
Market Roundup

November 26, 2003

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The Enemy of My Enemy is My Friend

By AJ Dennis

IBM and BEA Systems have announced that they are collaborating on ways to smooth out technical differences between their respective Java software lines. The companies have published three technical specifications for their products that they say will make it easier for customers to run programs on Java application servers. The three technical specifications are: Service Data Objects, which provides a common way to pull data from multiple data sources such as XML-based file systems and relational databases; Timer for Application Servers, a mechanism for scheduling processing jobs; and Work Manager for Application Servers, for setting up processing tasks in parallel. The changes are expected to be fully implemented within the next major release of both BEA's WebLogic and IBM's WebSphere, which are due next year. Additionally, IBM and BEA stated that they will submit the specifications to the Java Community Process, an industry-wide Java standardization effort, and will make the guidelines available, royalty-free, to other companies

In response to requests from customers and ISVs, it is clear that both IBM and BEA are working to solidify the Java 2 Enterprise Edition Application Server as a middleware standard by creating more common technical underpinnings for their Java server software solutions. There is plenty of competition for this "lynch-pin" middleware role, with Microsoft's .NET as the chief rival. This is a bridging strategy that allows the two companies to establish a coordinated leadership of the standard through collaboration in the technology components and competition in the marketplace where the two companies have a combined market share of 66%.

We find it interesting that Sun is not mentioned in this effort to strengthen the J2EE middleware model as a standard. Similarly, BEA and Sun announced earlier in the week a common technology effort in the tools space with IBM conspicuously absent. While Sun directs the Java standardization process and controls the Java brand, it does not have the market clout that its partner BEA and IBM have in this space. Some have suggested that as market leaders IBM and BEA are now collaborating explicitly on driving the direction of Java, this indicates a profound weakening of Sun's leadership in the Java space. We disagree. In spite of the years Java and Java components have held this middleware role, the effort to secure its critical standards position is really just heating up. We believe that all three companies understand the enemy here is not one another or even, dare we say it, Microsoft's competing .NET. Rather, the enemy is complexity overall, as well as parochial product plays that together keep enterprise costs up and customer confidence down. Reducing both of these allows customers' IT organizations to serve their internal constituents by focusing on resolving business problems, not excusing ongoing, inherent systems problems. We need more collaboration of the sorts IBM, BEA, and Sun are pursuing to continue to get the software out of the way of the work it is supposed to help facilitate.

HP Announces New Storage Products/Packages for SMBs

By Charles King

HP has announced a new storage product family and packaged server-storage offerings designed for SMBs. The new HP Storage Works Modular Smart Array (MSA) family includes products which can be purchased

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The Sageza Group, Inc.
836 W El Camino Real
Mountain View, CA 64040-2512
650-390-0700 fax 650-649-2302
London +44 (0) 20-7900-2819
Milan +39 02-9544-1646

individually or in packages with HP Proliant servers. The MSA 30 (formerly the SWE 4414/4454), a DAS enclosure designed for workgroups and departmental users, scales to fourteen drives and up to 2TB of storage. The MSA 500 (formerly the Smart Array Cluster), a DAS enclosure designed for storage consolidation, scales to fourteen drives, 2TB of storage, and 512MB of cache. The MSA 1000 (formerly the Modular SAN Array 1000), an entry level SAN array, scales from fourteen to forty-two drives, up to 6TB of storage, and 512MB of cache. In addition, HP is also offering the DL380 Packaged Cluster-MSA500 (formerly the DL380 Packaged Cluster) which includes two Proliant DL380 servers, the MSA500 enclosure, two host bus adapters, and required cables, as well as the DL380 Packaged Cluster-MSA1000 which includes two Proliant DL380 servers, the MSA1000 enclosure, two host bus adapters, one 8-port fibre channel switch, and required cables. Estimated list prices for the MSA30, MSA500, and MSA1000 start at \$3,200, \$5,700, and \$9,995 respectively. Estimated list price for the DL380 Packaged Cluster with MSA500 is \$9,999 and \$19,999 with MSA1000.

At its heart, HP's MSA announcement is more about re-branding than re-engineering or re-imagining the company's SMB storage product line. But while these solutions and one package have all been available previously, it is worth asking why HP is going through the trouble and cost of renaming them. From a purely strategic standpoint, this effort aims to slow the SMB efforts of Dell/EMC and IBM. While HP's acquisition of Compaq initially gave the company a solid lead in the Intel-based server market, Dell is the T-Rex looming large in HP's rear view mirror. In addition, Dell's marketing and manufacturing alliance with EMC has delivered significant dividends for both companies' SMB efforts. In a press event celebrating the second anniversary of that alliance, the companies' spokespeople said Dell/EMC system sales for the first half of 2003 have eclipsed sales for all of 2002, an achievement HP has likely noticed. On IBM's side, the success of the company's Intel-based xSeries servers has helped spark IBM's SMB efforts, as has the company's acumen in packaging hardware, software, and services together into differentiated products.

Practically speaking, HP's MSA re-branding effort aims to boost sales and market share for its business computing solutions, which have lagged the company's consumer-centric product lines. By simplifying its lower-end storage products, tying them together thematically, and offering them in packages with Xeon-based Proliant DL380 servers, HP is trying to make life and IT purchasing decisions a bit easier for its SMB customers and life a bit sweeter for the HP channel partners. At the same time, re-branding allows HP to avoid the cost and effort of developing new storage solutions, a critical issue to a company skating at the thin icy edge between red and black. The real question is whether or not these machinations will matter to SMB customers. Data storage is an ever-increasing part of doing business for SMBs, and with storage-intensive initiatives like Sarbanes-Oxley coming up in 2004 we expect that storage consolidation solutions and SMB-friendly SAN products will resonate among business customers and their channel suppliers. HP's traditional role as a SMB vendor puts its new MSA products in a good position to profit from these trends. However, while re-branding may help stem customer migration it is not the path to market leadership. Exactly what HP does with the next generation of MSA will offer a clearer sense of how the company really expects to compete with IBM and Dell/EMC.

Spam, Spam, Spam, Spam...

By Jim Balderston

The House of Representatives voted 392-5 this week to approve the Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM) Act, following on the heels of the Senate, which voted 97-0 in October on its own version of the bill. The two bills will be merged and sent to the President for signing, which he has announced he will do. The legislation will require that commercial email senders offer an opt-out option and their postal address, as well as labeling their emails as advertisements. Spammers would be required to honor opt-out requests within ten days. Under the legislation, commercial email senders would be prohibited from harvesting email addresses from Web sites and from automated dictionary spamming techniques. Spammers using other people's email addresses or computers could face fines or imprisonment. The bill will allow the FTC, Attorneys General, and ISPs to seek civil damages. Under the legislation, the FTC would have the power to create a "Do Not Spam" registry, similar to the recently enacted "Do No Call" registry designed to stop unwanted telemarketing telephone calls. The federal legislation would override state laws, such as California's which was scheduled to go

into effect at the beginning of next year. The bill drew both praise and criticism, with consumer advocates saying the bill does not go far enough.

Washington knows an easy issue when it sees one, one that elected officials can support with relatively little downside. No one likes spam, or spammers for that matter, and the lopsided votes in favor of these bills suggests several things to us. First, this is an issue very few people want to be on the wrong side of. Secondly, the near unanimous votes indicate that these bills may have very little effect, as they appear to be more for show than of any real substance. After all, we are moving into an election cycle and the elected officials need to have something to show the folks back home to indicate that they really, really are looking after their constituents' best interest. We suspect that if someone authored "People Opposed to Offing Puppies" (POOP) legislation it would be unanimously co-sponsored in both houses and unanimously approved forthwith, given the desperate atmosphere that fills both houses of Congress before the end of an election year legislative session.

Putting all sneering aside, the anti-spam fervor is the latest indication that enterprises of all sizes are going to face increasing legislative pressures from Washington. Existing legislation such as HIPPA or Sarbanes-Oxley has huge impacts on enterprises of all sizes and shapes, and essentially are Edicts from On High that can actively re-prioritize IT spending decisions on very short notice. As executives are forced to sign increasingly stringent reports concerning the operations of their companies, they are going to insist that they have a solid working knowledge of what is occurring in the company as represented by the myriad stores of data spread throughout the organization. Making this information transparent is no easy task; it requires a high level of integration of the enterprise's existing IT footprint as a foundation. Much of this information resides in a vast array of mixed vendor environments. We suspect in the coming years more of such legislation will be authored and signed into law, making today's integration projects essential to minimizing the disruptions of future data transparency requirements. IT vendors that can make a persuasive case today that their products offer a long-term heterogeneous integration foundation are, in our opinion, well positioned to meet both present and future needs of enterprises responding to legislative edicts, which in time, will become a growing source of IT deployment prioritizing. Those vendors unable to respond to heterogeneous integration demands may face a very hard sell indeed.

Holiday Schedule

The Sageza Group offices will be closed for the Thanksgiving holiday Thursday, November 27 and Friday, November 28. We would like to take this opportunity to wish all our clients and friends a safe, happy, and joyous holiday.