

## Straight Talking – Are you a windscreen or a fly?

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How to stay airborne in these competitive times

Convergence is one of those overloaded words typical of the communications industry which forms the basis of a bandwagon. It's not the first and it probably won't be the last. Each generally has some sound technology concept at the core, some overall trends leading to the acceptance of that technology and then some opportunities to change existing commercial models.

It's the opportunity for this financial shift that creates much of the interest as established businesses with time-honoured business models are keen not to be undermined by a new or different way of working from an upstart company. One moment you're flying along keeping track of the other flies in your competitive landscape, then - splat - you hit a windscreen, a company outside of your direct competitors whose ideas or products make your sector obsolete.

Think CDs as the windscreen hit by record player stylus suppliers - or low-cost digital cameras and camera phones as windscreens to traditional film camera companies such as Kodak. It's not about being beaten by a better product, just by a usually better and certainly different idea.

The fundamental technology at the heart of the convergence bandwagon is IP, or internet protocol - low level, basic and not especially new. Its history dates from the interconnecting of four computers in the US government's Arpa [Advanced Research Projects Agency] network in 1969, through to widespread adoption in the mid-1990s as the open protocol allowing any computer to share data on the internet.

The increasing digitisation of what was once analogue has led to IP becoming the basis for connecting all forms of communication - data, audio, video - and to the converging of the IT, telecommunications and media industries. This means companies operating in these converged industries have many more opportunities to hit a windscreen than in their traditional competitive landscape.

In order to try to understand how to become a windscreen, or at least how to avoid hitting one, it's worth looking at the trends that have combined with the broader adoption of IP.

**Consolidation** - After the years of expanding IT outside the mainframe data centre to distributed servers, PCs and mini-computers, the low cost of commoditised hardware combined with rising people costs means that managing disparate IT resources can be more expensive than buying them. The purchase cost appears even higher if each disparate unit is used at only partial capacity. The idea is to bring systems back into one place and share workload among them.

The decline of proprietary protocols from the big hardware vendors and the rise of IP means centralised resources can be accessed anywhere - remote branches, home offices or even on the move. Maybe network computing and thin clients bounced off the windscreen after all.

**Utility computing** - The consolidation of IT resources in turn adds weight to the utility model. Sharing part of a large resource becomes relevant, especially when everyone agrees on a common interconnection standard such as IP. One of the reasons for adopting a utility model is to use someone else's resources and avoid having to commit too deeply to a solution that may only be short term - this can help to avoid hitting a windscreen.

Two others benefits of utility are cost control and cash flow - why tie up resources if you can lease and remain liquid? This option to quickly switch solutions only becomes feasible when IP is the universal technology for voice and data networks.

**Simplification** - The idea here is to get rid of the mass of proprietary networks, protocols and linkages - simplify it all to IP and run everything (not just voice) over it. This simplifies in some ways but makes the infrastructure more complex. It needs controls, throttles and

capacity management otherwise quality of service can drop and businesses become less resilient to what becomes a single point of vulnerability. More utility is called for and it's an opportunity for utility carriers to avoid another windscreen.

**Mobility** - This is often confused for an industry in its own right. Most of the mobile technology should be geared around providing IT resource to the mobile element of the business process at the point of need. Taking a broad and open approach to mobility is the safest way to avoid an unexpected splat into a windscreen.

The flies destined to go splat on a windscreen in mobility are those companies obsessed with a single technology or a commercial model that operates in silos. The windscreens are the companies thinking more widely than this, those no longer defined by their assets but by their service offerings.

Mobile carrier networks are becoming more flexible and horizontally integrated with the IP Multimedia Subsystem (IMS). IP to the cell tower lowers costs in mobile networks, and IP to the end device allows greater mobility of connection over an increasing array of network technologies - wi-fi, WiMax or cellular.

**Diversity of access** - Comparing today's PC to the green screen terminal of years past, you see a mouse gives greater movement flexibility and precision than arrow keys, and the graphical interface provides richer information than text. Now the lean-forward three-foot interaction of the computer is joined by the lean-back three-yard interaction of the TV - and the three-inch interaction with handheld devices. Each can be linked to a corporate network through a universal IP connection.

Despite some valiant attempts, staggeringly easy to use products - which would be windscreens to all device makers - have yet to appear on the horizon. These products will be most likely to come from outside the traditional IT domain, or those with strong design house influences such as Apple or Sony.

So how to spot if a company is a windscreen or a fly about to go splat? There are some identifiable attributes of each. Flies are often first to market,

windscreens are first to volume. Flies go for boutique or specialised navel-gazing industry standards, windscreens go for ones that make sense to most customers, even if technically they aren't the best. Flies stick too long with the hilly uphill stages of the analyst hype cycle, windscreens move in at the trough in readiness for the rise to profitability. Flies cling on to the last ounce of revenue from a dying cash cow, windscreens kill or sell off the cows to invest in new stars.

It's not about company size but attitude. Fly carefully - or invest in wipers.

## About Quocirca

Quocirca is one of Europe's leading independent industry analyst firms. One of its biggest assets is the core team of highly experienced analysts drawn from both the corporate and the vendor communities. This team prides itself on maintaining a bigger picture view of what's going on in the IT and communications marketplaces. This allows all of Quocirca's activities to be carried out in the context of the real world and avoids distractions with fads, fashions and the nuts and bolts of specific technologies. Quocirca's focus has always been the point of intersection at which IT meets "the business".

## Quocirca Services

The insight and experience that comes from working as an industry analyst as well as a practitioner allows the Quocirca team to contribute significantly to IT Vendors, Service Providers and Corporate clients. To this end, it provides a range of consulting and advisory services. Details of these, along with some of Quocirca's latest analysis, may be obtained by visiting <http://www.quocirca.com>

Quocirca's primary research involves the surveying of many thousands of technical and business end users each quarter, analyzing their perceptions of the possible impact of emerging, evolving and maturing technologies on their businesses.