Market Roundup

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Intel Introduces Xeon MP: Let the XGames Begin!

By Charles King

At CeBIT 2002, Intel introduced the Xeon processor MP, a chip aimed at the mid-tier and backend server market. Available in 1.4, 1.5, and 1.6GHz versions, the company expects the Xeon MP to offer significant performance enhancements over existing Pentium III Xeon multiprocessor systems. The new processors include an additional (third) level of 1MB or 512KB Level 3 cache on the chip, as well as HyperThreading and Intel NetBurst microarchitecture technologies, changes the company believes will boost performance over RISC-based products. The Xeon MP products are available immediately. In a series of other announcements, IBM, Hewlett Packard, and Unisys all announced products based on the Xeon MP. IBM introduced the new xSeries 440, a new eight-way Xeon MP machine enhanced by the company's XA-32 chipset architecture that can be scaled up to sixteen processors. HP introduced the tc7100 and rc7100, tower- and rack- mountable servers with four-way Xeon MP configurations. Unisys introduced the Enterprise Server (ES) 7000/200, which the company claims offers "main-frame class" self-management properties and can be scaled to thirty-two Xeon MP processors. Unisys also stated that previous versions of the ES 7000 using Pentium III Xeon processors could be upgraded to the Xeon MP.

There are really two stories at the heart of the Xeon MP introduction. The first concerns what Intel is trying to accomplish with its new chips. On that side, we regard the Xeon MP as yet another step in the company's methodical journey into sectors that have long been dominated by multi-processor RISC-based servers. This is a lucrative, natural market for Intel to set its sights on, since the company has done so well at the lower end. However, Intel carries some burdens into the fray, including questions regarding the performance of its products and worries about the readiness of Microsoft's server and data center products. While some of these concerns may be justified (and will likely be successfully addressed over time), we see others as merely echoing the carps of RISC-focused vendors trying to defend their long held turf. Overall, we believe the Xeon MP offers some performance enhancements to Intel's processor stable that enterprise customers will likely find tantalizing or even compelling. Of particular interest to us is the additional level of L3 cache, which could offer significant performance boosts to some backend and

database applications. While we are also intrigued by Intel's addition of HyperThreading (which allows an operating system to view a single physical processor as two logical processors), some Microsoft multi-processor licensing issues may cloud just how useful (and expensive) this feature will eventually prove to enterprise customers.

The other story in the Xeon MP launch is the way Intel's new processor illuminates the overall market focus of its vendor customers. HP, whose mid-range and backend servers are primarily UNIX-based, is taking small steps here with a pair of generic four-way boxes. This makes perfect sense, especially if the company's proposed merger with Compaq is approved, since Compaq has a much larger and more persuasive reputation as an Intel-based vendor. The ES7000/200 continues Unisys's efforts to define itself as the high-end Intel server vendor of choice for data center customers. Where the company's strategy will eventually lead is uncertain, but Unisys cannot be faulted for lack of commitment. The new xSeries 440 shows IBM playing the same essential server game have been executing over the past year, offering highly stable and flexible machines at sometimes breathtaking price points. Their announcement's comparison of the x440 to similarly configured Compaq (at the lower end) and Unisys (at the higher) boxes suggests that IBM has a clear view of the market's terrain and a well considered plan of attack. That competitive landscape is likely to change as other vendors announce Xeon MP-based products and suggests that interesting times lie ahead for every player involved in this game.

Mobile Security: The More Things Change…

By Jim Balderston

This week Fujitsu Microelectronics America announced a new fingerprint identification technology that could be used to apply biometric identification systems to PCs, cell phones, and PDAs. The new MBF 300 Sweep Sensor captures fingerprint data at high-resolution rates, up to 500 dpi. The captured image is then compared against a database to either confirm or refuse the identification. The MBF300 operates in voltages from 2.8 to 5 volts, and has a lower operating current of 100 milliWatts and standby power consumption of 50 microWatts. The device is priced at $13.50 for sample units and $10.50 each in 1,000-unit orders. Check Point software also made significant announcements on the mobile front, announcing the availability of a firewall for PDAs, specifically those made by Compaq and HP running Microsoft PC 2002 and Handheld PC 2002. The company also indicated that it was working with cell phone makers to develop a version for the Symbian operating system and that its new firewall package contains secure remote access features as well as centralized management capabilities.

At first glance, the idea of biometrics on cell phones or firewalls on PDAs and cell phones seems to be a bit of overkill even in our new, post-9/11 heightened security mode. But in reality, these announcements represent an ongoing continuum of product development – and yes, market demand — that was well underway before the events of 9/11. As PDAs and cell phones become ever more powerful, they cross the chasm between limited-function devices to full-fledged computing form factors. If one were to glance backward in time, say ten years, it is easy to note that most PDAs already possess more computing power than the most powerful PC available at the time. We see no reason to believe that this evidence of the ongoing reliability of Moore's Law will not abate. PDAs and the newer cell phones are full-fledged computers and as vulnerable to security breaches – be they hack attacks or viruses – as any computer now or in the past (and the future, for that matter). Ergo, security is as important here as it is on PCs. One only has to cast an eye to Europe to see this reality in its full effect. More sophisticated cell phone systems and

devices have opened the door to malicious behavior more commonly associated with PCs, with cell phone viruses and attacks being carried over wireless email and short message service.

Securing wireless devices is certainly a necessary but initial step. In the evolving Service Computing model, these devices will increasingly become the access device of choice for many enterprise users, who simply cannot resist the mobility, ease of access and lower cost of accessing their business-critical information through smaller form factor devices. As enterprises warm up to this reality, we expect that many of the other elements so important to Service Computing – remote management, application upgrade distribution and a host of other Service Computing features that already are being rolled out in the more traditional PC environment – will find themselves part and parcel of small form factor devices as well. Stay tuned: the march of technology continues.

The Sun Shines on Identity

By Siamanto

Sun has announced the immediate availability of the Sun Open Net Environment (SunONE) Platform for Network Identity. This offering is a bundling of hardware and software designed to serve as an open, end-to-end network identity infrastructure. Moreover, Sun stated that once the Liberty Alliance's specifications become available later this year, the company's new infrastructure product will support federation for network identities. This will enable enterprises to manage and control their most vital assets and identities, be they customers, employees, partners, or equipment, through the SunONE solution where productivity and secured access are controlled via a single sign-on. According to Sun, the SunONE Platform for Network Identity Enterprise Edition can manage 10,000 in-firewall identities while the Internet Edition can manage up to 250,000 outside-firewall identities. Both include pre-installed and -configured software, all necessary hardware and storage, and ten days of technical consulting from Sun Professional Services. The Enterprise and Internet Editions are priced starting at $149,995 ($14.90 per identity) and $999,995 ($3.90 per identity) respectively.

Sun's announcement is intriguing in that the company's solutions could take some of the pain away from organizations needing to have online or behind-the-wall identity management systems. It seems that Sun has recognized that such solutions can be an engineering and deployment nightmare, and aims to soothe clients' difficulties with an integrated solution bundle that includes some consulting from Sun's Professional Services organization. This could potentially allow Sun shops to deploy an identity management system more rapidly and effectively than can their competitors. Nevertheless, there are a couple of essential questions that must be asked.

Is Sun truly offering a highly scalable and secure platform for identity management? What standards are being used to assure that the system is "open" other than the promise of specifications to be released sometime in the future? Sun's offering, on the surface, seems like a rational approach to solving a critical customer problem: the management of identity information scattered throughout enterprises. The real challenge to Sun will be in how well it embraces an "open" approach where the value of having an identity on a Sun system will not be eclipsed by a built-in inability to work with other systems. In this scenario, an offshoot of Metcalfe's law of networks is a salient point: the value of an identity is truly higher if it is associated with many other identities, or for that matter, many other objects as well. Only time will tell whether Liberty and Sun are up to the task.

Compaq GS Adds IT Monitoring to Service Portfolio

By Charles King

Compaq Global Services has announced that it is adding Web-based Remote Monitoring and Performance Reporting (RMPR) to its portfolio of services, and will partner with managed services provider (MSP) InteQ to integrate that company's remote monitoring platform within Compaq's service delivery platform. The service includes support for clients using Compaq ProLiant servers and Compaq Insight Management technologies. RMPR services create real-time performance trend reports via a secure Web portal that serves as a single source for IT availability and performance data, configuration information, event logs and trouble-ticket information. Compaq and its customers can use the data to analyze systems, correlate performance issues, identify trends, and plan expansion capacity through a simple interface. The company believes that RMPR services can help enterprises decrease downtime, quickly resolve infrastructure issues and relieve IT staff from routine duties. No pricing or availability information was included in the announcement.

Web-based infrastructure monitoring and performance reporting is nothing new as companies including Keynote, Mercury Interactive, and F5 have long offered services and applications similar to the InteQ solutions Compaq Global Services will utilize. But the Compaq announcement represents one of a series of events over the past six months that we believe is shaking the monitoring and performance sector. In September 2001, EMC acquired Luminate, an MSP whose remote monitoring solutions were especially adaptable to enterprise storage environments. In December2001, IBM announced a trio of new Tivoli and WebSphere infrastructure monitoring and reporting tools. To our way of thinking, Compaq's announcement suggests that an ongoing migration of these sorts of services is underway from specialists to system vendors' global services operations.

Does this view make practical sense? Certainly, vendors of every stripe are pursuing service opportunities whenever they can be found, and infrastructure monitoring and reporting make perfect sense as additions to any global services portfolio. Additionally, as we have discussed in the past, these services offer good solutions for companies that wish to closely monitor their technology ROI and service level agreements (SLAs), and are especially compelling in tough economic times. But what vendors stand to gain, specialists such as Keynote and Mercury Interactive stand to lose. Overall, we believe that vendors will continue to pursue such solutions by partnering with companies such as InteQ (like Compaq), acquiring such companies/services directly (like EMC) or developing them internally (like IBM). That is likely to be good news overall for customers, who will enjoy wider access to integrated monitoring and reporting services, but could signal future challenges for independent companies that depend largely or entirely on such services for their livelihoods.

AOL Considering Using Netscape Browser

By Jim Balderston

News reports have it that AOL Time Warner is considering using technology it acquired when it bought Netscape Communications Corporation to offer its own, home-grown Web browser to its 34 million or so users. Presently, AOL licenses Microsoft's Internet Explorer code, and customizes it for AOL users. This arrangement dates back to 1995. AOL has apparently already shipped the new Netscape browser in test software for its CompuServe ISP, and news reports indicated that further testing would be done on AOL itself. AOL found itself caught up in other news, as Wall Street began a more rigorous scrutiny of AOL's

subscriber numbers and revenue per subscriber. In fact, Wall Street analysts are finding that AOL's per-subscriber revenue is somewhere between $17 and $18 per month, well below the $23.90 the company charges for its monthly dial-up access. AOL has used aggressive promotions to continue growing its subscriber base, including those now very well known free account trials.

AOL paid $4.2 billion for Netscape back in 1999, and we have always wondered exactly what AOL got for that rather astounding purchase price. After all, Netscape never had a significantly profitable quarter during its existence, as it managed to get its nose above the loss/profit line only a couple of times. Certainly, Netscape's portal and user base must have been worth something, but we never believed that the Microsoft-hating Netscape devotees would take very quickly (or firmly) to newbie-centric AOL, which is probably in their minds the second largest scourge of the Internet, behind the Redmond behemoth. It certainly makes sense for AOL to try and leverage its Netscape technology and relieve itself of licensing arrangements with its increasingly bitter rival, but we wonder if the Mozilla open source design process will deliver a product that is as user friendly as the now relatively well-polished Internet Explorer. Additionally, what, if any, impact would this changeover have on AOL's oft-touted subscriber numbers?

Speaking of subscriber numbers, it appears that AOL has been emphasizing the wrong number in these past few years. While the company has been very aggressive in touting its ever-growing subscriber list; it has been reluctant to discuss churn numbers or revenue per subscriber. Apparently, the revenue per subscriber numbers have been dropping, giving folks on Wall Street a case of the heebie-jeebies as the dust from the Enron/Global Crossing/Andersen accounting scandals is still thick in the air. It is clear that the market for dial-up access in the United States is reaching saturation and this would certainly affect AOL's ability to attract new subscribers. But we also suspect that AOL may be losing customers to lower-price broadband and less intrusive ISP alternatives. AOL may find itself fighting harder and harder to bring in new customers – or to hold the ones they have – especially those customers who do not take well to excessive marketing. Like many companies in the Internet and high-tech field, we suspect AOL has spent too much time focused on Wall Street and perhaps not enough on customer care and management. As we enter a more sober and grounded period of IT growth and development it is all too clear that many companies still mistakenly view Wall Street as their prime customer. AOL may just become the next example of how disastrous taking your eye off the ball – uh, customer – can be.