# IS/IT Recent News



**Network, Telecom and Wireless**

[iPhone 3.0 boosts business appeal, but some say more is needed](#_iPhone_3.0_boosts)

[Smartphone App Use Soaring](#_Smartphone_App_Use)

[Network Instruments’ Observer Combines Physical, Virtual Visibility](#_Network_Instruments’_Observer)

**Software**

[Does Linux Benefit from Hard Times?](#_Does_Linux_Benefit)

[Major Shift to Cloud Services Inevitable, IDC Says](#_Major_Shift_to)

**Hardware**

[New blade server is key to Cisco data center plan](#_New_blade_server)

[Report Bolsters Oracle's Impressive DW Throughput Claims](#_Report_Bolsters_Oracle's)

**Security**

[Conficker Malware to Return April 1](#_Conficker_Malware_to)

[Egress Secures Data Exchange to Prevent Enterprise Data Breaches](#_Egress_Secures_Data)

[First Data Based Security Maturity Model Released](#_First_Data_Based)

**Business Affairs**

[Report: IBM in Talks to Buy Sun](#_Report:_IBM_in)

[Salesforce.com's Growth Shows SaaS Success In Tough Economy](#_Salesforce.com's_Growth_Shows)

# iPhone 3.0 boosts business appeal, but some say more is needed

**ComputerWorld – March 23, 2009**

**Read the original article** [here](http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=336218&source=NLT_PRN)

Though Apple Inc.'s new iPhone 3.0 software doesn't meet all the needs of businesses, some users said it should make the mobile device somewhat more attractive to IT managers when it ships this summer.

For example, Jorge Mata, CIO for the Los Angeles Community College District, said the ability to tether Windows laptops to the Apple device could immediately save his operation money. If carrier AT&T Inc. keeps tethering costs low, the district's 200 iPhones could function as modems, obviating the need for the $60-per-month air cards now in user laptops.

**And Stuart Maxwell, an IT manager at Herrera Environmental Consultants Inc., said he hopes engineers at the company can take advantage of iPhone 3.0's ability to automatically tag photos with a location.**

Some analysts noted that new push, cut-and-paste, and calendar sync capabilities are also attractive to IT managers. However, others said the updated software still lacks key features.

**Ken Dulaney, an analyst at Gartner Inc., pointed out that the updated software lacks the ability to run multiple applications at once, a key requirement for corporate users. "It desperately needed background processing," he said. "You can't do security effectively without it."**

Dulaney noted that security programs must run independently of the applications they're auditing in order to be effective. "[Apple has] been enormously pressured by enterprise buyers to put this in," he said, "and I thought they'd respond."

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Smartphone App Use Soaring

**Datamation – March 27, 2009**

**Read the original article** [here](http://itmanagement.earthweb.com/mowi/article.php/3812461/Smartphone-App-Use-Soaring.htm)

The number of mobile application users is set to quadruple in five years, according to new research from In-Stat. And while Apple's iPhone is leading the charge, In-State says worldwide sales of open source-based smartphones are expected to be double that of devices based on Apple's software over the same time period. (…)

**Chamberlain projects the number of devices supporting mobile applications to grow to about 140 million by 2013, creating a new revenue stream for mobile advertising.**

Mobile app-centric smartphones -- led by the iPhone and Android-based handsets -- will reach more than 30 percent of the global smartphone market. With the customer base expanding and users downloading more mobile apps, Chamberlain said there's a huge opportunity to capitalize on the format.(…)

The report also touches on smartphone sales broken out by mobile operating system, and the numbers look good for those based on open-source. "When you look on a global basis, Apple is only a tiny part of the smartphone market," said Chamberlain. **"We didn't break out Android separately, it's with Linux and other open-source devices, but we're predicting in five years that ultimately sales of Linux and Android will be double that of devices based on Apple's OS."**

Apple's iPhone app store has had unprecedented success, with more than 800 million downloads since it launched last summer. The concept was quickly copied by Google for phones based on its Android operating system. RIM is expected to launch its own app store this month, while Palm and Microsoft have similar plans. (…)

Indeed, Chamberlain said In-Stat surveyed consumers annually on whether they were very likely to buy a smartphone. Seven percent said yes in 2006, six percent said so in 2007 and in 2008 the number jumped to 32 percent.

"A lot of the 'maybes' jumped the fence," he said, "and now we're looking at one-third of these respondents saying the next phone they buy will be a smartphone, a five-fold increase. That's big." (…)

"There was a point where traditional marketing people looked at it as a fad, and said, 'don't do it,' but now they realize if they bring useful apps that tie closely into what their brand does or offers, it's huge," said Chamberlain. (…)

The unique capabilities of smartphones along with their engaging user model is spawning a whole host of companies offering apps, and New York-based Medialets is one to watch, according to the In-Stat analyst. (…)

"They have a piece of code they put in there that will tell you how many times a person used the app, how many times you got a recipe from Kraft food, how many minutes you spent. You get a direct read on a continual basis which is invaluable. It lets the advertiser tweak and adjust what they're doing on a constant basis to see what works best; that's the part that's been missing." (…)

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Network Instruments’ Observer Combines Physical, Virtual Visibility

**Enterprise Systems Journal – March 23, 2009**

**Read the original article** [here](http://esj.com/articles/2009/03/23/network-instruments-observer-combines-physical-virtual-visibility.aspx-CIPCZQX01b0c2d827=01005b00297f5b7f00000000)

Network Instruments has released an upgrade to its Observer monitoring platform that adds support for virtualized environments. Observer provides “visibility and in-depth analysis of application performance and traffic,” the company announced in a press release today.

Charles Thompson, Product Manager at Network Instruments told Enterprise Strategies, that in conversations with his customers, most report that they are unable to access data streams via purpose-built devices (such as analyzers or IDS), and that makes for blind spots when they try to analyze internal VM host traffic. “Their existing VM monitoring lacks in-depth performance metrics, and they must choose between views of the physical world or the virtual world. What they really need to do is combine the two.”

As Thompson explained, “When you use SNMP to poll a physical machine for information about its CPU load, that’s a relevant and important statistic because it’s telling you what that CPU is actually doing. However, when you poll a virtual machine, it has a simulated CPU, so it’s simulating CPU cycles, there are delays inside the communication path that don’t exist in the physical world, and there’s a relevance and a meaning that gets lost when you ask what a simulated CPU is doing.”

How does the company get into the virtual machine to accurately get the right data?

In a Network Instruments release, the company says that “a user installs a Network Instruments software probe into their VM host environment, where they can copy and send the data to their retrospective analysis device, analyzer console, or a third-party purpose-built device.” Thompson told ESJ that overhead is extremely small and will not disrupt application performance.

**Users can access a full and integrated view of virtual traffic as it crosses physical networks, moves between virtual machine hosts, or travels between virtual machines running on the same host. All virtual traffic and communications tracked inside the VM host can be sent to the company’s GigaStor appliance, which can be used to analyze historical activity to determine problems and propose solutions. This “enterprise-wide views of virtualized resources and performance within virtualized and physical environments” is what sets the product apart, the company says.**

Thompson remarked in a prepared statement, "Companies often migrate to virtualization to cut costs, but find the move opens up gaps of coverage as their traditional monitoring tools can't address these new environments. Customers can rely on the Observer platform to provide visibility to all points on their network, regardless of whether it's at the edge or core or within physical and virtualized environments. Using our performance management platform, engineers can pinpoint performance problems from high-level reports and immediately perform root-cause analysis."

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Does Linux Benefit from Hard Times?

**Datamation – March 24, 2009**

**Read the original article** [here](http://itmanagement.earthweb.com/osrc/article.php/3811891/Does-Linux-Benefit-from-Hard-Times.htm)

If Walmart is looking for another product to add to its Great Value range, perhaps it should look no further than Linux.

When the economy takes a dive there are always plenty of casualties in the marketplace, and classical economic theory tells us that expensive goods suffer the most. When the going gets tough, consumers substitute lower-cost alternatives.

But that doesn't mean they have to compromise on quality. Just because a product has a premium brand and commands a higher price doesn't necessarily mean it's better. You can pay five times as much for a packet of Tylenol as you would for generic acetaminophen, but either will get rid of a headache equally well.

**So it's not surprising that 65 percent of IT professionals recently polled by IDC said they plan to increase Linux server workloads by 10 percent or more this year.** IDC carried out the poll for Novell, and the draft results were reported in InformationWeek.

**Another thing IDC's poll found was that "forty-nine percent [of respondents] said they expect Linux will be th**eir primary server platform within five years."

InformationWeek also said, "Asked what factors would accelerate Linux deployments, respondents said 'reducing costs and stronger interoperability with Windows' as the two top issues ... Given a chance to migrate away from Unix, the respondents often said they would choose Linux as the replacement based on its low support costs."

This suggests that open source software is now widely perceived as a low-cost but viable alternative to proprietary systems, despite the FUD some closed vendors have tried to spread over the past few years.

This is backed up by Matt Asay, a VP at open source content management software maker Alfresco, with a telling observation on his Cnet blog

**Two years ago a Fortune 500 company approached Alfresco (my employer), and ultimately concluded that they were too conservative and open source was too risky to move forward. A week ago the same people contacted me to say that times have changed, and now it's considered too risky to not be using open source due to its potential cost savings.**

Recessions can be disastrous for businesses and individuals, but because they disturb the status quo dramatically they also present tremendous opportunities for companies offering different or innovative ways of doing business.

The likely losers in this particularly severe economic downturn are proprietary Unix and many of Microsoft's server offerings. In the future, we may well look back and see it as an important tipping point when Linux and open source server software finally became the prudent corporate norm.

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Major Shift to Cloud Services Inevitable, IDC Says

**Network World – March 17, 2009**

**Read the original article** [here](http://www.networkworld.com/news/2009/031709-cloud-computing.html?netht=rn_031809&nladname=031809dailynewsamal)

**IT infrastructure and services delivered over the cloud will be ubiquitous within five years, and vendors that ignore the shift from on-premises software to Internet-delivered technology will be left in the dust, IDC analyst Frank Gens predicted at the IDC Directions conference in Boston Tuesday.**

"If you are not thinking about and acting on delivering your own offerings through the cloud [within five years], you won't be in the mainstream anymore," Gens said. Avoiding the cloud "won't really be an option."(…)

An important distinguishing feature under the IDC cloud definition is the use of Internet standards to connect cloud services to one another and to the systems within enterprise data centers, he said.

**Cloud services break down into six main categories, according to Gens -- applications, collaboration tools, storage, servers and processing, IT management, and platforms.**

**IDC surveys show 26% of businesses using the cloud for IT management, 15% to bolster server and storage capacity, a quarter for collaboration and business applications, and 17% for application development and deployment.**

A common perception is that most customers embrace cloud services because of the cost. While that is certainly true, Gens said IDC surveys show the No. 1 attribute driving people toward cloud services is the ease and speed of deployment.

Users are telling CIOs they want faster delivery of services, and the cloud helps achieve that goal.

"That alone guarantees that over the next several years the cloud model will be very important for CIOs," Gens said.

Other big selling points identified in user surveys include lessening the need for in-house IT staff, paying only for what you use and when you use it, the standardization of IT systems, and access to the latest functionality.

The top concerns identified in IDC user surveys are security, performance, availability and barriers to integrating cloud services with in-house IT systems. "We're going to have to do a lot of work around service-level assurance to move this market into the mainstream," Gens said.(…)

The theme of this year's 44TH annual IDC Directions is "ICT [Information and Communications Technology]: New risks, rules and opportunities." Nicholas Carr, author of The Big Switch and Does IT Matter? is scheduled to speak at the end of the conference.(…)

Gens, who has traveled throughout the world the past six weeks and spoken with hundreds of CIOs, said "one thing I have learned during this trip … is that this whole topic about cloud, Internet delivery of IT offerings, is really capturing the imagination of a lot of CIOs and line-of-business people out there."

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# New blade server is key to Cisco data center plan

**ComputerWorld – March 23, 2009**

**Read the original article** [here](http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=336229&source=NLT_PRN)

March 23, 2009 (Computerworld) Cisco Systems Inc. has unveiled its first blade server, which will serve as the centerpiece of a system the company promises will make adding virtualization to corporate data centers easier -- and less expensive.

The the Unified Computing System, announced last week, includes the UCS B-Series blade server, a Cisco switch, VMware virtualization technology, and other Cisco and third-party tools combined in a single rackable system designed to manage virtualized data centers, the company said. Analysts said they expect the system and services package to be priced from about $100,000.

Cisco said it will disclose more information about the UCS next month.

**The blade server, which will compete with offerings from longtime Cisco partners Hewlett-Packard Co. and IBM, is based on Intel Corp.'s Nehalem processor and includes extended memory technology to support applications with large data sets. The server will be used to manage and automate the movement of virtual machines and applications across data center servers.**

In a press briefing, CEO John Chambers said the UCS represents a "market transition" for the company. "We believe that the network is at the heart of tying this all together. We look at this as [Cisco] bringing virtualization to life."

**Cisco said the full UCS system, slated to ship in the second quarter, is currently being tested by 10 beta customers, including IT services firm Savvis Inc.**

"The UCS works well," said Savvis Chief Technology Officer Bryan Doerr. "We're just to the point of stressing major features and functions." Savvis provides network and data center services to 4,000 customers from 29 data centers around the globe. The Town & Country, Mo.-based company isn't being compensated for testing the Cisco technology, Doerr said.

Savvis is evaluating the UCS to determine whether it would be the best option in the company's effort to create more scalable virtualization than it uses now. Today, Doerr said, Savvis focuses "more on physical virtualization and cloud-based services that leverage conventional services such as VMware provides."

Later this year, Savvis will pit Cisco's UCS against other virtualization server systems so it can determine which system best meets its needs, Doerr added.

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Report Bolsters Oracle's Impressive DW Throughput Claims

**TDWI – March 29, 2009**

**Read the original article** [here](http://www.tdwi.org/News/display.aspx?ID=9352)

(..)In December of last year, Oracle commissioned very large data warehouse (VLDW) specialist Winter Corp. to performance test Exadata Storage Server, the clustered storage counterpart to Oracle's Database Machine.

The Winter report, which was published last month, reaches some very salutary conclusions, at least from Oracle's perspective.

For one thing, Winter principal Richard Winter writes, the tests validate Oracle's claims of high-performance throughput. At Oracle's Database Machine/Exadata Storage Server launch last September, for example, CEO Larry Ellison touted throughput performance of up to 14 GB/s -- and that's just what Winter measured.

"The tests showed that the Oracle Exadata single rack configuration delivered data from storage at 14 GB/second -- a rate that far exceeds what most Oracle customers have experienced in practice, even with dedicated high end, multi-rack enterprise arrays," Winter indicates.

**Exadata's impressive storage performance isn't just a function of its hardware underpinnings, Winter argues. Instead, it owes much to Oracle's ability to shift query processing into Exadata itself. "In fact, only because of the intelligence built into the Exadata Storage Servers -- and the consequent offloading of work from the database tier to the storage tier -- could the eight RAC servers in the configuration drive database scans at this 14 GB/second rate," he notes.**

There's also a sense, Winter suggests, in which Exadata's 14 GB/s throughput performance is kind of a moving target: because each Exadata node has a maximum throughput of up to 1 GB/s, and because Winter and Oracle used 14 Exadata notes in their benchmark testing, they were able to achieve Ellison's magic target. The lesson, Winter indicates, is that Exadata's throughput scalability is theoretically -- if not practically -- unlimited.

"Each storage server had a hardware level bandwidth of one GB/second. If you want more bandwidth (up to some limit that has not yet been reached) you can simply add more storage servers," he writes.(…)

Nevertheless, Winter concludes, Oracle's Exadata Storage Servers deliver as advertised. "[T]he tests served to validate three of the principal intended advantages of the Exadata architecture: high storage bandwidth; intelligent offload processing; and, reduced requirements for space, power and cooling."

Moreover, Winter indicates, Exadata was able to sustain its 14 GB/s performance while processing complex queries: for nearly half of the query processing window, Exadata's physical I/O throughput remained at or above 95 percent of its maximum theoretical throughput. "It is significant to drive physical I/O at rates of 14 GB/second with a simple table scan," Winter points out, "it is another thing entirely to do so with a concurrent mix of complex parallel queries."(…)

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Conficker Malware to Return April 1

**Datamation – March 29, 2009**

**Read the original article** [here](http://itmanagement.earthweb.com/secu/article.php/3812611/Conficker-Malware-to-Return-April-1.htm)

April Fool's Day worm starts its countdown, security vendors are cautioning users that if they've implemented basic security on your home computer or network, they'll be fine.

Others, however, face risk from a worm that's spread rapidly and without a clear indication of its purpose, they told InternetNews.com.

"It's important for users to apply the known, basic, common-sense steps to protect themselves, even in light of increasing and increasingly sophisticated attacks," said Jenko Hwong, director of security products for security appliance vendor Mirapoint. "Conficker.C and April 1st won't bring Armageddon."

For most users, that involves using up-do-date software and security tools.

"If you have a legal copy of Microsoft Windows, you have invested ... in antivirus software, or you pay your service provider for secured Internet access -- most likely you are safe," said Ron Meyran, product manager for security for application delivery and network security vendor Radware. "The same applies for enterprise networks: Your corporate policy should cover such cases."

**Nevertheless, the worm has still managed to spread widely. David Perry, global director of education at antivirus firm Trend Micro, told Internetnews.com several months ago that he believes about 10 million PCs have been hit.**

Many of the infected PCs are inadequately defended. "If you run an illegal copy of Windows, your antivirus (if any) is a freeware, you are a DSL or cable subscriber and you never disconnect -- then you are the ideal target for self propagating viruses such as Conficker," Radware's Meyran said. (…)

Experts don't know what the worm will do on April 1, but they have some educated guesses. Tal Golan, founder and CTO of antispam appliance vendor Sendio, said that the worm will likely send out e-mail containing spam or malware, but that the e-mail will be a "smoke screen masking the real targets of the worm or virus."

All of the experts that InternetNews.com contacted agreed that Conficker's spread shows that many organizations are not up to date on their patches: The worm exploits a well-known vulnerability, published by Microsoft on Oct. 23, 2008. Anyone who applied the necessary patches since then is safe.

Security experts urged users who suspect they're infected to scan their PCs. Trend Micro's Perry recommended using security software based in the cloud, such as his company's Trend Micro Smart Protection Network for enterprise users. The company also offers a Web-based scanning service called House Call for home users.

Radware's Meyran said that one sign you're infected could be if some Windows system services have been disabled on your PC (…)

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Egress Secures Data Exchange to Prevent Enterprise Data Breaches

**eWeek – March 16, 2009**

**Read the original article** [here](http://www.eweek.com/c/a/Security/Egress-Secures-Data-Exchange-to-Prevent-Enterprise-Data-Breaches/?kc=EWKNLDAT03192009STR5)

**Egress Software Technologies is using a SAAS model to help enterprises protect and control access to the data they share. With Egress Switch, enterprises can set strict access policies over who can access e-mails or data downloaded to CDs and other media even after the data has been sent.**

Many data breach notifications start with a story like this: An unencrypted CD with customer information has gone missing.

But what if the CD were not only encrypted, but for that encryption to be broken, the person had to authenticate and get the encryption keys from the cloud? This is the question data protection vendor Egress Software Technologies is answering with Egress Switch, a new cloud-based security offering the company hopes will penetrate both the consumer and enterprise markets.

The product is designed to give organizations tighter control of who accesses information being shared. The company’s software uses AES 256-bit encryption to encrypt data on any type of media, from e-mail attachments to CDs and USB sticks. Once the selected data is packaged and encrypted, the package is assigned an identity and can be sent electronically.

In order to decrypt the data, the intended recipient would have to sign up for an Egress Switch ID, which for them would be free. The encryption keys are kept securely in the cloud and are handed over to the recipient’s computer only after that person has been authenticated to access the secure package.

**This is meant to allow the sender of the information to exert access control over the data. With Switch, the sender can set or change access policies in the cloud. For example, if the sender only wants a certain person to be able to decrypt the data for a certain amount of time, the sender can set a policy to reflect that**.

“Individuals and organizations that share information must consider the ramifications if their data ends up in the wrong hands,” said Richard Stiennon, chief analyst and founder of security research firm IT-Harvest, in a statement. “If there is a need to stay in control, even after the information has been shared, a simple and affordable secure data exchange solution makes a lot of sense as part of a comprehensive data protection strategy.”(…)

“Even though controlling your own data sounds simple, most organizations still struggle with this issue and turn to data protection offerings such as encryption and data leak prevention to help them keep their information secure,” Egner said in a statement. “While those tools are important, they offer no guarantees about who is accessing data once it has left a user’s hands. We believe that our Switch solution addresses a major gap in today’s data protection offerings allowing any organization or individual that needs to share information externally to do so safely and affordably by using this simple tool.”(…)

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# First Data Based Security Maturity Model Released

**Application Trends – February 17, 2009**

**Read the original article** [here](http://adtmag.com/Articles/2009/03/17/First-Data-Based-Security-Maturity-Model-Released.aspx?Page=1)

A newly released maturity model could be the first to shed new light on how enterprises are implementing security initiatives in their internal software development efforts.

**Security consulting firm Cigital and security solutions provider Fortify Software have together published the Building Security In Maturity Model (BSIMM), derived from the companies' study of the security initiatives of two large players in the financial services industry and seven major technology companies**.

BSIMM (pronounced "bee-simm") is based on observations of enterprise security initiatives at Microsoft, Google, Qualcomm, Adobe Systems, EMC, Wells Fargo Bank and the Depository Trust & Clearing Corporation (DTCC). Two other companies who participated declined to be identified.

Gartner Fellow Joseph Feiman believes that the BSIMM is the first maturity model (a tool for describing and assessing an organization's processes) for security initiatives developed from real-world data. "It's a very good idea, and an important first step," Feiman said

**A maturity model for security initiatives might help bridge the gap that typically separates businesspeople from technology people, he added. "Processes and methodologies are things that CIOs and department managers know," he said. "The BSIMM provides this maturity model, which would be accepted by those not on the security team."**

The BSIMM is based on in-depth interviews with nine companies chosen from 35 organizations the authors considered as having implemented the most successful software security initiatives in the world. They collected a range of data on each organization's software security activities, including things like strategy and metrics, standards and requirements, security testing, code review, and training.

"Our goal was to build an empirical model for software security based on real, observed practices," said Gary McGraw, Cigital's CTO and co-author of the BSIMM.

Based on their observations, the authors compiled a list of 110 practices organized around a Software Security Framework (SSF), which provides a "conceptual scaffolding" for the BSIMM. McGraw emphasized that most organization shouldn't attempt to adopt all 110 practices. "Just do what's smart," he said.(…)

The authors also want to take their maturity model down-market, Migues said. "We don't know how this model applies to smaller companies," he said. "This comprehensive set of activities appears to work really well for large, established software security groups. But when you have 50 or 100 developers and a small pocket book, and you don't have five or 10 years to evolve, what does that mean? We intend to find out." (…)

The BSIMM is available now under a Creative Commons license.

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Report: IBM in Talks to Buy Sun

**Network World – March 19, 2009**

**Read the original article** [here](http://www.networkworld.com/news/2009/031809-report-ibm-is-in-talks.html?netht=ts_031809&nladname=031809dailynewsamal-CIPCZQX01b0c2d827=03006f01de3dbc7300000000)

Global technology giant IBM is in talks to buy Sun in a deal that would expand its server market share, the Wall Street Journal reported Wednesday.

IBM may pay as much as $6.5 billion in cash for Sun, the newspaper reported on its Web site, without naming its sources. That amount of money would be nearly double Sun's closing share price on Tuesday of $4.97 per share.(…)

Sun also has a software business, although that brings in little revenue. It made just $42 million last quarter from sales of its Solaris operating system and associated management and virtualization software. In February it struck a deal with HP to expand distribution of Solaris, complementing deals struck in 2007 with IBM and Dell.

**It has a lot of open-source software, including the MySQL database, which it hasn't been able to monetize. It reported just $81 million in sales of MySQL licenses and related infrastructure last quarter, after paying $1 billion for the company in January last year.**

A merger between IBM and Sun, if it came true, would have benefits for both companies, according to Nathaniel Martinez, program director in IDC's European System Infrastructure Solutions.

Regarding MySQL, "bringing IBM into the picture, with its services arm, could be something that could turn that into actual dollars in the future," he said.

Sun also has a huge installed server base, and many of them are currently looking at migrating to Linux. A deal would be a way for IBM to grab Sun customers who are using RISC-based servers, Martinez said.

Also, IBM is working on making itself the choice for high-end servers, and customers using Sun's Solaris operating system are high end and extremely loyal, according to Martinez, who also gives credence to speculation that it's a competitive move from IBM in response to Cisco's entry into the data center on Monday.

But a deal of this size also comes with its fair share of challenges. There would obviously be products that overlap, according to Martinez, including areas such as servers, databases and storage, and wherever IBM has an office, Sun also has one, he said.

The different cultures at IBM and Sun would also be a challenge, but Sun's technology focused culture could be a boost for IBM, which is more and more seen as a service provider, according to Martinez.

The Journal report cautioned that while the two companies are holding discussions, a transaction may not occur.

**It isn't the first time that rumors have surfaced about Sun being acquired. In the past there have been reports that Dell or Fujitsu Siemens could buy the company, Martinez said.**

Officials from Sun and IBM in Europe declined to comment on the report.

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)

# Salesforce.com's Growth Shows SaaS Success In Tough Economy

**Infoemation Week – February 26, 2009**

**Read the original article** [here](http://www.informationweek.com/news/services/saas/showArticle.jhtml?articleID=214600343&cid=nl_tw_weekly_H)

**As the largest provider of software as a service, Salesforce (NYSE: CRM).com's financial performance is a bellwether for how well SaaS is doing in the tough economy. The answer: very well, but with a few areas of concern**.

**Salesforce announced net income of $13.8 million for its fourth quarter ended Jan. 31, up from $7.4 million last year. Total revenue was $289.6 million for the quarter, an increase of 34% over last year's fourth quarter. And despite a plunging economy that hit many IT budgets the hardest in late 2008, Salesforce increased its revenue by 5% over the preceding third quarter.**

The revenue growth suggests that SaaS is attractive to businesses with tight IT budgets, as the up-front costs are substantially lower than licensed software.

"Salesforce.com was not impervious to the toll of the global recession in the second half of 2008, but the company's 4Q08 results prove SaaS continues to be a winning technology in the down economy," wrote Technology Business Research analyst Melissa Grady in a report issued Wednesday evening.

Salesforce is more cautious about its first quarter, which runs February through April. It's estimating revenue of $304 million, a 22% increase over the $248 million in revenue it made in the same quarter last year. If that estimate proves true, this year's first quarter growth will be slower than the past, as last year's $248 million was up 52% over the same quarter in 2007.

There are a few problem areas for Salesforce. The company recorded an average of $5,230 in revenue for its 55,400 customers in the fourth quarter, compared with $5,340 in the third quarter and $5,520 in the second, Grady noted. Salesforce, which charges a premium for its CRM service over some competitors, including Microsoft (NSDQ: MSFT) and Oracle On Demand, may have negotiated better deals with customers to be more price competitive.

Grady said customers' shrinking workforces may have impacted revenue per customer in the fourth quarter, but also expects more price competition from RightNow and NetSuite in 2009, as they have strategies in place to position themselves as low-cost leaders.

In a report issued Thursday morning, Peter Goldmacher, an analyst with Cowen & Co., said "execution was impressive" at Salesforce during the fourth quarter, but Cowen remains "concerned about deal dynamics, churn, and competition." Cowen believes that "deal sizes are getting smaller and invoices are getting shorter."

[Back to Menu](#_IS/IT_Recent_News_ December 17th 20)