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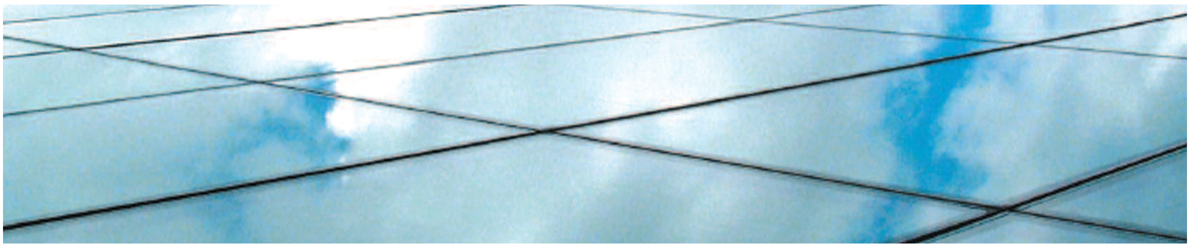
OPINION
REVIEWS



WELCOME

We've put together a software edition this month including research on two particular areas around which we see continual adoption-confusion in the market: enterprise open source, and enterprise social computing. For both topics the issue of enterprise extensibility is driving end-users into strategic rethinks right across their application portfolios. Such application activity is managing to deliver a stream of project work and going someway to staving off a grim quarter for the ICT industry.

Also inside *Longview* this month you will find a reminder about our upcoming ICT hypothetical on June 4th where we will be discussing the ramifications of Internet Television with a great panel of experts. For our AAA subscribers, when next you visit the website be sure to read the latest *Q2 Australian Tech Index* report, as well as research and positions regarding Oracle's acquisition of Sun, and considerations for the adoption of enterprise wiki technologies.

Other than that, we'll see you in the market or next month in Longview in the run-up to the end of the financial year, or just follow us on Twitter for regular sound bites throughout the month (@thenakedchief, @shigginski, and @davidwang).

Editorial

Social network analysis can save a rebranded corporate social computing

Our latest research highlights that only 26% of Australia's large-enterprise organisations are actively planning or currently using corporate social computing. That's a staggering 74% that are stating a lack of intention, are simply considering it or don't even know what it is. This suggests to us that the growth in this area being claimed by the vendors is about product not outcome.

On that basis can anyone who is about to purchase social computing software with end of financial year budget under-spends please STOP. Don't do it. If there is one thing we still see regular confusion around it's the corporate application of social computing. So, chances are you too will get it wrong and waste your money, or worse still, blow the reputation of the ICT organisation at a low point in the business cycle. But there is hope.

> It is the measurement of the productive capacity of the people network within an organisation which is most crucial to the adoption of corporate social computing software.

Despite the fast adoption rates of Lotus Connections and SharePoint Server more than a few people we speak to are beginning to wonder if IBM, Microsoft and others have got it wrong. I don't believe they have. Instead it's probably as simple as poor branding. Remember when no-one would buy a Lucky Goldstar television? Now everyone wants to own LG Plasmas, fridges, mobile phones or any other form of electrical device or whitegoods with the LG smiley face. Corporate social computing is a Lucky Goldstar in need of a make-over.

Corporate social computing has always sounded like a part-time name; as if the world was just waiting for something better to come along. The name tried to say the right thing; that there was a raw human element to this new computing stuff. The fact is that the first attempt to label this phenomenon has been lost in translation. The technology behind the concept came about so quickly that the mother of invention had to slap a name on this new baby before it had even drawn its first breath. Thankfully in the rush to Web 2.0 and the social networking boom driven by the alphabet generation the misnomer is not anyone's fault in particular, but that does not mean we shouldn't try to change it.

A better name may well have been bio-networking, bionetwork communications, or something akin to the chromosomal depiction that a manifested social network represents: DNA, double-helix, or bio-mesh computing. (see Figure 1).

However, the reality is that the only way it is going to change now is if IBM or Microsoft get behind the idea and rewire the marketing brains of technophiles the world over. This will be something that requires an Obama-style intervention. With IBM having the pre-eminent corporate solution on the market they stand the greatest chance of making the change. It will be at their own peril if they don't.

The first challenge for whichever firm takes up the crusade is that only one of the two sides to the social computing adoption story is being told. There are social computing technologies, and then there are social computing networks. The first side of this story is currently being marketed as social computing, essentially a new software family that allows exploitation of implicit knowledge and relationships within a people-based network. It involves new collaborative tools that enable organisations to tap and enable people's collective knowledge and skills. This new family includes everything from blogging and micro-blogging (i.e. Twitter), through to wikis, meta tagging, and profiling applications.

The second part of the story has nothing to do with technology and it is this part that has been hi-jacked by the technology spin, but represents the greatest opportunity for business change. It is about the social leverage and productivity of the people network within businesses. It consists of the mavens, connectors and brokers that Malcolm Gladwell describes in his book *The Tipping Point*. It involves viral stakeholders, collaborative centres of excellence, influencers and subject matter experts.

The crucial point in identifying the differences between these two is that while many organisations may already have social computing technologies within their organisation, EVERY organisation has a social network operating within it.

And it is the measurement of the productive capacity of the people network within an organisation which is the most crucial to the adoption of this new software; software that whilst successfully shipped, has so far been poorly exploited and implemented.

Both IBM and Microsoft have both made statements that their respective offerings are the fastest selling software product in both company's histories. Oracle is the latest to jump into the collaborative-social mix with the Beehive offering. It can be argued that Australia's Atlassian provides the best stand-alone wiki technology. Each of these statements is significant because they mean that people perceive a problem or recognise the need to enable an existing activity with a software solution. The reason we aren't seeing more success stories is because organisations are trying to figure out how best to adopt their purchases; a condition that afflicted proprietary enterprise application integration in the early-mid 1990's. And they're getting there despite the confusion in the messaging. While we are under non-disclosure in relation to which significant organisations have purchased such solutions, we can share with you the crucial secret to adoption that the early adopters appear not to have taken; social network analysis.

A social network actually has a physical manifestation. It looks like something; and the something it looks like appears at Figure 1. Once it is graphically displayed it is easy to look at and begin to analyse and understand the following key facts about your organisation to assist in change, process and performance improvements:

- **The real experts:** where are the experts operating within your organisation and how can you begin to measure their "interactional" output? Those who know most about your organisation work within your business. Crucially, social network analysis uncovers where these experts are, and what they know. They invariably may not be the ones with the high-paid titles.
- **Knowledge leakage:** From the same representation it is also possible to visualise organisational knowledge leaking from the extremities of your business and measure how much of it is walking away. It would also be easy to identify which branch of your organisation's social network tree (or DNA) represented the alumni network, if in fact your organisation is one of the many that has adopted such an approach to stave off the loss of corporate knowledge.
- **Speed-Distance to information:** It is possible to see where new initiatives should be focused to ensure that staff are empowered with information, and measure how quickly it spreads. Social network analysis can uncover bottle-necks, and unstructured hierarchies crucial to the flow of information within your organisation.

The process to understand these facts before embarking on business aligned technology purchases is called social network analysis. The software to tap this network, and make this achievable is what is currently known as corporate social computing. However, in the absence of emphasis of social network analysis by the purveyors of the ICT solution, organisations have struggled with what to measure or how.

Therefore the default position for the industry has been to measure what Longhaus call peak eyeballs. Roughly translated this equates to how many friends you have on Facebook, or how many connections you may have on Linked In. It is akin to measuring hits on a website. For business adoption that simplistic approach is flawed and organisations must revert to the tried and trusted measurement and evidence based approaches so that they know how to assimilate the true value of their corporate social networks and link this with their business outputs. Furthermore, organisations haven't grasped the concepts and differences of interactional processing (i.e. non-transactional), social software strategies simply don't currently exist, and consumer utilisation of social computing that bleeds across into employee roles continues to cloud the solution.

This dissonance can be addressed through a social network analysis exercise but for now both the language and portfolio of corporate social computing software and its relationship to collaborative solutions is still far too confusing to be a meaningful value-add to organisations. At a minimum it is incumbent on the major software players to take a lead from Lucky Goldstar and accept that a branding change would be a much needed start, while for the end-user enterprise in 2009, undertaking or seeking a consultative social network analysis of your own organisation should be a mandatory undertaking.

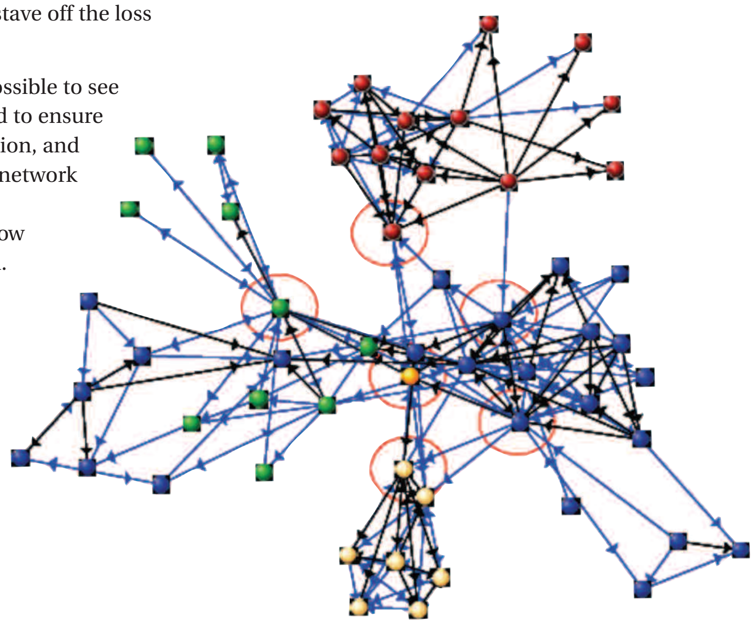


Figure 1: Social network analysis uncovers the DNA of an organisation. Graphic source: IBM

The Importance of being Distributable

by Sam Higgins

At the Open CeBIT conference in 2008 Longhaus stated that by 2012 the open source business model would be a fully integrated dimension of the overall software market. Part of the logic behind this forecast was that the presence of a new business model in an existing market that offers the same outcomes at a reduced cost will cause a reaction from other market participants. These reactions include meeting the new entrants on price, differentiating on value-added features or through product and service bundles, or in many cases to adopt the competitors' business model as your own.

Such actions are all aimed at cancelling out the effect of the new business model in the eyes of the buyer and restoring the status quo. The implication then should be obvious. Over time, the identification or distinction of a software vendor based on its underlying development pedagogy will no longer be a source of competitive differentiation on its own. Instead the business model becomes just one more means by which to compete on feature, quality and price.

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The transition to this state is now well underway with all major independent software vendors, including those considered proprietary today, already or preparing to offer some form of product or service founded on an open source approach. Such moves provide all vendors with the ability to claim "open source" status. Indeed, many people continue to deny Microsoft their rights to the moniker even though the Open Source Initiative approved the company's open source licence in 2008.

In response to these shifts end-users faced with open source as an undifferentiated feature of the market will ignore the business model distinction and once again adopt a pure value-for-money assessment principle. A return to this rational market state is clearly something that Oracle will be hoping to see sooner rather than later as it attempts to harmonise its acquisition of the open source stalwart Sun.

That said, it is one thing to say that open source business models will be a key feature of the market. It is quite an all together different issue to uncover the keys to the success of these business models and how new software vendors can exploit them to enter the market. Yet this is exactly the challenge faced by anyone starting a software company today and an issue which is slowly gaining recognition by Australian governments beyond the purchasing policy. Specifically, governments are realising that industry development programs targeting the Australian software firm can no longer focus solely on the pursuit of intellectual property generation in the traditional sense.

Late last year *Longhaus* was engaged by the Queensland Government to undertake research and analysis of the open source sector of the local ICT industry. What emerged from that project was that the software industry itself recognises that it must be able to articulate the difference between an open source project and an open source business model; it is the ability to establish a business upon an open source foundation that will gain the support of government; not merely the establishment of an open source project. What the project also demonstrated was that many of the most well known and successful companies using an open source business model struggle to articulate the "secret sauce" of open source.

In recent discussions with many of the open source leaders in Queensland one theme emerges time and time again. That the way in which software is acquired, installed and supported is a crucial requirement and selling point for end-users. In open source market terms this means understanding there is a difference between a project (the production side of the open source market), and distribution (the channel to the end-user).

Another way to think about this situation is in stark economic terms: open source projects do not make money, open source distribution companies do. Take Red Hat. The Fedora Project itself makes nothing. Indeed it is an independent project which represents a cost item for Red Hat as they have to provide developers on their time, the hosting environment for the project and like many other open source organisations the Fedora organisation itself has to legally defend its assets, secure trademarks and other trappings of commercial formality even before Red Hat commences the Red Hat Linux distribution exercise. Yet Red Hat, as a provider of a distributable version of Fedora does make money.

For many open source projects these base costs are low, but all projects consume resources that must be funded either through vendor sponsorship, community philanthropy, site-advertising, T-shirt sales or other means. The reality of the open source project condition can be summed up based on the statements made during our Open Source Hypothetical by Andrew Eddie (Project Development Lead for Joomla) and Steven Brown (Director of Commercial-isation at UniQuest); open source projects represent communities of enthusiasts who are broke and take every legal action to protect the freedom of their project even it means remaining broke.

Understanding the distinction between what it means to be a contributor or enthusiast within an open source project and what it means to be in the business of software distribution is imperative for anyone intending to have a successful open source-based software company. Armed with the distinction between a "project" and a "distro", a software vendor wishing to build their business on open source can assess a project they intend to form the basis of their offering and determine what services they will have to add in-order to create an effective distribution that meets the requirements of end-users. To aid in this process *Longhaus* has compiled a general comparison (please see page following).

COMPARISON OF OPEN SOURCE PROJECTS VERSUS DISTRIBUTIONS	PROJECT	DISTRIBUTABLE
Examples: Examples of open source projects versus the distributable derived from them.	Fedora SugarCRM Community Edition Eclipse IDE	Red Hat Enterprise Linux & Oracle Unbreakable Linux SugarCRM Professional Edition IBM Rational Developer
Market Focus: What drives the organisation?	Production of newer versions of the product.	Penetration of the product to more sites.
Innovation Focus: Where is the evolution?	Innovation around the features and functions of the product.	Innovation around the value-added services that surround the product, and security and maintenance of software products.
Functional Scope: What are the functional limitations?	Product-oriented with limited bundling of complimentary or add-on products outside the project itself.	Solution-oriented with bundling of additional or commonly added functions and features demanded by the end-user market.
Release Cycles: How often is a new version available?	Frequently. Often nightly builds are available, but most have regular (weekly or monthly) drop cycle.	Regularly, but more aligned to the expectation of commercial customers.
Security Stance: What is the approach to addressing security issues?	Reactive patches, typically not applied to earlier releases.	Pro-actively hardened, often with patch support for earlier versions.
Warranty & Indemnity: What is the approach to providing product surety?	Expressly avoided or extremely limited.	Expressly provided to match market expectation.
Marketing: What type of market engagement and communication is undertaken?	None or extremely limited, often targeted at the developer community.	Extensive, often targeted at key business and ICT decision makers.
Supported Versions: How many versions are supported concurrently?	Typically only one current version supported with known issues solved in the main branch.	Multiple versions supported, branches maintained with patches within defined support periods.
Support Periods: How long are older versions supported?	Undefined or driven by release cycles.	Defined periods of support, often beyond the timelines provided by the originating project team.
Deployment Ready Builds: Are executable builds provided for various platforms?	Sometimes, but often carrying significant limitations.	Always provided for the supported platforms.
Cost Model: What is the underlying cost model?	Product intellectual property is free with no up front or ongoing charges for the user.	Product intellectual property is free with no up front costs, but surrounding services are recovered through subscription or maintenance fees from the user.

Oscar Wilde's *The Importance of being Earnest* explored both the value in truth and being true to ourselves. For proponents of open source, both end-user adoption success and a happy economic ending for the movement will require that we grasp these same lessons and acknowledge that *The Importance of being Distributable* is paramount to a commercially viable market relationship.

AAA ACCESS ALL AREAS

LATEST RESEARCH

ORACLE ACQUISITION OF SUN SHOULD PUT COMPETITORS ON NOTICE

by Sam Higgins

Reports emerged on 18 March from the *Wall Street Journal* that IBM and Sun Microsystems (Sun) had entered into talks about a potential acquisition. By 7 April it was reported that talks between IBM and Sun had broken down. On 20 April, Oracle announced that it had entered into a definitive agreement to acquire Sun at USD$9.50 per share in cash; a transaction valued at approximately USD$7.4 billion, or USD$5.6 billion net of Sun's cash and debt. The acquisition of Sun by Oracle surprised many, including Microsoft's own Steve Ballmer. This Briefing Note contains Longhaus' observations in relation to the changing ICT industry landscape in terms of enterprise application software development and deployment

UNDERSTANDING THE ENTERPRISE WIKI TO PORTAL CONTINUUM

by David Wang

The term enterprise wiki was first coined in 2003 when the wiki first moved into the corporate domain. Six years on, the latest Longhaus ICT Spending and Priorities study found that only 12% of Australian organisations are using wiki technology. While the adoption of enterprise wikis remains comparatively low, those that are considering using the technology account for a further 40%, toppling all other technologies or applications benchmarked in the survey. Longhaus believe that the current incarnation of the enterprise wiki has over-addressed integration of employee's thoughts while ignoring its potential cohesiveness between business process and data sources. Longhaus undertook a comprehensive analysis of eighteen enterprise wiki case studies, and concluded that the current social-oriented enterprise wiki will evolve from an employee-fed knowledge base, to a data-process-integrated employee workplace.

longhaus EVENTS

UPCOMING EVENTS

INTERNET TELEVISION: WE'LL MAKE YOU FAMOUS (4TH JUNE 2009)

IP-based television has come a long way since 1997 when an Australian production company "threw" the first live web cast of the Sydney Mardi Gras to a global audience of millions. Internet television now allows viewers to choose the show they want to watch from an online library of on-demand streaming or select and download video formats.

Driven by the need to reach an increasingly disenfranchised youth market, Channel 9's parent company CVC Asia Pacific has decided on a new strategy set to change the global landscape of the Australian media and technology industries within just a few short years. It is during the 50 year celebrations of terrestrial television in Australia that Channel 9 announces their Queensland operations, QTQ Nine, will own the pilot launch of a new global internet television initiative. And just as Bruce Gyngell uttered that immortal phrase in 1956, Kym Gyngell is invited 53-years later by Channel 9 to launch the initiative with the words "This is Internet Television".

In a world first, the CVC initiative will see Channel Nine seek content in the form of micro-programming from businesses to support the new move to free-to-air digital television and the blossoming content appetite of an army of eager subscribers. Gone are the traditional barriers of media content and production as Channel 9's media buyers invite any company with IP to sell to bring their wares forward. Advertising and approaches to traditional marketing will never be the same again as advertising is tailored to the unique profile and predefined preferences of individual subscribers finally receiving free-to-fibre feeds into their lounge rooms.

In the third of the Brisbane ICT hypothetical series please join Longhaus and Invest Brisbane as they explore the emergence of a regulated "You Tube" -style media monolith and what it could mean for Australia's media, technology, advertising, business, and consumer markets...

WHERE YOU'LL SEE US, WHERE WE'VE BEEN

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