



## Market Roundup

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February 1, 2002

This Week

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### Rapid Results: EMC Launches Business Continuity Solution

*By Charles King*

EMC has announced Rapid Results, a new business continuity offering that supports EMC's technology products with the company's EMC Global Services organization. Along with EMC's hardware and software products, Rapid Results solutions will leverage products and services from EMC partners including SunGard, AT&T, Unisys and Legato. To develop a Rapid Results solution, an EMC Professional Services consultant works closely with a customer to assess and evaluate business systems, information flows and recovery requirements, then design a solution to meet that customer's specific needs. Once the custom design is completed and agreed upon, EMC will develop and physically implement the solution within thirty business days, including configuration, integration, testing and documentation. Beyond disaster recovery processes, Rapid Results solutions also allow customers to utilize recovery sites to perform tasks including application development and testing, back-ups and data warehouse refreshes.

Along with the awful toll they exacted on thousands of individuals and families, the terrorist attacks of September 11, 2001 had a profound affect on businesses of every size. The sheer number of enterprises with offices in the World Trade Centers that relied on computer and data storage systems meant that any problem within the structures could have serious repercussions. The catastrophic events following the attacks pressed businesses, computing infrastructures and IT vendors to and sometimes well beyond their breaking points, calling into serious question many of the most deeply held beliefs and assumptions regarding disaster recovery and business continuity. Given the general tenor of uncertainty during the past few months, it is no surprise that business people are nervous about their companies and business assets. How vendors have responded has been as varied as the concerns themselves. There has been an increase of interest in computer and network security products, as well as a predictable jump in the number of individuals and companies offering security-consulting services.

From where we stand, though, IT vendors are providing some of the most interesting work being done in these areas. Business continuity is, after all, not a stand-alone solution but a difficult, costly systemic process that requires close cooperation with and collaboration between storage, system and software vendors, network hardware and software developers, telecom SPs and the technical and service support staff that put a solution together and keep it operating. But for such a system to truly work well requires a

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900 Veterans Blvd, Suite 500  
Redwood City, CA 94063-1743  
650-366-0700 fax 650-649-2302  
Europe (London) 44-020-7900-2819

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firm understanding of the client's business and data needs before vendors get to work. From that standpoint, we believe EMC's Rapid Results offering suggests the company is both well aware of the complexities of business continuity and well prepared to move ahead. In particular, we are interested in EMC's notion of creating "active" disaster recovery installations that can be utilized for application development and other processes, helping to mitigate the costs and increase efficiency. While business continuity is not an original concept by any means, we believe that Rapid Results is likely to be especially valuable to EMC's large enterprise customers, and contains a number of features the company's competitors will likely consider for their own offerings.

## Server-based Speech Recognition: IBM announces WebSphere Voice Server for Transcription

*By Clay Ryder*

IBM has announced IBM WebSphere Voice Server for Transcription, a new speech recognition technology for companies seeking to implement advanced, enterprise-wide dictation and transcription. Based on IBM's ViaVoice technology, Voice Server for Transcription features a vocabulary of more than 160,000 words, is designed for multiple users, and has available additional, specialized vocabularies for the medical and legal fields. Users can dictate reports via devices including telephones, USB microphones and mobile digital recorders, and have their work returned as text, thus eliminating the need for labor- and time-intensive human transcription. Once enrolled in the program, users can dictate from virtually any location within the network.

Because it is part of the IBM WebSphere family, developers can link the transcription server to the rest of the enterprise. The Topic Factory, a built-in tool, allows developers to add specialty vocabularies and network administrators also can tune voice profiles for increased accuracy. The Transcription Server is packaged with a runtime server, a toolkit, APIs, programming and system administration documents, utilities, and sample client code. No pricing information was released.

Voice recognition is nothing new; in fact Big Blue has been selling ViaVoice for desktop PCs for years. But while voice recognition software for PC has provided a more natural input paradigm for the technically challenged and has extended access to the PC to those with physical handicaps, this announcement is compelling because it moves general purpose voice recognition beyond the need for a PC. What is really interesting here is the ability to dictate through USB microphones, telephones, recorders and other devices that are not PCs. Suddenly; dictation is potentially available to anyone within the reach of a telephone or network microphone. Thus the action of voice recognition and text creation is no longer tethered to the PC or traditional hand transcription processes.

Overall, we believe this announcement is intriguing as it is further evidence of the potential for new classes of network services in the emerging Service Computing environment. When voice transcription becomes available as a service through a variety of access devices, the potential for value add is significant. Specialized dictation services that check for completeness of reporting, common errors, regulatory requirements, etc. could be built around this capability. For industries such as healthcare, legal and others where a significant amount of voice note taking or transcription is the norm, such a service could represent decreased costs of operations due to the reduced number steps needed to transfer thought to paper and implicit reduction in errors as well. Likewise, meeting minutes or other note taking could be enhanced. By simply deploying a USB microphone and training the system to the presenter's voice, the book writes itself, as the saying goes. But perhaps best of all in our view is the reality that most any user could make use of such a computer-based service without needing to significantly change their workplace

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behavior or needing to touch a computer. By providing solutions that are pervasive without being invasive, technologies such as WebSphere Voice Server in our opinion are well positioned to help drive the adoption of Service Computing.

## IBM/HP Keynotes Illuminate Future of Linux

*By Charles King*

During this week's LinuxWorld conference in New York City, IBM SVP William Zeitler and HP CEO Carly Fiorina offered keynote speeches detailing their respective companies' views on the importance and future of Linux and the open source movement. Speaking on Wednesday, Zeitler described Linux and other open source technologies as fundamentally changing ebusiness and the proprietary product strategy that has defined the technology industry. Zeitler also discussed the Internet, which he said began as a platform for communicating, but believes is evolving into a platform for Grid computing processes such as those IBM has been developing. As part of the keynote, he also announced that E\*TRADE has begun moving its entire financial services platform to IBM's eServer xSeries running Linux. In another keynote address, HP's Fiorina claimed that 2002 will be the "break-out" year for Linux, and declared HP's commitment to delivering Linux-based solutions for its customers. Fiorina sees Linux as an essential building block HP can offer customers for building heterogeneous computing environments, an area she sees as differentiating HP from other vendors. To that end, Fiorina regards HP's role as helping to increase Linux credibility in the business world, an effort she believes will be aided measurably by HP's proposed merger with Compaq, given the two companies' commitment to driving Linux on the Intel and Itanium platforms. As part of her keynote, Fiorina announced that HP had recently expanded its Linux relationship with DreamWorks SKG into a three-year strategic alliance.

Shorn of the keynote hype and PR-laden rhetoric, we believe these speeches present an interesting position from which to examine and compare the state of Linux according to HP and IBM. At its core, Fiorina's address regards Linux as a simple commodity, comparable with – although different from – the commodity called Windows that HP will offer its customers as a building block for multi-platform computing environments. She sees Linux as valuable because HP's customers do, and she will make certain that HP will do all it can to support, extend and increase that value for both the company's and its customers' sakes. Zeitler's, and one assumes IBM's, view of Linux and open source is more revolutionary. In Zeitler's view, open source will not only undermine traditional proprietary product and computing strategies, but will also drive the Grid computing model IBM believes will empower commercial computing-on-demand services. This view is not only more radical than HP's, but more essentially mature, a not surprising turn of events given IBM's longer and more thorough embrace of the open source model. Is one of these views likely to triumph over the other? To our way of thinking, the opinions presented by Ms. Fiorina likely reflect the thinking of many or even most IT professionals, who prefer to hope that if Linux will not go away, perhaps it can simply be made to play by the rules. Mr. Zeitler on the other hand seems to envision a world where technology is still capable of inciting or even inspiring elemental change. The smart money might go Ms. Fiorina's way, but we will gladly take Mr. Zeitler's longer odds on this one.

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## Global Crossing or Global Crosshairs?

*By Clay Ryder*

Global Crossing announced that it has signed a letter of intent with Hutchison Whampoa Limited and Singapore Technologies Telemedia Pte. Ltd. for a \$750 million cash investment for a joint majority stake in Global Crossing's equity in connection with a restructuring of the company's balance sheet. In order to begin the restructuring process, Global Crossing and certain of its affiliates commenced Chapter 11 cases in the United States Bankruptcy Court for the Southern District of New York and coordinated proceedings in the Supreme Court of Bermuda. Under the terms of the proposed investment, which are conditional on, among other things, the confirmation of a plan of reorganization by the courts before the end of August 2002, creditors would share in a combination of cash, new debt, and new equity in the restructured company. Existing common equity and preferred shareholders would not participate in the new capital structure. The company indicated that business operations would continue as usual during the restructuring process. Hutchison Whampoa and Singapore Technologies Telemedia already have business relationships with Global Crossing and its affiliates. Asia Global Crossing and Hutchison Whampoa each own 50% of Hutchison Global Crossing, a telecommunications service provider in Hong Kong. Asia Global Crossing and a subsidiary of Singapore Technologies Telemedia each own 50% of StarHub Crossing, which owns and operates a high capacity backhaul network in Singapore.

The concept of losing a nickel on every drink but making up for it in volume has been the lone modus operandi for many in the Internet space. Of course, any astute study of mathematics can quickly glean the inherent flaw in this business model. While telecommunications players of nearly every stripe have been hit hard during past couple of years, it is easy to overlook some of their technologically compelling accomplishments. Global Crossing has an impressive infrastructure and counts many of the world's largest entities as its customers; however, the company has had a hard time parlaying its sizeable investment into a profitable operation. This is unfortunate for past investors, but as is often the case, with adversity also comes opportunity. For a mere \$750 million, an operating company that cost many multiples of that to build can be had for a fire sale price. With the restructuring of debt and elimination of the previous owners of the firm, the new venture has the potential to lower its cost and debt base and perhaps eventually achieve profitability. While Global Crossing has long been in the financial crosshairs, we do not believe that the market for high-speed communications services has evaporated. Perhaps the new entity will be able to grow its customer base faster than its costs and ultimately achieve the point where it can ply its wares without losing the proverbial nickel on every drink, since in this case all of the bottles, glasses and ice have already been paid for by someone else.

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