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The Big (?) XP Launch

By Jim Balderston

Microsoft rolled out its Windows XP product this week, touting the new operating systems' user-friendly features and stability as major reasons that both consumer and business users should upgrade from Windows 9x or Windows ME. The new operating system is based on the Windows 2000 code base, which has proven itself much more stable than the company's previous desktop operating systems. The new OS also has a major redesign for the user interface, with a series of new features for managing the files and applications resident on the desktop machine. Windows XP Pro, the power user and business desktop version, has a wide range of features including remote desktop access and IntelliMirror, which allows for a user's settings, applications and personal profile to follow them around in a network environment. Both versions, Windows XP and XP Pro, allow for online updating of applications automatically.

We attended the San Francisco XP launch event, and we were immediately reminded of the circumstances confronting Sherlock Holmes in the story Silver Blaze. The horse Silver Blaze is stolen in the night, despite the presence of a guard dog, which curiously did not bark during the theft. Just as the dog that did not bark led Holmes to the solution to the theft of the horse, we believe that the things Microsoft did not say at the XP launch are much more meaningful than those they did enunciate.

While company representatives spent a great deal of time talking about all of the ease-of-use features, and the new and friendlier user interface, the more notable features included in XP Pro were largely ignored, with the exception of the remote desktop feature. Considering that XP – and especially XP Pro – is the stepping-stone to the .NET environment that will offer a revolutionary new computing architecture, we thought that such an omission was clearly premeditated. We can offer a few hypotheses for why Microsoft decided to not to tie XP with the future we call Service Computing (or .NET within Microsoft) and highlight things like IntelliMirror, desktop management and advanced software installation and maintenance. We suspect these reasons may each have had a hand to play in the events – or lack thereof – that occurred on October 25. First, we suspect Microsoft is feeling the heat from its settlement talks in Washington; it also has a number of state attorneys general still looking over their legal options against

the company. Within such an environment, too much talk about the future – and means by which Microsoft might extend its reach – could fan the embers of anti-Microsoft political sentiment. Secondly, as a videotaped message from Bill Gates noted, the events of September 11 are still fresh in everyone's memory. Perhaps a big, splashy launch party seemed a bit too much, especially given the fact that the major launch event – with Gates – was held in New York City. Finally, we think there might have been too much to talk about. In other words, Microsoft decided to keep it short and simple, to avoid confusing too many people. This, we believe, and not a lack of enthusiasm for the .NET initiative within Microsoft, may have been the largest single reason Microsoft representatives were as silent on .NET and the future of computing as Holmes' celebrated dog. Too much information would have blurred the message. Instead, it appears Microsoft is willing to let users become familiar with the full range of XP – and especially XP Pro – features. As users do so, this will make the .NET messaging all the easier to disseminate and essentially build demand for more extended services a la the .NET model.

IBM Announces eServer p610; Releasing a Frisky Colt into Sunny Pastures

By Charles King

IBM has announced the launch of the eServer p610 (AKA Colt), a two-way, UNIX-based server the company describes as an entry-level machine ideal for small businesses or enterprise departments. Powered by IBM's copper-based Power chip technology, the p610 runs AIX 5L and can also run Linux applications. Additionally, the p610 contains self-healing technologies migrated from IBM's mainframe products via the company's eLiza initiative, including First Failure Data Capture and Persistent Deallocation, and can be administered remotely with handheld wireless PDAs. The p610 can be ordered with up to 291 GBs of internal disk storage and can be clustered in groups of up to 32 machines. IBM also claims that the p610 uses 19% less power than comparable products (SunFire 280R) from Sun Microsystems. The eServer is currently available with prices beginning at $7,495.

On one level, the p610 release can be considered another brick in IBM's efforts to challenge Sun Micro's lead position in the UNIX server space. IBM's strategy has been to deliver robust and flexible machines that outperform similar Sun products in key areas. For example, the Colt can be configured with almost four times the internal disk storage as the 280R, and boasts mainframe-derived self-healing and management tools for added stability and reliability. These might well be key issues for businesses that need small footprint servers to optimize space and performance. We are also intrigued by IBM's claims regarding the p610's energy efficiency. Being based in California has made us especially sensitive to energy issues, as most cities in the Golden State spent time during the past year fearing or experiencing rolling blackouts. Since several other states are either considering or embarking on energy deregulation models similar to California's, we expect product power usage will likely become critically important to hardware vendors and their customers.

Given its apparent benefits, does the Colt's release mean that Sun's rein on the UNIX server market has been broken? Hardly, but it does suggest that IBM is moving its UNIX efforts onto a new field of battle. Top end, high-performance servers like IBM's recently launched Regatta and Sun's new Starcat may grab the headlines, but departmental and workgroup machines are bread and butter products for server vendors, the infantry that leads their larger efforts to victory or defeat. The features and capabilities IBM has included in the eServer p610 suggest that the company has seriously considered and assessed the necessary requirements for entry-level UNIX products. How customers will respond to IBM's Colt strategy, and how Sun will reply to this incursion into its territory, should make the bread and butter

server market a toasty place over the next few months, and will likely impact the longer terms fortunes of both companies.

Not All is Bad in IT Land: Citrix Reports Q3 2001 Revenues

By Clay Ryder

Citrix Systems Tuesday reported results for the third quarter ended September 30, 2001. Revenue for Q3 01 was $153.5 million, up 35% over a year ago. Earnings were up 29% at $27.8 million for Q3 01 compared with $21.6 million a year ago. Earnings exclusive of one-time charges were $41.4 million for Q3 01, which is up over 50% compared with $27.5 million a year earlier. Year-to-date 2001 revenues were $433.6 million, up 25% from $347.1 million for the comparable nine months of 2000. Earnings for the first nine months of 2001 were $79.6 million, compared with net income of $75.1 million, for the comparable nine months of 2000. Earnings exclusive of one-time charges were $112.0 million, for the first nine months of 2001, compared with $92.2 million in the same period last year. The company indicated that the market has been very receptive to its MetaFrame XP platform, which accounted for almost two-thirds of the base product sold in the Americas this quarter. Additionally, Citrix stated that electronic delivery of licenses amounted to 29% of product sales during the quarter and that the company repurchased approximately 1.87 million shares of its common stock during the quarter. Key customer agreements were reached with American Express, Centura Health, Crane Group, Ericsson, IKEA, Nationwide Insurance, Qwest, the State of Oregon and Telkom S/A, among others.

It is no secret that the IT market as a whole has seen better days, but this announcement by Citrix goes to show there is always an exception to the rule. Given the economic climate of layoffs and financial bleeding, simply not losing money is not half bad, but actually continuing to grow a business is especially noteworthy. But why Citrix? One reason we believe the company is doing well is that they are well positioned for what will be the inevitable move towards Service Computing. Through its ownership of ICA and related technologies as well its long-standing focus on providing access to distributed applications, we believe Citrix is helping lead the market to a place where the location of data, application and presentation layer is increasingly irrelevant. Thus, the ability to seamlessly access LOB information is moving one step closer to a functional reality. With the number of alternative computing and access solutions coming to market continuing to grow, Citrix enjoys the enviable position of being a core provider of technology that will ultimately play an important role in enabling Web Services as a stepping stone to realizing the Service Computing vision. While we expect the market to take a long time to effect the technological and behavioral changes needed to bring Service Computing to reality, the endorsement of the distributed architecture of computing that Citrix has come to symbolize is evident by their continuing growth and customer wins in what it is otherwise a gloomy IT marketplace indeed.

IBM Stretches Tivoli into the Future

By Jim Balderston

IBM has announced that it has extended the Tivoli Policy Director software to allow it to work with a wider range of enterprise portals, B2B exchanges, e-Markets and procurement systems. Tivoli Policy Director manages the access control and security policies of these so-called "business ecosystems," allowing enterprises to determine who has access to what functions of a specific ecosystem. Among the vendor products now manageable under the Policy Director are IBM's WebSphere Portal, SAP's

mySAP.com, Plumtree Corporate Portal and BroadVision One-To-One Enterprise. Tivoli Policy Director supports Java application built on the IBM WebSphere Application Server and BEA WebLogic. The new version of Policy Director is available now on a worldwide basis.

IBM gets it. Sure, the company has a bunch of its own products in spaces like enterprise portals or B2B exchanges. And sure they have a big name that still carries a hell of a lot of weight in the marketplace. But in many ways, Big Blue is acting like a little itty-bitty start-up, recognizing industry leaders or significant players in market segments and playing nice with them. By recognizing and leveraging the existing relationships between enterprises and vendors like BroadVision and Plumtree, IBM gets to play the role of value-added vendor and facilitator. In the case of managing access control and security, such functionality is essential to the viability of B2B exchanges, enterprise portals, procurement chains, CRM, and peer-to-peer business models. Here we see IBM essentially letting the various players in these markets (which by the way have a whole lot more in common than in contrast) open the door for IBM's offerings while not disrupting existing brand loyalties. Beyond this, IBM is placing itself in a must-have position. As we move more toward the Service Computing model, the ability to manage user profiles and access rights will become paramount. Within Service Computing models, users will have the ability to access their applications and data from virtually anywhere. Another way to say this is that a user's profile will roam with them across the network. To do this in a rational fashion, sophisticated access control capabilities will have to be in place. Otherwise, chaos rules. As it stands now, demand for management of roaming profiles is small. But as the Service Computing model begins to take hold in the marketplace, those that help facilitate its core functions – like roaming profiles – are going to be in a very pretty place, indeed.

Instant Messaging: Not Just for PCs Anymore… Or Is It?

By Clay Ryder

Sun Microsystems announced the iPlanet Portal Server: Instant Collaboration Pack, which the company positions as the industry's first portal environment incorporating collaborative, community-based instant messaging. The iPlanet Portal Server is part of Sun ONE, the company's network-focused environment designed to support the development and delivery of services on demand. The Instant Collaboration Pack features include instant messaging, polling, chat rooms, alerts, and the ability to create work groups and share files and URLs in a secure environment that span internal employees as well as external business partners, suppliers and consumers. The iPlanet Portal Server: Instant Collaboration Pack will be available in November 2001 for $30 per user with volume discounts and is available for Solaris and Windows NT. Additionally, earlier this week Sun Microsystems and AOL announced that they would undergo operability trials for AOL Instant Messenger and ICQ.

While the overall IT market is undoubtedly seeing some of its hardest times at present, there is always the quest for next "gotta have" product that would provide some new wind for the proverbial sails of the industry. While much of this wind has been knocked out of the Internet, telephony and dotcom markets, there is one product area that continues to experience positive growth, namely instant messaging. While IM is hardly new, the number of users continues to rise, and many are finding that IM is more than a cute personal messaging gimmick or a distraction at the workplace, but in reality a potentially viable business tool. Given this, it would seem logical that a major commercial systems vendor would want to get involved to add value and create a truly industrial strength solution. But does this mean Sun will experience instant success with their instant messaging solution? We are not so sure.

The most prevalent IM solutions are those from AOL, MSN, and Yahoo! These are typically PC-based and, perhaps most importantly, are available at no incremental cost to the user. If you have an AOL account,

you get IM for free. Likewise for MSN or Windows users, and Yahoo! aficionados. This is a very minimal resistance approach, and one that we are not so sure would have the same degree of uptake if users had to pay for the software. Yes, there is undoubtedly a market for higher value-added IM, but it is unlikely to be more than a fraction of current IM usage. If one of the primary reasons for interoperability with AOL is to reach a potentially large audience of users, these users would be effectively limited to the capabilities of the standard AOL Messenger client, which begs the question: why not just use a PC with the no-incremental-cost software? So while we believe Instant Collaboration Pack offers value to the commercial marketplace, it is unlikely to have a noticeable impact on the number of AOL Messenger (even with interoperability) or MSN or Yahoo! users any time soon.

HDS Announces HiCommand

By Charles King

Hitachi Data Systems announced HiCommand, a software framework for simplifying storage management tasks. HiCommand provides a single Web-based interface for managing all Hitachi Freedom Storage systems. The company said it will also provide HiCommand Application Program Interfaces (APIs) that will allow ISVs to more easily integrate their applications for use in HiCommand environments. The company claimed that over thirty ISVs are actively participating in the HiCommand Developers Program, and Sun Microsystems has also endorsed the effort. HiCommand is currently available for Hitachi Freedom Storage Lightning 9900, and support for Freedom Storage Thunder 9200 will be available in November. The company also said it expects to include support for storage products from other vendors in future releases.

While we find some elements of the HiCommand release intriguing, we are afraid it does not go far enough. On the plus side, Hitachi's decision to open the APIs for HiCommand to ISVs should make it easier for software vendors to provide storage management apps for HDS products. In fact, on one level, the HiCommand announcement could be regarded as little more than an open invitation with promise of free ice cream (APIs) for ISVs willing to create management solutions for Hitachi Freedom. While friendly enough, the glowing endorsement from Sun Micro should be considered in light of the technology alliance Sun and HDS signed a month or so ago. While neither company alone owns a huge chunk of the data storage market, together the two rank third or fourth in total market share.

The reality of today's storage market is that end users are creating highly complex, widely dispersed environments with products from a range of vendors. This embrace of heterogeneous environments contradicts the conventional strategy of providing and maintaining homogeneous storage solutions. While open industry standards might constitute an ideal solution for creating cross-platform storage management applications, building or reaching a consensus for a useful agreement is a long-term project for a problem in need of shorter-term solutions. Though open HiCommand APIs may lure ISVs to HDS (and eventually Sun), it does little for the industry or users at large. A more useful solution to increasing storage complexity will have to wait until larger players decide that embracing truly heterogeneous storage solutions is more valuable and lucrative than playing the game alone.