

COTE: Hello, everybody. Here we are at RSC 2009, Rational Software Conference in Orlando, Florida, and I've got another guest here. Would you like to introduce yourself?

KING: I'm Ken King. I'm Vice President responsible for both the Telelogic integration and I'm the Rational Systems Business Leader.

COTE: This is actually your second time, I think, on RedMonk TV. I remember back at the other, last year at RSDC as it was called then, we were talking about the Telelogic acquisition.

KING: And it just happened.

[LAUGHTER]

COTE: That's right. And I thought it would be a good time, that being a little over a year or so ago, like to catch up on how Telelogic and system stuff has been going at Rational?

KING: Well, I think the Telelogic, I have to tell you, it's been fast and furious.

[LAUGHTER]

A lot of activity around integrating Telelogic into IBM. That involves integrating their people, integrating their

business processes, and now they're pretty fully integrated for the most part into IBM using IBM's business processes. And of course, integrating their projects.

We've had a lot of interactions with our customers, we've now got a very integrated sales force as well. The Telelogic team is well integrated. We've built out a systems organization within Rational, and it's made up of both Telelogic and Rational people, but a lot of the core competency comes from the systems capabilities and the systems knowledge that is in the heads of the Telelogic team.

So we've really, I guess I could say the best way to say this, in the last year we've really accelerated our focus on the complex and embedded systems market leveraging the Telelogic team as the core construct or core element of that.

There's also been a lot of work done around the Telelogic products. The initial, we call it, Blue Wash, which is transitioning the products into IBM's environment, was delivered last November.

But the most recent release which came out in June, basically the entire Telelogic portfolio, and actually I think today -- today is the official day of availability of

the product set.

It's got a lot of new capabilities and functions and features across the Telelogic portfolio. And we've actually announced, and this includes some Rational products as well, we've announced the Rational Software Platform for Systems.

COTE: Right.

KING: So, it basically delivers a integrated environment for helping customers use software end to end across the entire software lifecycle in a complex or embedded systems environment. And it has capabilities for integration with mechanical, electronical elements of those systems as well.

So, you know, there's some products that make sense and fit in both the IT space and the systems space, but we're focusing very aggressively on ensuring we have that integrated environment for systems as well.

A lot of the products in the platform comes from Telelogic.

Some come from Rational as well, but the point is that by integrating and leveraging the capabilities for systems coming from Telelogic like Rhapsody, strong [sys ML] skill capabilities, DOORs ability to manage really complex requirements across a hierarchy of system, subsystem, component level. The capability in Focal Point for managing

product and portfolio management, and I can go on and on.

COTE: Right.

KING: You know, even system architect and very complex DOD and aerospace environments. These are all core capabilities for us to really accelerate our skills and competencies in the system space.

So, this is all been going on in the last year and as I said, it's been a wild and woolly year, because, you know, integrating people, integrating processes and integrating technology, you know, that's a lot of...

COTE: The keynote this morning, Al Zollar was up there talking and in an interesting way, you know, thinking about, about a year or so ago, connecting together all of the Dynamic Infrastructure stuff that Tivoli talks about with the kind of the systems oriented stuff, if you will, in Rational which seemed like a sort of a viable connection that we had there.

And so it seems like there's been some sort of pulling in of Telelogic concerns if you will, into very high-level IBM think and then getting some cross brand sort of collaboration.

KING: Absolutely, absolutely.

You know, as you look at and as you've probably heard a lot about Smarter Planet.

COTE: Sure.

KING: And our more recent leadership has been the smarter products side of Smarter Planet, which is enabling customers to be able to develop and produce products that are smarter: smarter cars, smarter planes, smarter medical devices that leverage more effectively sensors, and the software in those products for greater levels of innovation.

But that's not where the story ends. Those products, then to make them really smart and to help deliver, you know, capabilities for a much Smarter Planet, those products have to be consumed, consumed in the ecosystem. So how does a car interact with traffic systems to make a more efficient traffic environment and have less, you know, issues with smog and so forth? How does a car interact with that system?

And the management side of it, how do you develop the management capabilities? I love using the iPod example. When you think about an iPod, what's really compelling about it, people love the small footprint of it and how they can get their songs easily, but the thing that really drove it to the kind of market share leadership it has is how it's consumed and managed.

So, how does it relate to iTunes, and how easy it is to have a Web based environment for being able to bring your tunes or your music into the iPod and how do you manage that. The ecosystem around that, of how Apple has successfully integrated that with the music distribution system, and music suppliers, and the financial and business model around that.

In a lot of cases, that's where the innovation comes in in these new manufactured products or systems, is in how they interact with their ecosystem -- how they're consumed and how they're managed.

And that management aspect of it, which is what Tivoli's core competency is, service management, asset management, that really integrates very nicely with our smarter product story when you think about it from an end-to-end perspective.

COTE: Well, great. Well, thanks for spending all this time to catch us up on the Telelogic Blue Washing, as it were. It's always good to hear about it.

KING: Happy to do it, and hopefully you've seen a lot of the Telelogic people roaming around RSC this year.

[LAUGHTER]

COTE: Sure. It is a whole track for system stuff, if I remember, so.

KING: Yes, we call it innovation and we, it's a very extensive track as well and very well represented.

COTE: I'll have to make a little pin with like a soldering iron for him. Maybe that can beat their distinguishing mark.

[LAUGHTER]

KING: [INAUDIBLE]. But I agree. Yes, it's becoming a much more significant part of our go forward, go to market strategy and investments, so you'll see more of it as we go through the next year, and we'll probably have a lot more to talk to about at the next RSC.

COTE: Well, that sounds good. Well, thanks again.

[END OF SEGMENT]