

# Rust Report

News and views of the action in Australasia's IT sector this week

January 18, 2008

## THE RUST BUCKET

### The 2008 landscape

**THE DAWN** of the New Year brings promise and uncertainty, more questions than answers. How will the economy fare? What will we be talking about this time next year?

2007 was difficult enough for many CIOs with technology changes, outsourcing, hiring and retention issues, and other factors. The year 2008 will be no different, it seems. CIOs will face more choices and more staffing headaches, and will be part of a discipline that's changing as fast as the business world it operates in.

IT solutions provider Citrix started the year by advising CIOs to undertake a thorough "IT detox" to cut inefficiency, reduce risk, and mitigate employee dissatisfaction across the enterprise.

Attracted by the dazzling promises of dramatic reductions in the complexity and costs of infrastructures, IT executives have made virtualisation their topic. Not surprisingly, while vendor sales efforts are well-intentioned, the numerous approaches to virtualisation and a cacophony of terms can leave users overwhelmed and confused, according to research company Sangatuck Technology.

IDC estimated worldwide technology spending growth will range between 5.5 per cent and six per cent in 2008, down from seven per cent in 2007. Vendors will target faster-growing emerging markets along with SMBs to offset slower US spending growth. IDC predicted that in some cases they will need to make acquisitions to launch into more promising sectors.

Climate-focused energy policies, concerns over climate change, and increasing attention by investors in sustainability will drive companies to increase investments in a range of new technologies, according to predictions by Energy Insights. Expected initiatives range from smart metering and the intelligent grid to enhanced reservoir characterisation. As Kermit the Frog said, "It's not easy being green".

Among the ASX technology stocks, a few themes emerge. Nearly all of these stocks are in extremely competitive sectors. The competition is so fierce that any mistake — a flawed product, a failed acquisition, or a botched sales strategy — can involve a tough recovery. Almost all on the list are trying hard but many of them will remain in the dog pound for most of 2008.

The Industry will grow on the dramatically transforming IT environment. SaaS, open source, online communities, wireless, and so on provide a new set of opportunities and risks.

Back in the 1990s conventional wisdom was that economic cycles were relics of the past and that the inevitable march of technology would render IT recession-proof. Today IT is lumped with other mature industry sectors, but one of the many unwritten laws of economics is that whatever goes down must go up eventually!

— Len Rust [RustOz@bigpond.com.au](mailto:RustOz@bigpond.com.au)

## IBA rounds out 2007 with a flurry of global orders

Australian health systems developer IBA Health ended 2007 with a fistful of orders that together were worth more than \$A55 million.

Topping the list was a \$A38.7 million deal to provide fully-hosted managed services to a group of national health system trusts and strategic health authorities in England. Under the terms of the 10-year deal IBA's subsidiary in the UK will host Oracle Financials and Procurement applications.

A second success in the UK will lead to IBA hosting its Integra financial applications for Medway NHS Trust in Kent.

Other export orders were received from the Otago District Health Board in New Zealand, and from JSY Systems in Brunei, which will implement an IBA solution for a client operating in Brunei Darussalam and on offshore platforms in the South China Seas.

On its home turf IBA won a substantial contract to provide a company-wide licence for hospital information systems and support to private hospital operator Healthscope. The deal is valued at about \$A14 million. [www.ibahealth.com](http://www.ibahealth.com)

## HarvestRoad offloads core IP rights

WA developer HarvestRoad has agreed to sell intellectual property rights for its core product — the Hive education content repository system — to Italian company Giunti Labs. The \$A4 million deal, which will include the HarvestRoad brand name and existing commercial contracts, is expected to be completed in March, according to John McConnell, chairman of HarvestRoad.

The sale agreement does not involve any of the work HarvestRoad is undertaking on components of BAE's trilogi content management system. That contract was awarded to HarvestRoad in 2005. [www.harvestroad.com](http://www.harvestroad.com)

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## INSIDER EDITION

### MGM clamps down on US truants

Australian company MGM Wireless has been selected to provide its Messageyou school attendance management solution to school districts in California and Arizona. The deals were negotiated by MGM's US subsidiary, which is based in California, and will raise the company's US user base to 25 schools, explained Mark Fortunatow, chief executive of MGM.

"In recent months the company has been receiving up to 15 new leads for sales opportunities every week, a large number for the company to process, but a great opportunity for our US team," Fortunatow said. "Gaining a foothold in the US market gives greater balance to our operations as well as exposure to a market which is many times greater than Australia." [www.mgmwireless.com](http://www.mgmwireless.com)

### Aconex scores UAE building role

Victorian developer Aconex has been selected to provide its online collaboration system to giant property developer SNASCO for use by all parties involved in the construction of the Sharjah Investment Centre in the United Arab Emirates. As lead developer SNASCO is using Aconex to track all documents processed within the "mega project", explained Leigh Jasper, CEO of Aconex. "Using Aconex will save time through speeding up information exchange, reduce administrative costs such as printing and couriers, and reduce exposure to risks, such as reworks, disputes, and delays," he added. [www.aconex.com](http://www.aconex.com)

### UK order for Aussie collections app

Australian developer Admerex has received an order for its CWX collections software from English company Ideal Debt Solutions. The company will use the application as the foundation of a new debt collection agency service. "CWX is now becoming the solution of choice in the UK market," claimed Rob Yeldon, CEO of Admerex. [www.admerexgroup.com](http://www.admerexgroup.com)

### Bravura chalks up export orders

ASX-listed company Bravura Solutions has received an order for its TalisTrust product to upgrade the registry systems of AIMS, a subsidiary of South African banking and financial services giant Absa.

In the UK Bravura will provide its Rufus transfer agency platform to "a major UK financial services group". [www.bravurasolutions.com](http://www.bravurasolutions.com)

### Aust business boost for ComOps

Australian developer ComOps rode into the new year with a couple of strong orders in the bag, including the second stage of a contract with the Office National group of office products and business technology solutions providers. Under the terms of the deal Office National will automate its national sales force with ComOps' Sales Account Management application. The system will replace a paper-based system.

- Through its subsidiary Human Capital Solutions ComOps has been awarded a contract to provide a hosted learning management system and associated services to QBE Management Services. The system will be used throughout QBE's Australian businesses, explained Richard Bradley, managing director of ComOps. [www.comops.com.au](http://www.comops.com.au)

### MXL picked for Sydney college

The eMinerva student management system from Australian developer MXL is to be implemented for Strathfield College in Sydney. The college, in the Sydney CBD, provides courses in English and business.

Gary Katzeff, CEO of MXL, said the sale was an indication that the company's diversification policy is "on track". "We are successfully targeting individual institutions as well as larger educational systems," he noted. [www.mxl.com](http://www.mxl.com)

### Zylotech wins — even in adversity

The devastating equine flu brought good news to Australian surveillance solutions specialist Zylotech, which was awarded a contract to provide systems for use in the Victorian Ministry of Agriculture's border protection project. Zylotech, in partnership with Wilson Security, provided its roadside, wireless, solar-powered SmartCluster systems.

The company was also selected to provide a SafeCity system to the City of Alice Springs Council. The system will be installed by Zylotech's integrator Central Communications.

Back in Sydney the company and its integrator Swintech have been selected to provide a wireless digital surveillance system to the NSW Sports Academy at Narrabeen to monitor the performances of National Rugby League players. The system will be based on Zylotech's TrackCAM hardware and software. [www.zylotech.com.au](http://www.zylotech.com.au)



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**INSIDER EDITION**

Continued from page 2

**Big Blue picks up super admin deal**

Consulting firm Watson Wyatt Australia has awarded IBM a long-term business transformation outsourcing agreement, which covers the provision of administration services for corporate standalone superannuation clients. The services were previously provided to Watson Wyatt by the Australian subsidiary of CitiStreet.

Under the terms of the new agreement IBM SuperLife will take over the operations of Watson Wyatt's corporate superannuation client back-office functions in Australia. A number of CitiStreet employees will transfer to IBM.

**Telstra names supply chain operator**

Perth-based ICT integrator ComputerCORP has been awarded a three-year managed services contract to provide hardware solutions and associated services in Australia and overseas for some of Telstra's strategic clients.

"The agreement for ComputerCORP is another step towards the company's growth strategy and, importantly, the company's vision to foster long term partnerships," said Rick McWhinnie, ComputerCORP's NSW state manager. [www.computercorp.com.au](http://www.computercorp.com.au)

**— Orders & Installations —**

- Westpac has extended an EFT-POS terminal services agreement with Australian company Keycorp for a further year. It will now expire in May 2010. [www.keycorp.net](http://www.keycorp.net)
- Perth-based company Synergy Equities Group has begun the commercial rollout of its Data-inCrypt SMX secure e-mail system at West Australian law firm Lavan Legal. The installation of the system, which secures e-mails without the need for decryption devices at the receiving end, is scheduled to be completed this month. [www.synergylimited.com](http://www.synergylimited.com)
- Australian financial services player Suncorp has deployed the ClaimCentre software from US developer Guidewire to manage home insurance claims. Use of the system will enable Suncorp to consolidate multiple claims systems it had been using following a number of mergers and acquisitions. [www.guidewire.com](http://www.guidewire.com)
- Swedish developer IBS has been selected to provide its enterprise software, hardware, and professional services to Sunbeam Corporation. The software will be installed at Sunbeam's head office in Botany and distribution centre in the NSW town of Minto. In 2005 IBS acquired Australian developers Tailormade Systems and IDS Enterprise Systems. [www.ibsaustralia.com](http://www.ibsaustralia.com)
- Recruitment company Clarius Group has selected a Web content management system from Immediacy — part of the UK's Mediasurface Group — as the foundation for its various Web sites. [www.mediasurface.com](http://www.mediasurface.com)
- Sydney-based company Argus Solutions has received an order from the UK for its Cornerstone identity management product to be used as a time capture system. Argus is working on the project with a new UK partner. [www.argus-solutions.com](http://www.argus-solutions.com)

**COMMS BITS****Wavenet relishes Chinese order**

Perth-based wireless modem developer Wavenet has been awarded a contract worth about \$A1.6 million for the engineering development and production of a Boomer-III Mobitex modem for Chinese energy utility markets. The order was placed by Swedish wireless technology developer Mobitex Technology, which recently opened an office in Beijing.

"We are particularly pleased to be chosen by Mobitex Technology for its initial launch into the Chinese market," noted Mick Stroud, chairman of Wavenet. "Although this opportunity will have its challenges, success in China will represent a bold new frontier for the company." [www.wavenet.com.au](http://www.wavenet.com.au)

**Bank launches mobile payment pilot**

The Commonwealth Bank of Australia has launched a near field communication mobile phone payments system built on technology from US company VIVOTECH. The pilot deployment, which supports both credit and prepaid mobile phone payments, is claimed to be the first of its kind in Australia, explained Lynda McMillan, executive manager of credit cards issuing at CBA. It is also VIVOTECH's entry to the Australian market. [www.vivotech.com](http://www.vivotech.com)

**— Comms Briefs —**

- Subscription TV services provider Austar has sold its 2.3GHz and 3.5GHz spectrum licences to the OPEL venture of Optus and Elders. The spectrum holdings will facilitate the building of the Opel Broadband Connect network. [www.austarunited.com.au](http://www.austarunited.com.au)
- Internet telephony specialist Freshtel has entered an alliance with Siemens Home and Office Communication Devices to offer solutions built on Siemens' Gigaset C470IP handset configured for Freshtel's Voicedot network. Initially the products will be offered in Australia and the UK. [www.freshtel.net](http://www.freshtel.net)
- BT has been selected to provide AXE ECN — a new electronic communications network — with connectivity and hosting through Radianz Proximity Solution for electronic trading access and market data distribution. Firms that trade on AXE will have the option to host their trading engines at a BT facility to achieve low execution times and avoid latency incurred by trading over distances. [www.bt.com](http://www.bt.com)
- After signing up a critical mass of customers for its planned new service, PIPE Networks has been given the green light to proceed with the construction of a \$A200 million undersea cable linking Sydney to Guam. "Sure this is a large piece of infrastructure, but it is vital to break the stranglehold the Gang of Four have on capacity into Australia," said Bevan Slattery, managing director of PIPE. Some of the foundation customers are VSNL, Telikom PNG, iiNet, Internode, and Primus. [www.pipenetworks.com](http://www.pipenetworks.com)
- Mobile phone retailer Crazy John's claims to have transformed itself into a mobile virtual network operator. "As an MVNO we can assist other parties with a lower barrier to enter the market," claimed managing director Brendan Fleitter. [www.crazyjohns.com.au](http://www.crazyjohns.com.au)

## DEAL MAKERS

### Arasor buys US laser specialist

Australian opto-electronics specialist Arasor has bought the assets of Californian company Novalux, which was formed in 1998 to provide lasers for telecommunications and display purposes. The deal was financed through an issue of shares worth the equivalent of \$US7 million.

"By acquiring Novalux's assets Arasor can provide an end-to-end solution in the manufacture of light sources in the nascent laser display industry in order to realise the full potential of its joint venture with ZTE in China for the manufacture of light sources and light engines," claimed Dr Simon Cao, chief executive of Arasor. (See *Rust Report*, Nov 17 2007, p5)

"The acquisition underpins Arasor's business strategy as it means the company can control the growth of the sector, limit competition and margin pressure, while doubling revenue potential from higher margin products," Cao said. [www.arasor.net](http://www.arasor.net)

### WebSpy sells non-core business

Perth-based company WebSpy has agreed to sell its Netlink Inspection business unit to Wood Group Holdings (International) for \$A2 million in cash. "When completed, the sale will enable WebSpy to further concentrate efforts and funding on its core business of developing and distributing Internet monitoring and reporting software," explained Jack Andrys, CEO of WebSpy.

"The funds will greatly improve cash at bank whilst also accelerating the expansion of WebSpy product distribution both directly and indirectly through OEM agreements and partner programs." [www.webspy.com](http://www.webspy.com)

### Vietnamese Defence takes Senetas

High-speed encryption specialist Senetas has appointed Vietnam Information Security Laboratories — an agency of the Vietnamese Ministry of Defence — a distributor of its CypherNet products. Acting as a distributor for Senetas technology, the Ministry's VISL will oversee security arrangements for other government agencies and will resell CypherNet to commercial enterprises, initially in the banking and finance sectors, a spokesman explained.

Senetas will partner with VISL to provide training, support, implementation, and marketing programs, added John DuBois, CEO of Senetas.

"Vietnam has been nominated by the International Monetary Fund as one of the world's fastest growing economies and is considered by many as the emerging China," DuBois added. [www.senetas.com](http://www.senetas.com)

### NEC targets security with Zylotech

NEC Australia has signed a series of agreements with Australian surveillance specialist Zylotech in an effort to participate in high-profile national security projects. The Australian technology will be offered integrated with NEC's SmartCatch intelligence video surveillance technology. "This provides customers with an extremely powerful and reliable CCTV/IVS solution that encompasses both technologies and provides cost-effective delivery of intelligent video utilising NEC's algorithm-based technology," an NEC spokesman said. [www.zylotech.com.au](http://www.zylotech.com.au)

### Telstra sells off e-business business

Telstra has agreed to sell Telstra eBusiness Services — its general insurance transaction processing subsidiary — to US company Ebix for \$A50 million. Under the terms of the deal Telstra will continue to provide telecommunications services and hosting to Ebix, explained David Thodey, Telstra's enterprise and government group managing director.

Thodey explained that the sale followed a comprehensive review that determined that the insurance transaction processing business was not core to Telstra's network and business applications strategy. [www.telstra.com](http://www.telstra.com)

### Runge buys mining consulting group

Queensland-based mining software developer Runge has acquired Resource Evaluations, a Western Australian mine consulting group. "This acquisition broadens our global presence and enhances our capabilities in the metalliferous side of our mining consulting business," claimed Tony Kinnane, CEO of Runge. The transaction will lift Runge's staff numbers to about 300. [www.runge.com](http://www.runge.com)

### NetComm names African distributor

NetComm plans to tackle the Middle East and African markets through a newly negotiated distribution agreement with South African company Space Television. The deal covers a full range of NetComm products. [www.netcomm.com.au](http://www.netcomm.com.au)

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**DEAL MAKERS**

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**LongReach to offload ServicePoint**

LongReach Group ([www.longreach.com](http://www.longreach.com)) has agreed to sell its video-conferencing specialist subsidiary ServicePoint to The Citadel Group for \$A9 million. Citadel is based in Canberra but operates around Australia servicing government and private sector clients. Its offerings include management consulting, systems integration, training, recruitment, and contracting.

**Aussies urged to look to India**

Australian IT companies are being encouraged to think about the growing opportunities in India's expanding \$A18.5 billion market, and specifically to attend the NASSCOM India Leadership Forum next month. Austrade and the AIIA are taking a mission of ICT companies to the conference, and will also lead pitching sessions in Bangalore and New Delhi.

"Indian companies are keen to partner with businesses offering specialised and unique ICT solutions and they are well positioned to present these technologies to the key players from the relevant sectors," explained Munish Sharma, Austrade's senior expert adviser for ICT. Details of the mission are available online from [www.aiaa.com.au/indiaictpartnership](http://www.aiaa.com.au/indiaictpartnership)

**— Business Briefs —**

- Melbourne-headquartered IT services company DWS Advanced Business Solutions has acquired Strategic Data Management (SDM) for \$A8.3 million in cash and shares. SDM provides specialised Microsoft systems integration and applications development services. [www.dws.com.au](http://www.dws.com.au)
- itX has been appointed a distributor of VMWare's full range of products in Australia. "A number of our key vendors have already formed global alliances with VMWare and there's an obvious synergy between VMWare and the technologies that we distribute," explained Greg Newham, general manager of itX. <http://itx.com.au/>
- Simms International has been appointed a distributor of FileMaker database products in Australia. [www.simms.com.au](http://www.simms.com.au)
- Sybase has appointed Kiwi company Radford Software a distributor of RFID solutions in New Zealand. Radford specialises in technology for the horticultural sector.

**Aussies worth watching**

**A roundup of companies making waves at home and abroad**

- **THORSYS AUSTRALIA** specialises in information technology solutions for the agribusiness ICT sector, including the meat industry. The company provides a paddock-to-plate meat traceability system using barcode identification. The system is fully modular and can operate in almost any language. [www.thorsys.com.au](http://www.thorsys.com.au)
- **THOUGHTWARE** specialises in human resource services, project management, software development, and qualitative research surveys. Cornerstone solutions are a range of compliance and competency solutions targeting the childcare, school, and aged care sectors. [www.thoughtware.com.au](http://www.thoughtware.com.au)
- **REPSMART** has built a solution that combines sales ordering with customer relationship management in a real-time environment. Using PDAs, orders are placed electronically at the point of sale. Via a mobile phone interface, sales representatives can access the customer's details and order history. Repsmart focuses on the food distribution industry and offers its service on a subscription basis. [www.repsmart.com.au](http://www.repsmart.com.au)
- **REMEMBER THE MILK** is a convenient way to manage to-do lists online. RTM is an electronic planner that offers e-mail, instant messaging and SMS reminders to the user and others. RTM is a list repository, a desk organiser, and an e-mail service all rolled into one and now has more than 400,000 registered users. [www.remeberthemilk.com](http://www.remeberthemilk.com)
- **FACILITATE DIGITAL (ASX: FAC)** creates digital advertising solutions that emphasise simplicity, integration, and flexibility for agencies, Web publishers, and marketers. The company offers a purpose-built, single platform solution across both marketing and business intelligence. With offices in Australia, Asia, and Europe, Facilitate Digital works across cultures as well as digital marketing channels. [www.facilitatedigital.com](http://www.facilitatedigital.com)
- **MAXIWORKS** offers a range of software products and services intended to allow individuals and organisations to maintain better control and to protect their computing and online experiences. Maxiworks's software portfolio includes a suite of secure desktop, server, certificate, and identity management and protection software applications that are provided with optional biometrics/smartcard authentication. [www.maxiworks.com](http://www.maxiworks.com)

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# RUST e-RESEARCH

## Mobility management services grow

The growing reliance that businesses place on mobile services to improve productivity and stay competitive is creating greater challenges for businesses in managing and supporting their growing mobile device and services portfolios. Mobility management service providers are helping meet this challenge. According to a study by ABI Research the resulting benefits will cause mobility management services revenues to grow at a CAGR of 81 per cent by the end of 2013.

ABI's principal analyst Dan Shey said: "Through mobile services portfolio optimisation, mobility management services are bringing companies monthly cost savings of 30 per cent to 60 per cent. But it is the long-term benefits of asset management and support services that will cause this industry to grow to over \$US20 billion worldwide by 2013."

Mobility management services include mobile policy development, procurement and asset management services, billing audit and reconciliation services, enhanced customer care, and security services as well as many other vertical and occupation-dependent mobile support services. The variety of suppliers for these services is equally broad and includes operators, mobile device management vendors, IT services providers, telecom expense management firms, and more.

"Because the challenge of mobility management for the enterprise is broad, many players can leverage their current capabilities and relationships to build a mobility management services business. As a result, we can expect tremendous industry growth, but also rapid changes in the competitive environment," Shey noted.

## A/P broadband take-up is varied

Broadband access in the Asia/Pacific region has experienced significant growth in the past decade, as operators have upgraded their networks in anticipation of future demand for high-bandwidth services. However, in a study into residential fibre-to-the-home (FTTH) in the Asia/Pacific region, ABI Research found that different markets in the region are in very different stages of broadband growth.

"While broadband adoption is increasing within APAC, growth is not homogeneous across all countries in the region," said research analyst Serene Fong. "For instance, Hong Kong is one of the early adopters of FTTH and has the largest FTTH household penetration, currently 21 per cent. On the other hand, countries such as China and India are still struggling to encourage greater broadband usage." For now, most FTTH activity is still in the more developed countries within the region: Hong Kong, Japan and South Korea.

Generally speaking, broadband penetration in the APAC region is still relatively low compared to the rest of the world. Fong believes that demand is largely determined by CPE and infrastructure costs. "Consumers are also looking out for sufficiently rich multimedia content to justify their subscriptions. But the irony is that carriers are also waiting to ride on economies of scale in order to offer more attractive and affordable packages," she said

Fibre installation is a major investment that requires a very strong business case and definite objectives to be justifiable. According to Fong, "Uses of the Internet are multiplying at a rapid pace, including many bandwidth-hungry services. There are compelling trends leading us to believe that IPTV and related content applications will drive demand for FTTH."

## Steady growth seen for outsourcing

The global outsourcing market continues to grow at a steady pace, with a forecast growth rate of 8.1 per cent in 2008. In Australia, outsourcing is expected to grow at 4.7 per cent to reach \$A10.9 billion in 2008. But healthy growth rates for outsourcing do not mean that organisations are without challenges, according Gartner.

"Although organisations often have fundamentally sound procurement departments to initiate outsourcing contracts, for many, their IT sourcing strategies and governance structures are still immature, lacking altogether, or misaligned with enterprise objectives," said Kurt Potter, research director at Gartner.

"Because they lack the basic building blocks for successful vendor management, expected cost savings and other benefits are difficult to obtain. In extreme cases, the lack of needed trust and control to optimise the outsourcing relationship results in deal failure. In 2007, organisations focused less on outsourcing for cost savings than in previous years and more on using providers' global delivery models to access the right skills at a reasonable price, wherever they are."

*Rust eResearch continued on page 7 >>*



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## RUST eRESEARCH

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Although outsourcing continues to grow, publicly reported IT outsourcing (ITO) and business process outsourcing (BPO) contract values decreased overall by 50 per cent worldwide in 2007. Part of the explanation for this apparent discontinuity is that as outsourcing becomes more commonplace and the market matures, there is less publicity of deals. Companies are outsourcing more, but electing to use a multi-provider strategy and more deals are simply smaller in size, with many of these deals not large or ground-shaking enough to report.

"In 2008, we expect to see some early adopters of multisourcing to consolidate around fewer providers to reduce their service integration costs and harvest the benefits of better relationship management with fewer strategic suppliers," Potter said. "Because of multisourcing complexities often associated with handoff points between competing providers and unclarified vendor management processes, some organisations will consider prime-contractor outsourcing models or the appointment of new vendor management roles in their retained organisations."

In 2007, Australia enjoyed a buoyant economy resulting in outsourcing business growth for the many multinational and local as well as offshore service providers who have a growing presence in Australia, according to Gartner research vice president Jim Longwood.

"Australia is a mature market in terms of outsourcing, where enterprises are now signing second- and third-generation deals. In 2007, they moved toward more-selective outsourcing and multisourcing deals, where incumbent service providers usually retain core infrastructure services and specialist providers take over peripheral services. The business process outsourcing (BPO) market for back-office functions also started to take off, mainly in the transportation, telecommunications and financial services sectors," Longwood said.

"Staff shortages for internal and outsourced projects are a growing problem in Australia and in most other countries in the Asia/Pacific region, including India, New Zealand, Thailand, and even China for some specialised skills and experienced staff," he said.

## Financial services IT spend slows

IT spending by global financial services institutions slowed in 2007 to stand at \$US342.1 billion, a year-to-year increase of 5.9 per cent but substantially lower than the 8.7 per cent growth achieved in 2006, according to studies by Celent.

Jacob Jegher, senior analyst in Celent's banking group said IT spending growth rates had dropped across all regions, but US banks had been hit particularly hard and "challenges in this region are contributing to growth declines".

"The credit crunch and looming economic uncertainty have North American financial institutions tightening their belts. Ripples from the US subprime crisis are likely to have a dampening effect on other regions as well," said Jegher.

Celent forecast that global spending on IT products and services by banks will continue to grow to \$US386.7 billion by 2009, a CAGR of 6.3 per cent from 2007 to 2009.

BY ASSOCIATION

## Tomorrow's workers depend on today's workplace

By Sheryle Moon\*

**IT WAS INTERESTING** to watch the Rudd government move so quickly to add Australia's endorsement to Kyoto agreement, and we will be in for a fascinating ride over the coming years as the difficult decisions surrounding carbon output targets and industry requirements are made.

Recent estimates commissioned by the Australian Computer Society place the contribution of the ICT sector at around 1.52 per cent of total emissions, so our industry has a clear contribution to make.

And there is no doubt in my mind that ICT will meet and ultimately exceed any targets that are adopted — both through its contribution as an industry and through its work enabling innovation across other industries.

Make no mistake though, the reduction of "power in and carbon out" will not be enough to ensure a viable future for the technology sector. The industry will need to embrace a much broader concept of sustainability if it is to continue to remain relevant into the next generation.

There are three threats to the sustainability of our industry that need to be addressed as our top priority if ICT is to remain a relevant force in the Australian economy: falling ICT student enrolments; an increasingly competitive labour market; and the imminent retirement of the Baby Boomer generation.

These factors are a potent combination, and potentially lethal to the skills that ICT relies upon. By necessity, the design of sustainable organisations must move beyond environmental and efficiency concerns to embrace the challenge of changing workforce demographics.

As an industry, ICT will need to address the health of our workplaces across the board to attract and retain the skills that are needed in the future. There are no easy solutions, but it is clear that we will need strong leadership and integrated programs designed to transform the nature of industry workplaces if we are to address these problems.

Job stress and poor management practices have become all too common in modern business, and the workforce effects are now beginning to be well documented. These issues are strong drivers of absenteeism and among the most significant factors in high staff turnover and separation. The ICT industry cannot afford this.

Designing healthier workplaces will mean a return to the age-old management principles of establishing trust, communicating a clear vision, and setting goals and objectives that align with both corporate and individual values.

What the industry needs are new ideas to deliver traditional values to our workplaces and change them for the better. We cannot afford to sit idly by while problems that we have long been aware of eat into our most valuable resource, the skilled workforce. 2008 needs to become the year of the sustainable workplace.

\*Sheryle Moon is CEO of the Australian Information Industry Association  
[www.aiaa.com.au](http://www.aiaa.com.au)

## Dr Cyril Brookes

It is with considerable sadness that we announce that our dear friend, columnist, and colleague Cyril Brookes died in a tragic accident on Wednesday, December 13.

Cyril spent a decade with BHP gaining a BE (Electrical Engineering) and first class honours at Sydney University in 1962. Later a Masters and then a PhD from Oxford University. Cyril's thesis was entitled *Adaptive Control Systems* (1964).

At BHP Cyril did pioneering work in developing production planning and process control systems for iron and steel production. In 1968 he moved to Port Kembla to the data processing manager's position. From 1971 Cyril headed up BHP's national IT group of more than a 1000 staff from the Melbourne head office.

In 1974 Cyril became the foundation professor of information systems at the University of NSW. The IT faculty grew to become one of the largest in the world at the time with more than 1000 students and 30 academic staff. Cyril was also directly involved in the design of the some of the world's most advanced computer-based production systems with a strong focus on the management and application of formal and tacit data, which later resulted in his establishing Grapevine.

Grapevine was designed to work around cultural problems, to change workplace cultures by making it easier for people to be forthcoming. Grapevine focused on "unstructured information" such as ideas, rumours, and forecasts.

Without a doubt Cyril's students and colleagues will study Brooksey's works and ideas for years to come. Cyril loved language as a tool for communication — he was fascinated by its nuances, by its precision, and by its capacity for both clarity and wit.

Through his fascinations he enriched us all with his many technical phrases. Cyril was constantly teaching us — students and colleagues alike — and he asked questions for which he already had an answer. Cyril was like an Irish storyteller in a bar — tell me if you've heard this before, am I boring you? No matter what the reply he would still keep going.

Always a great writer, his Internet blog, *Cyril on BI*, and his regular columns for the *Rust Report* were always well received. On the day he passed away we carried his story *Like it or Lump it - looking for value in Web 2.0* written in typical Cyril style — tongue in cheek.

Cyril always worked to promote professionalism in IT as NSW Chair of the ACS, and with IFIPS, Information Systems Committee for a decade from 1975. Made an ACS fellow in 1972, he entered the Pearcey Hall of Fame in 2006. Cyril was also the founding director and later chairman of the Australian Association of CIOs (AACIO).

There are many humorous and touching memories that we all hold about Cyril. We will sadly miss his reminiscing, his sharing of anecdotes, his unique qualities, and his varied interests, including love of travel, fly fishing, fine wines, and rugby. Cyril had a wonderful knack of making even serious technical things good fun.

On behalf of all who knew and loved Cyril we extend our deepest sympathy to his beloved wife Diana and his wonderful family.

Brooksey, lived his life to the full and sadly died all too soon. We thank him for all he shared with his friends, colleagues and the Australian IT industry.

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## REVOLVING DOORS

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### ETT boosts board for new business

ASX-listed company ETT has appointed Larry Shutes and Gordon Tudor executive directors with responsibility for ramping up the company's IPStar satellite broadband services. Shutes worked with ETT on the IPStar agreement, while Tudor has previously worked with the IPStar platform at Australian Private Networks.

### — Around the Traps —

- In a number of changes to the board of Unwired Group, Ryan Stokes has been appointed chairman, and Rohan Lund, Peter Lewis, and Bruce McWilliam were appointed directors. Stokes joined the board on January 8, replacing Michael Burgess, who resigned.
- Neil Gamble has resigned from the board of Internet telephony services provider Engin.
- Chris North, one of the founders of Unwired in 1997 and who is still a director of that company, has been appointed a non-executive director of Newsat. He is also the founder of Canberra-based consultancy Wattle Park Partners.
- Chris Rowbottom has been appointed a non-executive director of Admerex. He was most recently managing director of Fair Isaac Asia/Pacific.



## REVOLVING DOORS

### Altium appoints VP for Americas

Australian electronic product development solutions provider Altium has appointed Gerry Gaffney senior vice president and general manager, Americas. He will be based at the company's US headquarters in San Diego.

Gaffney was previously with Cadence Design Systems, most recently as group sales director for enterprise sales. He has also worked for EDS in the UK.

In other appointments, Jay Cao was named regional director for China, based in Shanghai, and Anand Shankaran was made chief people office for Altium worldwide, based in Sydney. Cao has worked in China for Hyperion, Oracle, SAS Institute, and Tyco International. Shankaran has worked with Hewlett-Packard and for Apple in India.

### Mac Lemon lands a new role

Mac Lemon, a former general manager of architecture and future direction at Telstra has joined Australian consulting company Enterprise Architects as head of the consulting and advisory practice. After spending nine years at Telstra in management roles Lemon consulted independently in the area of IT governance before joining Enterprise Architects.

### REA Group's UK head returns home

Warren Bright, CEO of REA Group's UK business Propertyfinder.com has resigned and will return to Australia. He has been replaced by Gillian Kent, who was formerly managing director of MSN UK.

"We were seeking an entrepreneurial thinker and achiever with an impressive track record to build on our successes," noted Simon Baker, CEO of REA Group, which includes Realestate.com.au.

### Sadler takes senior role at D-Link

Mike Sadler has been appointed D-Link's commercial manager for Australia and New Zealand within the company's recently formed business solutions group.

Previously Sadler worked for Verizon as product manager, Asia/Pacific. He has earlier worked for OzEmail.

### Camp joins NSC as consultant

John Camp has been appointed a business applications consultant at communications integrator NSC. He has a broad experience in implementing contact centre transformation projects, including for CBA, Westpac, Bank of Queensland, and the ATO.

### Mason hands over Sirius reins

Roger Mason, founding chairman and managing director of Sirius Corporation (previously Sirius Telecommunications), has relinquished his role as executive chairman, although he will remain a non-executive director of the company. He and his family interests remain the largest shareholders in the company.

### Further fallout at Commander

There has been further disruption at the top of troubled communications company Commander following the replacement of CEO Adrian Coote by Amanda Lacaze (*Rust Report*, Dec 14, p8). Since that time COO Lakshman Mawalagedera and CFO Carl Russett have also left the company. Peter Housden has been appointed interim CFO.

In addition, Neil McDermott and Bill Scales have resigned as non-executive directors of the company.

### — Around the Region —

- **Aspect Software, a US developer of contact centre technology, has appointed Steven Tan regional marketing director for Asia/Pacific and the Middle East. He had previously worked for IBM Software Group, Lucent Technologies, Hewlett-Packard, and more recently Compuware.**
- **Danish headset solutions provider GN Netcom has appointed Shaz Khan managing director of its Asia/Pacific operation. He will be based in Singapore. Khan has previously worked for EMC Corporation and Commvault.**

### New CEO for gamers group

The Interactive Entertainment Association of Australia — the industry group representing the computer and video game industry — has appointed Ron Curry CEO. Curry has been involved in the industry for 17 years, and was previously general manager of the Microsoft consumer division at Ingram Micro. He has also worked for Ozisoft and Hasbro Interactive.

### Elson drives new media sales

English mobile applications specialist Dialogue Communications has appointed Chris Elson head of new media sales. He will be based in the company's Sydney office. Hailing from the UK, Elson previously worked for Wiliam, a Web development and online marketing company.

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