

WHITE PAPER

EmPOWERing ISVs to Succeed with Linux

Sponsored by: IBM

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IDC OPINION

IBM's Linux partner initiatives provide valuable offerings that reduce the investment required from independent software vendor (ISV) partners and increase the prospect for their success. In particular, IBM has provided a number of assets to support Linux on POWER, including:

- ☒ Created a compelling business case along with a support program for ISVs to develop or port applications to Linux on POWER
- ☒ Ensured that enablement is not an obstacle to Linux on POWER adoption by making the porting operation into a process rather than a one-off activity (This process, which includes the Chiphopper program, helps ISVs port/rehost applications to Linux aboard POWER machines.)
- ☒ Offered end-to-end business cycle support through PartnerWorld Industry Networks with business insight, sales, marketing, networking, and collaborative resources to support the go-to-market efforts of ISVs

IN THIS WHITE PAPER

This IDC White Paper examines the market opportunity for Linux software products and the value that IBM's Linux on POWER initiative provides to ISVs. It discusses the key resources IBM provides to ISVs to help them port to and build new applications for the Linux environment aboard POWER-based machines and presents IDC's opinion on IBM's Linux value proposition for ISV partners.

THE LINUX OPPORTUNITY

Linux operating environments and products have become viable alternatives to established systems for customers of all sizes. IDC forecasts the worldwide market opportunity for application and infrastructure software on Linux will grow to \$14.2 billion by 2008, representing a compound annual growth rate (CAGR) of 44.3% from 2003 (see Table 1).

TABLE 1

Worldwide Application and Infrastructure Software on Linux Customer Revenue by Region, 2003–2008 (\$M)

	2003	2004	2005	2006	2007	2008	2003–2008 CAGR (%)
Americas	1,167	1,863	2,835	4,221	5,751	7,383	44.6
Growth (%)	NA	59.6	52.1	48.9	36.3	28.4	
EMEA	802	1,240	1,909	2,813	3,745	4,705	42.4
Growth (%)	NA	54.5	53.9	47.4	33.1	25.6	
Asia/Pacific	296	537	821	1,212	1,639	2,104	48
Growth (%)	NA	81.5	52.9	47.7	35.2	28.4	
Total	2,265	3,640	5,564	8,246	11,135	14,191	44.3

Source: IDC, 2005

IDC does not expect the worldwide server hardware opportunity to expand substantially over the next five years (see Table 2). Worldwide server customer revenue is anticipated to increase at a CAGR of only 2.8%, to \$60.8 billion, by 2009. Hardware spend will be limited by several factors in the market, including a general trend toward lower-cost industry-standard server configurations, the use of virtualization software to consolidate multiple operating systems and application workloads aboard a smaller number of system footprints, and the rapidly increasing performance and scalability of low-end systems due to emerging multicore technology.

However, systems supporting both Linux and Windows operating systems are expected to post positive server customer revenue growth over the forecast period. Both of these operating systems gain market share, primarily at the expense of the other systems, especially given the lower projected growth of the server hardware market as a whole. Overall, Linux is projected to offer the fastest-growing server hardware opportunity. Linux server customer revenue is expected to increase at a CAGR of 15% from 2004 to 2009 and represent an increased worldwide spending share of 15.3% by 2009.

IDC forecasts project that the number of server unit shipments will increase at a CAGR of 11% from 2004 through 2009. As mentioned previously, this growth will be tempered by customer acquisition of somewhat smaller, modular server deployments.

TABLE 2

Worldwide Server End-User Spending by Operating System, 2004–2009 (\$M)

	2004	2009	2004–2009 CAGR (%)	2004 Share (%)	2009 Share (%)	2004–2009 Change in Share (%)
NetWare	1,223	646	-12	2.3	1.1	-1.2
Windows	17,567	24,164	6.6	33.1	39.7	6.6
Unix	19,085	18,947	-0.1	36.0	31.2	-4.8
Linux	4,607	9,284	15	8.7	15.3	6.6
OS/400	2,095	1,585	-5.4	3.9	2.6	-1.3
OS/390	5,379	4,109	-5.2	10.1	6.8	-3.4
Other	3,093	2,070	-7.7	5.8	3.4	-2.4
Total	53,049	60,806	2.8	100.0	100.0	

Source: IDC, 2005

IBM leads all other vendors as ranked by worldwide server factory revenue and is one of the top 3 vendors in the Unix server market. IDC research projects that an increasing number of workloads running on Unix today will move to Linux servers in the future. Taking advantage of that transition on both ends, IBM today supports both Unix and Linux on its POWER series server line: OpenPower systems, i5/iSeries, p5/pSeries, and BladeCenter JS20. IBM eServer OpenPower is tuned for and runs on Linux only. This strategy places IBM in an excellent position to capture the Linux server market growth opportunity and to continue to grow its overall server market revenue and share.

IBM's ISV partners play a key role in IBM's strategy to expand both its Linux server market share as well as its hardware position. IBM has crafted a significant set of enablers and go-to-market initiatives to entice ISVs to develop for or port applications to Linux on POWER. IBM's ISV partners already are enjoying benefits from this program. IBM reports that over 1,300 applications are currently enabled for Linux on POWER, and that number is projected to grow by over 200 new applications each quarter.

PARTNERWORLD INDUSTRY NETWORKS ASSISTING ISV COMMUNITY

IBM's PartnerWorld Industry Networks was launched in 2004 and is a program designed to provide ISVs with four key benefit areas:

- ☒ **Business insights.** Access to research on market opportunity, strategies, and best practices
- ☒ **Enablement resources.** Access to technical support, innovation centers, and porting and testing resources
- ☒ **Marketing and selling resources.** Access to comarketing funds, discounted advertising, and online sales forum to identify coselling opportunities
- ☒ **Networking and collaboration resources.** Access to online forums and face-to-face events to develop business opportunities

IBM has expanded its Industry Networks offerings in each of the four benefit areas to ensure that they are applicable to ISVs that are developing applications for or porting applications to Linux on POWER. IBM currently provides ISVs with valuable offerings and is committed to broadening its Linux-focused partnering offerings.

For example, for six of the twelve Industry Networks (Financial Markets, Government, Retail, Telecommunications, Media & Entertainment, and Education), an ISV can apply Linux to move up in membership level, gaining access to enhanced-level marketing and sales support.

IBM provides ISVs with enablement support in the form of access to virtual and hands-on innovation centers, technical support, free middleware, conversion road maps, workshops, forums, access to research, and sizing guides to name just some of the resources available.

Chiphopper

One particularly enticing offering for ISVs is IBM's Chiphopper program, which the company initiated in February 2005. Chiphopper, a no-charge offering, is designed to assist ISVs in porting/rehosting, testing, and supporting existing commercial Linux applications on an Intel x86 environment over to Linux aboard IBM's POWER processor family and zSeries. The goal is to tap the existing Linux application portfolio, which is largest aboard x86 architectures, and bring the best of that application portfolio to IBM's RISC and mainframe offerings.

Under the Chiphopper offering, IBM first helps assess a given application using public and IBM-developed tools. If the application is Java/J2EE and/or is found to be compatible with Linux Standard Base (LSB), then IBM will provide the ISV with the systems, software, and platform expertise for the porting and testing, as well as provide those resources in postsales support situations in the event of customer problems with the ported code.

IBM has reported that application conversion time, from start to finish, averages about two weeks. Subsequent maintenance to the application is often simpler, less time consuming, and less costly, since the application is now standards compliant and the source is portable across hardware architectures. Chiphopper also offers a two-year promise of assistance to partners that might experience a porting issue at a client site. IBM provides ongoing technical and product support to the partner, which can reduce the cost for ISVs to offer customer support. The result is this set of IBM tools and assistance strengthens the partner's position in the marketplace.

Marketing and selling resources are available as elements of Chiphopper and PartnerWorld Industry Networks as well as under specific Server brand offerings. For example, the Server brand offers templates to help ISVs develop compelling collateral for Linux solutions and advertising opportunities in *eServer Magazine*. IBM adds to that demand generation activities through trade shows and promotion of results on the IBM Server Web site. Linux content has also been added to industry-specific events and conferences.

Four for One, and One for Four

IBM's partner program is well established and expansive, and it has many compelling aspects designed to entice ISVs to port their applications to Linux on POWER. However, ISVs still require a compelling business reason to invest the time, effort, and marketing resources to move their applications onto IBM's servers. IBM has boosted the leverage for ISV partners by ensuring that one binary will run on the entire POWER family of servers. Because each server targets a distinct market segment, IBM's ISV partners not only can be assured that their application is optimized for four servers with one conversion effort, but they can also obtain access to four markets via these products. For example, OpenPower systems are general-purpose, lower-cost Linux servers; i5 and iSeries fit small to medium-sized enterprises and those firms with OS/400 applications today; p5 and pSeries are high-end Unix and Linux servers — customers value their performance and reliability/availability/supportability (RAS); and JS20 blades are rack-optimized for effective infrastructure consolidation.

CASE STUDIES

Peregrine: POWER for Asset Management and Service Management

Peregrine is a global provider of enterprise asset and service management software designed to help companies reduce costs, improve IT productivity and service levels, and mitigate risk by managing portfolios of IT assets and streamlining service management operations.

Peregrine's asset management and service management solutions are based on its flagship products, AssetCenter® and ServiceCenter®, and are complemented by Enterprise Discovery, Self Service, IT Business Analytics, and integration products. Peregrine has integrated more than 20 years of technology experience and best practices into its software management solutions.

Partners expand and improve Peregrine's offerings through the integration of technology and by offering consulting and implementation service practices. Peregrine's relationship with IBM dates from the early 1980s. Initially, it was technically focused and ensured Peregrine's solutions were optimized for IBM platforms. Over the past 25 years, this relationship has evolved to include technical, sales, marketing, and services across each major brand from eServer and WebSphere to IBM Global Services. Peregrine is a Premier IBM partner and one of IBM's top 15 alliance partners. Darren Maglidt, area vice president of product enablement, said, "The value of our IBM relationship lies in our large joint customer base and breadth of our partnership. IBM and Peregrine offer greater combined customer value than either organization can offer independently."

Peregrine announced the release of ServiceCenter 6.1 on July 22, 2005. This product is Peregrine's first to be natively hosted on Linux on POWER. The previous version of ServiceCenter was available for Linux, which, along with IBM's technical and support assistance to facilitate application porting, made it relatively easy for Peregrine to add Linux on POWER to the supported platforms for ServiceCenter 6.1. Peregrine, like most software vendors, doesn't adopt a new platform lightly given the implicit costs of supporting each additional platform. Maglidt said that the Chiphopper program played a critical role in Peregrine's decision to support Linux on POWER. "Through the Chiphopper program, IBM offers partners assistance and assurance in the event of customer issues tied to the platform," said Maglidt.

Peregrine believes that the IT industry is embracing Linux as a means to reduce cost. ServiceCenter 6.1 will allow Peregrine to assess market demand for Linux on POWER and further affirm its commitment to Linux, irrespective of platform.

Cognos: Powered Up on POWER

Cognos provides business intelligence (BI) and corporate performance management (CPM) products and solutions to more than 23,000 customers in over 135 countries. BI and CPM products enable companies to improve and direct corporate performance by enabling all the key steps in the management cycle — from planning and budgeting, to measuring and monitoring performance, to reporting and analysis. Cognos supports a diverse network of partners that includes resale, consulting, and technology integration (OEM) partners as well as strategic technology vendors. Cognos believes its extended partner network allows it to better service customers as well as specific vertical and geographic markets.

Cognos ensures that its solutions run and are supported on all platforms that are important to clients. Initially, this heterogeneous technology approach meant that the company couldn't optimize relationships or solutions with any single strategic technology vendor. In 2001, Cognos selected IBM as its "best-of-the-best" technology partner, based on IBM's market position, breadth and completeness of offerings, partner charter, and strength of commitment to the partner community.

Rupert Bonham-Carter, director of the IBM alliance relationship with Cognos, said, "The importance IBM places on the partner community created an affinity between our companies; both Cognos and IBM highly value partners." The relationship has multiple facets that include solution development and product integration as well as joint selling and marketing campaigns.

At IBM's urging, Cognos accelerated its planned conversion effort and ported Cognos ReportNet to Linux on POWER in November 2004. IBM's consultants and online technical support helped Cognos to exceed the original conversion timeline. In addition to product integration support, IBM provided support for Cognos demand generation efforts. Cognos generated more than 400 leads through a 15-city customer event series that leveraged comarketing support from Linux on POWER offerings.

Cognos recognized that it had nothing to lose by accelerating the timeline on the planned conversion. In fact, the company saw a potential advantage to being positioned as an early Linux adopter for the BI market. Cognos executives are pleased by the market interest in Linux on POWER, and the company has sold more Cognos ReportNet on Linux than expected. Bonham-Carter stated, "We are happy that we escalated porting to Linux on POWER. While Cognos ReportNet on Linux is still a fairly small piece of the total business, it is important because it is incremental business."

CHALLENGES AND OPPORTUNITIES

Challenges

IBM has made considerable investments in and commitments to its Linux on POWER portfolio and has invested in helping make its ISV partners successful. The POWER family of servers is not the industry's de facto standard. Accordingly, keeping the POWER family competitive and successful in this market space will require ongoing investment by IBM, especially to achieve a significant market share in the competitive platform environment. IDC notes that IBM has the resources and expertise to meet this challenge and, in our opinion, has shown its commitment to the proliferation of this platform through the joint effort with its ISV community.

Opportunities

IBM EmPOWERs ISVs

While IBM's Linux on POWER portfolio is relatively nascent and still evolving, it has already produced some compelling initial results for ISVs. IBM has created a persuasive business case by designing a system that allows ISVs to support all the IBM servers in the POWER family with a single code base and a single set of binaries. This approach enables ISV partners to target four distinct markets with one conversion effort, which increases the potential return on investment for these partners.

IBM provides extensive resources to ensure that the conversion process is not an obstacle for ISVs. In particular, the Chiphopper offering can dramatically reduce the conversion effort required by ISV partners and can provide ISVs with up to two years of IBM support in the event a customer encounters an application compatibility issue.

IBM has expanded business insights, sales, and marketing and is offering networking and collaborative resources to ISVs, including those ISVs moving applications to Linux on POWER platforms. In IDC's opinion, the expansion of these resources is critical to ensuring the business success of Linux on POWER ISVs. As the Cognos case study highlights, the market success of a Linux offering validates the effort and planning required to build applications for or port applications to Linux on POWER.

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