

The 451 Group
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This was a two-day conference sponsored by The 451 Group, a boutique analyst and research firm.

Selling software is becoming an art: Do we sell perpetual license, as an application service provider (ASP), or software as a service (SaaS)? What is a 'service'? Western Union's 1955 Annual Report had a fax machine on its cover. Was it hardware, software or a service? Software now is so broad that even Apple's iPhone is a software device.

Keynote Address - Parallel Evolution: Software to Services and Channels to Ecosystems, David Yockelson, The 451 Group

Last year there was a discussion of SaaS and open source. This year there is a convergence: M&A, SOA + SaaS; SOA + channels + Internet; Open source + channels + collaboration; Web 2.0 + *everything else*.

IT Trends Overview: M&A has become an inseparable component to technology vendor evolution. End users are demanding pluggable and interoperable capabilities. Compliance and risk averse/management have become key elements of IT operations. IT governance and portfolio management have become crucial. Reaching the end user will be at a premium as IT portfolios mature and SMBs exhibit more growth opportunity. IT spending is predicted to decrease in the next quarter.

M&A by the numbers: Year-to-date, there have been 362 deals worth \$26.3 billion vis-à-vis 264 deals worth \$24.4 billion in 2005. This represents only software and infrastructure. Since 2002, over 300 public companies have disappeared.

Some M&A Trends: Mass is good, diversity is good, and there are growth opportunities in the SMB space. There are many M&A models: Buy the installed base (as Oracle does); capture the minds (CA, EMC, IBM)—intelligence acquisition and intelligent digestion; move the needle (HP/Mercury); or escape the public eye (Sungard, Attachmate/WRQ/NetIQ)—by going private.

M&A will continue largely unabated. For ISVs, this means that exit strategy may still look good; there are numerous forms of capital available, and private equity continues to be a player. For end users this means asset management is even more important, as are SOA and WS; and risk management relative to IT portfolio is key.

Software to Services: What? Services could be discrete, upstream, or downstream. CIOs are often misled by *reading* technology—not *leading* technology—reading an airline magazine and then making decisions. Not everyone needs or can afford monolithic infrastructure of technology and people underpinning the applications that are required to run and manage the business. The days of multi-year, multi-million dollar engagements are over.

¹ <http://www.swbizsummit.com/index.php>

² <http://www.itnewswire.us>

Software to Services: When? End user architectures are maturing to recognize classes of services.

Channels to Ecosystems: What? Old-style VAR relationships don't cut it. Vendors are becoming more diversified.

Other issues affecting our industry are open source, convergence, mobility, IMS...

Impact of energy: There may not be enough of it, it may be costly, and the cost of the power is exceeding the cost of hardware. Solution? Use thin clients, blades, virtualization, get more utilization of existing hardware, and watch this space over the next 12 months.

Keynote Address: Information 2.0 and Software's Innovation Opportunity, Mark Lewis, EVP and Chief Development Officer, EMC

In 2006, 162 exabytes of digital information was created. This is just the beginning. Information is our most precious commodity and exploding on an unprecedented scale. By 2010, 1.6 billion people will be on the Internet. This year digital data creation is 3 million times the information of books ever written. 100 billion = the number of cell phone images captured in 2006. How do you monetize all these data?

There are eight tenets of Information 2.0:

1. Decouple information from applications. In 1.0 we were platform-centric—mainframe. Then, we became an OS shop—Solaris, Windows; then we became an app shop—SAP, ORCL; now, we are service-centric.
2. Make information available as web services.
3. Beware of metadata. Make it more integral and embedded.
4. Make security explicit and built-in.
5. Optimize information and deliver it as a service. EMC was 80% HW five years ago; today it is 60% SW and services.
6. Make information personal.
7. Make information real-time and available on demand.
8. Make information always available—no excuses.

Combine enterprise functionality with Web 2.0 components. We will see the edge innovate the core.

Regarding Security 2.0, building a wall to protect the king is bad; because half the folks in the castle are bad. We have built castles, but the king wants to go out. We should not just worry about virus and anti-phishing, but need to secure people and information, not just the perimeter.

Delivery 2.0: Delivering on demand, multi-tenant information is a web service. Despite all the marketing and analysts' hype, ASP hasn't really worked; we are just arbitraging labor costs. Companies that just take COTS software will fail. Google works because it has one big monolithic service.

**451 Analyst Session - The Dynamic Lives of Applications: 21st Century ALM
Rachel Chalmers and Vishy Venogupalan, The 451 Group**

Alpha geeks are canaries in a coalmine. Alpha geeks are DIYers; they suffer from the NIH syndrome; and are unconstrained by tools. The result: Either chaos or a dynamic market. Ingenuity is our #1 commodity. Development tools become ossified. Triggering events are BitKeeper, Flickr, and Ruby on Rails. Someday, these too will vanish and something new will show up.

BitKeeper is a distributed source-code patch manager and is a nice piece of SW. But as of April 2005, it was no longer free. Git and Mercurial were launched and they have worked nicely for Linux patch management.

Ruby on Rails was an obscure programming language; now, it is extremely popular.

Processes ossify into tools; the classic example is the waterfall model. Early tools were `vi`, `emacs`, `gdb`, and `gcc`. Then came model-driven → Rational, followed by Agile → Eclipse. Eclipse → Rational believed in agile development—Java design patterns; background compiling; and JUnit integration.

What might be better than Eclipse?

- Domain-specific language
- Software factories from Microsoft that take design patterns to a higher level—building software blocks that just need glue to hold them
- Situational applications

SOA: What Next?

Moderator: Dennis Callaghan, The 451 Group

Panelists: Todd Landry, Sphere Communications; Bob Lozano, Appistry; Barbara Saxby, Ramco ; Stan Swete, Workday

To date, the story about SOA has largely been around application and data integration, reuse of application components, and more agility in IT. But where is SOA going and what other enterprise technologies will it have an impact on, and what business processes and activities will it change?

What is SOA?

It is application logic, data as re-usable services, loosely coupled integration/communication, and platform-independent; it is not just web services, but Java and .NET.

Benefits

- Flexibility/agility
- Lower integration costs
- More re-use
- Alignment of IT with business

Obstacles

- Lack of understanding
- Lack of XML skills
- Hard to justify, ROI, complexity, upfront costs
- Immature standards

SOA Today

- 53% evaluations and pilots
- 19% not doing or don't know
- 15% doing something

New Directions

- VoIP with SML—Sphere Communications
- Business Process Platforms—Ramco Systems
- Application Virtualization—Appistry

- SaaS + SOA—Workday

451 Analyst Session - The Data Game: From Semantics to Storage; Nick Patience, Simon Robinson, Kathleen Reidy, The 451 Group

Discusses the issues related to structured/unstructured data management ranging from classification, meta/master data management, policy creation and physical storage. How must developers prepare to consume and address data in this world?

Organizational Trends

- Data beyond the data center
- People talk
- Hoard or open API
- Ideas can come from anywhere

Social Computing

- Wiki-fication
- More unstructured data
- Tagging
- Generation Z—they expect open access

Text Analytics

- Already in niche apps
- Becoming embedded in broader apps
- Multilingual
- Room for improvement

Metadata Management

- Vendors and even users are planning holistic approaches
- From system-level to semantic-level
- Rationalize and normalize
- Enterprise Information Systems redux?

Delivering information as a service: the view from the trench (Simon)

Storage complexities

- Arrays: NAS, SAN, CAS
- Networking: FC, IP, Infiniband
- Disk choice

Silos help ensure information is secure, but they are also inefficient, inflexible, are about managing data, not information, and costly. How does IT reconcile?

- closed vs. open
- static vs. dynamic
- proprietary vs. standards-based

Emerging technologies can help us get there:

- data classification
- next-generation data protection
- virtualization
- improved policy management tools

- standards?

451 Analyst Session - Web 2.1: Socializing the Enterprise, Kathleen Reidy and Vishy Venogupalan, The 451 Group

Various elements of Web 2.0 functionality are pervading the enterprise. From individual development tools to major application and developer platforms, interactive interfaces and social computing are combining to create new user experiences.

There is a lot of hype around Web 2.0 which is two-directional. Web 2.0 is not a market; you can't be a Web 2.0 vendor. The enterprise doesn't equal The Web. Users will start working in an unstructured way, mashing up applications. There will be more decentralized control, power moves into more hands. So, we went from a mainframe-centric centralized control to distributed client/server computing that became too hard to manage. Then the pendulum starts swinging back to more control. Now, with wikis, blogs, user-generated content and all the stuff that accompanies Web 2.0, users are gaining more control. When will *this* get out of hand—again? Isn't this déjà vu all over again?