



Instant Insight
January 24, 2003

IBM Announces New Linux Products and Customers

By Charles King

At LinuxWorld New York, IBM announced a variety of new Linux hardware and software offerings that the company said were designed to meet the needs of multiple industries including financial services, insurance, and retail. Among the new offerings:

- Linux client support for Lotus iNotes Web Access software will provide Linux users access to Lotus Notes-based functions such as email, calendaring, and scheduling. Lotus iNotes software will support the most recent Linux version of Netscape, and will allow users to access Lotus Domino-based applications.
- IBM Integrated Platform for e-Business on zSeries offers IBM customers pre-configured and tested hardware and software packages that contain the necessary infrastructure components for mainframe-based ebusiness processes.
- IBM DB2 for Linux Clustering offers a high performance data management system that can scale from 2 to 1,000 nodes in a clustered Linux environment. Based on DB2 and the IBM xSeries platform, the new solution also includes WebSphere, Tivoli management software, SuSE Linux 8, and SAP solutions such as SAP R/3, mySAP CRM and mySAP Business Intelligence.
- IBM eServer p650 with Linux offers native Linux support to the company's POWER4-based midrange products. The eight-way p650 is a rack-mounted server designed for densely clustered applications including high performance computing (HPC) environments.
- IBM eServer x345 has been refreshed with Intel's latest 2.8GHz Xeon processors and support for Intel's faster 533 MHz front side bus.

Pricing/Availability

No pricing or availability information was included. In a separate announcement, IBM said the company recently sold Linux-based xSeries x440 blade servers and Blade Center installations to CGG, Mercury Insurance, Mindshare GmbH and Washington University.

Net/Net

IBM's LinuxWorld announcements may fall into clear software and hardware classifications, but they also carry individual and collective weight we find notable. On the application side, we find Linux client support for Lotus iNotes to be particularly interesting, since it appears to provide an Open Source solution to the problem of replacing proprietary email/calendar apps. Given iNotes' long track record and deep market penetration, this could well offer businesses an attractive, solid Linux alternative to, say, Microsoft Outlook. We see the announcements for zSeries and clustering as robust extensions of IBM's efforts to extend additional practical Linux business solutions into areas where the company has already achieved notable Linux successes.

Concerning hardware, while x345 eServer refresh may be small potatoes, it does charge IBM's Intel-based product set with the latest/greatest Xeon rev. More impressive is the addition of native Linux support to the p650, for two reasons. First, we believe that users in the clustered high-performance environments the p650 is designed for are likely to be particularly amenable to Open Source options, and that the availability of a powerful, affordable POWER4/Linux-based box could help drive the migration of HPC further into the commercial space. Additionally, native Linux in an eight-way pSeries server offers an eloquent 64-bit alternative to Itanium2/Linux solutions. In any event, these and other recent IBM announcements regarding Linux solutions for embedded systems and the company's venerable iSeries (AS/400) products seem to us to be proof positive that IBM's stated intent to drive Linux solutions across the company's entire product line continue on track. More importantly, the Linux customer wins IBM announced suggest that this strategy and Linux itself are gaining increasing traction in the marketplace.

In news stories this week, IBM spokespeople were quoted as saying that the company generated \$1.5 billion in Linux-related revenues in 2002, and that its overall Linux efforts are profitable. While the curmudgeon in us wonders about the origin and breakdown of these numbers, we also believe they are dramatic enough to give IBM partners and some competitors pause. For partners such as the ISVs who depend on IBM to break new business trails, this likely represents tangible new opportunities and markets to explore. For companies like SUN that have long insisted that Linux be relegated to the "edge" of the network/enterprise, this must come as a real shock. For IBM, at least, Linux appears to have come of age.

