

# Preparing for the new normal

The short and long term effects of the recession  
on the IT market

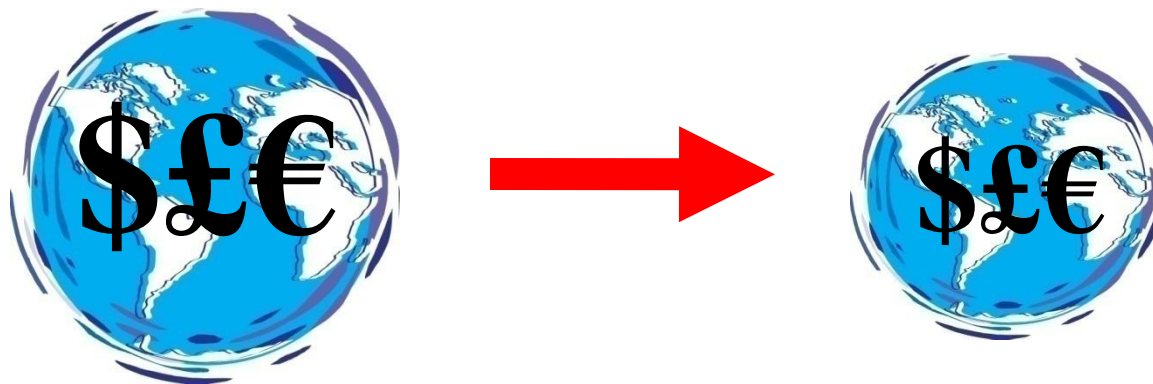
Bob Tarzey,  
Service Director, Quocirca Ltd

**May 14<sup>th</sup> 2009**

*“When the dust settles and we get back to normal, the new normal is going to be rather different to the old normal”*

*In Business – BBC R4 – Jan 2009*

- Businesses that were viable before the recession can be viable after it – if they survive
- Need to steer businesses to the new normal





*Finite*

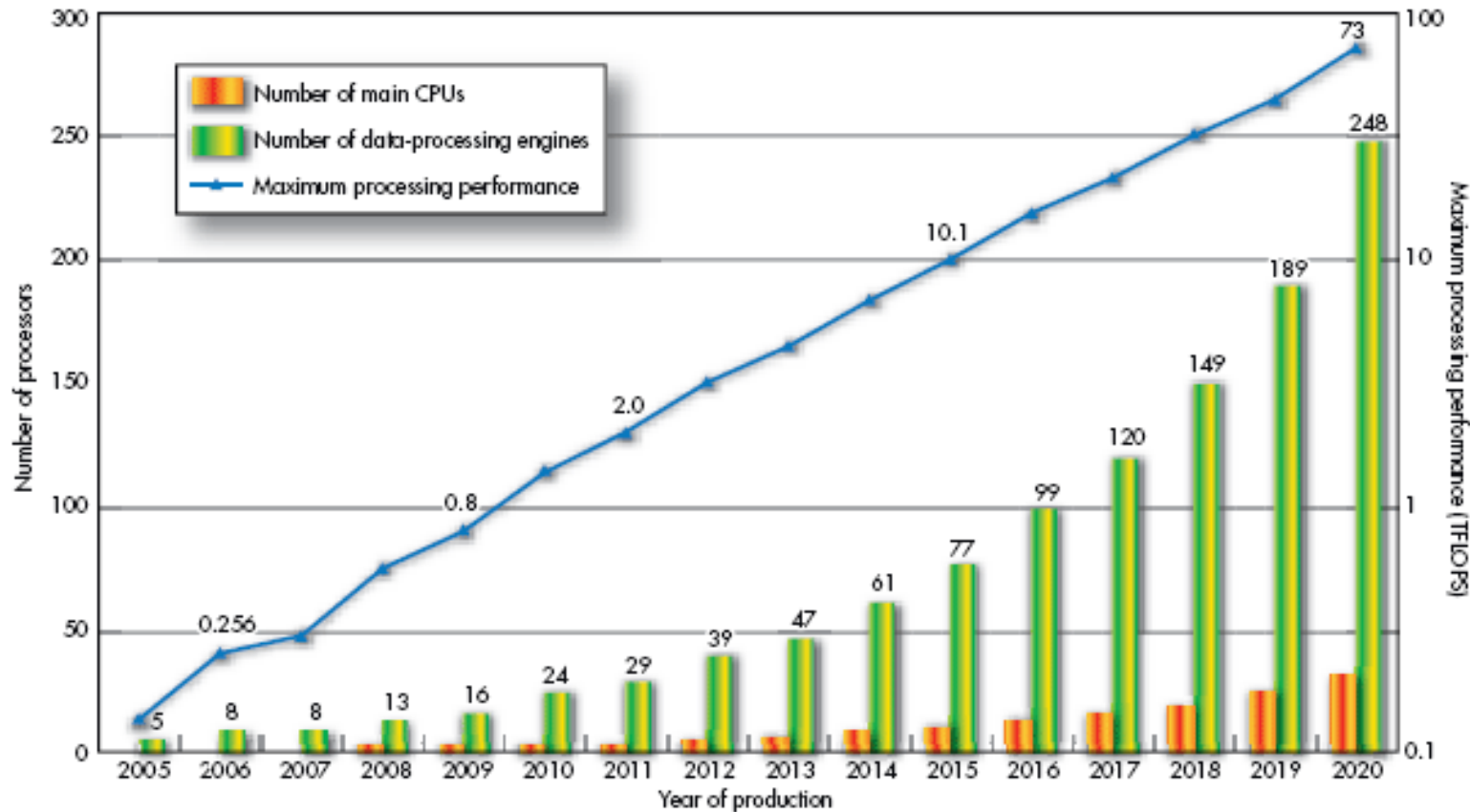
Periodic Table of the Elements

H	He																	He
Li	Be											B	C	N	O	F	Ne	
Na	Mg											Al	Si	P	S	Cl	Ar	
K	Ca	Sc	Ti	V	Cr	Mn	Fe	Co	Ni	Cu	Zn	Ga	Ge	As	Se	Br	Kr	
Rb	Sr	Y	Zr	Nb	Mo	Tc	Ru	Rh	Pd	Ag	Cd	In	Sn	Sb	Te	I	Xe	
Cs	Ba	La	Hf	Ta	W	Re	Os	Ir	Pt	Au	Hg	Tl	Pb	Bi	Po	At	Rn	
Fr	Ra	Ac	Unq	Unp	Unh	Uns	Uno	Une	Uun									Uuo
Ce	Pr	Nd	Pm	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu					
Th	Pa	U	Np	Pu	Am	Cm	Bk	Cf	Es	Fm	Md	No	Lr					



*Infinite?*

# What to do with all those MIPS?



1. The number of processors in chips is rising rapidly. Eventually there will be multiple processors in virtually all chips, with one or more main processors and a multitude of data-processing engines. (courtesy of ITRS 2006 Update)

ITRS – International Technology Roadmap for Semiconductors (2006)

- What will the journey be like?
- What opportunities can be found en route?
- What will the new normal be like?
- What shape do we need to be in to get there and succeed?



WHICH WAY YOU HEADED?

## Reality

- Forecasts say IT spending mainly static or falling
- Likely to continue until 2011

## Pragmatism

- Growth from revenue rather than debt
- Weed out weak suppliers (and don't be weeded out)

## Opportunity

- Help business reduce cost of IT
- Be ready for recovery
- In the UK, leverage the £



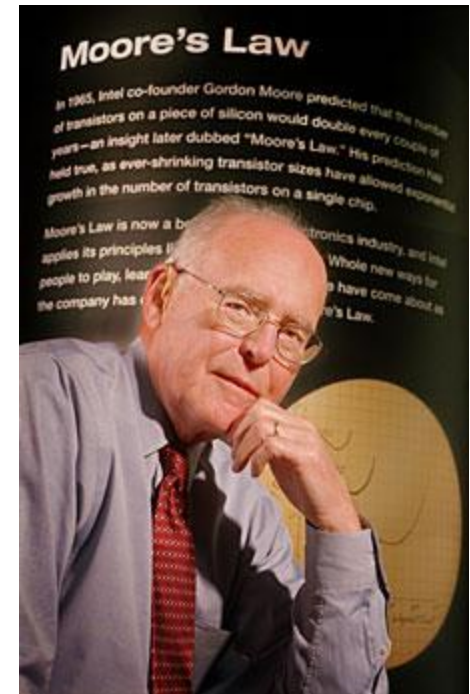
*“Britain is the bargain basement of the developed world”*

*In Business – BBC R4 – Jan 2009*

- Efficient and effective IT
  - Virtualisation
  - SOA

## BUT

- IT is part of the solution not the problem
- Use IT to better monitor and regulate
- Use IT to reduce business cost



“Moore’s law has not been repealed, but more people are taking the dividend it provides in cash, rather than processor cycles”

*Economist Jan 2009 (Technology in the recession, Less is Moore)*

Netbook



??

UC



# Sweat hardware assets

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# The growing world of SaaS

RIGHT  
NOW  
TECHNOLOGIES

GXS

postini

Google™

Salesforce™

MessageLabs

CITRIX | online

NETSUITE  
SOLUTION PROVIDER

webex™

Microsoft Office  
Live Meeting  
A PlaceWare Service

And wannabes...

CISCO

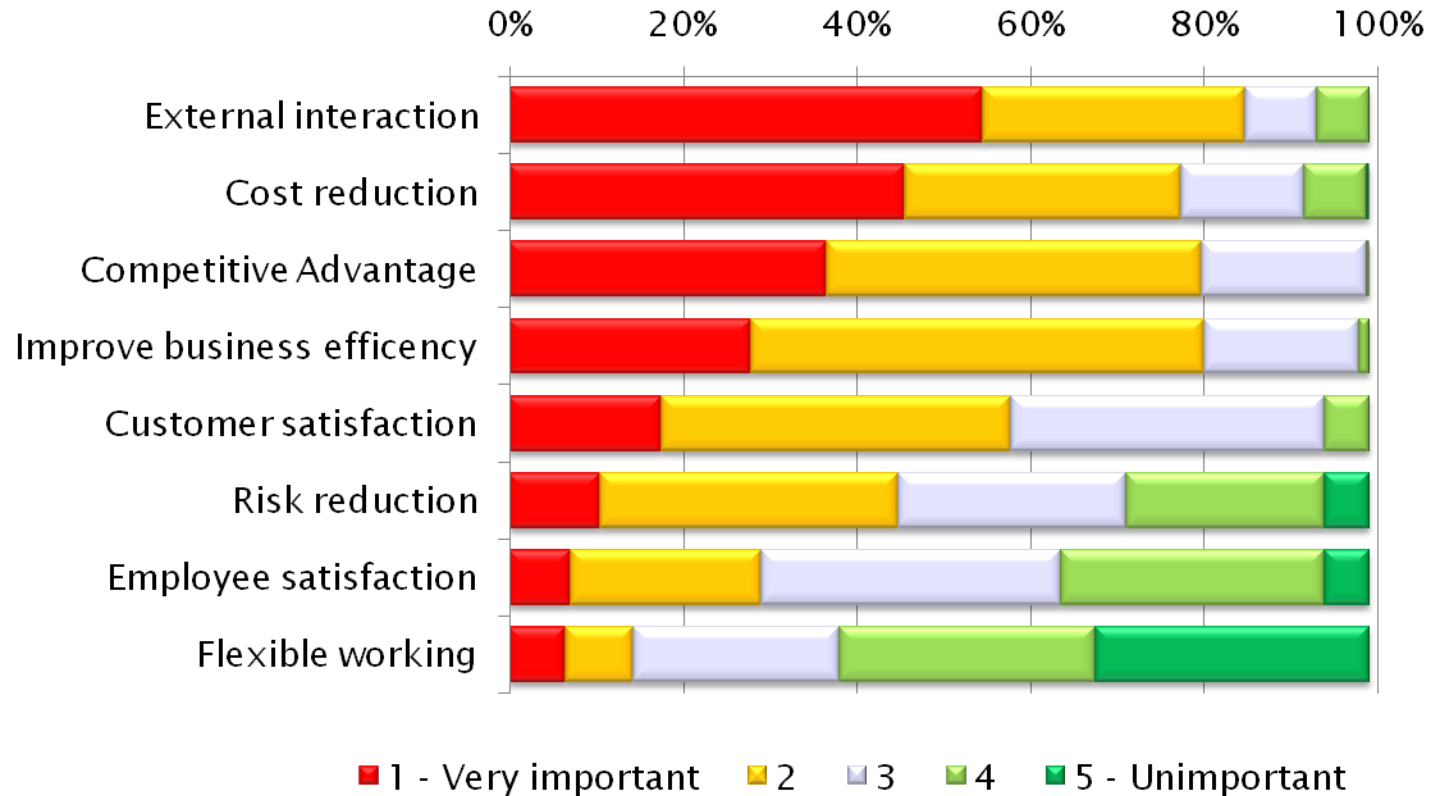
Microsoft®

IBM®

sage

ORACLE®

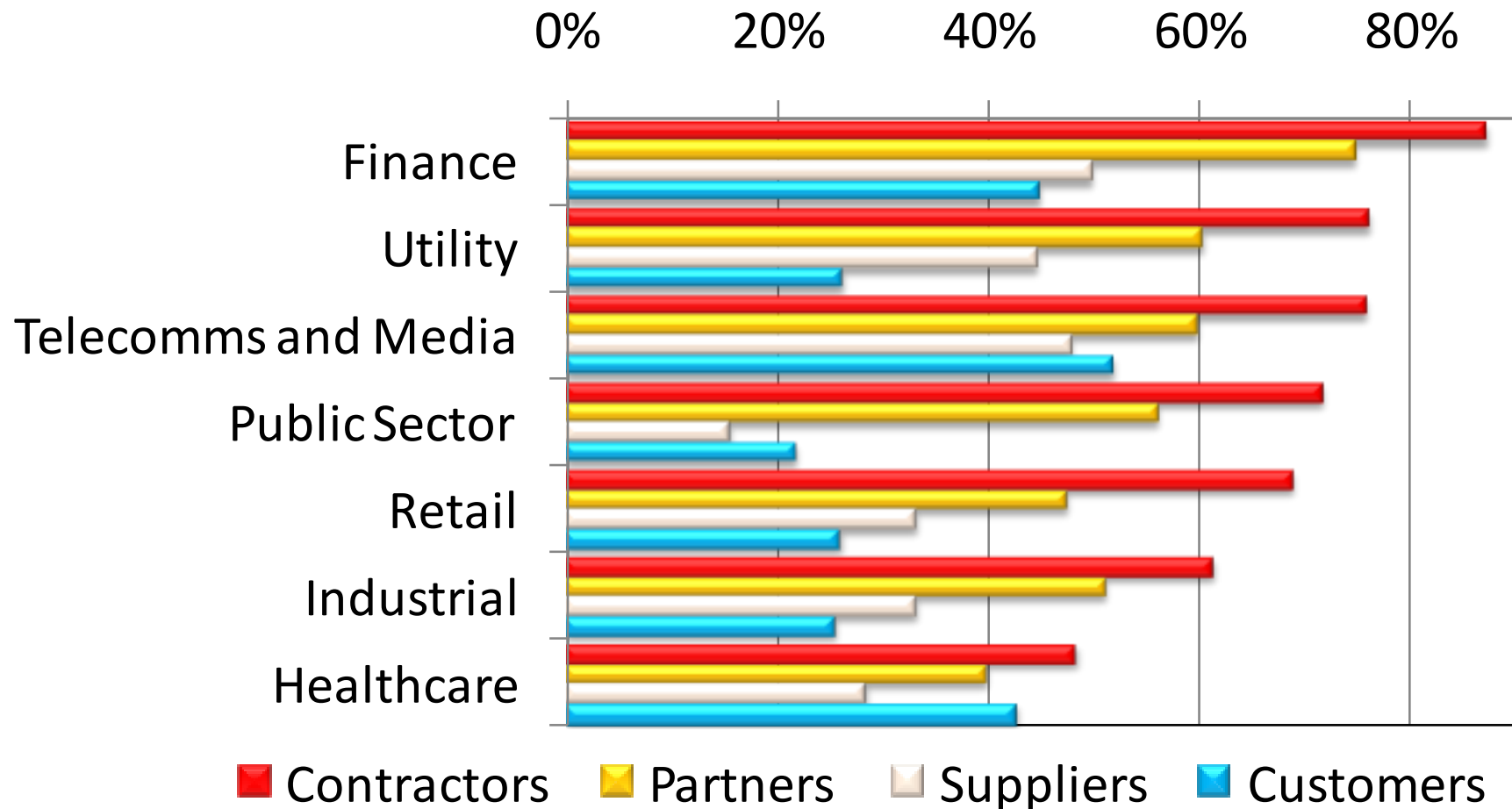
BT



Quocirca – 400 European business 2007

From the “Web-enabled applications and the internet”, Quocirca – Oct 2007

# Percentage saying external users are provided access to internal systems



From the "Distributed Business Index", Quocirca – March 2008

- IT head to head with airline industry (2M seats to go)
- Web and video conferencing
  - Lower travel costs
  - Use of expensive "guru" skills
  - But - give UC a chance
- Social networking
  - Generation Y
  - Ideas capture



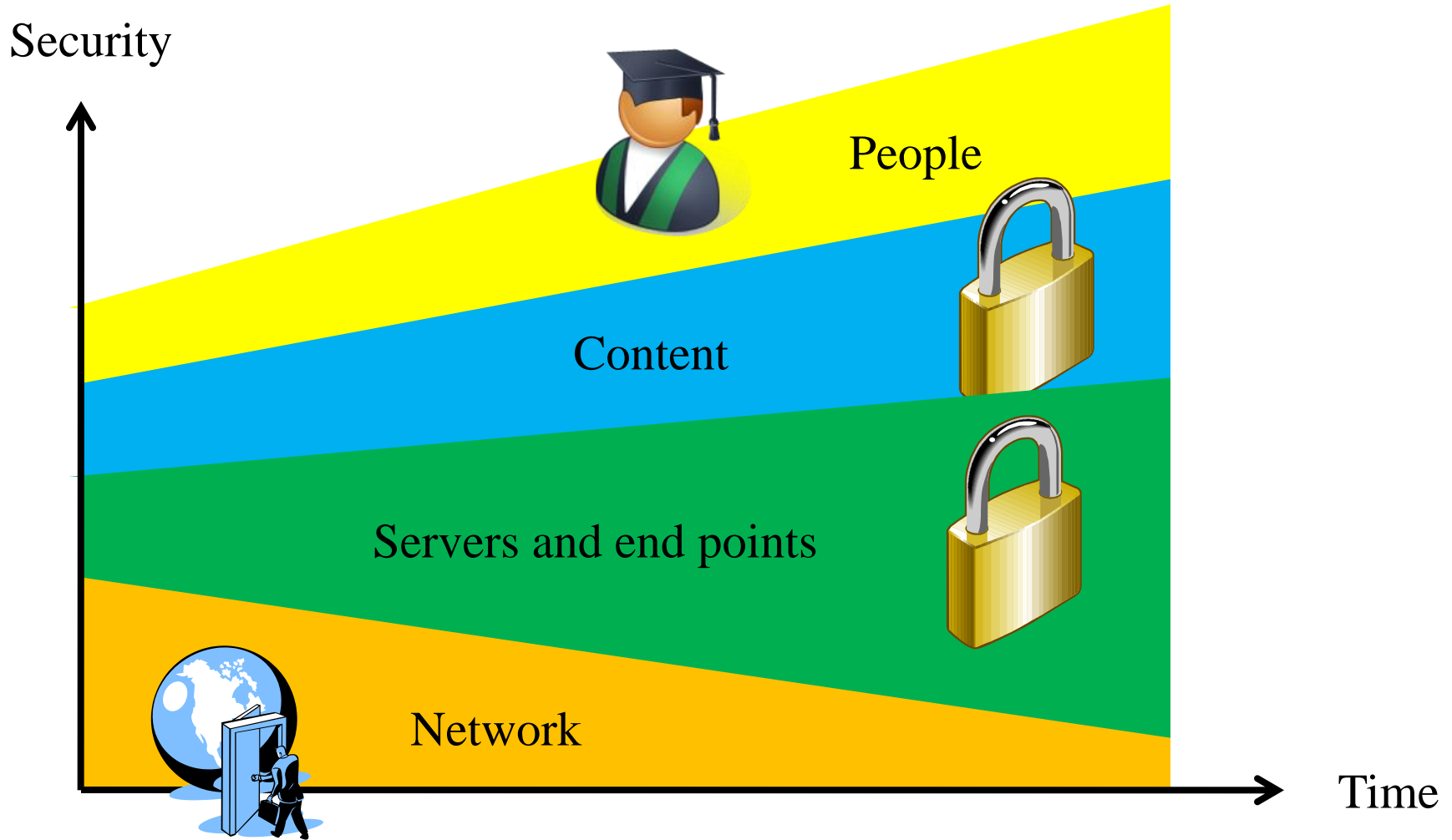
- All about saving money
  - Energy savings
  - Asset sweating
- Rationalisation, consolidation and virtualisation still make great sense
- IT industry needs to lead by example
- Long term – green will be back – with a vengeance



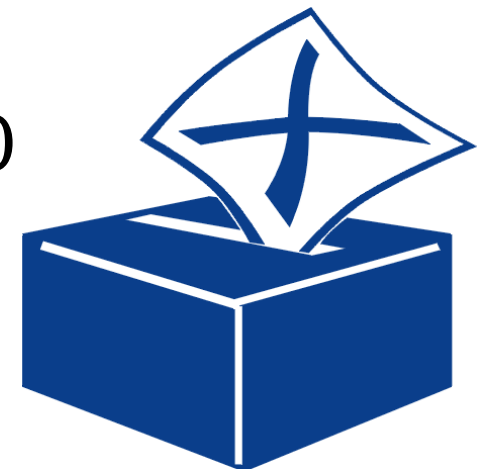
- De-provisioning of staff
- Increased innovation from more “bad guys”
  - Web 2.0
  - Mobile
- Data and content security – new governance
- The security market to remain robust



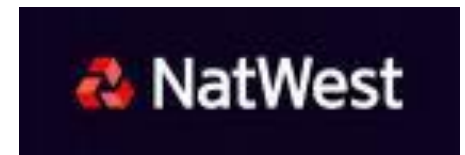
# Consequences for IT security



- UK Government has to balance its books
- Investment encouraged in some areas
  - Next generation broadband investments
  - Vote winning initiatives – kids@home
- Big IT projects under threat
  - ID cards
  - NPfIT
- UK general election – 6<sup>th</sup> May 20



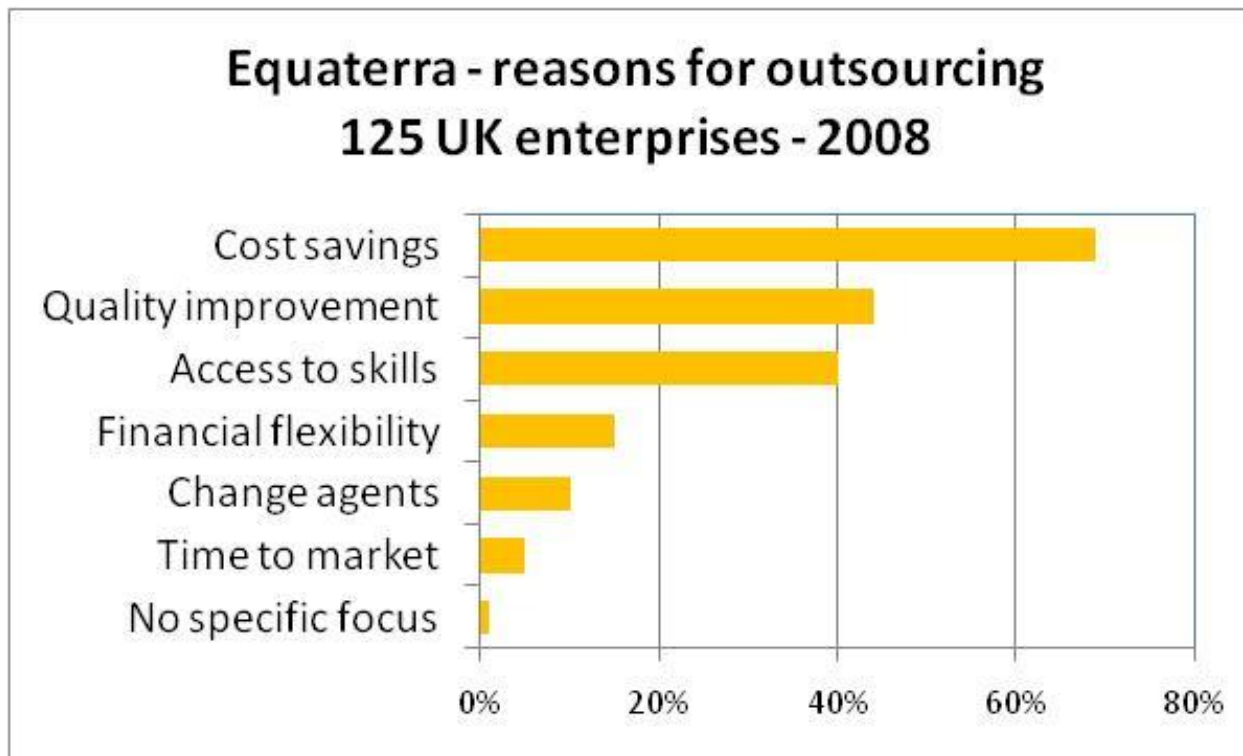
- Crash was partly a result of not using IT well enough
- A revolution in regulation
- Nationalised banks – need to keep the lights on
- Private banks will innovate to gain share
- M+As still have to be seen through
  - LloydsTSB/HBOS
  - Barclays/Lehman Bros
  - RBS/ABN Amro



- The cliché – open source is free – makes sense in a downturn?
- “Good” open source is not really free
- Corporate goodwill dries up in recessions
- Hybrid deployments cost (especially at front end)



- The hybrid on-premise/outsourced models
- Majority of UK enterprises expect outsourcing to increase
- Increased take up of SaaS



*“If it wasn’t for the Internet, Obama would not be president” – US commentator*

- Since the mid 1990s the web has revolutionised business and the lives of many consumers
- It could be that part of this recession is that we are only now starting to realise just how much
- Only now is the power of the internet being baked into the world economy
- The new normal will help achieve that

# Thank you

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Quocirca's reports are available free at

[www.quocirca.com](http://www.quocirca.com)

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