Market Roundup
October 1, 2004



## Oracle Joins SMB Fray in North America

*By Jim Balderston*

Oracle has announced the North American launch of its E-Business Suite Special Edition for small and medium businesses. The offering comes with Oracle E-Business Suite 11i business applications, along with accelerated implementation services, educational programs, and support through specific North American partners. The package includes pre-configured versions of Oracle Financials, Inventory, Discrete Manufacturing, Order Management, Purchasing, Tele-Sales, Tele-Service, Field Sales, and Daily Business Intelligence applications. Oracle will also offer an option for Oracle On Demand Services. The company indicated that it worked closely with local business partners to develop the product and its go to market strategy. Oracle said partners emphasized pricing as a key element to making the Special Edition product a success. Pricing will be determined by partners with licenses ranging from a ten-seat minimum to a fifty-seat maximum. The product is available in the North American market immediately.

As Oracle joins the rush to offer discrete products to the SMB market, joining many other large enterprise IT vendors as the seek to capture new revenues, we see it as having much of the same opportunity as other large IT vendors like IBM, EMC, HP, and Sun. These vendors, as they move downmarket, have an inherent advantage selling to smaller concerns as their products are widely deployed in SMB's most important customer base, the large enterprise. To do business with their most valued customers, SMBs of all sizes must speak the IT lingua franca of these larger enterprises if they are to participate in the value networks that allow them to respond in short order to their customers' demands. Shared inventory data, sales figures, and other key records must flow back and forth as though on a single entity's network. More and more these days SMBs are become an extended appendage of their larger customers' networks. As such, a de jure basic minimum standard of IT currency must follow.

Oracle is also taking the right approach by allowing its channel partners to be the conduit by which it moves its wares into the SMB market. These partners own both the relationship with these smaller enterprises and the niche market application expertise that these companies require. Their ability to act as a trusted guide to IT deployments for their SMB customers as well as proving custom enhancements to Oracle based offerings allow them the reach into the market that Oracle could not deliver on its own. In the coming months, we will be interested to watch Oracle's efforts through its channel with an eye to how well they build and maintain momentum in their channel ecosystem. On mildly divergent note, we cannot help but notice Oracle's use of the "On Demand" language first popularized by IBM. It would appear that the phrase is now becoming an industry standard on its own, and as such a notable validation for IBM as Oracle plays a bit of copycat in its market strategy. In our mind, Oracle could do much worse than copying IBM's wholesale investment in its partner ecosystem as its moves aggressively into the SMB market. Will Oracle mimic Big Blue in this regard? We will have to wait and see, but we suspect the success or failure of Oracle's SMB efforts may well rely on whether it is willing to pursue such imitation.

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## HP Stops Selling Itanium-Based Workstations

*By Rob Kidd*

Hewlett-Packard has stopped selling workstations based on Intel's Itanium 64-bit microprocessor, which the company had been selling since 2002. The HP Itanium workstation offering included the zx2000 single-processor system and the zx6000 dual-processor system. HP will continue support for these products through 2009. The company said its decision to discontinue Itanium Workstations was based on market condition and a response to workstation customer requirements. HP also said the decision to discontinue Itanium Workstations will not impact the use of Itanium in the Integrity Server product line.

HP and Intel had partnered on Itanium. In view of this it is not surprising that HP has been the only major vendor to sell — well, OK, market — Itanium workstations. Despite all of Intel's bellyaching about Itanium as the next industry standard, it would appear that the market responded with less than a collective yawn. While Itanium and RISC technologies offer high floating-point performance, they do not meet the general computing price/performance bar, especially when compared with x86 64-bit extensions such as XEON, Nocona, EM64T and Opteron. Ironically, not all that long ago, high performance was the rage in workstations, yet yesterday's high performance is today's general purpose. As a result there are signs that workstations will be increasingly focused on industry standard x86 and x86 64-bit extensions, spare the very high end.

Perhaps a key factor in the lack of adoption was the dearth of 64-bit Itanium applications and operating systems. Despite public announcements of support, Microsoft has not exactly pushed the 64-bit market as much as one may have supposed. As a result, HP may have had difficulty in convincing ISVs to port their applications to Itanium. Thus, HP's decision to discontinue Itanium-based workstations is not shocking and may simply reflect the demands of the marketplace. Nevertheless this is yet another setback for Intel and its grand plans for Itanium. Given its lackluster performance in the server market, one has to wonder how all that R&D past and present will ever be recouped. So we find that Itanium has retreated back through the server room door. Let's hope for Intel's sake that the next door Itanium travels through is not the one marked EXIT.

## IBM Adds New Software to the DB2 Information Integration Platform

*By Rob Kidd*

IBM just announced the latest additions to the DB2 Information Integration (DB2 II) platform. Masala, the new DB2 II code name, allows sub-second response-time access to business information, and scales to millions of documents and tables. The core Masala DB2 II enhancements are: real-time replication and event publishing; server access across such diversified data assets as DB2, Oracle, SAP, PeopleSoft, Siebel, SQL Server, LDAP Directories, email databases and others; and Omni Find, enterprise middleware search capabilities, which will help power intranets, extranet, and corporate portals. The various DB2 II Editions are available now or will be by November of 2004. Prices start at $5,000 per processor for the Event Published Edition, with the Advanced Edition Unlimited costing $125,000. DB2 II data source connectors are $15,000 per connector. The Developer Edition is $1,000 per user and comes with a few free IBM strategic complementary connectors.

DB2 II and like offerings address challenges that customers face; namely, cost-effective and timely information enablement for the creation of business insight and intelligence.

The IBM DB2 II vision encompasses access of structured and unstructured data, mainframe or distributed, and public or private, accommodating multiple access paradigms such as search, SQL, and Content. In essence, customers would be able to deal with the large, diverse data volumes, in multiple-vendor data stores and types, with automated realtime information access. In addition, DB2 II provides for a range of integration disciplines, requirements, and less complex integration with existing infrastructure. In practical terms, DB2 II affords a concrete model of a service-oriented architecture for data access and propagation/replication that is data- and content-agnostic. By deploying various components of DB2 II, businesses can gain realtime insight into their business information to make more effective decisions and be more competitive. For example, this would enable search on the fly through multiple data stores— such as customer contracts, service records, photos, etc. — for a



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comprehensive customer profile. Customer service agents could make realtime decisions about the customer, such as whether to extend further credit or up-sell or cross-sell opportunities.

DB2 II remains a cash cow for IBM, with estimates of more than 60 million DB2 users. The enterprises these users call home are increasingly under regulatory and competitive pressure, while being called upon to contain IT costs, improve service delivery, and enable more business intelligence. To our way of thinking, DB2 II is well positioned to play a role in such initiatives. We did note that the announcement made little mention of the SMB opportunity. In other areas, IBM has targeted SMBs with Express versions of products offerings, but they were not evident in this announcement. Perhaps IBM chose to focus on larger installations at present, with a separate SMB initiative coming at a later point in time.

## HP and HDS Go Bigger and Bigger

*By Joyce Tompsett Becknell*

HP and Hitachi Data Systems announced availability for 300GB drives for servers and storage arrays this week. They are the first vendors to offer solutions using this large a drive, which will be available in both Fibre Channel and SCSI versions. HP will offer the Hitachi Ultrastar 10K300 for Fibre Channel in the HP StorageWorks EVA and the SCSI version in their ProLiant server family. HP claims the drive offers a combination of capacity, reliability, and ease of integration.

Sageza generally doesn't get its knickers in a twist over drives. Discussions of spindles and RPMs tend to send us running for the nearest bottle of scotch, and yet 300GB is a significantly big drive. HP and HDS recently put another stake in the ground with the announcement of the HP StorageWorks XP12000, an OEM version of HDS's high-end product. HP in particular led with a marketing message of "it's really big." We cannot dispute this, but neither can we resist pointing out that the product season is young, and the definition of big is negotiable. We also notice that these drives are for EVA and not the XP12000, which will have bigger drives next year some time. The net for HP is that it is providing yet more headroom to midrange customers, who can now scale an EVA system to 70TB, a nice number from anyone's viewpoint.

At the same time, we cannot let the opportunity pass to take the storage industry to task yet again for being more enamored of their technology than worried about that matching technology to direct business benefits. The technical benefits of a bigger drive that is reliable and fast are somewhat obvious, but behind it are the legions of IT decision makers with questions such as: "Should I be using midrange or enterprise storage and why are they still so different?"; "What features will best help me get better control over my storage environment?"; "What exactly IS my average storage utilization?"; "What do I do with all those isolated servers full of necessary but not mission-critical data that I cannot afford to network with Fibre Channel?"; "How do I start?"; "Where do I start?"; and "How does a 300GB drive fit into my strategy other than, well, it's bigger?" In a perfect world, Sageza would see storage vendors making announcements that not only introduce cool new technology to the world but also explain how and why it can make the enterprise, large or small, a better place. You know: business responses to business questions.





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