

## Market Roundup

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## **Sun Shines on IM**

*By Jim Balderston*

Sun Microsystems plans to release a standalone Instant Messaging Server sometime later this year, making the product available separately from its Sun ONE Portal Server, which offers IM capabilities. According to news reports, the new product will offer support for the Linux operating system, as well as for Windows and Sun Solaris. A formal release date and pricing have not been announced for the product. Meanwhile, IBM announced earlier this month that it was adding IM capabilities to its eServer iSeries products and rolling it out on its iSeries Nation portal for customers and partners. The Community Tools offering features a wide range of IM capabilities, including saving of transcripts, polling, and the like.

Many in the enterprise IT sector believe that their offerings — and the habits these offerings create in users — are far ahead of the curve of the mere consumer user base. In most cases they are right. Indeed, these people might ask, how many AOLers are swapping business cards via infrared connections between their PDAs? Of course, the answer would be fewer than those in the enterprise space. Grandma networks down at the bingo game, not at Comdex. But there are exceptions to the rule, and here, with IM, we see one clearly. The lesson to enterprise vendors and customers alike is simple: successful IT deployments dovetail well with the established habits of those on whose behalf the technology is being deployed.

Enterprise IM will certainly be a different animal from the consumer version. It has to be. Not only will the user interface be more “businesslike,” it will require many features that present consumer offerings do not need and may never need. As it stands now, many enterprises are banning IM as a communication tool because of potential legal issues. Just as email has become a verifiable and court admissible paper trail, so IM transcripts could become the stuff of lurid headlines and red-faced executives. Giving the enterprise the ability to save and archive IM sessions automatically will be a key feature. Disseminating rules and guidelines for usage will ease IM into the enterprise; rules like “if you wouldn’t put it in an email, don’t put it in an instant message.” So will security measures that prevent IM from becoming a back door for various rogue applications out on the network. But these issues are technical in nature, offering little more than speed bumps in the eventual deployment of IM inside the enterprise firewall. We suspect the resistance to adoption of this increasingly ubiquitous — and useful — tool will largely be one of attitudes and perception from IT admins and management nervous about the newness of it all. Meanwhile users, well accustomed to managing personal communications in real time with others, are denied a tool that could make them more productive. Corporate IM sounds a lot like all those side-doored PCs a decade or two ago.

## P2P for the Future

By Jim Balderston

Microsoft has unveiled a Peer-to-Peer Development Kit for the Windows XP operating system that is designed to let both software providers and enterprise developers build P2P applications on the XP OS. Microsoft is also planning to develop P2P APIs for the XP platform. The development kit is due out later this year. In a related move, Microsoft has released 3°, a beta site offering P2P software ostensibly to the under-25 age group for the purposes of communicating with friends. That effort came out of a two-plus year internal effort that began when the project's manager approached Bill Gates and Steve Ballmer with the idea that they were missing a key market segment — people under 25 — and the behaviors that they were exhibiting online, i.e., being online all the time. That project was eventually blessed by Jim Allchin and now has the full backing of Gates and other Microsoft bigwigs. The 3° software is available free. With 3° users can network with group of up to ten people in a session, instant message, send various animations like "winks" to each other, and share music in a virtual room.

Looking for coincidences here? You shouldn't be. In 3°, Microsoft is laying the foundation for both a new base of users and new product development for both inside and outside the enterprise firewall. Consumers, especially young consumers that are clicking mice and messaging on cell phones before they get their learning permits, are the next generation of cubicle denizens that Microsoft will have to make more productive and — dare we say it? — satisfied with their desktop environments.

Peer-to-peer networking has been a source of furious debate, especially as it applies to the music industry and file swapping of copyrighted material. But throughout that debate we have been optimistic that P2P would find a place in both the consumer and enterprise markets that would make this interesting technology useful and, yes, not liable to legal action. The ability to share information and instant communications without central servers offers unique opportunities to improve communications within and without the enterprise. The fact that Microsoft is releasing an XP P2P development kit would indicate that they expect the consumer habits formed in junior high school, high school, and college to carry over into the workplace. And we would argue that they will be shown to be correct in this instance. The idea that software is developed to match existing user behavior, and not the other way around, is a departure from the more traditional technology-to-product pathway that expects users to adjust their behavior to the tools at hand. We see P2P, like Instant Messaging, now firmly ingrained in the next generation of enterprise users. We see the two finding a great deal of confluence and overlap, as the next generation of workers becomes the generation that really does need to work in "Internet time."

## Will the Sun Emerge from behind the Market Clouds?

By Clay Ryder

This week Sun Microsystems held its annual Worldwide Analyst Conference in San Francisco. As per the norm for such events, Sun executives articulated Sun's current state, its future roadmap, and its view of the marketplace as a whole. Major themes presented were the future of Sun software, its reaffirmation of the 32-bit IA as a UNIX platform, blade servers, Linux, Project Orion, Trusted Solaris, N1, and services. In addition, the company provided an exploration and explanation of Sun's recent financial performance.

Sun has always been more than a company; it is an entrepreneurial way of thinking, a spirit of taking on big challenges, solving big problems, and displaying a headstrong steadfastness despite the temporary incursion of competitors, market changes, or even outright market malaise. This essence of Sun has allowed it to weather several storms and challenges to its survival. Nevertheless, in today's market reality does this mean that Sun will emerge victorious once again? The answer depends upon how one defines victory. If one were to define victory as succeeding in the markets one focuses on at present and having the ability to redefine the market, its context and meaning, and the language used to describe success, then yes, Sun will emerge victorious once again. But if were to apply a different definition, i.e., the ability to articulate a clear encompassing view of the systems marketplace as whole, including technologies that are maligned if not despised by one's point of view, this assessment of Sun's current success would have to be measured, and its future roadmap fraught with a lack of clarity in its implementation.

Comparing the laundry list of markets and products that Sun's CEO stated it would not participate in with the presentations given by the product groups and the CFO raises some interesting questions of interpretation. While Scott McNealy in his usual charismatic style denigrated HP, IBM, and Dell for being nothing more than outsourced components brokers, he stated the commodity components such as disk drives, cabling, cabinetry, etc. are part of Sun's path to success. IBM's Global Services was the butt of CEO commentary, yet the CFO reported that services would represent approximately 30% of Sun's FY 2003 revenue and contribute upwards of 40% of the operating margin. But perhaps more illuminating about Sun's future was the dearth of discussion on UltraSPARC workstations replaced by a recycled expose on SunRay = workstation, replete with predictions that in the near future everything from dog collars to children and credit cards to automobiles will have pervasive Java technologies embedded within. Then the network will be the computer and tremendous bandwidth will bring all sorts of applications, entertainment, and personal services to everyone on the planet through thin client devices. Does this sound familiar? While this year's event had a much more rational presentation of its viewpoint with uncharacteristically minimal cheerleading, the fact remains that Sun has chosen to focus on the medium and larger enterprises and downstream customer electronics instantiations. Although there is a likely a profitable business for a "right-sized" Sun engaging these markets, the fact remains that Sun is conveniently overlooking the hundreds of millions of PC users, non-broadband pervasively connected users, as well as printing and imaging, to name a few "systems" categories of products. So, if Sun's definition of the future comes to pass, it will reign victorious. However, given the number of times we have been down this road, we seriously question whether Sun will be a relevant vendor outside this well defined, but limited marketplace. As such, will Sun truly be a systems vendor, or just a server supplier (with supporting infrastructure software) to the business and governmental royalty that will be increasingly beyond the reach of mere mortals? Only time will tell.

## Documentum Announces Integration of eRoom Collaboration with Documentum Repository Products

By Myles Suer

Documentum announced this week the integration of eRoom's products, which it now owns after its acquisition of eRoom late last year, with Documentum ECM product versions 4.2 and 5.0. The product called eRoom Enterprise is designed to create a seamless, integrated experience between content management and collaboration. eRoom Enterprise offers unified content and collaboration services for project work and content, including documents, email, Web pages, records, and rich media, on both Intranet and Internets. eRoom enterprise is now available. Pricing has not been announced.

Although this represents only the opening volley from the eRoom acquisition by Documentum, we believe it begs the question as to whether eRoom Enterprise will be accretive to Documentum's bottom line or just another set of features that mean little to driving the company's future. So far, content management and collaborative tools have been separate, distinct, and somewhat lackluster markets. While Documentum cites the use of eRoom by HP and Compaq during their merger for collaborating and storing working documents, we are not convinced this on its own demonstrates a new growth market born from this union. As a result, we are left asking if the addition of collaborative tools changes Documentum's fundamental value proposition in its existing markets and whether anyone will care.

The central issue for Documentum is whether the publication model a company uses to create content involves parallel or serial collaboration. Unfortunately for Documentum, parallel collaboration is not the way most business documents are created (outside of a few legal and financial markets), nor is this likely to change in the near future. Given limited synergy and market advantage for Documentum and limited application and therefore appeal to users, we wonder if there were better places for Documentum to have invested its resources. Granted this new product enhances document management and should be a boon for organizations that require committee style collaboration, we believe this is a limited market opportunity. While Documentum may believe that eRoom is its ticket out of the narrow world of document management and entry into the broader collaboration arena, we do not believe this product announcement takes them there.