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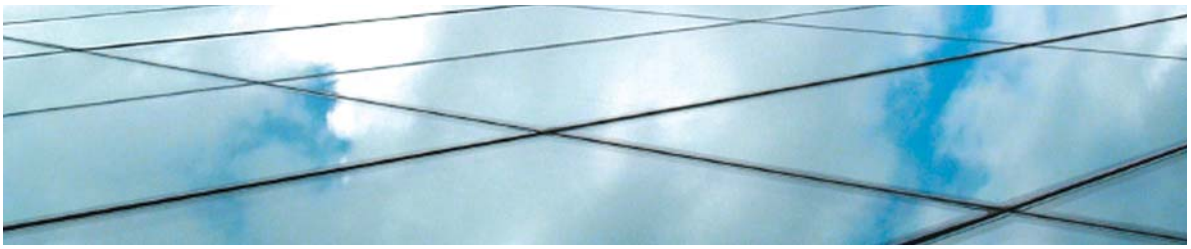
EDITORIAL
OPINION
REVIEWS



WELCOME

Welcome to the August edition of Longview - our 10th issue. In addition to the usual editorial and opinion pieces you'll find information about recently published research reports pertaining to Unisys' global turnaround, as well as a report sizing the Australian ICT contractor market and its major players such as Candle, Paxus, Finite and PeopleBank.

In other areas of the business we have now added payment facilities to the website and accept all major credit cards including AMEX, MasterCard and VISA. For those who prefer a different channel we have also added a faxback form available directly through the homepage.

In T*he Naked Chief* blog this month Harvey discusses his insights regarding the conferencing and event industry in Australia and our research associate David Wang, having co-authored several research reports with Sam and I, now writes his first newsletter opinion piece.

Finally, as we ramp-up to a heavy vendor briefing season and our first Longhaus event in Q4 we look forward to taking our uniquely Australian message on the road and sharing the *LonghausLive* experience with the market. See you next month in *Longview!*

Editorial

Australia: The ICT manufacturing powerhouse

Research into any industry is about verifying hypothesis, debunking perceptions, and rationalising myths. A long held belief of the local ICT industry is that Australia plays only a small role in the global ICT market. Our lack of onshore manufacturing is often cited as the primary reason. But what if the very foundation of the global ICT industry was heavily dependent on Australia? Would that change the way we look at ourselves? What if Australia held the key to the next generation of micro-processors, mobile phones, and digital cameras?

As it happens Australia plays a significant role in all of these technologies - we are a key producer of the underlying minerals required to enable some of the most widely used devices of the modern age.

Take Hafnium, a shiny silvery metal present in zircon (at a rate of 50 parts zirconium to 1 part hafnium). Australia is the largest producer of zircon in the world contributing 52% of the zircon production in 2006, followed closely by South Africa at 34% (see Figure 1).

Until recently hafnium was virtually unknown to the majority of major organisations within the ICT industry. Then, early in 2007, Intel announced that it was moving to 45nm chips; code named "Penryn". This new range of chips utilise hafnium as an alternative to silicon. The rare metal is the basis for transistors which produce startling results including significantly reduced power consumption and therefore heat generation plus an estimated two (2) times the transistor density allowing for much smaller and lighter chips. Similar announcements have followed from AMD and IBM.

The story repeats itself for Tantalum which is used in powdered form in the production of micro-capacitors for mobile phone and digital cameras. Again Australia is a major producer - accounting for over half the total world production in 2006 (see Figure 2).

Figure 1 - 2006 World Zircon Production

Source: US Geological Society

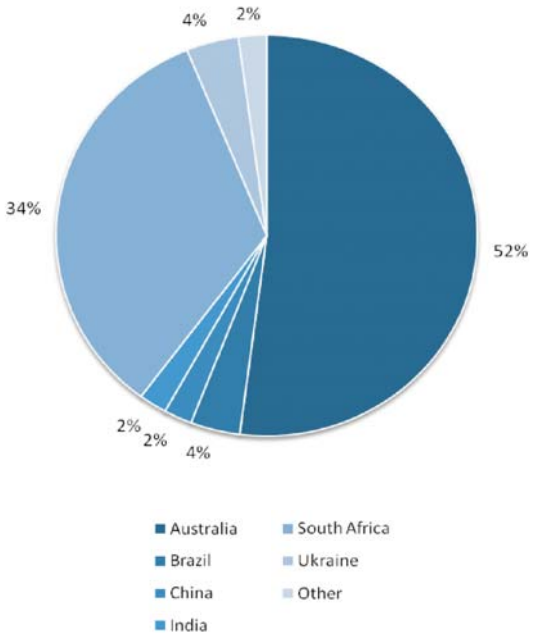
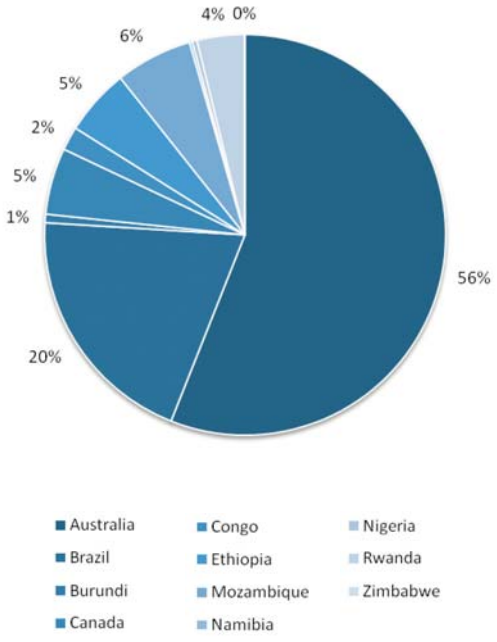


Figure 2 - 2006 World Tantalum Production

Source: US Geological Society



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But the increasing link between Australia's resource sector and the global ICT industry is not all good news. In May this year *New Scientist* published an article entitled **"Earth's natural wealth: an audit"** in which the article's author, David Cohen, explored the rate of consumption of a variety of resources and investigated how long before they would be depleted. The story included data compiled by Armin Reller, from the University of Augsburg in Germany, and Tom Graddel from Yale University who have produced startling estimates regarding the current levels of consumption and supply of key minerals used in everything from animal feed to micro-processors. They predict that in 10 years the world will run out of hafnium. For tantalum the estimate is equally bleak with predictions of shortages within 20 to 30 years. So, what does this mean for Australia?

In seperate research reports we have written about the need for governments to view major ICT markets and companies such as Microsoft and IBM in terms of foreign policy as opposed to domestic citing the emergence of software code as an oil-like resource. These insights into base-metal technology inputs further highlights that it is time ICT policy makers stopped thinking of the local ICT industry in terms of onshore manufacturing and local consumption. It is time to engage instead in global debate about the proper management of the most fundamental inputs into the ICT industry - minerals. Moving forward Australia's role in supplying critical elements into the ICT manufacturing process may have to be one not unlike OPEC whose own mission states:

> *"…coordinate & unify the petroleum policies of Member Countries & ensure the stabilization of oil markets in order to secure an efficient, economic & regular supply of petroleum to consumers, a steady income to producers and a fair return on capital to those investing in the petroleum industry."*

Rather than focus on Australia's 10-year domestic plan, its peak ICT industry bodies need to join with the Federal government and the resources sector to explore serious considerations for investment in foreign ICT policy - a world first.

Come on! Programming is not the nirvana of web 2.0!

by **David Wang**

The year's hottest buzzword was heavily used during Microsoft's Tech Ed conference hosted this year on the Gold Coast from 8th to 10th August. Since O'Reilly Media coined the term "Web 2.0" in 2003, strong feelings of love and hate have coexisted amongst ICT observers and practitioners about its use. Tech geeks have chased 2.0 enabled killer applications; marketers have been busy producing catchy slogans. Others, like me, simply wait for a rigorous definition from industry for a concept that remains vague to many, and perhaps so too for Microsoft.

Sitting through the *Blogger's Lunch*, it appeared that Microsoft grasped the broad philosophies of Web 2.0 quite well. The lunch presented a panel of bloggers keen to explain application development and compatibility for Web 2.0. Not unexpectedly, beyond the segmented responses of timing, emotional connection, environment, usability and interaction, there was no authoritative definition. While each answer seemed broadly insightful, how each would contribute to form a Web 2.0 programming standard still remained a question. Should there even be a standard for programmers to follow when building Web 2.0 enabled environments? Regardless, with a mini esky lunch box in hand while interacting with my peers, I felt like I was in the process of Web 2.0-ing. The only difference being that the socialisation and interaction happened in the same place, at the same time rather than online.

Two hours later, on the other side of the conference centre, my attention was drawn to a session called *Web 2.0 Programming*. Curiosity drew me to find out if Web 2.0 was really programmable. The first few presentation slides answered this question. The session was actually all about how to develop Web 2.0 applications using RESTful Technologies (AJAX, JavaScript, JSON, RSS and so on). To draw a simple analogy, it taught the process of marketing an old wine (RESTful Technologies) in a new bottle (Web 2.0). The title of this session may have been more accurately titled RESTful Technologies programming.

Defining Web 2.0

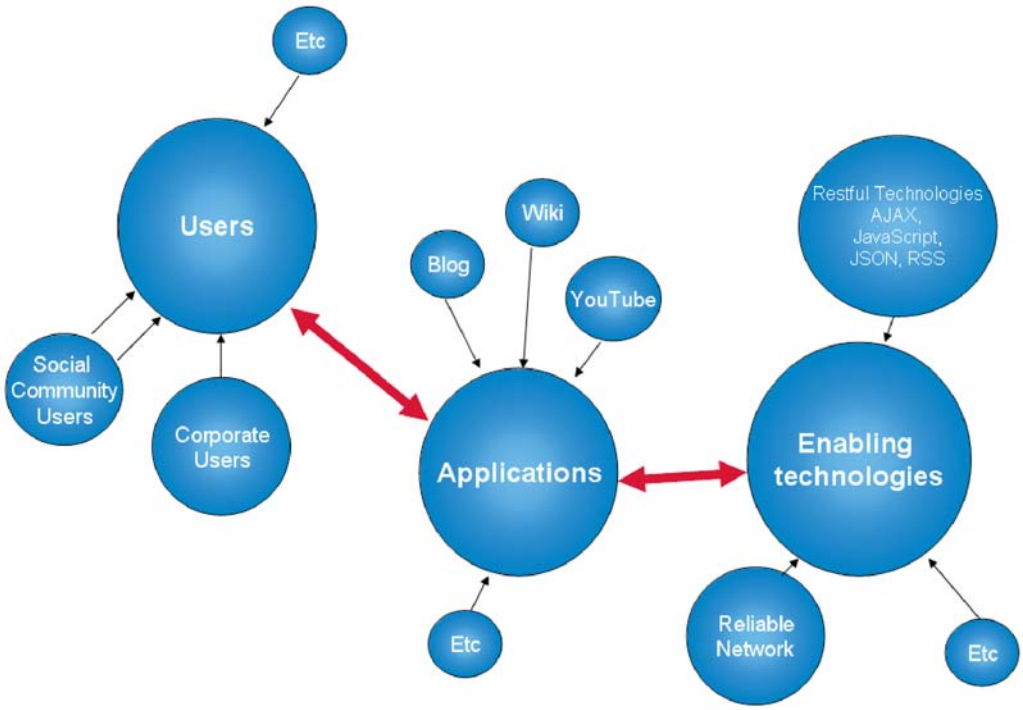
In previous research, Longhaus have provided the following definitions to distinguish between social computing, web 2.0, and corporate social computing:

> *Social computing incorporates an unstructured suite of individual applications including instant messaging, wikis, blogs, social book marking, tag-clouds, real-time forums and community ratings. These applications are deployed on Web 2.0 technologies such as RSS and Asynchronous Java and XML (AJAX).*

> *Corporate social computing harnesses the information exchange that occurs at the point of customer engagement using collaborative technology tools by communities of interest to engage in activities designed to benefit and enrich the membership of those communities.*

In the context of TechEd, knowing how to program RESTful Technologies will not necessarily produce a good Web 2.0 practice. Web 2.0 technologies provide the platform on which an integration of users, applications and behaviours occur. The real magic of the Web 2.0 process is the creation of information catalysts which interlink the various components of the social computing ecosystem as described in the following diagram.

Figure 3: Information catalysts (red arrows) are the true nirvana of the web 2.0 ecosystem



Web 2.0 utopia cannot be achieved through learning programming technologies. Rather it is reached by understanding how the existing technologies and new applications are interlinked to establish new online behaviours. To be more specific developers must ask themselves:

- From a social perspective, what are the usage patterns and behaviours? Furthermore, how can these patterns be applied to various usage contexts so that more efficient learning, entertaining and working experiences can be delivered?
- From a technical perspective, how can technologies be utilised or combined to facilitate rich interaction and collaboration?

The Microsoft Tech Ed conference promoted Web 2.0 as a technology term. Yet even in this context the session marketed as "Web 2.0" only covered a portion of their related techniques taken primarily from the RESTful product family with little discussion of the Microsoft Office Sharepoint Server (MOSS) environment.

Major corporations are starting to focus on enterprise Web 2.0 applications, but progress remains below market expectations. According to a recent survey*, there are indications that CIOs need more business cases, Web 2.0 experiences, and implementation strategies to justify the adoption of Web 2.0 in the corporate environment.

Quite obviously, decision makers are struggling to find answers in technical presentations. What they want is education on the true value of Web 2.0 concepts and how to maximize it within their organisations. Vendors seem hell-bent on educating the market on new programming techniques in old software technology simply because there's a new user hot button called "Web 2.0".

* http://news.com.com/Web+2.0+entering+corporate+world+slowly/2100-7345_3-6117854.html

LATEST RESEARCH: THE AUSTRALIAN ICT CONTRACTOR MARKET: INMATES RUNNING THE ASYLUM

by **Sam Higgins**

Price: AUD$330.00 + GST

Available online

During the announcement of the 2006-2007 Federal Government Budget the Australian Financial Review predicted that Australia's additional $17 billion annual investment in ICT would fuel economic growth for the next two decades by offering a 1.8% annual lift in labour productivity through until 2024. This, combined with the natural peak of the big reset cycle, has seen demand growth for ICT resources across Australia with ongoing shortages being predicted until at least 2010. This pressure has driven contractor rates for ICT resources beyond pre-Y2K levels and helped the leading contract and recruitment firms including Paxus, Candle, Finite, People-Bank, Affinity IT, Ambit, Ambition, Talent2 experience significant growth. Yet despite these ideal conditions these same firms have failed to generate additional market share.

Instead they are turning towards consolidation and movement into adjacent markets to drive additional growth and new opportunities. Accenture's sale of Diversiti to Chandler Macleod, and Candle's recent acquisition of Jav IT are direct outcomes of the true state of the Australian ICT contractor labour market in which these high profile firms have less than a 6% share. The bottom-line for end-user organisations wishing to address short term ICT resources is a need to recognise this trend and consider different identification, procurement, and contracting models for accessing the true contractor networks of the ICT labour market.

Vendors Covered: *Australian recruitment companies*

LATEST RESEARCH: UNISYS CAPITALISES ON BIG RESET IN AUSTRALIA NEW ZEALAND

by **Peter Carr**

Price: AUD$330.00 + GST

Available online

In 2006 Unisys embarked on a three year turn-around of their global operations with a focus on cementing themselves as the pre-eminent Tier 2 ICT services company. Their goal is to hit 8%-10% operating profit globally by December 2008. At the half-way stage of this business improvement change, aided by the rise of identity management as a CEO priority, and at the cusp of an ICT refresh driven by the Y2K reset, Unisys is well positioned to claim one of the top pound-for-pound ICT brands in ANZ. In doing so they may prove that the most creative innovation often comes from the underdog and an unwavering focus on execution. Between now and 2011 Unisys are unquestionably an Asia Pacific brand to watch. Australia and New Zealand organisations should take note; local organisations contribute a significant 5-6% towards the company's global revenue.

Vendors Covered: *Unisys*

AROUND THE INDUSTRY: WHERE YOULL FIND US, WHERE WEVE BEEN

ISD SCHEER
Custom Briefing - Business Process Management Trends
27th July 2007

INFOHRM
2007 Asia Pacific Conference, Gold Coast
Custom Briefing - Workforce Analytics and SaaS
2nd August 2007

MICROSOFT
TechEd 2007, Gold Coast
11th August 2007

IBM INSIGHTS
Asia Pacific Analyst Event
Ho Chi Min City, Vietnam
29th - 31st August 2007

THE STRATEGIC PATH TO BUSINESS DATA MANAGEMENT (MAGAZINE)
Improving ICT Governance with IT Portfolio Management
August 2007

BTell
5th Annual Enterprise Architecture Conference
Star City, Sydney
14th August, 2007