

# Rust Report

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

March 5, 2010

## THE RUST BUCKET

### Mixed outcomes

The reports flowing in for the six months to December 31 2009 are still mixed. The first half of the year has seen boards and management focus on improving processes and systems across their companies and take measures to mitigate exposure to risks associated with the slowing economy. Some vendors stressed stronger pipelines of prospective customers while others highlighted their recent acquisitions and the need to keep focusing on securing more acquisitions.

- **RAZOR RISK TECHNOLOGIES (ASX: RZR)** announced its first half net profit had increased to \$A603,000, up more than 30 per cent on the corresponding period, on revenues of \$A7.7 million. CEO Andrew Wood highlighted that decisive action had been taken to manage gross direct margins whilst investing in sales and marketing capabilities across all sales regions.

- **MELBOURNE IT (ASX: MLB)** reported that net profit after tax rose four per cent to \$A16.8 million on revenue that increased eight per cent to \$A200.1 million in the first half. MD and CEO Theo Hnavakis said tight controls had helped the company to meet its full year guidance.

- **SYNERGY PLUS (ASX: SNR)** recorded revenue of \$A76.9 million for the half compared to \$A74.5 million in the previous first half, an increase of three per cent. Profit before tax of \$A1.55 million reflected a \$A2.65 million turnaround. Acting CEO Peter Cappendell stated that the profit reflected the early success of the company's transformation project and the contributions from the Leading Solutions acquisition.

- **MACQUARIE TELECOM (ASX: MAQ)** reported a 67.5 per cent increase in net profit after tax of \$A4.8 million on revenue of \$A119.4 million. The company stated that it was entering the second half of 2010 in good shape to deliver strong full year results.

- **DATA#3 (ASX: DTL)** reported a record interim profit of \$A4.7 million, up 17 per cent. Revenue was up 33 per cent to \$A306.7 million. MD John Grant commented that financial conditions were improving but said he remained cautious.

- **KEYCORP (ASX: KYC)** recorded an after tax profit of \$A3.7 million. A statement to the ASX noted that the result was a significant increase. Revenue also rose by 34 per cent.

- **UXC (ASX: UXC)** reported revenue growth of 15 per cent to \$A380 million and an increase in net profit after tax of 177 per cent to \$A3.2 million. The company said its outlook for the second half of the year was strongly supported by continued solid trading and a strong order pipeline.

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## Wales a springboard to Europe for Aussie

Enex TestLab, an Australian provider of testing and reporting services that was a spin-off from RMIT University in Melbourne, plans to open a facility in Wales from which it will orchestrate an expansion into the UK and European markets. The facility at the Technium Springboard innovation centre in Cwmbran will focus on security, software, broadband, and hardware procurement testing, review, and evaluation across all ICT products and services, explained Matt Tett, managing director of Enex.

Tett said that Cwmbran was an ideal location for the company's expansion. "The area has a good cluster of technology-related organisations, including Cardiff University, the University of Glamorgan's IT campus, and Newport University, which is excellent for recruiting purposes and offers potential for carrying out collaborative research in the future."

Enex was supported in its search for the new location by International Business Wales, the inward investment agency of the Welsh Assembly Government ([www.ibwales.com](http://www.ibwales.com)). "The UK and Europe offer us significant new business opportunities and we look forward to growing our business here. The support of the Welsh Assembly Government has been extremely helpful," Tett said. [www.testlab.com.au](http://www.testlab.com.au)

## Aussie debuggers win US support

The work of researchers at Monash University's eScience and Grid Engineering Lab has attracted the interest of — and funding from — the US Department of Energy as well as a commercialisation agreement with supercomputer company Cray.

The funds will be used to further the researchers' work on debugging software capable of dealing with the large and complex data sets required for parallel distributed supercomputers. Professor David Abramson, director of the lab, said that because of the complexity and size of supercomputer programs, previous approaches to debugging, which had been developed with smaller systems in mind, were ineffective. [www.monash.edu.au](http://www.monash.edu.au)

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## INSIDER EDITION

### Aussie supports Brazilian giant

Vale, a global mining company with its headquarters in Brazil, has selected asset performance management software from Brisbane-based developer Oniqua. The analytics-based suite of applications will be used to manage Vale's strategic inventory management initiatives in Brazil, explained Lindsay Clarke, Oniqua's president of North and South American operations.

Clarke noted that an important aspect of the Vale contract was the integration of Oniqua's software with Vale's Oracle ERP system and other infrastructure applications. "The ability to leverage and dynamically improve data from customers' ERP and EAM systems is a key value of Oniqua Analytics Suite," Clarke said. [www.oniqua.com](http://www.oniqua.com)

### TechOne goes to Victorian TAFE

Queensland-based developer TechnologyOne has been awarded a contract to replace systems that manage student enrolments and courses in Victorian TAFE colleges. TechOne's Student Management system will be used to enable institutions to perform critical day-to-day operations, including enrolments, assessments, completions, funding, and reporting, as well as managing staff, students, courses, and financial information, said Adrian Di Marco, executive chairman of TechOne.

The software will be installed over three years to minimise the disruption associated with the introduction of large new software systems, Di Marco added. [www.technologyonecorp.com](http://www.technologyonecorp.com)

### Optus keeps greengrocer in the loop

Fruit, vegetable, and grain supplier Costa Group has selected Optus as its telecommunications provider. The five-year, \$A6 million deal covers mobile services, fixed line telephony, and the Evolve IP VPN network. [www.optus.com.au](http://www.optus.com.au)

#### RUST BUCKET

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- BRAVURA (ASX: BVA) reported a downturn in first half revenue down from \$A72.9 million to \$A53 million. The net loss of \$A4.4 million was a major downturn from the \$A2.64 million profit recorded a year ago.
- iiNET (ASX: IIN) lifted revenue 11.3 per cent to \$A228 million with profit of \$12.13 million up from \$A11.4 million in the previous first half. The company is looking to buy ISPs on the east coast to expand its business.
- M2 COMMUNICATION (ASX: MTV) reported a 115 per cent year-on-year increase in revenue to \$A188 million, and a rise net profit after tax of 156 per cent to \$A8.2 million. CEO and MD Vaughan Bowen said the company was expanding its "brand family" — which now includes People Telecom, Southern Cross, and Commander — and was seeking to expand its wholesale business.

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

### ASG picks up federal department

Perth-based services provider ASG Group has been selected as a provider of IT services to the Department of Broadband, Communications, and the Digital Economy. The three-year deal, which includes three extension options of one year each, is valued at \$A13 million.

The deal covers a range of IT services as well as the provision of a managed voice services capability, explained Murray Rosa, ASG's chief officer of sales and strategic operations. "ASG Group is particularly pleased to be offering this extended capability in the managed voice area and we will allocate additional resources to the department, including end-user support, midrange infrastructure, voice, network, and cross-platform services," Rosa added. [www.asgroup.com.au](http://www.asgroup.com.au)

### Protegit super installer for Bravura

Project management company Protegit has managed the implementation of a packaged application from Australian software developer Bravura Solutions ([www.bravurasolutions.com](http://www.bravurasolutions.com)) at the Health Super superannuation fund. The system replaced a legacy e-business system and handles the full transaction lifecycle of superannuation for fund members, employers, and its call centre. [www.protegit.com.au](http://www.protegit.com.au)

### CDAA wins SA super fund

Adelaide-based Web solutions company CDAA has been selected to provide South Australia's Statewide Superannuation with marketing, consulting, creative, and programming services for the redevelopment of the fund's online presence. [www.cdaa.com.au](http://www.cdaa.com.au)

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**INSIDER EDITION**

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**Intermoco backs more developers**

Remote metering specialist Intermoco continues to be in hot demand with property developers and local government councils. Its most recent contract wins include:

- A 15-year deal to provide and manage electricity, voice communications, and data services for Hamton's Society Apartments development in South Yarra. Intermoco will work on the project with its technology partner NEC;
- An extension of a contract to provide services to a Melbourne development being undertaken by Hickory Developments; and
- Contracts with two regional councils — one in NSW and the other in Queensland — for the supply of water metering and management systems.

"As we gain further recognition among building and property development companies we expect to see our pipeline of opportunities grow substantially," claimed Ian Kiddle, CEO of Intermoco. [www.intermoco.com.au](http://www.intermoco.com.au)

**BMC scores place at university**

Monash University has selected BMC Software's Business Service Management platform as the basis of a shared services project. The new platform will manage IT services for more than 50,000 students at six campuses in Victoria, explained Chris Bridge, ICT shared services program director for the university.

"Implementing an IT service management system and university-wide businesses processes will enable the university to reduce risk and improve efficiencies in the smooth delivery of services," Bridge said. [www.bmc.com](http://www.bmc.com)

**Orders and Implementations**

- Australian publishing services provider DAI Rubicon has selected consulting firm Base2Services to deploy a supply chain delivery system built on the Ingres database and the Amazon EC2 cloud. [www.base2services.com](http://www.base2services.com)
- Kiwi company Datasquirt has provided its Contact e-mail management system to Glasses Direct, a British provider of prescription spectacles. The system is used in conjunction with Glasses Direct's existing systems. [www.datasquirt.com](http://www.datasquirt.com)

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

- RED LIZARD SOFTWARE combines the technologies of static analysis and model-checking in its Goanna software, which is a fully automated code analysis application aimed at helping software developers in industries such as defence, automotive, consumer electronics, and medical device development bring products to market fast. It is available both for Linux and Windows. Goanna resulted from R&D undertaken with NICTA. [www.redlizards.com](http://www.redlizards.com)
- CLARITY provides unified operational support systems (OSS) globally to tier-one incumbent and next generation telcos. Clarity has offices in Asia, Europe, the Middle East, and North America and its customers include leading telcos in Malaysia, Indonesia, the Philippines Sri Lanka and India. [www.clarity.com](http://www.clarity.com)
- RECALL provides its outsourced document management solutions in 22 countries and 300 locations to more than 80,000 customers. The company recently launched a secure data destruction service tailored for those working with any type of digital media. It helps departments, such as IT, which struggle with the need to securely destroy confidential files and materials and the ability to do so conveniently and cost effectively. [www.recall.com.au](http://www.recall.com.au)
- idONDEMAND provides technology for secure online and physical identification, allowing customers to protect business assets. idOnDemand has offices in the US, Australia, and UK. Customers can consolidate their visual, physical, and logical authentication into a single secure identification card wherever that information may reside. [www.idOnDemand.com](http://www.idOnDemand.com)
- MOBILE DATA EVALUATIONS provides an independent assessment of products' performance when used on networks and has been approved as a testing service by both Telstra and Optus. MDE has also helped businesses improve efficiency and profitability through the deployment of touch screen solutions. <http://mde.com.au/>
- MADEWELL ENTERPRISES has developed the BillsTrust online product that solves the problem of having to remember to pay bills on time. The product is for businesses or individuals who receive lots of bills or simply want the headache of remembering to pay by the due date taken away. Businesses can use BillsTrust as a virtual accounts payable employee providing a set-and-forget capability for paying suppliers or anyone who bills them. [www.madewellenterprises.com](http://www.madewellenterprises.com)

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## DEALMAKERS

### Intelledox sets sights on China

Australian document creation specialist Intelledox has opened an office in Singapore as the launch pad for an aggressive expansion into Asia. The company will target government and corporate organisations using as a reference the recent high-profile installation at Tradelink Electronic Commerce in Hong Kong (Rust Report, Oct 16 2009, p1). "We look forward to firmly establishing Intelledox within the Asian region," said Peter Kazacos, chairman of Intelledox.

The new operation will be headed by BK Heng, who has been appointed Intelledox vice president for Asia. He was previously the Asian region director for FAST Search and Transfer. [www.intellex.com](http://www.intellex.com)

### iSoft readies push into US market

Australian health systems developer iSoft is preparing for a full scale launch of its suite of solutions in the US. The path to the launch was paved last year when iSoft acquired US developer BridgeForward Software.

Gary Cohen, executive chairman of iSoft, said he expects to do well in the vital US market because the company is one of the few global health IT companies with solutions meeting the requirements for interoperability across the full spectrum of healthcare environments. "The US market makes up about half of the total global spending on health IT, which will balloon further as the government's stimulus package kicks in," he noted. [www.isofthealth.com](http://www.isofthealth.com)

### Iress links to another Canadian

The Canadian subsidiary of Australian trading platform provider Iress Market Technology has agreed to a co-location agreement with Chi-X Canada, an alternative trading system for senior equities listed on the Toronto Stock Exchange. "By co-locating within this facility, which will also serve as the hub for Chi-X Canada's new ultra-low-latency trading system, Iress customers are ensured even lower-latency door step access to Chi-X Canada's core matching engine," said Michael Harrison, VP of sales for Iress Canada.

Last month Iress announced it had entered a co-location agreement with TMX Group, which operates the Toronto Stock Exchange (Rust Report, Jan 15, p4). [www.iress.com.au](http://www.iress.com.au)

### Entellect plans global expansion

In a flurry of announcements Australian company Entellect — a developer of student management systems that was formerly known as MXL — has informed investors it plans a share placement to raise \$A25 million; it has taken an international licence to CSG's Learner Enterprise and Learner Analytics software; and it has bought the holding companies of Canadian educational software specialist The Administrative Assistants.

"Following completion of these transactions the company will have a global distribution footprint, an established and geographically spread customer base, a complementary set of products covering the K-12 education market, and a range of further business opportunities," claimed Jeff Bennett, Entellect's chairman. [www.entellectsolutions.com](http://www.entellectsolutions.com)

### MapData Sciences acquired by ESRI

Australian digital mapping and hosting company MapData Sciences ([www.mapds.com](http://www.mapds.com)) has been acquired by ESRI Australia, the subsidiary of US location intelligence specialist ESRI.

In the wake of the deal the two companies will continue to operate as separate entities, with no immediate plans for any major changes to MDS's structure or business, said Brett Bundock, managing director of ESRI Australia. "MDS will become ESRI Australia's preferred partner for digital data, representing an exciting opportunity for the expansion of ESRI Australia's location intelligence solution offerings," Bundock added. [www.esriaustralia.com.au](http://www.esriaustralia.com.au)

### Markinson follows acquisition trail

Queensland-based software provider Markinson has made its second acquisition this financial year with the purchase of the CRM arm of sales training company Acuere. The deal extends Markinson's reach into South Australia with the addition of an office in Adelaide, said Ian Whiting, CEO of Markinson. Greg Simmons, one of the founders of Acuere, will take up a management role within Markinson.

Last year Markinson acquired Australasian developer Adexia (Rust Report, Nov 13 2009, p4) and Whiting noted that further acquisitions may be in the offing. "Acquisitions will play a pivotal role in our growth strategy as we look to aggressively increase scale and deepen our solutions suite," he admitted. [www.markinson.com.au](http://www.markinson.com.au)

### Feds to appoint ICT advocate

The Federal Government is to appoint an IT supplier advocate to work as a broker and spokesperson, particularly for SMBs, in the ICT sector. Details at [www.innovation.gov.au](http://www.innovation.gov.au)

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## DEAL MAKERS

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### ASG buys Melbourne group

Perth-based services provider ASG Group has acquired Melbourne consulting firm Dowling Consulting, which includes on its client list Australia Post, National Australia Bank, Victoria Police, Melbourne University, and Adelaide University.

Geoff Lewis, CEO of ASG, said the deal significantly enhances ASG's presence on the east coast and increases its capabilities nationally in providing high-end consulting services. He added that other potential acquisitions are being assessed. "We see a number of outstanding opportunities that fit ASG's strict criteria," Lewis claimed. [www.asggroup.com.au](http://www.asggroup.com.au)

### NICTA forges German connection

Australian research centre NICTA has formed a five-year alliance with Germany's Fraunhofer Institute for Experimental Software Engineering to set up the Fraunhofer Project Group on Transport and Logistics at NICTA's Sydney laboratory. The two organisations have agreed to invest more than \$A11 million in the new group. "Australia must be part of the global innovation system to build competitive advantage in technology and the broader economy and this is a major step in that direction," claimed Dr David Skellern, CEO of NICTA. [www.nicta.com.au](http://www.nicta.com.au)

## Business Briefs

- UK-headquartered global mobile operator Truphone has entered the Australian market with a flourish, buying telecommunications provider Startel and negotiating a wholesale agreement with Optus. [www.truphone.com](http://www.truphone.com)
- Swerdlove ([www.swerdlove.net](http://www.swerdlove.net)), a specialist IT consulting group, has been appointed the New Zealand reseller of software from Australian developer Caseflow, which specialises in case management systems for law firms and corporate legal groups. [www.caseflow.com.au](http://www.caseflow.com.au)
- Web solutions builder Devnet has been appointed a distributor for Offisync ([www.offisync.com](http://www.offisync.com)), a provider of products that allow Microsoft Office users to manage documents and collaborate via Google Docs. [www.devnet.com.au](http://www.devnet.com.au)
- Photo-Me Australia ([www.photo-me.com.au](http://www.photo-me.com.au)) has completed the acquisition of the Patloc prepaid Internet cards and kiosk business from ETT subsidiary Ultimate Transactions. [www.etlimited.com.au](http://www.etlimited.com.au)
- Australasian consulting firm Solution Minds ([www.solutionminds.com.au](http://www.solutionminds.com.au)) has been appointed a preferred partner of Canadian company Technology Evaluation Centres. TEC has developed a software selection methodology and decision support technology to help users find best-fit software solutions. [www.technologyevaluation.com](http://www.technologyevaluation.com)
- iCash Systems has completed the acquisition of Pulse International, which provides transaction switching and processing services. [www.icashpayments.com.au](http://www.icashpayments.com.au)

## BEING GREEN

### Aussies make a green shortlist

Insurance Australia Group, Reliance Communications, and CLP Power Hong Kong have been included on a shortlist of three finalists in Gartner's inaugural Green Data Centre Awards for the Asia/Pacific region.

Gartner has established the awards to promote excellence in green IT principles within the data centre and to recognise organisations in the region that have demonstrated best practice in using green technologies and practices, explained vice president Matthew Boon.

Despite perceptions that green IT projects slipped down the list of business priorities due to the tougher economic climate, a 2009 survey found that the downturn had no impact on green initiatives for 61 per cent of large organisations in Asia/Pacific, Boon explained. "In Australia, 51 per cent of those surveyed expected their green IT investments to remain the same, with another 38 per cent expecting increased investment in this area," he added.

The winner of the award will be announced at Gartner's Infrastructure, Operations, and Data Centre Summit in Sydney on March 24 and 25. [www.gartner.com/ap/datacentre](http://www.gartner.com/ap/datacentre)

### Facebook feels the heat over power

Social networking operator Facebook has become the target of Greenpeace's wrath after admitting that it has entered a contract to use coal-powered electricity in a data centre it is having built in Oregon. To make matters worse, Facebook had announced that the new centre would use a number of energy-efficient technologies, including a water evaporation system and naturally-occurring cold air from the exterior of the building.

Greenpeace also made use of Facebook technology in its campaign by linking to a Facebook fan page to help drum up support.

### Green Grid releases free tools

Energy-efficiency advocate The Green Grid has launched a number of free tools that are intended to help data centre managers improve the green credentials of their operations. The tools include:

- A Power Efficiency Estimator that is intended to help data centre operators compare different power technologies as they could be applied in their own facilities; and
- A PUE Estimator that will allow data centre managers to determine their power usage effectiveness. It is hoped that the ease of use of this tool will lead to its use regularly.

[www.thegreengrid.org](http://www.thegreengrid.org)

### Crisis tightens vendors' focus

The recent financial crisis has not caused ICT companies to push the green agenda down their priority lists but instead has made them pay more attention to environmental initiatives, according to a recent study by Frost & Sullivan. The companies changed their focus in order to save costs and improve differentiation, as well as to enforce brand loyalty, the study found. [www.frost.com](http://www.frost.com)

## RUST e-RESEARCH

### Worldwide server market rebounds

Factory revenue in the worldwide server market declined 3.9 per cent year over year to \$US13.0 billion in the fourth quarter of 2009, according to IDC. Although this was the sixth consecutive quarter with a year-over-year revenue decline, it was the second consecutive quarter with sequential quarter-over-quarter revenue growth.

Worldwide server shipments increased 1.9 per cent to 1.9 million units in the fourth quarter when compared with previous fourth quarter. For the full year 2009, worldwide server revenue declined 18.9 per cent to \$US43.2 billion when compared to 2008, while worldwide unit shipments declined 18.6 per cent to 6.6 million units.

On a year-over-year basis, volume systems experienced the sharpest rebound with 9.9 per cent revenue growth. Demand for midrange servers (servers priced between \$US25,000 and \$US250,000) improved with a year-over-year factory revenue decline of 5.3 per cent. The slowdown extended to the high-end segment where factory revenue declined 23.6 per cent when compared to the previous fourth quarter as several product refresh cycles planned for early 2010 stalled market demand. This is the first time since the third quarter of 2008 that all three server segments have not experienced a year-over-year revenue decline in the same quarter.

"Market conditions improved significantly in the fourth quarter as the marketplace transitioned from recent stability to growth in several critical server segments. Customers are actively re-evaluating their IT needs and refreshing their infrastructures, and the fourth quarter represents the beginning of a market inflection", said Matt Eastwood, group vice president of IDC's enterprise server group.

"While many customers sat on the sidelines during 2009, significant innovation continued as server vendors prepared for an expanding market opportunity in 2010 and beyond. Optimal conditions for market inflection occur only once a decade and IDC believes that market shares could shift dramatically as the winners and losers of this new market cycle are determined, with those who are best positioned to meet increasingly sophisticated IT needs across the market gaining share".

IBM held on to the number one spot with 35.4 per cent market share in factory revenue for as revenue declined 6.5 per cent year over year.

Although IBM experienced weakness in its System z mainframe servers, demand for x86-based System x servers improved significantly in the quarter. Hewlett-Packard held the number two spot with 30.5 per cent share for the quarter as revenue increased 0.8 per cent. HP was helped by strength in demand for its x86-based ProLiant servers. Dell maintained third place with 11.5 per cent factory revenue market share. Dell experienced 4.5 per cent revenue growth compared with the previous fourth quarter due to strength in demand from enterprise, public sector, and data centre solutions customers. In fourth place Sun Microsystems experienced a year-over-year revenue decline of 17.3 per cent to 8.0 per cent market share, while Fujitsu, experienced a 7.2 per cent increase in factory revenue to give it 4.6 per cent revenue share.

### Mobile phone sales slip in 2009

Worldwide mobile phone sales to end-users totalled 1.211 billion units in 2009, a 0.9 per cent decline from 2008, according to Gartner. In the fourth quarter of 2009, the market registered single-digit growth as mobile phone sales to end-users surpassed 340 million units, an 8.3 per cent increase from the fourth quarter of 2008.

"The mobile devices market finished on a very positive note, driven by growth in smartphones and low-end devices," said Carolina Milanesi, research director at Gartner.

"Smartphone sales to end-users continued their strong growth in the fourth quarter of 2009, totalling 53.8 million units, up 41.1 per cent from the same period in 2008. In 2009, smartphone sales reached 172.4 million units, a 23.8 per cent increase from 2008. In 2009, smartphone-focused vendors like Apple and Research in Motion (RIM) successfully captured market share from other larger device producers, controlling 14.4 and 19.9 per cent of the worldwide smartphone market, respectively".

Throughout 2009, intense price competition put pressure on average selling prices (ASPs). The major handset producers had to respond more aggressively in markets such as China and India to compete with white-box producers, while in mature markets they competed hard with each other for market share. Gartner expects the better economic environment and the changing mix of sales to stabilise ASPs in 2010.

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## RUST eRESEARCH

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### Mobile broadband maturing rapidly

Although respondents to a recent survey still believe mobile broadband is good news, they are now more realistic about its benefits and challenges when compared to the more overt enthusiasm found in a similar survey conducted early last year. "Margin expectations are more reasonable, the threat to fixed broadband is now viewed as real, while the network is seen as critical for differentiation," explained Nathan Burley, an analyst with Ovum, which conducted the survey.

Mobile broadband traffic has been growing rapidly, partly due to the business models adopted and especially unlimited/flat-rate models. Approximately two-thirds of respondents believed both access and backhaul capacity are now, or will be in the next 12 months, constraints to services.

Excluding installing more capacity to ease constraints, respondents thought operators should look at off-loading traffic, especially through WiFi and, to a lesser degree, femtocells. "This reflects our belief that there is no silver bullet to dealing with traffic growth and numerous solutions will need to be utilised", said Burley.

Additionally, last year 65 per cent expected mobile broadband to be the same or higher-margin business than mobile voice. This year this is down to 55 per cent of respondents, still an optimistic view of the service's future, but less so than before.

The survey also revealed that 76 per cent of respondents saw some, significant, or large fixed-to-mobile broadband substitution occurring, Burley added. "We agree mobile broadband revenue streams in Asia/Pacific will not entirely be generated from a new product category. Rather the service will steal revenue from the fixed broadband market, as more mobile broadband operators compete directly for fixed broadband users. For many consumers, especially in emerging markets, fixed broadband access will be irrelevant."

In a notable change from last year, price is no longer considered the most important differentiator in the Asia/Pacific mobile broadband market. It has been replaced by coverage and quality of service. It has become evident within the industry that cheap mobile broadband pricing alone will not secure customers acquisition, loyalty or differentiation.

"This is another sign of a maturing industry, and a signal of the need for ongoing network investment to meet growing traffic demands. Coverage and quality of service have been very important differentiators in the mobile voice market. They will also be, if not more so, for mobile data," Burley concluded.

### Enterprise security a leading issue

Forty-two per cent of organisations globally and 43 per cent in Australia and New Zealand (A/NZ) rate security their top issue. This isn't a surprise, according to Symantec, which conducted the survey, because 75 per cent of organisations globally and 89 per cent in A/NZ experienced cyber attacks in the past 12 months. These attacks cost enterprise businesses an average of \$US2 million per year. More troubling, however, was that organisations reported

that enterprise security was becoming more difficult due to understaffing, new IT initiatives that intensify security issues, and IT compliance issues. The study was based on surveys of 2100 enterprise CIOs, CISOs, and IT managers from 27 countries in January 2010.

Security is of great concern to enterprises everywhere. Forty-two per cent of enterprises globally and 43 per cent in A/NZ ranked cyber risk as their top concern, more than natural disasters, terrorism, and traditional crime combined. Reflecting that perception, IT is intently focused on enterprise security.

On average, IT assigned 120 staffers to security and IT compliance. Enterprises rated "better manage business risk of IT" as a top goal for 2010, and 84 per cent globally (91 per cent in A/NZ) rated it absolutely/somewhat important.

Nearly all the enterprises surveyed (94 per cent globally and 100 per cent in A/NZ) forecast changes to security in 2010, with almost half (48 per cent globally and 42 per cent in A/NZ) expecting major changes.

Enterprises are experiencing frequent attacks. In the past 12 months, 75 per cent of enterprises globally and 89 per cent in A/NZ experienced cyber attacks, and 36 per cent globally and 34 per cent in A/NZ rated the attacks somewhat/highly effective. Worse, 29 per cent of enterprises globally and 34 per cent in A/NZ reported attacks have increased in the last 12 months.

Every enterprise experienced cyber losses in 2009. The top three reported losses globally were theft of intellectual property, theft of customer credit card information or other financial information, and theft of customer personally identifiable information. In A/NZ, the top three reported losses were theft of corporate data at 53 per cent; theft of customer personally identifiable information at 53 per cent and identity theft at 37 per cent.

These losses translated to monetary costs 92 per cent of the time. The top three costs were productivity, revenue, and loss of customer trust globally and loss of data (49 per cent); damage to brand (37 per cent) and lost revenue (31 per cent) in A/NZ. Enterprises reported spending an average of \$US2 million annually to combat cyber attacks.

## The Rust Report

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## REVOLVING DOORS

### Tales takes control of Hostech

Ilkka Tales has been appointed CEO of ASX-listed IT services and telecommunications company Hostech. He takes over from Carlos Perez, who remains with the company as executive director responsible for Hostech's telecommunications business.

Tales is an industry veteran who was a founder of Engin, and remained CEO of that company until 2007, when he stepped aside to take a strategic role (Rust Report, Aug 3 2007, p8). He was also CEO of direct marketing company Mobile Innovations, and has been a director of Hostech since November 2009.

### Synergy Plus appoints Henley CEO

IT services integrator Synergy Plus (once known as ComputerCorp) has appointed Garry Henley CEO, taking over from acting CEO Peter Cappendell, who will become COO.

Henley was a founder of Alphawest and led that company during its acquisition by Solution 6, through a subsequent management buy-out, and then through its purchase by Optus in 2005. He resigned two years ago (Rust Report, Feb 8 2008, p8).

### Colopy becomes COO at Panviva

Jack Colopy has been appointed COO of Melbourne-based business process guidance (BPG) specialist Panviva. He will be responsible for the development, deployment, and support organisations for Panviva's BPG solutions, and will split his time between the company's offices in Victoria and Massachusetts.

Colopy was most recently CIO of Accent, a developer of customer lifecycle management solutions, prior to which he was CIO at Harte-Hanks Shoppers.

### Adobe builds PR group

Adobe Systems has appointed Julie Cleeland Nicholls and Andy Sommer to its Asia/Pacific communications team.

Cleeland Nichols has been appointed senior group manager for corporate communications for Adobe in Asia/Pacific. Prior to joining Adobe she was with Sun Microsystems, initially as senior communications manager for Asia/Pacific before specialising in the emerging markets division.

Sommer will report to Cleeland Nicholls. He has worked in PR for more than 10 years.

### Coleman joins Huawei media team

Luke Coleman has been appointed media relations manager for Huawei. He was previously editor of the CommsDay newsletter.

### Chris Miller becomes CIO at Avanade

Business technology service provider Avanade has appointed Chris Miller CIO. He spent the past 16 years with Accenture, where he was a senior director of the Collaboration 2.0 program. From 2003 Miller led a large portion of Accenture's business application portfolio, said Adam Warby, CEO of Avanade.

### Bank COO to take charge of ICT

Bank of Queensland has created a chief operating officer's position and filled it with its CFO, Ram Kangatharan. While the COO's responsibilities are to oversee the day-to-day operations of the bank, he will also have accountability for IT and operations.

### Rockman chairs fast-growing Nitro

Australian company Nitro PDF Software has appointed Matt Rockman chairman. Rockman, a co-founder of Seek, has not had a corporate engagement since 2006. As chairman he will aim to provide strategic and cultural guidance for the fast-growing company, which was formed in 2005 and recently moved its head office from Melbourne to San Francisco. Nitro is now pushing into Europe following the release of French, Spanish, Dutch, Italian, and German versions of its software.

## Around the Traps

- Andrew Plympton has been appointed chairman of Intermoco following the retirement of Bob Gestro. Plympton was recently appointed a director of Newsat (Rust Report, Feb 26, p8) and is also non-executive chairman of ASX-listed Beyond Sportswear International.
- John Lemish, a founder of Webjet, plans to cut his direct ties with the company by announcing that he will retire from the board at the end of this month and from executive responsibilities at the end of the financial year.
- Jeff Pope, described as "a career IT professional" has joined the board of Hyro. He first worked in the IT industry in 1975, and was vice president of Rational Software from 1997 until 2003. He was with Agitar Software from 2004 until 2008 when it was sold to McCabe Software, and is now on the board of Software Traction.
- Ian Mutton has resigned as chairman and a director of Digislide. He said the move was in recognition that the company has outgrown his "level of involvement", which was to lead it to its IPO.