

Rust Report

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

March 19, 2010

THE RUST BUCKET

Staying afloat

MEGA-VENDOR RIVALRY and customer base protection are shaping the future of the ICT industry. At the same time the buyer's market is being facilitated by some clients moving from strategic sourcing with a single prime vendor towards more sophisticated vendor practices that demand particular skills and expertise.

Within buyer communities, brands are increasingly serving as a distinguishing mechanism for associating qualities to vendors for which only scant information may be available — at least during the initial stages of a procurement cycle. In today's more competitive environment brand management has become a strategic imperative.

Often we hear CEOs, VPs of marketing, or other executives expressing their puzzlement that their company's market strategy is not being executed as planned locally. No week seems to go by without an executive telling me that they have a great strategy but somehow the company doesn't seem to be performing what they agreed to at the last management team offsite.

It also has to be said that some executives are not terribly good at telling the pure unvarnished truth about the current state of their company's market situation. But the industry always has had an occasional flight of fancy. It does no one any harm and often livens things up a bit. But when fiction gets in the way of a company managing to make its numbers and keeping an even keel, then it's not quite so acceptable to allow fantasy to overtake reality.

The industry is filled with many shinning bright lights all doing wonderful things. It's also rife with vendors who are no more substantial in vision than magicians. Vendors must be focused and attentive to real technology advances, real solutions, and the provision of real value without the distraction of flash, smoke, and mirrors.

There is no easy off-the-shelf way to uncover a strong positioning for your product, software, or service. By definition, your positioning must be unique to be effective. But the cut-to-the-chase question that will get you right to the heart of it is: what is my target audience's most pressing problem? Answer that and you have a great start on your positioning process.

I recently met with 34 vendors in a series of interviews. The closely sequenced interview format enabled me to see patterns that may not otherwise have emerged if they had occurred in the course of a normal business day or week.

The areas covered daily were not too dissimilar from the issues faced by sea captains and their crews: changing course, shifting conditions, complex infrastructures, new markets, rapidly evolving technology, pirates, and security. At the end of the day the target must be to keep all that is important safe and running above the water line.

Len Rust RustOz@bigpond.com.au

Nexbis takes control of Aust security firm

Nexbis — www.nexbis.com.au an ASX-listed company that was previously known as Entertainment, Media, & Telecoms — has bought a 50.08 per cent stake in TrustDefender (www.trustdefender.com), an Australian provider of online transaction solutions. The deal is valued at \$A16 million, financed by a down payment of \$A2 million to be followed by regular payments of \$A2 million a quarter for 21 months.

Johann Young, CEO of Nexbis, said the deal will enable Nexbis to offer a proprietary, virtual security solution to existing customers while opening new applications for its Nexcode national security products.

TrustDefender intends to use the funds to expand sales, marketing, and delivery operations in Europe and North America "where online crime is continuing to grow exponentially", explained Ted Egan, CEO of TrustDefender. "The successful investment will allow TrustDefender to execute a growing number of projects in tier-1 and tier-2 financial institutions, businesses, governments, and banks," Egan added.

Mikoh drives Thai rego system

Small Australian technology developer Mikoh has been awarded a five-year contract to supply equipment for a national electronic vehicle registration system in Thailand. The contract is expected to be worth at least \$A25 million in the first three years alone, claimed Dr Paul Scully-Power, CEO of Mikoh. Mikoh will supply destruct-on removal RFID tags for use in the project.

Scully-Power said that Mikoh is working with Thai companies Konlakorn, which is the lead partner in the contract, and Thai systems integrator Somapa Information Technology Company. "Additionally, Mikoh, Somapa, and Konlakorn have entered an exclusive 10-year agreement to jointly pursue RFID vehicle management opportunities across Asia/Pacific," Scully-Power added. www.mikoh.com

INSIDE THE RUST REPORT

| | |
|---|--------|
| Insider Edition | Page 2 |
| ● This week's orders and installations | |
| Aussies worth watching | Page 3 |
| ● Companies making waves at home and abroad | |
| Deal Makers | Page 4 |
| ● Mergers, acquisitions, & funny business | |
| Guest Spot | Page 5 |
| ● Michael Rich wonders if developers are losing touch | |
| Rust eResearch | Page 6 |
| ● What the analysts said and did this week | |
| By Association | Page 7 |
| ● AIIA moves closer to the financial services sector | |
| Revolving doors | Page 8 |
| ● Who's in work and whose jobs they took | |

INSIDER EDITION

Adacel picked for Portuguese airports

Australian technology developer Adacel has been selected to provide tower displays for use at three airports in the Azores. Adacel's Aurora air traffic management system is already used by NAV Portugal to control traffic through the Santa Maria flight information region in the North Atlanta, explained Fred Sheldon, Adacel's CEO of North America. "With this contract award the system will be extended to provide approach and tower control for the airports of Ponta Delgada, Horta, and Santa Maria. In addition, two oceanic traffic displays will be installed in Lisbon Centre to facilitate co-ordination with Santa Maria Centre," Sheldon added.

In the past couple of weeks Adacel has also completed delivery of the MaxSim tower simulation system at the Hungarian Air Navigation Service's training facilities, and undertaken site acceptance testing of Aurora in Fiji. www.adacel.com

Aussie chat destined for Indonesia

Moko.mobi, an Australian company that has developed a Web service that allows users to chat and share via mobile devices, is destined for a launch in Indonesia after entering an agreement with mobile services provider PT Innotech Wireless Solutions.

Ian Rodwell, CEO of Moko.mobi, noted that the prospects for the deal are high because there are more than 180 million mobile customers in Indonesia. "Innotech's carrier relationships and technical understanding will enable Moko.mobi to become the leading chat and share service in the region," Rodwell claimed. www.moko.mobi

Airborne firefighters in the loop

Australian satellite communications specialist TC Communications has provided a solution that enables fire-spotting aircraft managed by the Victorian State Aircraft Unit to share real-time fire activity data via satellite feeds. The aircraft have been equipped with SwiftBroadband Lite terminals, which are very compact satellite communications systems that provide access to Inmarsat's I-4 network, explained Todd McDonnell, CEO of TC Communications.

"Providing satellite communications to small aircraft will assist Australian authorities manage the country's unique environmental factors that cause catastrophic natural disasters," McDonnell claimed. www.tc.com.au

NBN opens for business in Tasmania

iiNet, Internode, and Primus Telecom have signed up as the first retail services providers to offer services over the national broadband network.

The announcement was made by Senator Stephen Conroy, Minister for Broadband, Communications, and the Digital Economy, at the opening of a proof-of-concept test centre in Tasmania, where ISPs will be able to test and refine new services for the NBN.

Conroy noted that other suppliers will also be able to use the network. "The NBN will be an open access network and NBN Tasmania will work with any and all qualified retail service providers to provide access to the network," he said. www.nbn.icn.org.au

Bravura proves a point in UK

Australian wealth management systems supplier Bravura has completed the implementation of its Babel straight-through processing system for JP Morgan Asset Management in the UK. Importantly, the system supports the ViaNova industry standard for data exchanges, which is currently only available in the UK.

"Support of ISO 20022-format [ViaNova] trading is important in demonstrating Bravura's ability to fully support our clients' objectives in the transfer agency market," explained Tony Klim, Bravura's CEO for EMEA. www.bravurasolutions.com

Praemium scores with the British

Praemium, an Australian company that specialises in the provision of online portfolio administration, has been selected to provide its dps Select service to British investment manager Montague Capital. The system will be used to handle investment portfolios for clients of accounting firms and financial advisers, explained Arthur Naoumidis, group managing director of Praemium.

"Our arrangements with Montague Capital reflect yet another stage in our expansion into the lucrative UK market," Naoumidis said. www.praemium.com.au

Logica draws up contract with Vics

The Victorian Department of Sustainability and Environment has renewed a spatial data management contract with Logica for a further three years. The \$A5 million deal involves management of Victoria's address and property data, Vicmap Land Administration Themes, said Paul Sargeant, government industry director of Logica Australia. www.logica.com.au



The business location

perfectly positioned between London and mainland Europe

INVEST
South East England

For further information, please visit www.investsoutheastengland.co.uk/aus

SEEDA SOUTH EAST ENGLAND DEVELOPMENT AGENCY

BEING GREEN

Melbourne boffins build strategy tool

Mathematicians at the University of Melbourne have created a tool that is claimed to maximise carbon investment benefits and minimise the cost of emissions compliance. The Carbon Liability Optimiser tool (CarLo) was developed by Dr Heng-Soon Gan and Brendan Kite from the Melbourne Operations Research consulting group in the university's Department of Mathematics and Statistics.

"The CarLo tool enables organisations to easily formulate a strategy for reducing and offsetting their carbon liability and more accurately accounting for their emissions liability when making investment decisions across all areas of their business," Gan explained. www.more.ms.unimelb.edu.au

Unisys claims green kudos in NZ

Unisys claims that the use of energy efficiency practices such as modular design and free-cooling techniques have greatly reduced the carbon footprint and power consumption of its newly expanded Kapiti data centre in New Zealand.

One of the modular design features is a floating wall, which allows room size to be increased in line with a client's demand, explained Brett Hodgson, managing director of Unisys New Zealand. "This modular approach is designed to restrict the space being cooled to the area used, limiting overall energy consumption, he added. In addition, the use of free-cooling techniques are expected to provide power consumption savings of up to 20 per cent. www.unisys.com

KISS applies in data centres

The principle of keep-it-simple-stupid should be applied to data centre operations, according to Gartner. The industry analyst has found that the notion that a single converged data centre network makes for fewer switches and ports, resulting in a simpler network consuming less power and cooling, is flawed.

Gartner found that a converged data centre network requires more switches and ports, is more complex to manage and consumes more power and cooling than two well-designed separate networks. "This is because as networks grow beyond the capacity of a single switch, ports must be dedicated to interconnecting switches. In large mesh networks, entire switches do nothing but connect switches to one another. As a result, a single converged network actually uses more ports than a separate LAN and SAN, said Joe Skorupa, research vice president at Gartner. www.gartner.com

Aussies worth watching

A roundup of companies making waves at home and abroad

- **INSIGHT INFORMATICS** specialises in industry-specific solutions built to optimise information and resource management. One of the company's products is the Libero library management system, which offers an efficient, flexible, and user-friendly system for public, corporate, and academic libraries. www.insightinformatics.com.au
- **DIRECT MARKETING SOFTWARE** develops tools that enable personal communications between companies and their customers and prospects. DMS has provided bar-coding software products to more than 1000 businesses and organisations around the world, including some of Australia's major commercial and non-profit organisations. www.dmsw.com.au
- **BEAM COMMUNICATIONS** is a wholly-owned subsidiary of ASX-listed World Reach and was the first company to design and manufacture a fully compliant POTS emulation phone service for the Iridium satellite network using its remote and satellite terminals. The company's solutions are deployed in a range of vertical markets, including maritime, transport, government, defence, mining, construction, forestry, emergency services, relief aid, telemetry, and rural telephony. www.beamcommunications.com
- **GRABBA INTERNATIONAL** develops software for handheld mobile computers and smart phones (with PDA features) to run applications suitable for enterprise and government users. Grabba products are used in a variety of applications in more than 40 countries and clients are involved in a range of industry verticals, such as retail, marketing, security, contraction, the health industry, and service-based industries. www.grabba.com
- **VADIS SYSTEMS** is a full service IT distributor with a business focus on virtualisation, cloud computing, networking, and security. Vadis delivers value-added services to all aspects of the pre and post-sales business cycle and aims to add value to all members of the channel cycle; vendor, end-user, and reseller. www.vadis.com.au
- **FLEXNET** provides business-grade VoIP telephony solutions, specialising in the design and implementation of high availability LAN/WAN networks, storage, disaster recovery, and backup solutions. Services provided include unified communication strategies, PC consultancy and design, network and server security consultancy, through to lifecycle management. www.flexnet.com.au

Software development – let Mitrais show you how



mitrais
continuous commitment

Bali
info@mitrais.com
www.mitraissoftware.com

DEALMAKERS

TPG clears hurdles to Pipe purchase

First the shareholders then the Supreme Court of Queensland agreed and now TPG Telecom's purchase of Pipe Networks is a done deal valued at \$A373 million. Trading in Pipe shares has already ceased.

The closing of the deal was set in place last Friday when a meeting of shareholders accepted the takeover offer of \$A6.30 per share with the provision that the scheme of arrangement be approved by the Queensland Supreme Court. The court's approval was received on Wednesday. www.tpg.com.au

Sapphicon works on CSIRO chip

Sydney-based company Sapphicon Semiconductor has agreed to work with CSIRO — www.csiro.au — on the development of a complete radio receiver on a chip. It is hoped that the resulting device, just five millimetres square, will find applications in mobile phones and other communications devices, although its first application will be in the Square Kilometre Array Pathfinder telescope network of radio dishes.

The chip will be developed using Sapphicon's silicon-on-sapphire CMOS process, explained Andrew Brawley, CEO of Sapphicon. "A sapphire substrate is not lossy. That's important for an application such as radio astronomy because it minimises losses in integrated passive components, significantly improving their performance," Brawley explained. www.sapphicon.com

Innovation gong goes to Blink

Blink Mobile — the company that created a version of The Rust Report specifically for mobile devices, my.rustreport.com.au — has won the ATUG Innovation in Telecommunications Award for 2010. The company's myAnswers service provides user organisations with a single development platform to control their mobile environments, explained Darren Besgrove, director of Blink. www.blinkmobile.com.au

Digislide to spruik US investors

South Australian projection technology specialist Digislide has been given an opportunity to present to US venture capital and industry investors in Silicon Valley and in New York. The opportunity arose after Saeed Amidi, CEO of Plug and Play Tech Centre, invited the company to present at the fifth Plug and Play Acceleration and Collaboration Track (PACT) investment forum.

A spokeswoman for Digislide said that presenters at PACT are described to the investment community as the most promising international start-ups from a range of technology verticals. "Digislide is honoured to be categorised thus," the spokeswoman said. www.digislide.com.au

Companies coy on acquisition news

Media talk about impending acquisitions sent a couple of Australian technology companies scurrying for their spin doctors this week.

- Stuart Marburg, managing director of Netspace confirmed that there had been "conversations" with iiNet — but said that "Netspace has not actively sought offers for the business, but it makes good business sense for Netspace, on behalf of its owners, to consider all relevant opportunities." www.netspace.net.au

- Connexion Ventures issued a statement acknowledging that the company is "currently negotiating a strategic acquisition" that has the potential to "materially enhance regional core data services platform and client base". No further details were announced. www.connexion.com

Irish bring pot of gold Down Under

The Irish Government is preparing to mount a trade and investment mission to Australia led by Mary Coughlan, Ireland's Deputy Prime Minister, who doubles as Minister for Enterprise, Trade, and Employment. She will be accompanied by about 30 Irish companies.

"One of the key objectives of this mission is to provide a platform for Irish companies to investigate investment opportunities in the Australian market," explained Paul Burfield, director of Enterprise Ireland in Australia and New Zealand. "Few people realise that the value of Ireland's exports of software and services exceed the value of Australia's exports of iron ore," he claimed. www.enterprise-ireland.com

Byte Power buys more China sites

Australian company Byte Power Group has agreed to buy 60 e-kiosks in two districts of Chongqing in China as it moves to extend its presence in "the emerging Chinese market", explained Alvin Phua, CEO of Byte Power Group.

"The completion of this agreement means we can now focus on negotiations with advertisers and begin to increase our revenue generation. Ninety kiosks represent a substantial presence in the area and give us the capability to identify and create new opportunities," Phua added. www.bytepowergroup.com

We're no agony aunts, but if you're

Looking for
partners

Advertise here!

Contact Len 0413 588 728 or
RustOz@bigpond.com.au

DEAL MAKERS

Continued from page 4

Feds aim to ensure broadband access

The Australian Government has introduced a Bill to amend the Telecommunications Act in an effort to ensure that new homes are connected with infrastructure that is capable of delivering fast broadband services. Senator Stephen Conroy, Minister for Broadband, Communications, and the Digital Economy, said the changes would allow authorities to target estates where it is possible to have fibre now while ensuring others have fibre-ready infrastructure installed for cheap and easy connection later.

"It doesn't make sense for new houses to be fitted with old copper technology, particularly when it is easier to put fibre or fibre-ready technology in when homes are first built," he said. www.dbcde.gov.au

Business Briefs

- CargoWise, an international developer of systems for logistics services providers, has entered a joint venture with South African company Compu-Clearing Outsourcing to deliver the CargoWise ediEnterprise system in South Africa. www.cargowise.com
- Australian BI specialist Yellowfin has entered reseller agreements with The Mastermind Group and Zenith Solutions, both based in Melbourne. www.yellowfin.bi
- Melbourne electronic engineering design consultancy Hydrix has been accredited as one of the first Australian approved hardware developers for the Apple iPod/iPhone platform. Mark Brydon, head of engineering at Hydrix, said the company has already secured a number of hardware projects for the iPhone. www.hydrix.com
- Broadband telephony company engin has targeted the SMB market by launching a number of VoIP bundles through Harris Technology. The Hosted Phone System bundles provide advanced telephony and, because the service is hosted, can be scaled by simply adding additional handsets, said Jack McKeon, head of business sales at engin. www.engin.com.au
- Adelaide-based broadband services provider Internode has taken up additional capacity on the Southern Cross Cable Network. Managing director Simon Hackett said Internode has "lit up" an additional 2.5G-bits/sec and will soon make further upgrades to reach a total of 10G-bits/sec protected circuit capacity on the cable. www.internode.on.net
- Web solutions provider Squiz has completed the integration of the Funnelback search technology into its own MySource Matrix open source content management system. Squiz acquired Canberra-based Funnelback last year (Rust Report, July 10 2009, p4). www.squiz.com.au
- Seccom Global, an Australian provider of managed security services, has launched a cloud-based security solution that aims to protect all network connectivity points. The service, known as SecureScreen, can scale up to protect hundreds of thousands of users, claimed Gavin Matthews, CIO of Seccom Global. www.seccomglobal.com

GUEST SPOT

Losing touch with reality

By Michael Rich*

AFTER 40 years in the IT industry you learn a thing or two. I think the IT industry in general has lost touch with reality, talking technical jargon rather than operational benefits. It's causing many business owners to feel inadequate and to abdicate responsibility for IT decisions and implementation to people who aren't up to the task — like their neighbour or bookkeeper. The result is they miss out on the tremendous benefits IT can bring a business and often end up in an IT train smash.

Michael Gerber's book *The E-Myth Revisited* states, "the business you're in has nothing to do with the products or services you sell; it has everything to do with how your customers feel after they have done business with you".

So after giving that a lot of consideration I came to the conclusion that Attache Software was in the business improvement business. The simple fact is that, although we've got thousands of happy customers, no one actually wants my product. In fact, I don't know of a business owner anywhere who wants ANY accounting software. They buy it because it gives them what they do want. And what they want is more time, more money, and less stress — in other words, they want to improve their business. And if you want to improve your business you need seriously good, seriously simple IT. And you need to know how to use it.

This is where I see most IT companies getting it wrong. Our industry is full of introverted, inward-looking, isolated companies that focus on developing ever more sophisticated functionality while missing the simple fact that most users only access about 30 per cent of the available functions of their software. By way of example, how much of the functionality of Word or Excel would the average user access? Twenty to 30 per cent?

Part of the blame lies with IT developers and vendors who fail to recognise that simply providing access to functionality and then abdicating responsibility for learning how to utilise those functions to the purchaser is not good enough

Access to the right information in the right format and the ability to analyse that information and take action is the difference between a well-run business and a failed business.

In the real world, most SMBs have no time for or interest in things like virtualisation and cloud computing. What they have an interest in is reducing their overdraft, paying the wages, collecting from their debtors, keeping the creditors at bay. These are the real everyday challenges SMBs face.

Arming SMBs with just the tools is not good enough. We must also provide them with the strategies and tactics that interface with the tools. That's how we help them to deal with these challenges; that's the next step for software developers.

Having business owners see IT as a strategic asset rather than a strategic liability begins with enhancing the interface between a business' digitised system and their physical systems. We must help our customers become, to use a phrase coined by Weill and Ross in their book of the same name, IT savvy.

*Michael Rich is managing director of Attache Software www.attachesoftware.com

RUST e-RESEARCH

Hot news on wireless infrastructure

There is no doubt that 2009 was a bad financial year, and there were fears at its beginning that the wireless infrastructure market would see a severe downturn. Estimates for contraction ranged as high as 10 or even 12 per cent. However, in a recent study, ABI Research found that the final picture is a good deal brighter than that.

"There was a contraction in the wireless infrastructure market to be sure," said practice director Aditya Kaul. "But our analysis showed overall CAPEX down only about five per cent compared to 2008. Even net base station spending was down only five per cent."

The report showed that operators resumed spending in the second half of 2009. North America's market saw continued spending by the likes of Verizon with its LTE network and Clearwire with its WiMAX deployments.

According to Kaul, the biggest positive impact was from China. "There were 243,000 new wireless base stations added in 2009, which really kept the momentum going. In what turned out to be a case of good timing, 3G spectrum became available at the beginning of the year, which led to deployments continuing through the year."

In India, 3G spectrum issues slowed down the market to some extent in 2009. Africa saw continued momentum in base station spending, with Huawei providing vendor financing to operators in the region.

With the mobile capacity crunch starting to affect operators, 2009 was also a year in which backhaul and core network upgrades became high-priority areas.

There was some vendor consolidation, with Nortel announcing bankruptcy while Cisco acquired Starent on the core network side. 2009 was also a year that saw managed services gaining increasing importance for wireless OEMs, becoming a market estimated at \$US7 billion.

Fixed broadband services are solid

Despite the economic downturn, the global broadband market remained healthy in 2009. Since more people are buying laptops, notebooks, and PCs, home networking is becoming essential.

At the same time, the demand for high speed broadband is increasing with the popularity of services such as IPTV and online gaming.

Research by ABI Research showed that global broadband service revenue has continued increasing over the past few years regardless of the recessionary pressures.

According to ABI, fixed broadband service revenue totalled \$US164 billion in 2009, an increase from \$US145 billion in 2008. ABI's practice director Jason Blackwell commented, "The increasing demand for broadband helps increase subscriber numbers as well as service revenue. Global fixed broadband service revenue is expected to exceed \$US210 billion in 2014".

Among the broadband technologies, DSL still maintained the largest market share, followed by cable and fibre broadband. Service revenue for DSL broadband totalled almost \$US100 billion in 2009. ABI Research expected DSL broadband service revenue to reach just over \$US103 billion in 2014 with a CAGR of 0.6 per cent from 2009 to 2014.

Recently, many operators have been improving DSL broadband by deploying VDSL, which is cheaper to deploy than fibre as carriers can use existing copper infrastructure. "The higher speed of VDSL broadband helps operators to provide more services such as video-on-demand and interactive gaming. That can help to generate more revenue for operators," noted research associate Khin Sandi Lynn. "Some operators currently offering VDSL are Telus Canada, O2 Czech, OTE Greece and Tele2 Netherlands."

Fibre broadband service revenue is increasing fast, with a forecast CAGR of 23.3 per cent between 2009 and 2014. ABI Research forecasts service revenue for fibre broadband to reach \$US24.4 billion in 2010.

PC market rebound to drive growth

After a severely constrained first half, steeply discounted PCs along with improving economic conditions steered the global PC market back into the black in the latter half of 2009. According to IDC, the yearly growth rate for the worldwide PC market in 2009 was 2.9 per cent.

Portable PCs remained the key market driver, with shipments increasing 18.4 per cent in 2009 compared to 2008. Consumer purchases of portable PCs were the sole driver of the market, growing at 38.5 per cent. Commercial shipments were severely strained but showed signs of life near the end of the year as fourth quarter growth came in just under one per cent.

Continued on page 7 >>

See your ad here

To advertise contact Len

0413 588 728

RustOz@bigpond.com.au

RUST eRESEARCH

Continued from page 6

As a harbinger that the pace of ASP declines will moderate, mini-notebook growth slowed in the fourth quarter as the volume of other notebook categories grew 22 per cent year over year.

With the recovery picking up, the PC market is expected to resume expansion in 2010 with global growth of 12.6 per cent. Emerging regions, which have been instrumental in reviving the market, are expected to maintain course; growing 18.5 per cent in 2010 and overtake mature markets in volume during 2010 and beyond. Mature markets should see 2010 come in at 7.2 per cent, with double digit volume growth resuming in 2011. Portable PCs will remain the driver of growth across consumer and commercial segments, reaching a 70 per cent share of PCs by 2012. In the meantime, desktop PCs will see a decline across all regions except Asia/Pacific (excluding Japan), resulting in slightly positive yearly growth throughout the forecast period.

Set against the backdrop of a positive shipment outlook, market revenue will recover at a slower pace. 2010 should see revenue growth, albeit at five per cent and nearly seven per cent in 2011. However, compared against the record revenues seen in 2008, PC market revenue is not expected to surpass the 2008 number until 2012; and will need a shipment total 140 million units higher than the 2008 market.

"PC volume continued to grow in 2009 — faring much better than in 2001, when a smaller recession produced a decline in PC volume. The positive 2009 results reflected lower prices and the fact that PCs are increasingly a must-have product," said Jay Chou, research analyst with IDC. "With lean margins and further market consolidation remaining a harsh reality for the foreseeable future, vendors are increasingly looking to a mix of volume and specialised products to grow revenue, including new combinations of portability, performance, and the intriguing possibilities of touch computing. Overcoming challenges, such as synchronising data across multiple devices, will be an important step in enabling adoption of more devices and expanding market growth."

The Rust Report

The Rust Report is a weekly newsletter that is e-mailed FREE to registered subscribers.

To **SUBSCRIBE** to
The Rust Report please visit our Web site
www.rustreport.com.au

To **UNSUBSCRIBE** please activate the "Manage your subscription" link at the bottom of the weekly e-mail alert

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

Publisher Len Rust
RustOz@bigpond.com.au or phone 0413 588 728

Editor Peter Scott
Rust-Ed@bigpond.net.au or phone 0413 544 609

BY ASSOCIATION

Re-engaging the financial services industry

By Ian Birks*

ESTABLISHING a constructive dialogue between the ICT sector and financial service companies is particularly significant in the current business climate. ICT and the finance industry have shared an immensely productive relationship over the past few decades. In NSW for example, the financial services industry is the fastest growing service industry, recording average annual growth in total factor income of more than 14 per cent in the 10 years to 2006.

Both the Australian Bankers' Association and the Australian Bureau of Statistics attribute the majority of productivity growth in financial services to the adoption of technology in the face of rising competition.

Data from the Productivity Commission show the finance industry to be consistently making the largest investment in IT when compared with other major industry sectors, such as manufacturing and wholesale trade. What's more, total research and development spend in the financial services industry sits at around \$A2 billion, and of this 98 per cent is in ICT.

With the exception of the ICT industry itself, for the last 20 years the financial services industry has consistently been the largest single industry sector investing in ICT R&D. Clearly these investments are paying dividends.

Despite the ongoing success of the relationship between finance and ICT, however, there are a number of reasons that the ICT sector must reinvent that relationship and focus on engagement at new levels.

The financial services industry faces major changes to traditional value chains and a new emphasis on niche markets that demand excellence in increasingly specific competencies. Innovative responses to customer requirements will become a critical point of differentiation.

The sector will need to embrace technology innovation at new levels in order to harness the benefits on offer, as it seeks to use labour, materials, and machines more effectively, reduce costs, raise the quality of goods and services, and improve sales.

This is happening in parallel with the opportunities soon to be offered by the establishment of universal, high-speed broadband in Australia. New models that completely transcend old modes of business are set to explode over the coming decade.

It is not enough for each of our industries to work in isolation and meet only in the marketplace. The ICT industry must reach out to establish a genuine relationship and true understanding of the challenges that financial service delivery is facing in the coming years.

In that spirit, AIIA will be launching a Financial Services Special Interest Group in NSW this week. It will of course be an important forum for vendors, but will look well beyond traditional industry boundaries to include finance executives and technology specialists from across the banking, insurance and payment industries.

Collaboration at these levels will be an important foundation for the digital economy across all industry sectors in the future.

* Ian Birks is CEO of the Australian Information Industry Association www.aiia.com.au



ethos



Evolve Yourself

Ethos Sales and Senior Management Search
Discover the difference at ethoscorporation.com.au
Or call Andrew Keayes or Kevin Charman
on 8227 9200 for a confidential discussion

REVOLVING DOORS

Kirby to lead IntraLinks A/NZ

Warwick Kirby has been appointed senior vice president for Australia and New Zealand at IntraLinks, a provider of on-demand collaboration solutions. Kirby was previously general manager for Australia and NZ at Oracle. Prior to joining Oracle he worked for CorVu.

Blade takes on Dave Humphries

Data centre networking specialist Blade Network Technologies has appointed Dave Humphries general manager for Australia and New Zealand. Before joining Blade, Humphries was A/NZ managing director of Redline Communications, prior to which he was with Aruba Networks Australia. He has also worked for Arrowpoint Communications, Vicom, and Prime Computer.

Australia to sample social commerce

Bazaarvoice, a British company that describes itself as a provider of hosted social commerce applications, has set up an Australasian operation in Sydney. Graham Jackson has been appointed managing director.

Jackson is something of a sales veteran, and joined Bazaarvoice from the Australian operation of Skinkers, a London-based company that provides direct-to-desktop communication and event delivery technology. www.bazaarvoice.com

Iress recruits Cameron to board

ASX-listed company Iress Market Technology has appointed John Cameron a non-executive director. Cameron has had a long and illustrious career in the financial sector technology arena, having been one of the team that wrote the SEATS automated trading system for the Australian Stock Exchange. He later set up Cameron Systems, which specialised in the Financial Information Exchange protocol, and which he sold to Swedish company Orc Software (Rust Report, Jan 20 2006, p4). Since departing Orc and returning to Australia he has established Cameron Edge, which donates all income from sales and services to charities (Rust Report, Jan 29, p4).

Expanding business for Happen

Happen Business, the developer of the Jim2 ERP and accounting system, has appointed Phil Montgomery business analyst and Greg Noyes support manager. Montgomery was previously with Oakton Services and Renown Business Solutions. Noyes was previously IT support and records officer at Lifestyle Designer Homes, and also worked for P2 Computing.

Duncan Bennet joins VMWare

Duncan Bennet, former managing director of Sun Microsystems for Australia and New Zealand, has joined VMWare as director of commercial sales. He had left Sun just over 12 months ago after 10 years with the company (Rust Report, Feb 6 2009, p8).

VMWare has also appointed Steve Coad director of enterprise sales. He has previously held senior roles with IBM, EMC, and Cisco around Asia/Pacific.

Sparks for Belkin's Asian role

Alan Sparks has been appointed vice president of Asia at Belkin International, based in Hong Kong. He was recently senior vice president for Asia/Pacific, Middle East, and Africa, at Phillips Consumer Electronics.

Around the Traps

- Sivakumar Sundararajan has joined Australian Web solutions provider Squiz in the new role of technical pre-sales manager. He will be based in Sydney. Sundararajan was previously with Ektron as Asia/Pacific business development manager.
- Trent Leyshan has been appointed a sales and business consultant with business process management consultancy Web and Flo. He is the founder of Boom! Sales and author of The Naked Salesman.
- Peter Acheson has been promoted to CEO of Peoplebank Australia. He was previously COO and will continue to work directly with managing director Leon Lau.
- David Stewart has been appointed CEO of recruitment company Click IT Recruitment. He was previously with Candle ICT, and has also worked for News Digital Media and Chandler MacLeod.
- Tony Kafer has been appointed national services director of Perth-based IT services provider Synergy Plus. He has been involved in the industry for more than 10 years.
- Video-conferencing specialist Tandberg has appointed Dominic Stevens product and sales engineer in its Wellington (NZ) office. He was previously with Gen-i, prior to which he operated his own consultancy in Australia. He has also worked for Datacraft New Zealand.
- Power management company Eaton has promoted Richard Jenman to sales director — power distribution A/NZ. He has been with Eaton for 12 years.