Market Roundup

April 23, 2004

IBM Announces Global Mirror for Enterprise Storage

By Charles King

IBM has announced Global Mirror for Enterprise Storage, a new data backup and recovery solution that the company said provides disk mirroring capabilities at distances of more than 300km at speeds approaching those achievable at local distances. According to IBM, the new solution requires only two Fibre Channel links per storage system to move data great distances at high speeds while maintaining data integrity, and can mirror data to remote sites with delays as low as three to five seconds. The company sees the new solution as benefiting disaster recovery solutions designed to cope with regional events such as hurricanes and earthquakes. IBM described Global Mirror as a key element of its new Total Storage Resiliency Family, a set of disaster recovery and business continuity offerings based on integrated server and application solutions. The Resiliency Family consists of solutions including GDPS/PPRC Hyperswap, HACMP/XD, eRCMF, and GDS for MSCS. Clients will also have the option to include application automation for SAP and Automated System Cloning for SAP. IBM's Global Mirror for ESS will be available worldwide for both IBM eServer zSeries systems and open systems in May 2004, and IBM Business Continuity and Recovery Services will incorporate the new technology as part of its portfolio. No pricing information was included in the announcement.

We live in an uncertain world, and anticipating disasters, whether they be natural, accidental, or man-made is a common part of business planning. The most elemental question regarding disaster recovery and business continuity plans is: how far is far enough? While the most common answer may be that there is no such thing as too far where business critical information is concerned, inherent technical limitations tend to make shifting large quantities of data over long distances a complex, expensive proposition. That requires intelligent enterprises to carefully measure the value of the business critical information they need to protect against the cost of business continuity strategies. Global data mirroring is hardly new, and IBM's Global Mirror joins capable solutions from vendors including EMC, HDS, and others. However, IBM's decision to develop solutions that provide robust, stable performance over simplified Fibre Channel connections is likely to turn some heads, especially among the mainframe customers Global Mirror is initially aimed at. How well the product will fare in the open systems market is less certain, and will depend largely on how well IBM's explicates the value of its ESS "Shark" storage solutions in non-IBM environments. Overall, IBM has incorporated some winning features in Global Mirror for ESS that should help it find a natural role in IBM's TotalStorage Resiliency Family and the datacenters of the company's myriad enterprise customers.

Settling for More: Microsoft Inks Minnesota Antitrust Agreement

By Charles King

According to information posted on the Web site of the Fourth District Court of Minnesota, Microsoft has reached a preliminary settlement to end an antitrust suit that sought damages of up to $425 million on claims that the company had overcharged the state's consumers for its Windows operating system and Office applications

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products. The court said the jury in the case had been discharged and that the trial process related to the claim had been completed. Microsoft and the plaintiffs' counsel announced that the parties reached an agreement to resolve all claims and that the settlement will be presented to the court for preliminary approval and made public in early summer of 2004.

Followers of Microsoft's myriad legal battles will be forgiven for any confusion over which organizations and states Redmond has lately crossed off its antitrust and patent infringement dance cards. While the company wrapped up a healthy number of state cases last fall, its pace over the past month or so has become torrid, as have been the financial settlements involved. The most high-profile case was probably the long-standing and rancorous suit brought by Sun Microsystems, which Microsoft settled last month for some $2 billion in cash payments and licensing fees. In addition, the company settled long-standing patent infringement cases with InterTrust, AT&T, and others. There is nothing particularly wrong with buying one's way out of trouble, especially when no public admission of guilt is involved. In fact, the purchase of innocence has lately become increasingly popular among American companies, rivaling more traditional pastimes such as perp walks by corporate board members. At the end of the day, business is about minimizing risks and maximizing results. If a company is as healthily in the black as Microsoft (which reportedly holds some $60 billion in cash), why not use some of that moolah to quiet litigiously roiling waters?

However, we also believe Microsoft's legal spending spree signals a different critical issue related to the company's self-interest. Since January 2001, after George W. Bush took office and appointed John Ashcroft U.S. Attorney General, the Justice Department's has turned a decidedly blind eye towards Microsoft's legal shenanigans, at least compared to the more aggressive stance of the Clinton Justice Department. Given the Bush administration's laissez faire approach to antitrust regulation, Microsoft realized that it could play a waiting game with the states that stepped away from the group settlement of its original case. The same went for companies that were pursuing Microsoft individually, many of whom were damaged so severely by the dotcom bust and tech downturn that their ability to sustain litigation was impaired. But things change over time, even in the low-tech world. With barely six months to go before the next election, a jobless recovery and deteriorating situations overseas have led to circumstances where a sitting wartime President is in what amounts to a statistical dead heat with his opponent. Six months may be an eternity in politics, but Microsoft's recent settlements resemble a clearing of the legal decks of the good ship Redmond in preparation for a Washington regime change whose Justice is likely to be considerably less compassionate and conservative than what the company is used to.

More than Meets the Eye

By Jim Balderston

IBM has announced a new set of services designed to manage a variety of PC functions within mid-tier enterprises. IBM Desktop Management Services are delivered remotely by IBM over the Internet, and are billed at a per-seat basis starting at $40 per seat. Among the services offered are antivirus management on PCs, spam management, software patch distribution, automated help desks, desktop monitoring, automated backups of users' desktops, and automatic software distribution and upgrades. The service is designed to work in heterogeneous environments and will support IBM or non-IBM desktops. IBM says the service can cut PC management costs by 30%, and offers the service both directly and through business partners.

What is most striking about this announcement is IBM's emphasis on the antivirus and spam-blocking elements of this service. Perhaps these features were highlighted because they represent real concerns of the SMB market. Perhaps they were highlighted because they were sure news hooks at a time when both viruses and spam are the hot topics de jour. In either case, we believe that there are more interesting elements to the DMS, not only as it relates to IBM customers, but IBM's ongoing efforts to develop its business partner and ISV ecosystem as well as IBM's overall strategy vis-à-vis the competitive landscape.

First, we suspect many SMBs will opt-in to a service that offers not only virus protection and spam blocking, but ongoing management and version control of desktops across the enterprise. We suspect that IBM business partners will be met in many cases with enthusiasm when they pitch this offering to their clients. For the client,

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the relief from many of the mundane tasks of desktop maintenance could be significant. For the business partner, the ability to offload this service to IBM allows them to sell a more complete and compelling business solution that ages more slowly in the face of constant demands for technology upgrades up and down the value chain. Those upgrades, of course, are managed and delivered by a trusted name in the IT community. For IBM, the ability to sell services through its business partners in the SMB space is a key differentiator. When one considers that SMBs do most of their IT purchasing through third parties, the idea of offering services through those partners — instead of in competition with them – bolsters IBM's business partner ecosystem and its fortunes in the SMB market as well. Competitors will have to find their own services differentiation or risk the me-too stigma that permeates the PC market.

Ja Wohl for the GPL

By Joyce Tompsett Becknell

The Munich district court has set legal precedent this week for Germany and placed a preliminary injunction on a German company in violation of the GNU General Public License (GPL). The company, Sitecom Germany GmbH, produces wireless access routers based upon code from the open source netfilter/iptables project. The project has recently taken to enforcing the GPL against several companies they believe have neglected to fulfill their license obligations. Under the GPL license, the core software is free, but it requires that a redistributor provide full source code for their product to the public. The netfilter project has recently settled out of court with several companies, including Fujitsu Siemens Computers (FSC), Asustek Computer, and Allnet GmbH, who had all neglected to carry out their end of the GPL requirements. While the GPL has been tested and held binding in a 2001 US Federal Court ruling in Massachusetts, Sitecom is the first time it has stood up in a European court of law. Originally the netfilter project presented all of the offending companies with cease-and-desist declarations, and only Sitecom chose not to sign the declaration, due to concerns it had with potential ramifications of the wording of the declaration. In the end, however, they have made the changes requested of the netfilter project and are awaiting official approval from the GNU GPL people.

The netfilter project has gone out of their way to say they are not interested in making it difficult for companies to work with open source. On the contrary, their actions reinforce the notion of the GPL and give it credibility. This can only strengthen the open source community's position. When major high-tech players such as Fujitsu Siemens recognize and adhere to the license, it continues to build the validity of the license. This is a key point because there has been some concern whether this license was truly valid and could protect enterprises that purchase and use open source products. As a largely untested concept it is one of the areas of remaining risk for corporate buyers. Perhaps the most notorious of concerns for the community is the ongoing battle between SCO and IBM. In fact, IBM has used the GPL as part of its countersuit to SCO, who claims that IBM and others who use Linux have infringed on SCO's copyrights. The decision of the Munich court grants validity to the license establishing a precedent for equality with a proprietary software license from a software company. Companies who use open source and comply with the license should feel secure that they will not be taken to court later for violations. American law in particular is based on a system of precedent, and each win for the community strengthens the underlying concept of the public license.

For the open source community, we regard this as a gentle win. No companies were punished unduly, the source code owners rightly enforced the license without damage to the redistributors, and the GPL gained credibility. For IT managers, this is another check in the comfort box that working with open source products is a possibility they should consider for their enterprise. The only companies that stand to lose are those that attempt to ignore or block a disruptive technology and method for advancing that technology.

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