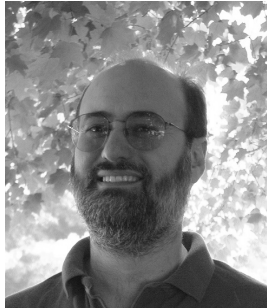




Cross-Platform Software News



It's 2004! So, How Was The '03 Forecast?

Well, 2004 has arrived and we're into our 2nd year of publishing **Cross-Platform Software News**.

Many of you may recall that at this time last year, I went out on the proverbial limb and predicted a slow but steady turnaround for our industry by late 2003. I don't know what got into me but I published a 2003 forecast, setting myself up for a serious case of "Monday morning quarterback" syndrome. Let's look back at each of my 2003 predictions and the results:

1. Technology investment is cyclical (it's been about 4-to-5 years since the massive buildup for Y2K so we're about due given the average IT investment cycle).
What actually occurred: Tech companies are reporting increased revenues; *yes—it's true*, even profits. Although we're far from a 'boom' in buying, an up tick has arrived.
2. There are base technologies that are driving forces for impending change, slowly pushing demand such as Web services, 64-bit computing, Wi-Fi, streaming content, and increased rate of mobilization (everywhere computing).
What actually occurred: Wireless and mobile computing grew rapidly during this past year as the #1 & #2 priorities in IT spending (Source: InfoWorld, Dec 2003).
3. There is a lot of cash sitting on the sideline waiting and watching for everyone else to get onto the field.
What actually occurred: Investors came out of hiding. There was a rebound on Wall Street. Third quarter GNP growth was the strongest in two decades while Q4 saw the highest level of venture investment in more than one year. We are a long way from the madness of 1999 but, at least, the infusion of capital is a welcome sign.
4. Consumer spending continues to provide a foundation.
What actually occurred: Throughout 2003, consumers did continue to 'hang in there' with spending holding up and consumer confidence surging 19 points from 2002 low (Source: Consumer confidence index from U of Michigan). It is important that businesses keep track of consumer sentiment since it is a critical bellwether of the future.

Now, why does it still feel bad for so many in IT? Well, the focus is on ROI (and it's not going away soon) while there was an overall loss of tech jobs. Signs are beginning to show that, perhaps, jobs may pick up in 2004 — let's hope so. As for my 2004 predictions, I've simply decided to quit while I'm ahead.

Jeff Moskowitz, President & CEO, Ready-to-Run Software, Inc.

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Cross-Platform Market Update

This update provides a current view of the marketplace from a platform perspective. We continue to monitor and examine the market and breakdown the prevailing trends as well as attempt to offer interpretation into these directions.

IT Demand Making Comeback

Gartner Inc., an international technology research and advisory firm based in Stamford, Conn., issued a report in October 2003 forecasting a 5.4 percent increase in global technology spending throughout 2004 and annual growth of 5 percent through 2007. While not a huge jump, it will represent the first overall increase in IT spending in two years.

According to Gartner analyst Barbara Gomolski, "The trend line is moving up, and that's good news. You're starting to see some replacement spending that had been postponed for a few years."

Spending on large servers that manage networks and Web sites is still likely to be flat, but smaller items such as handhelds and laptops are high on the shopping list for many companies.

"Once there's greater confidence that this recovery is sustainable, you can expect corporate America to spend more significantly on IT, and in greater amounts," said Eric Gomberg of Thomas Weisel Partners. (Source: Associated Press, 26 January 2003)

"Sixty-two percent of respondents to TechTarget's 2004 IT Spending Survey said that their overall IT budgets would increase during 2004, and approximately 17% said that increase would be greater than 10%. Slightly more than 10% said their IT budgets would decrease.

Among SearchNetworking.com respondents, 57% reported that their companies were increasing networking-related spending this year, and 19% said that those increases would top 10%. (Source: Searchnetworking.com, 26 January 2003)

Current Statistics for Server Market

Using the latest information available at the time of our publication, let's look at the breakdown of server sales from International Data Corporation's (www.idc.com) Worldwide Quarterly Server Tracker showing that global server revenue topped \$10.8 billion USD for Q3 2003. This was the second consecutive quarter of positive growth for server revenue following nine quarters of decline. Overall, there was dramatic growth of 19.5% in server unit shipments. We're expecting that this trend will continue when the numbers are released for Q4 2003, finally bringing a sense of relief.

In terms of standings, IBM held onto the top spot with 31.1% sales revenue market share, followed by Hewlett-Packard at 27.7% and Sun Microsystems at 10.8%. The trend is also continuing for Dell and Sun in the server market as global shipments for Dell increased 30 percent in Q3 2003, almost twice the combined rate of the other companies. The gap between Dell and Sun Microsystems is closing with Dell in the #4 position at 9.5% and hot on the heels of Sun. Dell's growth in server sales has been impressive with the last six consecutive quarters of revenue market share growth in an otherwise tough market. In fact, we might be seeing a repositioning in the Top 5 market share leader board in the not-to-distant future.

The x86 server market was the driving force behind the quarterly revenue growth year-over-year. Q3 revenue from x86 servers grew at 8.6% on an annual basis while unit shipments of x86 servers jumped 21.4%.

Operating System Trends

Linux server platforms exploded in the trend categories for both revenue growth and unit shipments. IDC reported a 49.8% year-over-year gain to \$743 million USD in Q3 2003 revenue while shipments were up 51.4%. This type of performance has now been sustained for six consecutive quarters and underscores the increasing acceptance of Linux servers as a viable platform in the marketplace.

Although not nearly as impressive as Linux, the Windows server market grew appreciably as well despite an already large installed base with revenue increasing year-over-year at a 10.3% pace or \$3.4 billion USD, representing 31.7% of revenue share for the quarter. Unit shipments of Windows servers gained 21.4%.

The slide continues for UNIX, however, declining 3.8% in revenue share to \$4.1 billion USD. A glimpse of good news came in UNIX server unit shipments, up 4.3% year-over-year. But, IDC reports that the gain in shipments can be attributed to competitive price deals. H-P was the winner in the competition as it grabbed share and moved into the top spot, in front of (*you guessed it*) Sun Microsystems who saw its revenue decline by 10.1% year-over-year in UNIX servers. (Source: PRNewswire)

Handheld Market Growing

In our last edition, we began to track the handheld market a little more closely. We believe that handheld computing is not only a viable platform but, with increasing mobilization, handhelds will play a critical role in many industries (e.g. medical/healthcare).

Indicative of the turnaround in IT-related sales in general, the worldwide market for handheld devices grew slightly in Q3 2003. According to IDC, shipments increased by 1.1% year-over-year. Palm is still at the top in terms of market share at 35.6% but closing fast is Hewlett-Packard and its iPAQ units now at 24.5%,

up sharply from 17.6% just one quarter earlier. Sony seems to be the loser in the latest round, declining from 11.9% in Q2 to 11.5% in Q3 2003.

For additional information on handhelds, refer to the 28 October 2003 article from Brighthand Consulting:
http://www.brighthand.com/article/Worldwide_Shipments_of_Handhelds_Up

Web Server Software

The latest Netcraft surveys document Web Server software usage on Internet connected servers. For more info, see:
http://news.netcraft.com/archives/web_server_survey.html

According to the January 2004 survey, Apache continues to gain web server market share at 67.38%, up from approximately 62% one year ago, although it declined slightly month-over-month by 0.05% from December 2003. Microsoft IIS has slid back to 21.0% although gaining slightly in December 2003 by 0.13% but down from one year prior when it registered 27.0%.

You should also check out the interesting news and postings on the Netcraft site at: <http://news.netcraft.com/>.

Case Study: Loan Company Moves Student PLUS Loan Processing On-Line

Plus Loan Definition

PLUS Loan ("Parent Loan for Undergraduate Students") – This application, credit decision and promissory note process is used for a Federal PLUS (Parent) Loan. The Federal PLUS is a variable interest rate loan created by the federal government to help parents pay for their dependent student's education beyond high school.

Background & Problem Statement

Due to market demand and current technological advancements in student loan processing, Panhandle-Plains Student Loan Center ("PPSLC") located in Canyon, TX approached Ready-to-Run Software about automating their PLUS Loan approval process, a system that had traditionally been manual and off-line. This automated processing would include having a method for prospective borrowers to fill out a form on the PPSLC website and receive virtually instant notification of PLUS Loan approval or denial.

In addition, PPSLC had a need to provide PLUS Loan support for affiliated loan companies. Therefore, the functionality had to be extended to allow for multiple companies, as PPSLC affiliated lenders, to create their own user experience/interface while also maintaining the integrity of separate experience and data sources, i.e. users will view different web pages and associated brand experience while the page functionality created in the original PPSLC PLUS Loan Approval Request system will remain the same for each company.

Pre-Existing Process

The pre-existing manual process for determining eligibility for a PLUS Loan was the following:

- 1) A potential borrower would fill out a paper pre-approval request form. This form is obtained from the school, lender, or PPSLC. PPSLC has the pre-approval form available for

download on the company website. This form may also be mailed, faxed, or hand delivered to the borrower.

- 2) Once the form has been completed, it is submitted to PPSLC for processing. PPSLC will then conduct a credit check through entry of borrower data into a distinct and non web-based system provided by an external credit bureau in order to determine the borrower's credit worthiness.
- 3) Once the credit worthiness is determined, a borrower is either approved or denied for a PLUS loan. This decision is conveyed to the borrower via postal mail and to the school via fax.

The overriding objective of PPSLC for the project was to make the process for loan application and pre-approval paperless (including the credit decision) and available on-line with fast turnaround while maintaining the security and integrity of the borrower's data. "Servicing student loans is pretty complex", explains Chris Carroll, PPSLC's Vice President of Information Technology. "Many banks aren't equipped to service loans of this type and we take over the servicing for them."

Web-Based Solution Defined

After creating a detailed specification of requirements, PPSLC turned to Ready-to-Run Software (RTR) for implementation services. RTR was the company that had previously deployed their PPSLC on-line loan service authentication system.

The critical functionality that needed to be built included:

- The system must be capable of displaying a customized user experience based on a referring URL from the sponsoring loan affiliate.
- Each loan affiliate must have separation of their borrower, company information and user experience (Co-branded web pages, data libraries, contact information, etc.).
- Automatically, seamlessly and securely link to the Experian credit bureau for on-line credit approval.
- Allow PPSLC staff member or affiliated lender staff to readily review loan bureau details on-line while securing via an authorization process for relevant staff access.
- A confirmation e-mail from credit bureau and to the applied school must be routed to/by appropriate lending company.
- Allow for on-line school access and review of applicant loan information.

"The PLUS Loan system was not a simple implementation of a web-based application", says Jeff Moskow, CEO of RTR. "There were technology issues that required expertise in databases, integration, authentication, web development, and security. Since many of our cross-platform projects address these types of issues, RTR was well-positioned to successfully deploy this solution in a timely manner."

Short Timeframe for Deployment

Due to time constraints driven by school and lender relationships, PPSLC needed to implement an on-line PLUS Loan process in less than forty-five (45) days or the project would have to be postponed or cancelled resulting in lost opportunity to derive increased PLUS Loan related revenue. After an initial review of the XML-based Experian specification for the Custom Strategist product, RTR gave PPSLC an assurance that the work could be completed on-time within given boundaries.

Particular complexities of this project were:

- Development of the interface to the Experian Custom Strategist product for automated credit decision. This

development work requires certification of the solution by Experian technical staff. Typically, building such an interface and getting it fully certified will require (1) month-to-(3) months or more according to Experian. RTR was able to deploy and certify in less than (3) weeks.

- The on-line authorization processing required integration of Microsoft .NET Passport to allow staff access for on-line review of application data. Passport had been in-use as the vehicle for the PPSLC on-line loan servicing system.

"We wanted to help out our client if at all possible", noted Jeff Moskow. "Therefore, we completely analyzed the requirements and closely examined the Experian specification. We then determined the functionality and project parameters that could be responsibly committed to PPSLC given the short time horizon." After presenting the result of the RTR assessment to PPSLC, the project was accepted and underway quickly. Weekly and, at times, daily status meetings were conducted to insure that the project was on track and all parties (PPSLC, RTR, Experian) were delivering interim milestones as project coordination was critical. "Although it required an all-out effort to get the job done, we are pleased to report that a truly successful outcome was achieved", said Moskow.

Chris Carroll, the staff of PPSLC as well as affiliated schools and lenders have been using the system since October 2003 with no difficulties or errors to report.

Benefits

Having an automated PLUS Loan process on-line has been beneficial to PPSLC in several ways. Primarily, of course, is the additional revenue derived from the new PLUS Loan servicing. However, there are related benefits that also have been gained:

- Reduction in internal loan servicing costs due to the streamlined process
- Improved record management, access and security with reduction of paperwork
- Higher customer satisfaction (borrower, schools, affiliated lenders) and end user adoption created by automating the entire process (e.g. e-mail notification)

The ROI is quite amazing. "We are looking at extending the on-line processing into all areas of alternative loans", according to Chris Carroll. If it can pay for itself as quickly as PLUS Loan processing then why not?

Summary

Technology:

.NET Framework
.NET Passport
ASP.Net (ASPX)
XML

Related Software & Platforms:

Windows 2000 Server, Windows 2003 Server
IBM AS/400
IBM DB/2
Experian Net Connect, Custom Strategist

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Requests for [free](#) subscriptions, address changes and any other commentary, ideas or questions may be sent to: CPSN@rtr.com.

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February 2004

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