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Do Big Blue Skies Mean Shorter and Shorter Days for Sun?

By Jim Balderston

IBM announced today that it has expanded its efforts to convince and support customers who are seeking to migrate from Solaris operating environments to Linux-based solutions with new migration tools, educational seminars, and porting guides.

The Solaris to Linux migration effort will be comprised of the following components available on a worldwide basis beginning in June:

- ◇ IBM Migration Factory Linux Assessments for qualifying customers at no charge.
- ◇ IBM Migration Factory for Linux including Solaris C/C++ to IBM Linux Porting and Oracle Database Migration Services.
- ◇ The Linux at IBM competitive advantage Web site.
- ◇ Solaris to Linux Seminars.
- ◇ Solaris on SPARC to Linux x86 Porting Guide
- ◇ Solaris to Linux on Power Roadmap/Porting Guide
- ◇ A thirty-five city road show focused on Solaris to Linux on OpenPower
- ◇ Solaris to Linux Seminars for IBM business partners to use in discussion migration issues with their customers.
- ◇ Two-day Solaris to Linux migration classes for Open Power and xSeries business partners.
- ◇ A Solaris to Linux sales kit for business partners.

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IBM noted that it is making this move now because a significant part of Sun's installed base is getting older and will soon be in need of upgrades; a message Sun is apparently giving its own customers in an attempt to move them up to Solaris 10. That Sun's installed base is getting threadbare is not really in dispute: the company's largest single year of sales was in 2000, and it has continued to lose market share and sales engagements since that year. IBM is also well positioned to take advantage of this Winter Solstice, with greater Linux server share than HP or Dell, and with more than 360 middleware products running on Linux as well as 6,000 applications ported to the operating environment. The company has 12,000 Linux engagements around the world and has already completed more than 3,000 Solaris to Linux migrations to date.

Overall market share of Linux installations continues to rise, with revenue growth and unit growth both above 50%, and with Linux revenue topping \$1 billion for the fifth consecutive quarter at a nearly \$1.6 billion for the last quarter alone. IBM also notes that Linux revenue growth is seven times that of any other server platform and that only the AIX version of UNIX is growing at all, by virtue of its steady revenue state in an otherwise declining market.

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When Linux first began making noise in the market, many speculated that it would do the most harm to the market share of Windows servers, based largely on the quasi-religious nature of the open source vs. proprietary software models. While Linux revenue is growing much faster than that of Windows-based servers, the Microsoft product still holds a commanding 4:1 revenue edge in 2004 figures. However, back when Linux was being positioned as a Windows killer, we argued that it was UNIX that faced the greatest threat from the nascent Linux movement and reality has validated this in spades. Both Solaris and HP-UX have been losing market share and Sun's 40% drop in server revenues since 2000 indicate that a significant amount of that leakage is moving to Linux offerings.

In this market environment, we see that IBM has pushed Linux at all sectors of the market. The fact that IBM believes a huge segment of the Linux market is in the SMB space is demonstrated by its offering business partners and ISVs the opportunities to sell Solaris to Linux migration and providing them with tools and sales collateral, as well as substantial training opportunities. This is clearly a company putting its money where its press releases and mouth are. Given that business partners and ISVs own the relationships and expertise with SMBs, IBM's efforts to avoid distant vendor sales pitches makes perfect sense. The smart path is to let those who own the customer relationship make the calls and equip them with the tools and revenue opportunities to generate success. IBM continues to make the case that it is going after small business opportunities with much more than marketing fluff or smoke and mirrors. The Solaris to Linux migration effort is the latest evidence of this SMB push, and if successful, threatens to make Sun reach a near permanent state of Winter Solstice in the coming years.