

The Register “Sharp End” Series

End of Year 2003 Checkpoint

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RESEARCH NOTE:

The information presented in this report is derived from 2212 online interviews completed in December 2003. Respondents were IT professionals, of all ranks and persuasions representing a mixture of supplier and end user organisations. The views outlined here are therefore representative of the general IT community.

As another tumultuous year was drawing to a close in December 2003, QNB Intelligence surveyed over 2000 readers of “The Register” on the state of play in the IT industry and their thoughts on the future. The majority of respondents were not ivory tower theorists, highly analytical strategists or 40,000ft executives, but practitioners and managers working at the “Sharp End”.

- **Linux continues to grow in importance and in interest to the technical audience.**
Few now doubt that Linux has a play at the server, as sales of mainstream Unix platforms stall and vendors begin to push Linux as a peer server operating system. Linux is also perceived as a potential alternative platform on the desktop, though it is unlikely to challenge Microsoft’s mainstream play in the immediate future.
- **Grid and Utility models are only gaining limited mindshare at the technical level**
The current strategy of many IT vendors is to push technologies relating to grid and utility computing. This may be convincing at a strategic level, but the approach is gaining little traction on the ground.
- **Specific security products matter more than other point technology products.**
Security products for antivirus and Spam protection were ranked as the most important in the survey, with virus protection achieving over 90% importance
- **ADSL is seen as a business enabler – both in the home and in the office**
Respondents see ADSL as equally important (80%) for general use and in the home office, and a further 70% see ADSL as applicable to satellite office connectivity.
- **Wireless technologies are additive, not disruptive.**
The “killer app” for wireless and mobile technologies has not happened. Most respondents see wireless technologies as being useful additions to existing networking, and the best use for mobile devices is reported as text-based messaging applications. Multimedia Messaging Services (MMS) might make good adverts, but isn't what people need today.
- **The database (and management tools) market is a two-horse race between Microsoft and Oracle.**
Other database products are slipping more and more in relevance. However, Sybase SQL Anywhere retains some traction in a poor third place – more as a suitable mobile solution than anything else.
- **Microsoft Exchange Server grows as the perceived de facto collaboration platform.**
The launch of Microsoft Exchange Server 2003 has generated considerable interest, and there is little perception of a fight-back from the Lotus camp to stop Microsoft from building market share. Other players are not seen as making any impact on the collaboration and communication markets.

Introduction

This report is the collation of responses from a Web based survey of readers of The Register. The audience largely represents IT professionals working at the sharp end, so provides a different perspective to QNB's more usual research targeting senior management.

When reading this report, it is important to bear in mind the nature of the audience surveyed as views from the sharp end often differ from those of strategists and senior business managers. The fact that this occurs is not surprising as some ideas and imperatives are driven from the top down, and others from the bottom up. Differences should therefore be particularly expected in emerging areas, and there are a number of examples of this presented here.

This report was completed in January 2004 and provides a summary of the findings.

What's Hot, What's Not

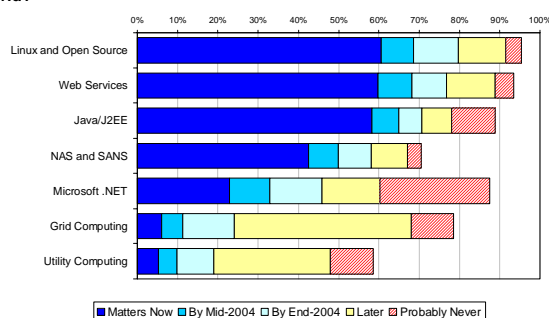
We started out the survey by asking for opinions about which technologies matter, or will matter, in various categories. This provides us with a view of the technologies that are regarded as key today and those upon which emphasis will be placed in 2004 and beyond.

Platforms

Previous QNB Research has suggested that senior IT managers largely have a "so what" attitude to Linux, with limited enthusiasm for introducing yet another operating system into the already complex platform mix. Figure 1, however, which reflects the relevance of key technologies in the real world, confirms the positive view of Linux and Open Source at the sharp end.

Figure 1

When do you think the following will start to really matter in the real world?



This substantiates observations that Linux often enters organisations via the technical route and grows from the ground up. More of a surprise is Web Services, which holds a position of relevance despite headline news suggesting the jury is still out.

Microsoft will no doubt be disappointed that its .NET technology strategy has still not gained the traction it is hoping for within the technical audience. It can take some condolence from the opinion that it will matter more by the end of next year, but this is by no means the prevailing view.

Vendors' strategies of grid and utility computing achieve an even poorer show. Neither gives the impression of being of

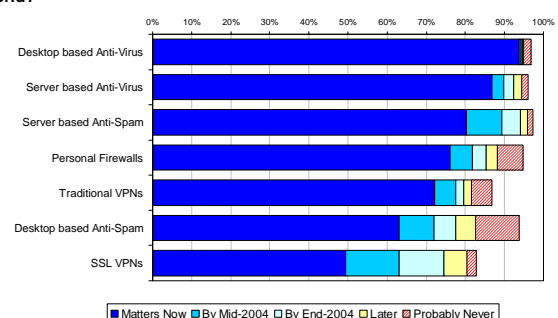
great relevance, either now or in the future. This view may be due to a lack of understanding of the former, and coloured by the perceived employment impact of the latter. Most likely however, the market messaging has thus far been targeted at higher levels within the end-user companies, and is yet to be articulated appropriately to a more technical audience.

This is another example of differences between the executive and the sharp end views. Within other research carried out by QNB Intelligence during the second half of 2003, we found that strategists and line of business representatives place much more emphasis on .NET and Utility computing, regarding these as being major focal directions for the future.

Security

Figure 2

When do you think the following will start to really matter in the real world?



In comparison with the above, Figure 2 demonstrates exactly how important security is to the IT function. High marks all round, though Spam protection is seen as better left to the server. SSL VPNs are important but not urgent.

Fixed Communications

Figure 3

When do you think the following will start to really matter in the real world?

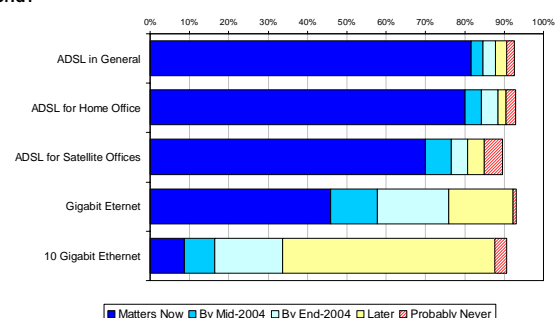


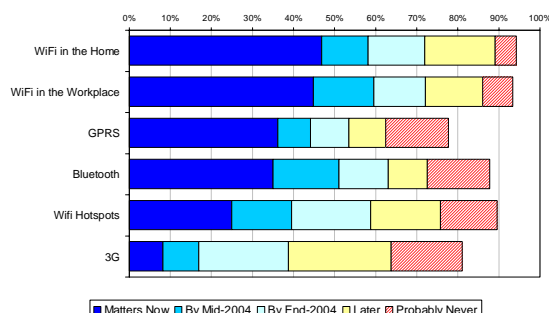
Figure 3 illustrates the impact ADSL is having on the IT infrastructure, as a catalyst for remote working and to connect satellite offices economically.

Gigabit Ethernet retains an interesting position in the network, generally as a campus backbone, but also to the desktop within certain areas such as finance. 10 Gigabit Ethernet is still seen as being too new, too expensive and, as yet, overkill for most companies

Mobile and Wireless

Figure 4

When do you think the following will start to really matter in the real world?



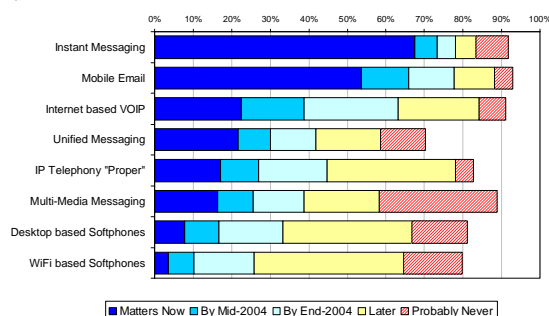
There is a very important message pervading the whole of Figure 4, namely: wireless connectivity isn't as important as the vendor community has hoped for. Unfortunately, this fact is borne out by the experience of the past three years, during which a number of over-hyped technologies have been pushed out through suspect business models onto an indifferent market. This is not to say that wireless is completely unimportant; rather, it has its place, but is not going to transform business, disrupt society or change lives without more help from the vendor community.

Wireless vendors may argue this is due to the lack of a "killer app" for wireless technologies, so it will be interesting to return to this question over time. Indeed, Figure 5 incorporates a number of such applications, and the findings show where vendors should be focusing their efforts.

Messaging and Collaboration

Figure 5

When do you think the following will start to really matter in the real world?

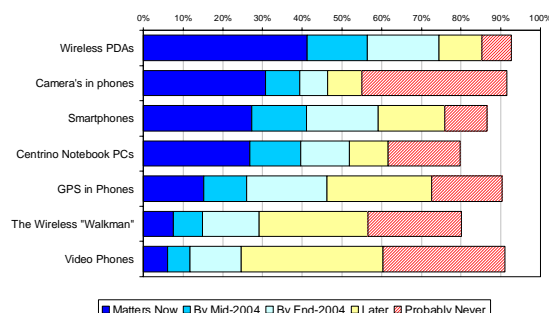


Of the applications listed, only two are of any interest today, and both involve text-based messaging. A third, Voice over IP, is gaining some theoretical ground and the rest are not seen as being relevant to the mainstream within the visible business horizon. MMS in particular has failed to set the world on fire, as all the hype and gadgetry have done little to hide the fact that it is of dubious benefit to the majority of business or, indeed, technology users. This fact is confirmed in Figure 6, both for still images and video capture.

Gadgets

Figure 6

When do you think the following will start to really matter in the real world?



There is better news in Figure 6 for the manufacturers of Wireless PDAs and Smartphones. Wireless PDAs in particular are already showing their worth - although with problems for the business in areas such as asset management and security. The growing functionality, usability and battery life of Smartphones may yet provide a valid competitor to the Wireless PDA. It is more likely, however, that the Smartphone/PDA war will be fought on the "right device for the right person" approach. Those preferring a mobile phone will go to Smartphones, with those preferring a more capable device opting for softphones on the PDA.

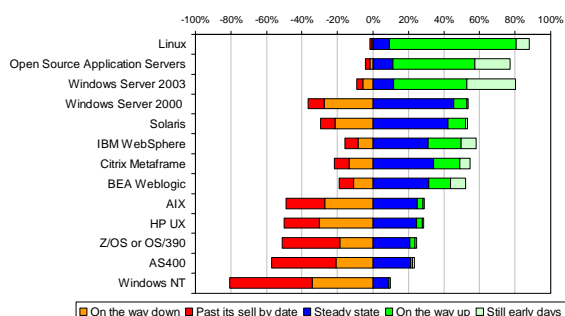
Risers, Sliders and Dodos

The second part of our survey dealt with the relative importance of specific products, with particular emphasis on the how their perceived importance and popularity are changing.

On the Server

Figure 7

How is the overall importance of the following changing in the industry? (on the Server)



For operating systems, Figure 7 shows Linux as a rapidly growing OS - which is backed up by vendor figures not only from Linux distributors but also from the traditional mainstream vendors (e.g. IBM, HP, Dell). The main losers are seen to be the established Unix variants (AIX and HP-UX), with even Solaris seen as having reached, at best, steady state. Microsoft is fairly well placed - Windows 2000 is seen as being in a steady state to fading market, just as Windows 2003 is seen as being a growing to a wait-and-see environment.

There's no clear picture for application servers, but the impression is that if the open source versions got their act together, they would give the more established players a run for their money.

Figure 8

How important will the following be to your organisation in the future?
(on the Server)

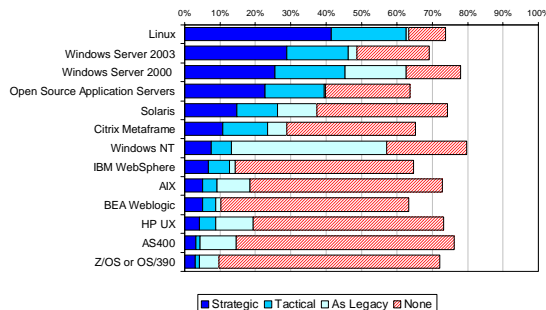


Figure 8 shows Linux once again holding top spot on the server, followed by Windows Server 2003.

As we have said, this compares interestingly with other QNB Intelligence research, where Linux is seen as “just another operating system” by business decision makers. This audience says it sees little point in introducing Linux into an already heterogeneous environment, where support costs could then increase. Indeed, many business decision makers stated that Linux would not be allowed into their organisations – but also agreed that they had little chance of policing this against technical staff intent on looking at Linux.

Here lies the dichotomy for Linux – it has to be perceived as a business tool to get acceptance from the business – which it will only receive by being a commercial success through the likes of IBM and HP. However, this requires better controls over the source (particularly for updates, patches and drivers), for which the vendors will charge an OS “fee” (probably termed as support, but at the end of the day, a license fee). At this stage, Linux is “just another operating system”, and the main cost arguments disappear, leaving it to compete on purely technical and business grounds.

An interesting statistic is the “importance” of Windows NT as a legacy technology. In other words, though it may be old technology, there is little perceived need to change it, unless the business requires better functionality to support newer business processes.

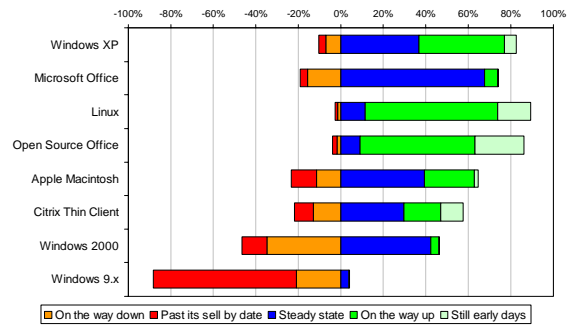
On the Desktop

In Figure 9, Microsoft Office unquestionably retains the crown for desktop productivity software, though open source contenders are growing considerably in perceived importance.

Similarly, perceptions are that Windows XP looks set to maintain Microsoft's dominance of the desktop.

Figure 9

How is the overall importance of the following changing in the industry?
(on the Desktop/Laptop)

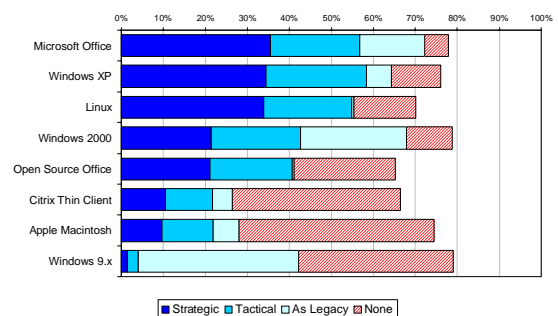


The continued interest in Linux at the desktop, despite the likes of Barclays Bank, Newham Council and others in rejecting it as too high a current risk, demonstrates a latent market that could be better served by vendors – should a full offering that is seen as being safe, supportable and fully interoperable with the Microsoft environment be made available.

This is demonstrated also in Figure 10, which shows Linux as being nearly neck and neck with Windows XP, although the overriding importance of Microsoft Office as compared to open Source Office would require the importance of Citrix to be revisited.

Figure 10

How important will the following be to your organisation in the future?
(on the Desktop/Laptop)

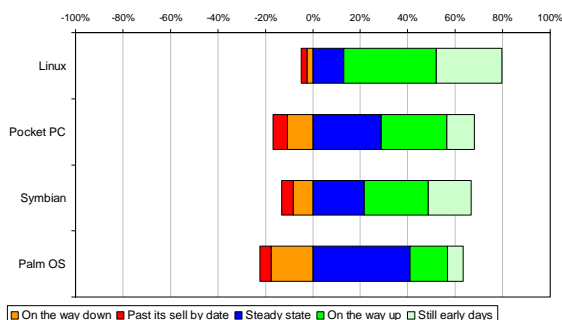


Reality bites here for Apple compared to the previous chart, as a far smaller proportion expect to see Apple's technologies implemented in their own organisations. Also, according to these findings, Microsoft has chosen the right moment to start phasing out its Windows 9.x desktop operating system versions.

In the Hand

Figure 11

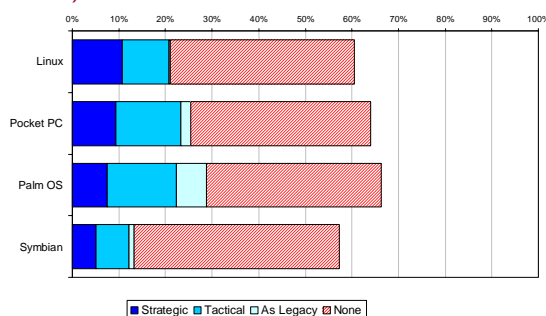
How is the overall importance of the following changing in the industry?
(in the Hand)



There is little to add to the inconclusive findings for handheld device OSs in Figure 11, apart from to say that PalmOS just manages to keep its pole position, but is seen as beginning to wane. This is an area in which Linux has so far failed to make a big impact.

Figure 12

How important will the following be to your organisation in the future?
(in the Hand)

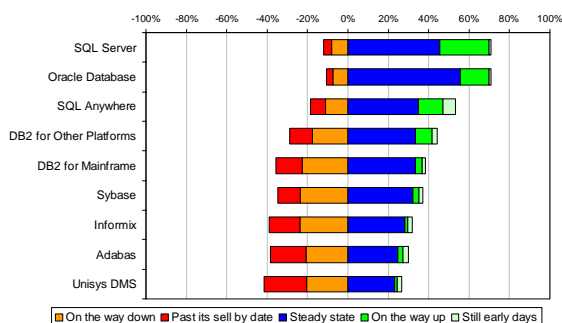


Overall, Figure 12 shows that the perception of handhelds within the technical world in general remain a tactical asset. As the majority of mobile workers now utilise a mobile device of some sort, this is worrying – the growing storage capacities of PDAs enable workers to carry around massive amounts of corporate and customer data – which without suitable recognition of the fact and full management of the environment may lead to serious business repercussions.

For Data Management

Figure 13

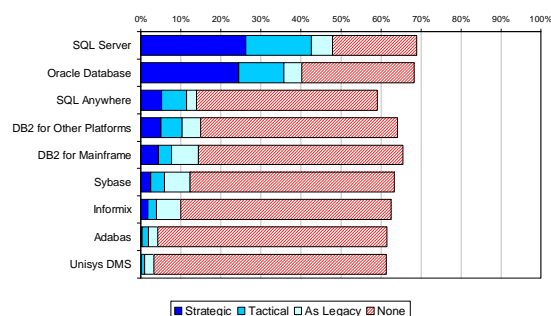
How is the overall importance of the following changing in the industry?
(for Managing Data)



For databases, Figure 13 suggests a two-horse race between Oracle and Microsoft's SQL Server. Honourable mention can be given to SQL Anywhere as Sybase continues to play the mobility card. There is little to separate the database offerings from other providers from the perceptions of the respondents.

Figure 14

How important will the following be to your organisation in the future?
(for Managing Data)

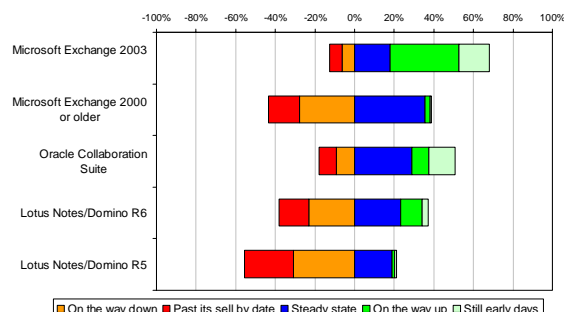


However, once we look at the actual relevance of the database systems to the respondents' organisations, Figure 14 demonstrates the parity between Microsoft and Oracle, and the relative irrelevance of other database systems, including SQL Anywhere.

For Collaboration

Figure 15

How is the overall importance of the following changing in the industry?
(for Collaboration)



While Figure 15 gives little to show current rankings for collaboration software, it does provide two useful indicators. The first is that Microsoft Exchange 2003 looks likely to dominate, probably by mopping up migrations from its older predecessors in the first instance. Second, mindshare for Lotus Notes based products is undoubtedly slipping, with little perception of it being leading-edge or that IBM is doing anything to counter the Microsoft efforts.

Figure 16

How important will the following be to your organisation in the future?
(for Collaboration)

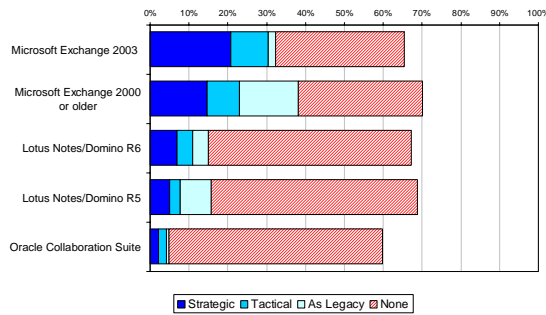


Figure 16 confirms the position of Microsoft Exchange Server as the collaboration platform of choice, and the lack of strategic drive behind other offerings.

Discussion and Conclusions

The bottom line of this report is about the perceptions of respondents around technologies having an impact on IT infrastructures. We can see the growth in the overall interest in Linux against the Microsoft environment and the perception that Microsoft Exchange is now firmly supplanting Lotus Domino in the minds of corporate technologists.

We can also see (and worry about) the perception of the (in-) effectiveness of the PDA as a technical corporate tool (even if the user sees it as an indispensable business tool), and see the impact of ADSL on working practices.

Whilst it is important to judge technologies on their strategic and business merits, it is equally important to gauge their effectiveness in everyday terms. Whereas major purchasing decisions are these days made more within the business than within the technical realm, the respondents to this survey are heavy influencers and their perceptions are important in qualifying and recommending the specific technologies deployed at the sharp end.

Acknowledgements

This kind of research is crucial to all of us in the business and IT community - suppliers and customer organisations alike. We would therefore like to thank all of those participants who contributed so generously with patience and good humour towards a better understanding of issues in this important area.

About QNB Intelligence

QNB Intelligence is a research organisation. It is in the business of gathering and interpreting intelligence on how hot technologies and related ideas are transforming mainstream businesses in Europe. It does this by interviewing IT decision makers and other professionals on perceptions, plans, problems and progress in key strategic areas.

QNB Intelligence services are typically commissioned by high-ground organisations in the IT, communications and financial services sectors that have a culture of thought leadership and customer centricity. Examples of QNB clients are Morgan Stanley, Oracle, Microsoft, IBM, Cisco, EDS, Toshiba and Citrix Systems.

QNB Intelligence leverages the extensive industry analyst expertise that exists within Quocirca Ltd, its parent company, ensuring that research is always independent, accurate, actionable and challenging.

Topics of recent European research programs include:

- IT Investment Intentions
- Strategic Customer Relationship Management (CRM)
- Supply Chain Management
- Grid Computing
- Corporate Adoption of Mobile Technology
- Drivers in the Mobile Consumer Marketplace
- Evolution of Corporate eBusiness Activity
- Server based and Thin Client Computing

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