

Rust Report

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

January 30, 2009

THE RUST BUCKET

No more plain sailing

THE LATEST WINDS OF CHANGE are very different from those that were affecting the IT industry just a few years ago. We now know we have to become more internationally competitive. The real issue is to identify the ways and means to ensure that we reach and maintain world class standards in both the private and public sectors and that means we have to look ahead to deal with the challenges of the storms we are about to face, rather than agonise over the factors that led us into our current situation.

It is, of course, always hazardous to try and forecast the future; it's rather like the weather. The only thing that we could be certain about is that we could be wrong! The major question is by how much? However, there are identifiable trends and issues that are certain to play a significant role in our constantly changing future — constantly changing because it is now clear that the ongoing state of affairs will be one where change is normal.

We are also likely to face a lot more economic instability and restraint and at best patchy growth. And we can be quite certain that the international scene will become increasingly complex and a lot more competitive.

One of the great needs of the hour locally is for positive, constructive, dynamic, creative, and effective leadership to get us back on track as soon as possible. Leaders must be a lot more visible during these crisis times and not just talking the talk! In tough situations like these, stakeholders want to hear from the local leaders. They don't want to hear from his or her spokesperson. It is also important to take advantage of all types of communication, including open forums, breakfast meetings, press conferences, and one-on-one sessions with major clients using localised messages where possible, not head office rhetoric.

News services are hammering us with some pretty brutal comments from all around the world, but these are hardly raise a comment locally — no one seems to have an opinion or local views anymore.

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Pro Medicus buys US visualisation group

After checking out merger and acquisition possibilities for a year Australian health systems developer Pro Medicus has acquired Visage Imaging, a US company that specialises in digital imaging and advanced 3D visualisation technology. The deal will be funded from Pro Medicus' cash reserves.

Visage Imaging was a subsidiary of Mercury Computer Systems and has developed a Web-based digital imaging system which it combines with a thin-client distribution technology that allows 3D images to be accessed on almost any PC without the need for enormous amounts of computer and network memory, said David Chambers, CEO of Pro Medicus.

"This is the next wave in medical imaging technology," Chambers said. He noted that a number of specialist areas have been enhanced by advanced visualisation, including cardiology where it provides 3D reconstruction of coronary arteries from high-definition CT images. Previously the only way to assess this was via angiography, an invasive procedure that requires hospitalisation.

Post merger we'll have arguably the largest product footprint in the marketplace," Chambers claimed. "Visage also has bases in North America and Europe, so our geographic footprint will also increase enormously." www.promedicus.com.au

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INSIDER EDITION

iSoft scores for IBA worldwide

Australian medical systems developer IBA Health has received orders for software from its iSoft operation from Germany, the Netherlands, and Australia.

In Germany the Krankenhaus Buchholz and Winsen hospital group will implement iSoft's Lorenzo Clinicals software at two hospitals. The German group has been using iSoft applications since 1994. "Our aim is to give users of our radiology, laboratory, or hospital information systems the opportunity to migrate incrementally to Lorenzo, and not force them to change suddenly or abandon their existing systems," noted Peter Hermann, managing director of iSoft Central Europe.

Two hospitals in the Netherlands — Erasmus MC in Rotterdam and Hospital Diaconessenhuis Leiden — have renewed contracts for iSoft's hospital information systems in deals worth a combined total of \$A17.6 million.

In Australia the Healthscope private hospital group will implement a number of iSoft applications at 38 hospitals. Healthscope first signed up with IBA for software licences and support services late in 2007 (*Rust Report*, Jan 18 2008, p1) and the latest deal follows the completion of two pilot projects under that earlier contract, explained Gary Cohen, executive chairman of IBA. www.ibahealth.com

ASIC improves security with Senetas

The Australian Securities and Investments Commission has acquired high speed encryptors from Australian company Senetas to secure its computer networks. The CypherNet devices were acquired through Fujitsu Australia, which was appointed a reseller in September 2008, explained John DuBois, CEO of Senetas.

DuBois acknowledged that the company is actively chasing government business at federal and state levels. www.senetas.com

RUST BUCKET

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It has even reached the stage where one major multinational closed its Australian Web site and now insists that all press releases originate from head office!

Local leaders need to be moving and positioning their Australian operations quickly in response to the rapidly changing marketplace and the surrounding economies. The days of just plain-sailing are now well and truly over.

The M&A mania sweeping across industries, coupled with nervous regulators, customer concerns, layoffs, outsourcing, and new partnerships are all rocking the boat and causing companies to rethink themselves. This self-appraisal by both vendors and buyers is resulting in some new-look organisations that have become down-sized, while at the same time trying to be a lot more customer-focused and with flatter organisation structures. And all the time it's getting harder to keep the boat afloat.

— Len Rust RustOz@bigpond.com.au

Services group defies downturn

Despite the tough economic conditions, Australian IT services provider ASG Group claims to have booked some \$A30 million worth of orders from new and existing customers. The orders were well spread, having been secured across each of the company's operating regions, claimed Geoff Lewis, managing director of ASG.

Lewis attributed the success in tough times to the company's business model. "These new contracts further reflect the strength of ASG's cumulative revenue model, which relies on long-term multi-year contracts with organisations that utilise ASG's services to run their ongoing operational systems, which are core to their business," he explained. "These ongoing contracts continue to form the backbone of our business, ensuring that approximately 70 per cent of our revenue rolls on to each successive business year."

The latest round of deals includes contracts with Symbion Pharmacy Services, the National Museum of Australia, the National Capital Authority, Airservices Australia, and IP Australia. www.asggroup.com.au

City of Melbourne runs on TechOne

Queensland-based software developer TechnologyOne has been selected to provide the City of Melbourne with a range of software to cover financials, supply chain, projects, contract, HR and payroll, and grants management. The five-year deal is valued at \$A3 million. Implementation is scheduled to begin in February and last for two years.

The city expects the software to improve the accuracy of information by relying less on manual data entry. www.technologyonecorp.com

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INSIDER EDITION

Continued from page 2

Myer family invests in Bravura

Australian software developer Bravura has been selected to provide its Garradin investment management system to the Myer Family Office.

"We will be using Garradin as a unit registry solution to administer several of our funds on behalf of our family, philanthropic, and charitable clients," said Mathew Browning, head of investment at MFO. "In particular Bravura's agreement to incorporate BPay functionality was a key consideration as it is critical to the operation of MFO's cash management trust." www.bravurasolutions.com

Inecom puts SAP in coffee supplier

Australian solutions provider Inecom has implemented SAP's Business One ERP system for Melbourne-based coffee supplier Jasper Coffee. The software allows for batch and lot tracking, multiple currencies for international ordering, CRM for mobile staff, and services management for coffee machines provided to retail outlets, said Wells Trenfield, a director of Jasper Coffee. www.inecom.com.au

Orders & Installations

- Kiwi dairy giant Fonterra has gone live with the first of its direct telecommunications infrastructure services, which were previously provided by third-party suppliers outsourced through EDS. Gen-i will provide WAN services for Fonterra sites in Australia and NZ, as well as desk telephony for 47 global sites. AT&T will provide direct WAN and LAN infrastructure and management services for sites outside Australasia. www.gen-i.com.au
- Global ICT consultancy Avanade has upgraded the capacity and performance of the BT Financial Group's wrap administration platform. The contract involved the migration of BT's database technology to Microsoft SQL Server. www.avanade.com/au
- South Australian electricity transmission company ElectraNet has implemented the StealthWatch network analysis system from US company Lancope. The system is deployed in the core and edge of ElectraNet's network to correlate security and network intelligence from all parts of the enterprise. The utility previously employed multiple people and tools to investigate incidents and perform analysis, a spokesman said. www.lancope.com

Aussies worth watching**A roundup of companies making waves at home and abroad**

- QIT PLUS has developed its Guardian software for disaster management co-ordinators and emergency operations in councils and emergency services agencies. The system allows personnel to view the current situation as a region, deploying resources effectively to identify hot spots, reduce casualties, minimise damage, and ensure community safety. www.qitplus.com
- TRANTEK provides engineering design and integration services for the transport infrastructure industry. The company specialises in networked video monitoring systems, digital (networked) public address systems, and passenger information systems, as well as network video control, smart digital in-vehicle, public address systems, and emergency call devices. www.trantek.com.au
- ADAPT SOLUTIONS operates in Australia and New Zealand providing integrated asset management software systems and consulting services in local government organisations, utility companies, and asset maintenance companies. The company's software has been designed to accommodate any asset type, including water supply, sewerage, storm water, parks and recreation, plant and equipment, property, cultural, and heritage assets. www.adaptsolutions.co.nz
- LSA Australia focuses on the delivery and support of a flexible manufacturing software solution to the Australian and New Zealand marketplace. The company also provides implementation, training, and support for the Infor ERP Visual suite of software, which covers manufacturing, quality, distribution, CRM, lean manufacturing, time and attendance, and financials. www.lsaa.com.au
- DISRIBUTED TECHNOLOGY SYSTEMS provides applications in the risk management, OH&S, the quality and environment, and the job and works management fields. The company's customers are involved in many business sectors and range in size from greater than 10,000 staff in multiple operations around the world down to 100 staff, single-site installations. www.distech.com.au
- CORUM HEALTH SERVICES provides integrated software solutions with supporting services that address customer needs within the broader pharmacy industry. More than 2300 pharmacies in Australia use the company's products to dispense scripts safely, maintain inventory in the shop front efficiently, and manage orders with wholesalers. www.corumhealth.com.au



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DEALMAKERS

CSIRO forges Chinese links

CSIRO's Information and Communication Technologies Centre has agreed to join forces with the Beijing University of Post and Telecommunications (BUPT) to set up a centre to conduct research into wireless technology. The establishment of the Australia-China Research Centre for Wireless Communications will be Australia's largest research collaboration with China, claimed Dr Jay Guo, research director at the CSIRO ICT Centre's wireless technologies laboratory. "The new Australia-China research centre will be a hub for long-term and broader collaboration between the wireless research communities in Australia and China," he claimed.

Guo noted that CSIRO led the creation of the 802.11.a/g wireless LAN technology and more recently the first 6G-bits/sec wireless link, while BUPT has world-leading expertise in time division duplexing technologies. "The partnership between CSIRO and BUPTA . . . will provide an excellent opportunity for the researchers to make a major impact on the world market," Guo claimed. www.csiro.au

Playford backs US vision thing

Playford Capital has stumped up \$A500,000 for the US launch of a vision rehabilitation system developed by Australian company Neuro Vision Technology (NVT). The system is used to assess and treat people with neurological impairment caused by brain injury and is already helping the rehabilitation of US soldiers in California and Florida, as well as British war veterans in Scotland. Last year Gayle Clarke, a founder of NVT, presented an overview of the system's use in a Palo Alto rehabilitation program to a US Congressional House Committee on veterans' affairs.

Allison Hayes, CEO of NVT, said the funds from Playford will be used to refine the hardware design and extend the functionality of the system's software. www.neurovisiontech.com.au

Digislide delays share offering

Adelaide projection technologies specialist Digislide has delayed its IPO by a week after signing a non-exclusive manufacturing and supply agreement with Chinese manufacturer Advanced Micro-Display Technologies.

The company expects to raise \$A4.5 million to enable it to start production of miniature projectors from as early as February, claimed Luceille Outhred, CEO of Digislide. www.digislide.com.au

ComOps sets sights on MidEast

Australian IT solutions provider ComOps (www.comops.com.au) hopes to make an impression on Middle Eastern and Asian business markets through a partnership it has entered with Col Hoschke's asset management company Mainpac. Hoschke noted that ComOps' applications complement Mainpac's asset and maintenance solutions. "The combination of product offerings will provide a complete enterprise solution offering," Hoschke added.

Mainpac will concentrate on selling the combined ComOps/Mainpac solution into the engineering, construction, manufacturing, mining, and facilities management industries. www.mainpac.com.au

Autodesk scores copyright win

Autodesk Australia has successfully mounted a copyright infringement case against Adelaide-based company Ginos Engineers. The Federal Magistrates Court of Australia found that Ginos had used unlicensed Autodesk applications over a 10-year period, explained Hanspeter Eiselt, managing director of Autodesk Australia. The court ordered Ginos Engineers to pay compensatory damages for the use of the software and also awarded additional damages for the "flagrancy" of the infringement.

Eiselt added that the company had made "numerous attempts" to resolve the issue before starting legal action in August 2007. "The use of infringing software is a serious issue in Australia and elsewhere," he said.

Kiwi helps Aussie into mid market

New Zealand developer Greentree International (www.greentree.com) has entered a partnership with Australian company Inside Info, which distributes the QlikView business intelligence software. Greentree has since integrated QlikView into its own ERP suite, explained Paul French, communications manager at Greentree. "We originally considered developing our own business intelligence tool but found that QlikView was a seamless fit for both our ERP suite and target market," French added.

Stuart Barnard, managing director of Inside Info, noted that the partnership was driven by Greentree's ability to provide sales to mid-market businesses. "Greentree was a logical fit," he said. "This is typical of the specialist relationships we are currently looking to increase." www.insideinfo.com.au

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DEAL MAKERS

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Byte Power sources kiosk terminals

A Chinese subsidiary of diversified technology solutions company Byte Power has entered an agreement with China's Universal Travel Group (UTG) for the provision of TripEasy terminals and content for Byte Power's Chongqing e-kiosk project. The terminals allow customers to book travel and access entertainment guides, and will enhance the range of services available to the general population, explained Alvin Phua, CEO of Byte Power.

The two companies have further agreed to work together to develop additional capabilities for both the TripEasy terminals and the e-kiosks, Phua added. www.bytepower.com.au

Telstra campaigns on world stage

Telstra's complaints about the unfairness of Australia's competition laws reached the world stage this week when Will Irving, the telco's general counsel, addressed the Corporate Counsel World Summit in Vancouver. Irving tried to put his remarks into a global context, but used the Australian market as his example.

Competition models built around low regulated input costs and readily available credit are no longer sustainable, Irving claimed. "With investors and lenders now requiring bullet-proof business plans, new infrastructure projects require regulatory certainty up front for the life of the investment." www.telstra.com.au/abouttelstra/media/announcements_article.cfm?ObjectID=44362

Business Briefs

- Sofcom has completed its due diligence of Billionstocks and agreed to proceed with its acquisition. Billionstocks is an Australian company that provides English language news, quotes, and research materials on the Chinese equities market. Richard Zee, a shareholder in Billionstocks, has been appointed a director of Sofcom.
- Simms International has been appointed a national distributor of the QuarkXPress page-layout and design software. The move is part of Quark's plan to revitalise its "brand, product, and business in Australia," said Alex Nemeth, Quark's regional business director. www.quark.com
- Serotek Corporation (www.serotek.com), a US developer of accessibility solutions, has appointed Vision Australia its primary Australian reseller. Vision Australia was formed in 2004 by the merger of the Royal Blind Society, the Royal Victorian Institute for the Blind, Vision Australia Foundation, and the National Information Library Services. www.visionaustralia.org
- Remote metering specialist Intermoco has entered a strategic alliance with Energy Impact Australia, a provider of lighting maintenance products and services. Under the terms of the deal the Intermoco's subsidiary Utiligy and EIA will promote and market each other's products and services. www.utiligy.com.au

BY ASSOCIATION

Further delays in NBN Roll-out are unacceptable

By Heather Ridout*

THERE ARE NOW SERIOUS DOUBTS over whether the Federal Government will be able to meet its revised March 2009 deadline to begin the roll-out of its National Broadband Network (NBN), largely stemming from the controversial exclusion of dominant telecommunications operator Telstra from the bidding process.

Industry had welcomed the Government's pledge to roll-out high speed broadband to 98 per cent of the population. As Ai Group's recent High Speed to Broadband survey showed:

- More than 93 per cent of member companies felt the Internet has had a positive impact on their efficiency/productivity;
- 66 per cent believed their businesses would benefit greatly from faster broadband — 69.7 per cent in the case of regional firms, and;
- 36 per cent of businesses expected large increases in financial activity with faster broadband.

As a result, Ai Group is concerned that any further delays in the roll-out of the NBN will actively erode the competitive position of Australian industry, particularly those in regional and/or remote areas. Given the ongoing need for infrastructure investment and connectivity to international markets, particularly in the current economic conditions, further delays to the NBN are clearly not in the government's nor the country's best interests.

On January 21, Federal Communications Minister, Stephen Conroy, received a detailed report from the Panel of Experts set up to examine the bids to build Australia's NBN. The report, which contains a detailed assessment of each of the proposals put forward by the five consortia bidding to build all, or parts, of the NBN, is unlikely to be made public.

However, seasoned industry commentators have noted that Telstra's exclusion may have provided the government with a policy dilemma. Aside from a possibility of legal challenge from Telstra, there is now an even greater need for robust scrutiny of those consortia that remain to ensure bids are both realistic and cost-effective.

And with global economic conditions continuing to deteriorate, the government also needs to ensure the financing behind each bid is able to be delivered.

Many practical issues also arise as a result of Telstra's exclusion, such as how any winning bidder would interconnect to the Telstra network. Given the remaining consortia do not (yet) have clarity over the regulatory regime that could be applied to accessing Telstra's network information and infrastructure, it is clear a considerable amount of detail still needs to be worked through.

That would take time, even if Telstra adopted a collegiate approach, making the meeting of a March 2009 deadline highly unlikely.

Our message to government is that further delays in the important and necessary roll-out of the NBN are particularly unacceptable during this period of intense pressure for industry.

*Heather Ridout is chief executive of Ai Group. www.aigroup.com.au

RUST e-RESEARCH

Let the netbook era begin

The time is right for the netbook, according to analysts at ABI Research. The analysts believe a confluence of social and technological factors has created a kind of "perfect storm" that will lead to a market explosion for netbooks over the next few years. The firm has forecast worldwide netbook shipments of almost 35 million this year, rising to an estimated 139 million in 2013.

Practice director Kevin Burden described this evolution: "PDA's began our reliance on instant accessible data while travelling. When PDA functionality converged with cellular voice, smartphones became the new darling of mobile professional technology that many expected to evolve into the hub for all data and communication needs for travelling professionals. Today, with a better understanding for what a smartphone is, is not, and may never be, along with a reality check on the usefulness of UMPCs, the market remains open for new device types".

Smartphones did a lot to raise our comfort level with mobile technology as well our expectations for how connected we could be and how accessible information and data should be while on the road. Enter the netbook with its light-weight, medium-sized form factor, and low-cost processors leading to moderate overall price points that may finally have "right-sized" mobile technology for productive travels.

While the advent of low-cost, power stingy x86 and ARM processors were the technical keys to netbooks, Burden argued that industry and consumer expectations also needed to evolve before netbooks would meet market acceptance. "In recent years, the industry still expected the smartphones to be more than they turned out to be, and most recently, MID's were thought to be the next big mobile devices segment, but an unclear usage model continues to confuse the market. So today, the netbook's time has come, and ABI research expects it to enjoy very strong market growth".

Asian IT will become stronger

IT spending in Asia/Pacific (excluding Japan) will drop to a growth rate of 7.1 per cent in 2009, a decrease from 10.2 per cent in 2008, according to forecasts by Springboard Research. All countries in the region will be affected, but the degree of fallout from the economic crisis will differ by country.

"Like other regions of the world, Asia will experience an IT spending slowdown during 2009 as all organisations look again at spending in the wake of the global economic crisis", said Dane Anderson, CEO of research at Springboard. "However, even with slower growth Asia will continue to emerge as a critical region for IT vendors and we will continue to see a substantial shift in investment moving to Asia and other global emerging markets. While the crisis will affect Asia in 2009, it will also further cement the region as crucial to any global company's growth strategy moving forward," Anderson added.

According to Springboard, the top 10 trends that will shape enterprise IT in the Asia/Pacific region in 2009 are:

- 1: Cost concerns will drive a primary focus on IT infrastructure consolidation;
- 2: Increased efficiencies help virtualisation emerge as key to data centre transformations;
- 3: Cost savings help green IT projects go mainstream;
- 4: Managed services emerge as a bright spot in a year of economic downturn;
- 5: The cloud computing movement gains momentum in Asia;
- 6: Slowdown presents an opportunity for skills set upgrade and acquisition;
- 7: Unified communications gain steam as companies cut travel costs, strive to improve communications, and improve productivity;
- 8: The crisis will lead SMBs to focus on outsourcing, managed services, and SAAS to transform their businesses;
- 9: Increased financial challenges lead to tightening of regulations, compliance, and IT governance; and
- 10: Government spending to boost the economy will benefit IT companies that know the public sector.

"As illustrated in our predictions, we expect that most organisations in the region will be modifying their IT strategy from a focus on supporting revenue generation to an approach aimed at improving efficiencies," said Ravi Shekhar Pandey, manager of syndicated research at Springboard. "There will be a continued focus on reducing operational expenditure, both from business and IT perspectives. On the positive side, while technology spending will definitely be affected by this crisis, it will be more resilient than other areas that are often easier and quicker to cut", Pandey added.

No stopping mobile growth

By 2013 there will 5.63 billion mobile connections, up 43 per cent from 2008, according to forecasts by Ovum. And the company's analysts do not feel that these are overly bullish projections, even in the current market conditions. Global penetration in 2008 is estimated at 59 per cent and is predicted to rise to about 80 per cent by 2013. Ovum expects prepaid connections to constitute 73 per cent of connections in 2013 (up from 70 per cent in 2008), so multiple SIM ownership will ensure that real population penetration will be lower.

Emerging markets are key to this continued growth. The China/India region (containing China and India, as well as Pakistan and Bangladesh) will continue to be the main growth engine, with a cumulative annual growth rate (CAGR) of 12 per cent up to 2013. Yet even here penetration is only forecast to rise from 40 per cent in 2008 to 67 per cent in 2013. Asia/Pacific and Africa are also expected to add to the staggering number of connections. Adoption in rural areas will continue, but the penetration growth will naturally slow as fewer areas remain untouched by mobile.

RUST eRESEARCH Continued from page 6

As a result of the growing importance of emerging markets, a shift in the global balance of operator power is expected. An increasing share of customers in emerging markets will go to the new, rapidly expanding players such as Zain and Orascom. The result will be a raft of new, large-scale global players by 2013. Today's Europe-based giants will face increasingly intense competition from equally large or larger competitors at both global and local levels. Efficiency and maximising synergies from their scale will be the critical success factor for both the old and new heavyweights.

By 2013 the total service revenues to operators globally is forecast to reach \$US1.1 trillion, up 23 per cent from 2008. However, this is a significantly lower growth rate than the 43 per cent jump in connections.

The sheer volume of connections in emerging markets will be crucial in enabling operators to breach the \$US1 trillion service revenues threshold (expected in 2010). However, operators seeking connections growth must ensure that they can survive on very low average revenue per user (ARPU).

Voice will remain the most crucial revenue generator for operators, due to the increasing emphasis on emerging markets, and will contribute 73 per cent of global revenues in 2013. Furthermore, voice will continue to be the greatest cash generator in every region by 2013, including Europe and North America.

With all the excitement surrounding mobile data, it is easy to lose sight of the fact that communication is still the killer app for the telecoms industry. Operators must not kill the cash cow and should focus on offering voice services as cost-effectively as possible, while maintaining quality.

Banks rethink their IT strategies

Research and advisory firm Financial Insights, an IDC company, has a report which discusses the top 10 strategic IT initiatives for banks in the Asia/Pacific region. This year's report discusses how technology priorities are being aligned with newly formulated strategies that allow banks to effectively respond to the current crisis. The report also highlights the counter-cyclical strategies of various Asia/Pacific financial institutions that enable them to blunt the adverse effects of the crisis, build business despite the slowdown, and operate efficiently.

Highlights of this report include:

- Asia will continue to be an attractive market for banks due to the region's large domestic economies, recent wealth accumulation, relatively stable economic and corporate fundamentals, as well as pockets of under-served banking segments. However, a confluence of negative factors has transformed the entire industry. In 2007, and throughout the early months of 2008, it was about market-building. In 2009, it is all about survival, protecting the bank's base, and finding untapped areas of opportunity.
- Asia/Pacific banks are still expected to increase technology spending in several overarching priority areas in 2009, albeit with much lower rates of growth compared to those seen in previous years. The 2009 priority list is made up of discrete projects, typically ad-hoc and tactical in nature. These include

virtualisation, customer loyalty, customer retention, credit collections and recovery, software-as-a-service (SaaS), and so forth.

- The crisis has brought new dynamics to the marketplace. In order to succeed, financial technology vendors need to reposition their solution sets by emphasising counter-cyclical solutions, adjusting pricing models, and building synergistic partnerships.

Outsourcing will continue to grow

The outsourcing industry is not immune to the ripple effects of the widespread economic volatility, although in an economic downturn, cost will trump value considerations, according to Gartner.

"Although things look gloomy for the larger global economy, the outsourcing market represents a dichotomy: on the downside, organisations' cost-cutting outsourcing strategies may negatively impact market growth, but at the same time, the upside is that outsourcing will be adopted by more organisations to help them work through financial and competitive challenges," said Allie Young, vice president at Gartner.

"The well-educated buyer and provider will have the advantage. The potential for outsourcing to address immediate cost pressures as well as long-term recovery goals will be unprecedented. However, only organisations that are diligent about understanding and avoiding the pitfalls of cost-focused outsourcing and that apply business-outcome-focused outsourcing will be successful."

Gartner's studies showed that the global economic slump has meant that outsourcing clients are re-evaluating their contracts to improve efficiency and costs. This is affecting provider selection and retention, the way services are or will be delivered, delivery location, and contract pricing. Beyond the drivers of efficiency and cost, however, many organisations will also experience business change as a result of repercussions of the economic crisis, which will impact current outsourcing or plans for outsourcing.

In 2009, Gartner expects competition for outsourcing deals, particularly for standardised IT outsourcing (ITO) services, to be fierce.

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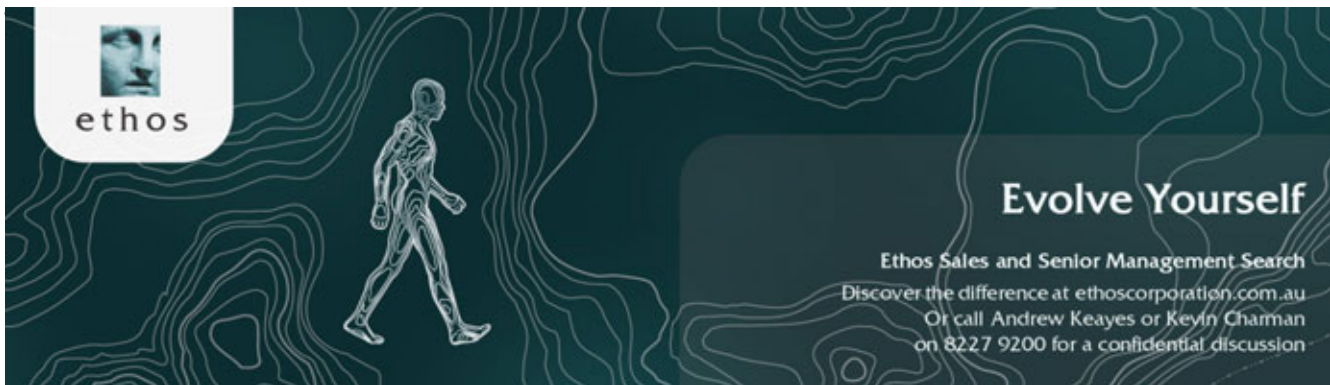
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The Rust Report is published by
Dialog Marketing Services Pty Ltd,
PO Box 437, Roseville, NSW 2069, Australia.

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BEING GREEN

Scottish tidal plan builds momentum

Singaporean company Atlantis Resources, which specialises in tidal turbines, has attracted a partner to its project to build a tide-powered data centre in Scotland. Internet Villages International (IVI), which specialises in the development of energy-efficient data farms, has agreed to work with Atlantis to identify sustainable regeneration opportunities in the area around Atlantis' data centre on Pentland Firth.

"Collaborating with IVI allows Atlantis to concentrate on delivering the tidal current power infrastructure while IVI delivers the customers for both our data farms," explained Dr James Mitchell, head of business development for Atlantis. www.atlantisresourcescorporation.com

Green issues high on IT agenda

Despite some regional differences in priorities and motivators, senior business executives and ICT decision-makers around the world agree that green IT initiatives are at the top of their agenda, according to research by IDC. Studies showed that these executives are becoming more deeply involved in their companies' green initiatives as pressures mount to cut costs and as government mandates begin targeting carbon emissions and the disposal of IT equipment.

Globally, 71 per cent of survey respondents identified energy costs as the most pressing factor driving green IT adoption. "The cost savings associated with reducing power consumption are definitely capturing the attention of IT decision-makers around the world," said Vernon Turner, an IDC vice president. "Buyers understand that energy-efficient, recyclable products do contribute to lowering operating costs."

GREEN BITS

- The Storage Networking Industry Association has released its initial Green Storage Initiative Green Storage Power Measure Specification for public review and comment. It includes a green storage taxonomy for classifying storage products. www.snia.org/tech_activities/publicreview
- The Environmental Protection Agency claims that US data centres have the potential to save up to \$US4 billion in annual electricity costs by using more efficient equipment and operations, as well as best-management practices. www.energystar.gov
- Big business isn't the only energy waster: Enterprise Management Associates claims the US Government wastes \$US1 billion a year because of poor desktop power management.

REVOLVING DOORS

Butterworth heads Alcatel-Lucent

Andrew Butterworth has been appointed managing director of the Australian operations of Alcatel-Lucent. He joined the company in 2005 and was most recently vice-president of its services business group in Australasia.

Barrett to cut ties with Intel

Craig Barrett will end his long and successful career with Intel when he retires as chairman and a director in May. He joined the company in 1974 and held many positions, including CEO from 1998 to 2005. During his time with the company he worked with "industry legends" Bob Noyce, Gordon Moore, and Andy Grove.

Solutions engineer joins WebTrends

Tim Willox has been appointed solutions engineer for Web analytics company WebTrends Australasia. He has worked in the field of Web analytics for five years, most recently with Hitwise.

Ian Hogben joins D-Link in WA

Ian Hogben has been appointed commercial business manager of networking solutions provider D-Link. He will be based in Perth. Prior to joining D-Link Hogben was with services provider Ajilon, before which he was in charge of information management at the WA Department of Sport and Recreation.

Around the Traps

- Orange Business Services has promoted Kevin Griffen to the position of general manager (south) for Australia and NZ. He joined the company about four years ago, prior to which he worked in the UK.
- The SAP Australian User Group has appointed Grahame Reynolds chairman. He is senior business analyst at polyethylene manufacturer Qenos.
- Michael Bloomfield has been promoted by NSC Group to the position of NSW sales manager in NSC Enterprise Solutions. He has been with the company for three years, prior to which he worked for Price-waterhouseCoopers, Unisys, Witness/Verint and Blue Pumpkin.
- Sybase 365 has appointed Vincent Godel business development manager in charge of application-to-person accounts, and Maxence Paindavoine director of business development. Both relocated from the company's French operation.