Ready-to-Run Software, Inc.
The Industry Leader in Cross-Platform Software Services

Cross-Platform Software News

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Cross-Platform Choices Will Continue Into Future

Is it just me or is this ongoing pseudo-religious argument about Linux vs. Windows getting a little old? I'm starting to feel a bit of the editorial juices flowing on this subject akin to commentary that might be better stated by 'Andy Rooney' of 60 Minutes fame. You know (predictable whine here), "Why is it that people just can't get along and take actions that benefit all of mankind? Can't we just blend what's best with both Windows and Linux and be done with it? Okay, maybe Lindows is claiming to have done that already. Frankly, I don't suppose we'd be able to reach consensus on what's best with either one if our lives depended on it. Kind of sad, really. I'm willing to bet that the Middle East peace talks have a higher probability of success."

Actually, this type of debate is very beneficial for the cross-platform business. Without differing platforms and larger-than-life campaigns of opinion about which is the best choice then who knows? We might find ourselves with only one platform some day. Every company in the world would be running the same operating system and working harmoniously. In that case, there would be no platforms to cross, no mountains to climb – heaven forbid! I can't even begin to fathom the very notion of it all. But, let's face it — that's not going to happen anytime soon. Which simply means that migration, integration and middleware solutions (Tower of Babel stuff) will be around for awhile.

The question is much larger than just Linux and Windows, of course. It's proprietary vs. open system. It's manufacturer dependency. Anyone remember CP/M vs. MS-DOS, DEC PDP-8 vs. DG Nova or, even, Wang VS vs. anything (say what)? Now it's H-P vs. IBM vs. Dell vs. Sun with a handful of key operating systems. From a high of 30 mainstream platforms (and vendors) in 1990, mostly proprietary, we are down below 10 today. With a maturing industry, there will be even fewer shifts and less alternatives. Just ask Ford, GM and now 'Daimler'-Chrysler. It seems that each major market follows the rule of 3 — that eventually the market naturally distills itself down to no more than a few key players.

Linux vs. Windows!? This type of debate is not going away. Another sign that cross-platform has a nice future. Of course, there are definitely attributes better about one than the other. I'm just not going to get involved. *Tick, tick, tick…!*

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

Table of Contents

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 Continues Soft With 'Ho-Hum' Tech

According to demand growth study firm, Techtel, there is a recovery from pre-Iraq war trends as overall demand experienced a gain of 13% from 80.6 at the end of Q1 2003 to 91.4 at the end of Q2 2003. However, buyer consideration remains flat indicating probability of a downward adjustment ahead. (PRNewswire)

Techtel CEO, Michael Kelly, said: "IT spending growth continues to be hindered by distrust in IT and a lack of technological innovation to compel new spending. Failed solutions, exaggerated ROI, and unfulfilled promises have left a bad taste financially on buyer's palates. Until these issues are worked out, there really isn't any 'high' tech left, just ho-hum tech."

For access to this report from Techtel, visit: http://www.techtel.com.

Current Statistics for Server Market

Perhaps, there may be light at the end of the tunnel. Or, it could simply be the infamous proverbial train. According to results provided by research firm, International Data Corporation (www.idc.com), Q2 2003 represented the end of a nine-quarter decline in year-over-year worldwide system server shipments. Does this mean that IT infrastructure spending is on the rise after all? This is a clear indication that the market is quite unstable and analysts are having a difficult time in discerning the future. But the fact that the results were positive is certainly good news.

IDC noted that server unit shipments rose sharply by 17.5% to more that 1.2 million units but also indicated that the message was mixed when reviewing revenue figures. Sales in the quarter rose only 0.2% "clearly demonstrating that average sale prices in the worldwide server market have continued to slide". The latter findings can't be good news to hardware vendor shareholders.

When looking at the market share statistics for factory revenue, IDC reported quarterly rankings with IBM regaining the top spot at 30.4% compared to Hewlett-Packard's share of 27.7%. This is the first time that IBM has been listed as number 1 in market share since the HP-Compaq merger.

The disappointment in the market continued for Sun Microsystems posting sales of only $1.43 billion USD. Sun is currently in the middle of a major product line shift from high-cost Sparc machines to lower-cost and less-featured Sparc and X86 systems, thereby, making it difficult for Sun to show positive results for server revenue levels.

Dell is continuing to gain, applying pressure to the top players in the server arena. Dell ended with $980 million in server sales for the quarter. Some are predicting a cross-over between Dell and Sun in terms of market share positioning. It will interesting to see what happens especially into Q3 and Q4 which are traditionally the strongest periods. It may require a continued increase in total server sales in order to gain a good handle on specific trends.

Operating System Trends

In the X86 category, the Windows server market gained 11.5% in Q2 to $3.1 billion. Windows server shipments were up 21.7%. More significantly, perhaps, is that Linux server sales increased more steeply during the quarter at the rate of a 39.5% increase and $650 million. UNIX server sales continue their recent pattern of losing market share down 5.2% to $4.33 billion, or approximately 40% of the total share.

Falling in the category of 'just when you think you've heard everything', an interesting sideshow begins to brew around the SCO Group attempt to gain from infringements on its UNIX license. Both RedHat and IBM have filed counterclaims against SCO essentially arguing that there are no copyright or trade secret violations. It was perfect timing for the fall LinuxWorld event. For more on this story, see:
http://zdnet.com.com/2100-1104-5061381.html

Dell has been working with RedHat as the primary Linux vendor of software bundled with its server. At LinuxWorld, Dell announced that it will start shipping the mid-range RedHat Enterprise ES with selected PowerEdge servers. However, Dell also announced that it is also starting to work more closely with SuSE due to customer demand. This demand appears to be derived from the credibility that SuSE has established in the market primarily through IBM's zSeries as well as the reality that Dell's desire for increased revenues in Europe will mean working with SuSE.

Refer to 'Dell tightens Linux ties':
http://zdnet.com.com/2100-1104-5062306.html

Handheld Shipments Slow Again in Q2

According to IDC, the worldwide market for handhelds declined again in the second quarter of 2003, falling by 10.7% or 2.26 million units compared with 2.45 million in the first quarter. The last increase in shipments was around the holidays and analysts are not predicting a turnaround or stabilization anytime soon. Europe was a bright spot, however, as sales of handhelds actually surged over 50%. So, could it be that this contradiction may actually portend a turnaround? Or, does this dichotomy of figures simply show that statistics are meaningless after all?

More likely, it shows that the market is confused and shifting. For example, the European analyst form Canalys has released a study in which they predict that 2003 shipments of smartphones in Europe, Middle East and Africa (EMEA) will actually exceed handheld shipments. This is consistent with growth rates of smartphones that are in the hundreds of percent range.

The problem is that handheld devices are limited in the ability to expand their capability and, although no one is ready to say that the market is near saturation, there are too many question marks that remain including economic uncertainty, a crowded field, competition from technologies targeting similar market segments, etc. The "converged" mobile phone, combining traditional organizer functionality, is taking customers away from the handheld market.

Palm maintained its platform leadership position and , in fact, increased its worldwide market share to near 40%, up from 35% with Hewlett-Packard and Sony battling fiercely for second position at 16.9% and 16.5% respectively.

For additional information refer to the 22 July article from Brighthand Consulting:
http://www.brighthand.com/article/
Worldwide_Handheld_Shipments_Down_10_Percent

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 August 2003 survey, Apache hit an all-time high in web server market share at 63.98%. Microsoft IIS has slid back to 23.75%.

SunONE surged +1.9% although the total share is still at 3.58%.

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

Incidentally, Netcraft Webserver survey is now 8 years old. Congratulations and best wishes for many more years! It's remains one of our favorites as we continue to stay on top of market and industry trends affecting cross-platform software development and integration.

Outsourcing Your IT Project—How Do You Decide?

The following article contains key elements from a presentation given by Jeff Moskow, CEO of Ready-to-Run Software, at the HPWorld Conference.

Background

IT executives and managers are under pressure today to produce results while cutting costs. It is no secret that more and more companies have made outsourcing a key component of their strategy for expense reduction and cost control. But, how do you select what to outsource and what types of work should best be kept within the organization. For some managers, this is a difficult knothole to get through especially when the fundamental tradeoffs can have tremendous ripple effects.

It's Not About Control

One of the mistakes that some IT managers make is to think about their organizations in the wrong way. It is something that many of us are guilty of at one time or another. IT (and all departments) must exist only to positively support the mission, goals and objectives of the company. The business is there solely to serve the needs of customers and shareholders. All other purposes are superfluous and pretentious.

Without question, a strong IT infrastructure provides rigidity to the backbone of a business and is capable of facilitating the processes necessary to support the primary goals and objectives. However, sometimes it becomes easier to cling to our old habits and to try to retain control. Let's face it, being able to go down the hall to make things happen or get questions answered is a heck of lot easier than letting go of control and management to someone outside the organization. Management of outsourced work, especially if it is strategic, is critical to the business and requires a keen attention to detail. We will not discuss the components of successful vendor relationship management here but entire books and courses are dedicated to this single topic.

When Should Outsourcing Be Considered?

There are many answers to the question of what should be outsourced. The ultimate litmus test will necessarily vary from organization-to-organization. In general, however, the rule of thumb is to ***retain core IT competencies*** and consider outsourcing everything else. Core competencies shall be defined here as simply the positions and skills that are central to the mission of the company.

For example, if your company is an ISV (Independent Software Vendor) that creates and sells your own software then retaining competent software developers in-house would seem to make lots of sense especially for new or strategic product development. However, maintenance and tech support (using knowledge database covering 95% of all questions from users) are functions that could be considered outside of the core. An insurance company might need someone capable of building software-based actuarial models while hardware infrastructure might be located off-site and, even, off-shore assuming adequate service level guarantees can be secured.

Some of the relevant and more obvious IT outsourcing opportunities include the following services:

- Internationalization
- Documentation
- Application integration
- Porting & migration
- Support/help desk
- System administration

Falling in the category of the 'not so obvious', you might extend the core competency yardstick to see if these areas measure up:

- Release engineering/installation kitting
- Prior release maintenance
- End-of-life engineering
- Tool development/maintenance
- UI/application engine or other non-proprietary development
- Whenever the original author is gone

Did you know that anywhere from 50-75% of a product life cycle is spent in maintenance and end-of-life functions? You can imagine the amount of money spent annually by most companies to keep these functions alive. The fact of the matter is that most software & IT professionals desire to be working on the "hot" technology and latest projects. It can end up being a win-win for the employee and the company if you truly and honestly examine what are the essential requirements for in-house control and competitive advantage.

The benefits to you and the company go beyond cost reduction and ROI — which, of course, are absolutely vital. Let's examine some of the common advantages gained by 'smart' outsourcing listed categorically:

Benefits To Your Team

- Easier to hire, retain and motivate IT staff
- Makes best use of scarce resources
- Creates environment for better overall morale

Benefits To Your Process

- Focus is on core developmental and operational activity
- Internal assurance; good discipline and practices
- Access to additional skills/perspectives

Benefits To Your CFO and To Marketing

- Faster time-to-market
- Enhanced load leveling; better reaction to downturns
- Leverage vendor's economy of scale
- Avoid capital expenditures to build out and maintain leading edge infrastructure

To further help you assess what types of projects to outsource, let's offer related business criteria as ammunition for the outsourcing decision analysis:

Type of Project to Outsource:

- "Necessary evil" projects
- Skill augmentation
- True 'project' or 'program', not loosely connected set of tasks
- Can be run in parallel with internal development project
- Can leverage economy of scale from vendor

Type of Project to Retain In-House:

- Proprietary or competitive edge
- Requires exciting new features/functions central to business
- Requires detailed and specialized knowledge of your customer base
- Requires constant interaction with staff; very dynamic

Summary

In closing, let's recognize that outsourcing is becoming a crucial weapon in today's economic environment. If done properly, outsourcing can help companies gain the efficiencies that they're looking for but, also, provide enormous latitude in terms of being able to respond to changing market conditions. On the flip side, outsourcing must be carefully weighed to insure that you are not throwing out the proverbial 'baby with the bathwater'.

Use the counter-balance method to weigh your decision, i.e. "proprietary knowledge" (core to business) vs. "necessary evil" (outsource candidate). Remember also that it is a lot easier to lay off an outsourcing vendor. Once you have made that decision to outsource, pay attention to detail with finite, measurable deliverables and strong, ongoing communication between you and the vendor. In fact, make the vendor an extension of your team and reap the true benefits of outsourcing.

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http://www.rtr.com

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Opt-In To Electronic Version Of Newsletter— See Details p. 4

Table of Contents—Current Issue