

IBM and PeopleSoft Announce Alliance Entering the Express Lane Back to the Future A Sharp Blade?



IBM and PeopleSoft Announce Alliance

By Rob Kidd

At this week's PeopleSoft Connect Conference, PeopleSoft and IBM announced they are establishing an applications alliance. PeopleSoft will standardize its applications platform including PeopleTools and EnterpriseOne Tools on IBM's middleware platform, including WebSphere Portal, WebSphere Business Integration, WebSphere Application Server, and WebSphere Studio Application Developer. The combination of the PeopleSoft Application Platform and IBM WebSphere form the Eclipse Framework for enterprise applications integration. The companies stated that they will collaborate to deliver integrated industry specific solutions such as telecommunication network life cycle management. The initial industry foci are banking, financial markets, insurance, and telecommunications. The alliance also plans to establish a business process interoperability lab to drive integration and customization, and will contribute resources, domain expertise, integration technologies, and funding for joint marketing, sales, and service and partner programs.

The combination of IBM infrastructure and PeopleSoft applications dangles an implied promise for IT departments that are under intense pressure to integrate business processes across the organization, and to rapidly deploy supporting services in a flexible and cost-effective fashion. The Eclipse framework is a tangible, immediately available composite applications architecture, which by combining reusable pieces of infrastructure, middleware, applications, and content offers rapid IT solution deployment. Thus, IT departments are free to pick solution components that best meet their requirements, whether provided by IBM, PeopleSoft, or third parties. This is in contrast to the approach taken by other vendors; for example, SAP, where NetWeaver middleware is embedded. In addition, the alliance is aggressively pursuing third-party partner and developer programs to expand the availability of rapidly deployable pre-integrated solutions.

It seems that both PeopleSoft and IBM downplayed the impact of the alliance on vendors Oracle and Microsoft. While the ultimate objective of this alliance is to better serve the IT customer, there is another, not explicitly acknowledged implication. Namely, the alliance may try to dampen Oracle's attempt at a hostile PeopleSoft takeover by creating a high-tech poison pill that makes PeopleSoft more costly and less attractive to acquire. IBM and PeopleSoft have been purportedly considering their alliance for the last four years and Oracle's acquisition intentions became clear only in the last year. Nevertheless, the Oracle action probably provided additional momentum to a deal that was already in process. This alliance could potentially make it more difficult for Microsoft to achieve momentum in the enterprise market segment. The alliance will probably not of itself deter the Oracle's PeopleSoft takeover attempt, but it may throw another curve ball into the process and make PeopleSoft less vulnerable and more expensive. In addition, the alliance may induce Microsoft to consider more seriously an acquisition strategy as the means to more rapidly gain a dominant position in the enterprise space as opposed to the somewhat incremental approach the company has been exhibiting.

Entering the Express Lane

By Jim Balderston

EMC has announced a new storage product designed for Microsoft Exchange Server and directed at mid-tier enterprises. The new offering, EMC Express Solution for Email, is what the company described as the first in a series of products in an EMC Express Solutions portfolio targeted at mid-to-small businesses. EMC stated the new email product could reduce storage costs by up to 30%, and it would consolidate years of email messages onto a single networked storage system. The product includes EMC Clarion networked storage with Fibre Channel Drives, EMC Legato EmailXtender Archive Edition, EMC Replication Manager, and EMC Exchange Accelerator Service. The company indicated that the offering was designed to be sold through partners to the SMB market.

With this offering EMC is properly leveraging its expertise in building storage products for the large enterprise market to play effectively in the SMB space. We believe that the demands and minimum requirements for IT deployments are now radiating out from the large enterprises to their smaller cousins in the mid-tier and small enterprises markets. This belief is based on rather obvious realities, to wit: most mid-tier enterprises have a number of larger lighthouse customers that in effect want those mid-tier companies to participate within their IT ecology. In short, for mid-tiers to participate in frictionless or transparent supply chains with their larger customers, they must share a common IT foundation. EMC, like other vendors of large enterprise IT offerings, is extremely well-positioned to make this move down market for these and other reasons, not the least of which is the comfort customers will have in buying from large, well established vendors who will be around for the foreseeable future to service and extend customer IT investments.

While we see EMC leveraging its expertise in a sensible and predictable fashion, what strikes us here is the nomenclature the company has chosen for its SMB storage products. The "Express" moniker is by no means unique to EMC: IBM has been marketing a whole slew of server products and accompanying technology under the Express banner, and Sun Microsystems has its own Sun's Software Express for Solaris preview program. To our knowledge, IBM was first to market with Express-tagged offerings, targeting SMBs with appropriately priced and built offerings of its middleware, database, and other infrastructure software components. Will the fact that EMC is now joining the Express bandwagon muddy the waters for customers? Probably not, as EMC Express offerings are also targeted at the SMB space, just like IBM. Sun's use of the moniker is more generally descriptive of a preview program instead of a product line, but given the apparent popularity of the Express coinage, we would not be surprised to see Sun come all the way around and actually offer "Express" tagged products as well. While Big Blue's marketing apparatus may find distressing the idea that a major competitor is now using terminology they once held solely, we can only offer the idea that imitation is the highest form of flattery. Perhaps it is time for all large enterprise IT vendors to embrace the Express concept and help all make greater headway in the SMB space going forward as a result of a common marketing lingo making itself a standard within the industry.

Back to the Future

By Jim Balderston

Sun Microsystems announced this week it would begin offering what it called the industry's first grid computing offering based upon pay-per-use pricing. Sun said its grid offering would charge \$1 per CPU hour, and that the company would sell hours in pre-determined packages. Sun also indicated it would begin the rollout of its new pricing model for grid computing targeting non-transactional workloads. The announcement follows on the heels of earlier Sun grid computing efforts, which for the most part have focused on storage applications. Sun stated that it hopes not only to sell directly to customers, but also to have its partners market and sell future grid services into the marketplace.

It is too hard to resist the urge to fire up Yogi Berra's famous line, "It's déjà vu all over again." That urge being met, we can't help but notice how applicable it is in this case. Not all that long ago Sun's mantra, repeated over and over again, was "The Network is the Computer." Perhaps Sun was just a bit ahead of its time, or its

development process, but now, as grid computing slowly takes hold, Sun is ready to capitalize on a marketing concept it pioneered years ago.

Sun is certainly not alone in promoting grid computing initiatives. IBM and HP have also been flogging the idea with varying levels of actual product offerings. For the most part, grid computing benefits lie well into the future; significant deployments haven't happened to date and won't until a myriad of technical challenges are addressed, not the least of which are security and network latency. Also serving to offer a headwind to the widespread adoption of grid computing will be the reluctance of large enterprises to commit their business-critical IT functions to a technology framework that is not fully road-tested and deemed reliable enough for realtime transactional applications and the like. In short, all grid computing vendors are a long way from generating significant revenue from such offerings. That said, it is good to see Sun responding to market realities and trends and doing so in a way that leverages the company's own heritage that at the time sounded and walked much like a grid computing environment. Can Sun capitalize on its experience in this area? We'll see, as it will come down to an issue of execution. But with Sun in the grid computing fold, it will undoubtedly offer innovation and technology that will speed the adoption of grid computing deployments in the future, something that we believe will benefit all grid vendors in the coming years.

A Sharp Blade?

By Jim Balderston

HP has announced that it is ready to deliver the next version of its blade computing platform, the HP BladeSystem, which for the first time will include virtualization features. The BladeSystem now features HP's Virtual Server Environment, which can expand or contract server allocations based on demand. HP OpenView Change and Configuration management products will also be incorporated into the new BladeSystem, as will the ability to purchase pay-as-you-go computing through HP's Managed Services. The company also offered a set of software management tools in conjunction with HP OpenView HP products for the management of the BladeSystem environment. HP has positioned its BladeSystem as a part of its larger Utility Computing initiative.

There is no question that blade server environments offer significant value to customers. With smaller form factors, and less wiring and cabling required, enterprises wishing to consolidate server environments can do so with immediate positive impacts. Smaller form factors and virtualization allow for finer granularity in deploying computing assets as they are needed, while doing away with much of the unused redundancy found in many IT deployments that put forth a 2x IT footprint to deal with spikes in demand or hardware or software failures.

HP's BladeSystem offerings address all of these market demands, and for that reason should be greeted warmly by HP customers looking to simplify their IT environments. What we will be watching for from HP in the future, however, is how the company markets, positions, and develops its blade technologies in a larger context of utility computing and the changing IT environment. Simply shrinking form factors and complexity, while offering more finely grained asset allocation are, in our mind, only the first elements of the blade server value proposition. Looking forward, we see blade environments offering customers the ability to aggressively mix and match operating environments, storage, and application in such a way that allows remarkable improvements in reliability, CTO, and ease of use and maintenance. We believe these improvements will allow for more seamless computing experiences, and permit enterprises of all sizes to more completely integrate their IT environments with their customers, suppliers, and partners. Looking forward, we hope that HP is able to enunciate these value propositions to the advantage of the market at large and its existing and prospective customers.