration and enable more efficient networking between clients inside and outside the enterprise. This week the company announced that Cisco Systems Capital, a wholly owned subsidiary, would make 0% progress payment financing available on qualified projects implemented by Cisco’s partner organizations. Qualified customers can now instigate projects with Cisco partners holding Cisco IP Communications (IPC) Specialization with a new financing package. Projects, which must have a minimum transaction value of \$50,000, have project milestones agreed by the Cisco channel partner and the customer with the maximum funding amounting to 80% of the initial lease value. With the project underway, the customer indicates to Cisco Capital as each of the agreed milestones is reached at which point Cisco Capital makes payment to the channel partner. At the final completion of the project the total investment is transferred to a lease. At the time of writing the 0% interest progress payment option is only available to potential customers in the United States and Canada.

There is no question that the management of cash flow is of critical importance to the vast majority of organizations in the world, both potential customers and the entire IT channel community. Appropriate IT financing can prove to be a decisive factor in many IT projects, and in a large number can even prove to be the most decisive aspect. With most, if not quite all, new IT undertakings requiring considerable time between project initiation and business benefit delivery, the need for flexible financing options is of more importance than ever before. Cisco Capital’s channel financing solutions seek to provide partners with the financial scope to undertake sophisticated projects without having to bear undue fiscal constraints. Indeed, the company now offers a range of short- and long- term solutions that when used intelligently by its partner community can attract both new customers and deliver additional profit margin. Equally, the company’s end customer base can also benefit by implementing solutions that might not otherwise have been undertaken or that may have not commenced as rapidly.

Flexible financing is an area that many IT vendors have yet to fully exploit. It can prove to be an attractive differentiator when technical solutions appear to be superficially similar. It can also turn into a profitable business in its own right. The days when IT financing equated to simple lease-back arrangements are coming to an end as the announcement of the 0% progress payment plan by Cisco Capital so admirably underlines. The project financing option provides additional financial flexibility and it will be interesting to see how Cisco seeks to build on this advance both in terms of geographical extension and with additional new financial solution options. Cisco Capital is to be congratulated on this news and this certainly brings Cisco’s solution financing capabilities much closer in scope to the IT financing heavyweights of IBM Global Finance and HP Finance. Who said that money and finance was not interesting?

Security Wars, Round... Whatever

By Susan Dietz

In response to Microsoft's new security offering, called OneCare, and Symantec's soon-to-be-released Genesis (recently renamed Norton 360), McAfee has developed Falcon. Falcon claims to protect PCs against spam, viruses, spyware, and other threats such as phishing scams and rootkits. It also claims to offer tools to prevent data loss, help optimize PC performance, and secure a wireless network. Falcon is slated to debut this summer in a variety of packages. Norton 360 is stated to be able to integrate Symantec's PC security and tune-up technologies with newly acquired and newly developed technology to be delivered as an all-in-one service, with automatically installed updates. The service is claimed to provide data protection through automated online back-up and online transaction security, where new tools are claimed help protect consumers from phishing scams and crimeware. OneCare claims that it will provide features including Protection Plus (anti-virus, anti-spyware, and firewall with automatic updates), Performance Plus (regular PC tuneups), Backup and Restore (backup and functionality restoration), and Help and Support (many modes, including email, phone, and chat).

These systems are a new class of security solution that seeks to integrates everything and thus make it all easier for the lay person who might otherwise be successfully put off by the knowledge curve required to implement most existing security/system integrity undertakings. However, price competition through modules may be a very powerful weapon for McAfee over the others. If McAfee becomes the way that users install and maintain their networks (especially wireless), this is a nice end run around Symantec who offers no such capability and a way to counter the XP and Vista network wizards. This may be a sleeper and offer a great upside.

However, any of these systems would be better than what people are forced to deal with now, which even at its most simple, is still complex. Software as a service is something many consumers seem to want, and McAfee makes a good point in that not everybody wants everything. Security vendors in particular have a tendency to over-engineer; offering "choice of packages" may ultimately be more important than the quality of the individual products. These new offerings will most likely be more user-friendly because they are easier systems to deal with, especially for those consumers who are less technically able. However, these are not replacement security systems, but rather a new category of product for a new class of user (one that doesn't necessarily enjoy fussing, strange as that concept seems). The default for desktop security has traditionally been McAfee or Norton, but with Microsoft entering the arena, the two champs are vying for the right to make Microsoft *not* the default security system for a majority of users. We believe the three competitors may now heavily court the PC makers to see who gets the default position when new systems ship. This strategy would be critical in gaining market penetration.