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Yahoo
Responds
to Icahn

Competitive Intelligence and Observations about Industry Standard Servers, Storage and Related Phenomena

Mark Hurd's Teflon Coating Chips

HP CEO Mark Hurd finally did something that Wall Street didn't like – he's buying EDS, the IT infrastructure outsourcing outfit founded in 1962 by one-time presidential hopeful and outsourcing pioneer Ross Perot, for around \$13.9 billion cash – a venture that some people think is poor use of money better spent elsewhere.

It's Hurd's first really big deal and they don't like it that EDS has been in turnaround mode for years. They don't like its laggard un-IBM margins, or its puny operating profits, or that it has had and looks to have practically zip organic growth, or that HP is paying a roughly 32.5% premium.

And they definitely don't like the fact that it's not an offshore service operation or that it could be a huge integration distraction even given HP's practice with Compaq in 2002 since this is about people.

They didn't like it to the tune of sheering something like 12% off HP's market cap between the time the deal leaked in the Wall Street Journal late Monday and the close of business Tuesday, a few hours after it was announced.

One analyst said during the conference call Tuesday that it could slow down HP's revenue growth. And Credit Suisse turned around and downgraded HP while Goldman Sachs removed HP from its "Conviction Buy List."

Countering the trend HP rushed out its preliminary fiscal Q2 earnings, which were due to be released Thursday, and said it would clear 80 cents (GAAP) or 87 cents (non-GAAP) on \$28.3 billion, up from \$25.5 billion a year ago. Three

cents better than expected.

It also upped its full-year earnings to between \$3.30 and \$3.34 a share, from \$3.26-\$3.30, on revenues of \$114.2 billion-\$114.4 billion, not \$113.5 billion-\$114 billion.

It won't post all the Q2 numbers now until May 20.

Contrary to Wall Street, which started pushing the stock back up Wednesday, HP likes the EDS acquisition idea just fine, thinking that EDS will let HP slop up more of the services gravy that sustains IBM, a business it says is "counter-cyclical" and can do better in bad times than in good.

With EDS, HP goes from being an also-ran number five in services to number two, doubling service revenues from \$16.6 billion to \$38 billion behind IBM and its \$54 billion, and ahead of Accenture and Computer Sciences.

It also suddenly gets to be number one in applications outsourcing at \$5.5 billion in revenues.

Hurd, who defended the deal as "compelling commercially, strategically and financially," pointed to the ~8% growth the \$750 billion-a-year services market is seeing in general and plans to wrest his share.

He figures EDS has made a good start in taking out costs and Hurd – you could hear it in his voice – is actively looking forward to practicing his chief skill – which is cost-cutting – on the new acquisition. But HP put no number on the potential savings or the charges it'll take.

EDS is expected to be accretive to HP's non-GAAP earnings in fiscal '09 and accretive to its GAAP earning in 2010.

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HP Signs Up for DaaS

Deskstone, the start-up with the desktop-as-a-service (DaaS) vision, has signed up Hewlett-Packard to deliver virtual desktops as a service.

Deskstone is already supposed to have Verizon, IBM, Softbank and Deutsche Telekom interested – and Merrill Lynch is a pilot site – but HP and its utility-style Flexible Computing Services are the first members of Deskstone's just unveiled partner program, which is targeted at service providers that are already in the hosting or outsourcing business.

It's promising partners that sign up this year will have direct input into Deskstone's Virtual-D platform product direction as it evolves.

They are supposed to be able to develop end-to-end monthly subscription offerings based on Virtual-D that leverage their unique value-add.

Virtual-D claims to be the only solution to integrate all the desktop virtualization layers in a single automated self-service platform designed along two tiers – the enterprise and the service provider – that let the enterprise maintain ownership and control over its desktops while outsourcing the physical data center infrastructure powering those virtual desktops.

Mark Hurd's Teflon Coating Chips

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HP intends to run EDS as a fourth business unit – retaining its headquarters in Plano, Texas under its current CEO Ron Rittenmeyer, reporting directly to Hurd – and “reverse merge” its own services operations into EDS, starting with IT services. It’s holding back on consulting and integration initially but insiders say they’ll be going over too.

Services at HP currently report to Ann Livermore, the HP executive who lost out to Carly in the CEO race.

According to both Hurd and Rittenmeyer there’s little overlap in service customers between HP and EDS.

“EDS – an HP company” will have 210,000 people, 140,000 from EDS, 70,000 from HP. Hurd wouldn’t speculate on how many would survive.

Automating services is apparently expected to play a big part in making the acquisition pay off and HP expects to move more of its own hardware and software through the operation, which may create a problem for CA among others like EDS partners Dell and Sun.

EDS also owns ~60% of structurally independent mPhasis in India, which has 27,000 people going on 33,000, which may make IBM uncomfortable. It is now up to IBM to make a countermove. And Reuters speculates that Indian companies like Wipro, Tata, Infosys and Cognizant may have to protect their flanks and consolidate.

Rittenmeyer explained that EDS had – and had to have – a third of its people in-country or in-state because of its historic business with the government.

HP is going to pay EDS shareholders \$25 a share by using \$9 billion of the \$10 billion it’s got in the bank and borrowing the rest. It expects to replenish its coffers in “four or six quarters post-close,” it said.

The deal should close in the second half of this calendar year. The \$13.9 billion figure HP says it’s paying includes almost a billion in assumed debt.

An HP insider who ought to know told us the talks between EDS and HP date to January when EDS approached HP with a joint venture proposition.

EDS had revenues of \$22.1 billion last year. When we put out that flash the other day saying this was happening we stupidly misread EDS’ income statement and reported its last quarter as its year. Dumb. Sorry about that. ◆

AMD Whistles Up New Champions To Slay its Dragons

AMD has kissed Mario Rivas goodbye and turned processor development over to Randy Allan, the head of its star-crossed server and workstation business, reporting to president and COO Dirk Meyer. Allan is now the new head of AMD’s Computing Solutions Group, responsible for the bulk of the company’s revenues.

The company also set up a newfangled centralized engineering operation that’s supposed to focus AMD’s engineers and IP portfolio on “the strong business opportunities in front of us,” Meyer said in a statement.

Mario used to have responsibility for engineering along with everything else. Randy’s got everything but.

AMD is praying new blood and the new organization can find a way to the sustained profitability that has eluded it.

Meanwhile, presumably anticipating the revelation of AMD’s save-the-company asset lite strategy that it’s been promising to delineate for a year DigiTimes claims – based on unidentified sources – that AMD is planning to outsource both CPU and GPU production to Taiwan Semiconductor Manufacturing Company (TSMC) in the second half.

It says TSMC has started testing a SOI manufacturing process “to land orders for AMD’s Fusion CPUs.”

The paper speculates that AMD could then sell off some of its manufacturing equipment and lower operating costs.

Anyway, Allen has been with AMD for 24 years and ran engineering,

responsible for the development of the Athlon 64 and the Opteron, AMD’s one success story.

The new Central Engineering organization will be run by Chekib Akrouit, who is coming over to AMD from Freescale Semiconductor, and Jeff VerHeul, AMD’s corporate VP of design engineering.

Together they are responsible for AMD’s technology and product roadmaps in partnership with AMD’s business units and will also report directly to Meyer.

Akrouit was VP of design technology at Freescale and worked for AMD’s technology partner, IBM, before that responsible for the many-core Cell processor and embedded PowerPC cores.

VerHeul is an IBM alumnus too.

AMD said it also promoted Allen Sockwell to senior VP, human resources and so-called chief talent officer responsible for developing AMD’s “leadership assets and employee talent.”

Sockwell replaces Michel Cadieux, who like Rivas is leaving the company “to pursue new opportunities.”

A statement issued had Meyer saying that “placing experienced leaders in new more focused role will enhance our execution and progress towards sustained profitability and long-term success.”

Lehman Brothers thinks Intel is going to continue to gain share through Q3 despite Barcelona shipments, which it figures are led by high-end MP systems and large data center customers. ◆

Microsoft Appeals EC Fine

Microsoft last Friday filed the papers appealing the record \$1.39 billion (899 million euros) fine that the European Commission slapped it with in February claiming the prices it had been charging for its interoperability protocols were so high it discouraged competition and defied its 2004 antitrust order.

The EC expressed confidence that it will prevail.

Microsoft lost the appeal of the EC’s 2004 order last fall.

Yahoo Responds; Hangs Tough

Late Thursday Yahoo released the text of the letter it sent to Carl Icahn telling him he's misguided and that the current Yahoo board knows better what's good for the company. It repeats what Yahoo has said before – that it is willing to sell for

the right price, which lately has been \$37 a share.

Meanwhile, Yahoo and Google are reportedly still talking and the deal that Icahn warned them off of could happen next week.

Anyway, here's Yahoo's letter:

Dear Mr. Icahn:

We are in receipt of your letter with regard to your intention to seek control of Yahoo!'s board of directors.

Unfortunately, your letter reflects a significant misunderstanding of the facts about the Microsoft proposal and the diligence with which our board evaluated and responded to that proposal. A fair-minded review of the factual record leads to one conclusion: that Yahoo!'s 10-member board, comprised of nine independent directors along with Yahoo! CEO Jerry Yang, remains the best and most qualified group to maximize value for all Yahoo! stockholders.

Conversely, we do not believe it is in the best interests of Yahoo! stockholders to allow you and your hand-picked nominees to take control of Yahoo! for the express purpose of trying to force a sale of Yahoo! to a formerly interested buyer who has publicly stated that they have moved on. Please may I remind you that there is currently no acquisition offer on the table from that company or any other party. That said, we have been crystal clear in our stance that we have been and remain willing to consider any proposal from any party including Microsoft if it offers our stockholders full and certain value.

From the beginning of the process with Microsoft, Yahoo!'s independent directors focused on one central goal: how best to maximize stockholder value. At all times directing this process, Yahoo!'s independent directors carefully considered Microsoft's initial unsolicited proposal, which was at the time valued at \$31 per share. After considering input from its financial advisers the board unanimously concluded that Microsoft's proposal significantly undervalued Yahoo! and was, therefore, not in the best interests of the company or our stockholders. While we rejected this offer publicly on February 11, 2008, we could not have been more clear in that communication and in every subsequent communication, both public and private, that we were and are willing to enter into any transaction that would maximize value for stockholders and provide them certainty of value.

The record of our efforts to engage Microsoft in

meaningful discussions is unequivocal. Following receipt of Microsoft's proposal on January 31, our board of directors has met over 20 times to review Microsoft's proposal and Yahoo!'s other strategic alternatives. Throughout this process our board kept an open mind and an open ear. Our independent directors met with several of our largest stockholders to solicit their views and to make it clear that Yahoo!'s independent board is fully committed to maximizing stockholder value. In addition, at the direction of our board, our management team met with many of our investors to provide insight into Yahoo!'s strategy and views on value.

Our board's openness also extended to Microsoft. Without reciting all of the contacts between us and between our advisers, the senior-most management of Yahoo! and Microsoft and the companies' respective financial advisers spoke on numerous occasions and met in person seven times. During those meetings, Yahoo! discussed its strategic objectives in search and display advertising monetization, its perspectives on operating strategy and integration in a transaction with Microsoft, its perspectives on transaction synergies, and other non-price deal terms. Because certainty of closing is a critical issue, we sought to understand Microsoft's thinking with regard to the regulatory issues associated with a potential transaction. In fact, at the board's direction, our lawyers on March 28 asked for additional information in this regard, information which was never forthcoming.

On April 15th, a meeting was held at Yahoo!'s request. At that meeting, which included our respective financial advisers, we made clear, once again, that we were open to a transaction with Microsoft. During those discussions, Yahoo! made a detailed presentation of its strategic and financial plan, its thoughts on integration and its view with respect to the potential synergies that could be achieved in a transaction, essentially laying the foundation for Microsoft to understand – and respond to – our board's conclusion that Microsoft's offer substantially undervalued the company. Following that meeting we also provided to Microsoft a list of key non-price deal terms that our board believed were critical items to be addressed in a deal to provide

reasonable protections for our stockholders.

Throughout this period, Microsoft continued to state that it would not raise its offer, and even suggested that it could lower it.

Despite this failure by Microsoft to respond in any substantive way to any of Yahoo!'s requests, on May 2nd, the same day we first learned of Microsoft's apparent willingness to increase its proposal to \$33 (although this oral "offer" was never delivered in writing and did not include details of a cash/stock mix), our board determined to continue discussions, instructing Jerry Yang to indicate to Microsoft that we would be prepared to enter into a transaction that valued Yahoo! at \$37 per share and that provided reasonable certainty of value and certainty of closing. This was communicated to Microsoft in-person at a meeting in Seattle on May 3rd. With Microsoft's offer at \$33 and Yahoo!'s counter-proposal at \$37, Microsoft elected, within hours, to walk away from the negotiating table and informed us that they were "moving on," having never engaged further on price or any of the key non-price deal terms.

In short, Yahoo!'s board was at every point in this process prepared to enter into a transaction with Microsoft that would maximize stockholder value – and included certainty of value and closing. What Yahoo!'s independent board refused to do was to allow control of this company to be acquired for less than its full value.

That brings us to today. Our business is performing well as evidenced by our first-quarter results. As we have publicly stated, our board continues to actively and expeditiously explore strategic alternatives to maximize stockholder value. None of the alternatives we are considering would preclude us from entering into a transaction with Microsoft or any other party.

We continue to believe that Yahoo!'s current board has the independence, the knowledge, and the commitment to navigate the company through the rapidly changing Internet environment and to deliver value for Yahoo! and its stockholders.

We look forward to a productive dialogue.

Very truly yours,

Roy Bostock

Chairman of the Board

Yahoo Watch

Between the time corporate raider Carl Icahn notified Yahoo chairman Roy Bostock Thursday morning to expect a proxy fight for control of the company if Yahoo didn't crawl on its belly to get Microsoft to buy it and Yahoo sent a non-answer back, Yahoo stock closed up 2.25% at \$27.75 on the apparent assumption that Microsoft is game – and not overwhelmed by doubt about the wisdom of the whole idea.

Ah, but whether Microsoft, now in the driver's seat, would return to its last bid of \$33 is still another question.

Giving Icahn some support, however, is the “merger arbitrage” hedge fund Paulson & Co, which has amassed about 50 million Yahoo shares – almost as much as Icahn's 59 million – and threw its support behind Icahn Thursday.

In a statement Paulson said, “We intend to support the Icahn slate but sincerely hope that Yahoo will negotiate an agreement with Microsoft, thereby making a proxy fight unnecessary,” basically reiterating what Icahn said.

Together they currently represent about 7.7% of the company.

None of Yahoo's other big holders has said anything publicly yet

PTO Files Notice of Appeal in Rules Case

Just making the window as it was closing – which is supposed to suggest that it was only taking the step after much soul-searching – the US Patent and Trademark Office filed a Notice of Appeal with the Court of Appeals for the Federal Circuit.

If it goes ahead it will ask the appeals court to overturn that district court summary judgment last month in favor of GlaxoSmithKline telling the agency it couldn't implement its controversial new rules.

The PTO wants to severely limit claims and continuations.

The district court said the PTO didn't have the authority to change the rules, equating it with changing the terms of the Patent Act.

Sun Finally Gets its Barcelona Boxes Out

Sun, which lost some traction selling x86 servers when AMD flubbed the Barcelona – and had to run hurry up and pull some Intel quad-based machines together last year – finally got to announce its first AMD quad machines this week in the shadow of HP and Dell.

Eight of them, rack-mount and blade systems, including the new two-socket 1U Sun Fire X4140 and the 2U, very Web 2.0, Sun Fire X4240, and the industry's only 2U four-socket Barcelona-based server, the Sun Fire X4440.

Sun said it concentrated on power and cooling and capacity and the servers are heavy on memory and storage.

The 4140 and 4240 are good up to 64GB of memory, with the first holding eight drives and the second 16. Sun fancies them a “mini-storage systems” for database, HPC and BI/data warehouse applications that need online storage or simply storage servers in open storage infrastructures.

The 4440 will take 128GB of memory and eight drives.

The existing Sun Fire X2200 M2, X4100 M2 and X4200 M2 are available with Barcelona too. Sun expects the 4100 M2 and 4200 M2 to start ramping down in a little while.

The AMD chip can also update the Sun Blade X8440 and Sun Fire X4600 M2 servers. The latter won't be available until the end of June. The 4U 4600 is a 32-way eight-socket beast expected initially with 256GB of memory going to 512.

Sun points out that the 4440 and the 4600 squeeze into half the space of comparably outfitted systems.

The boxes, particularly the 4600 M2 and 8440 blade, are directed straight at virtualization and will be sold with VMware as well as Solaris, Linux and Windows.

The new boxes start at \$2,545, with the 4600 starting at \$14,126. They can be taken for a test run under Sun's Try and Buy scheme.

Flash Player 10 Goes to Broad Beta

Adobe Thursday turned its little piece of Disneyland for developers loose.

The pre-release of Flash Player 10, a k a “Astro,” which promises richer, more immersive Web 2.0 experiences, has gone to public beta ahead of general availability sometime later this year.

It adds custom filters and effects, native 3D transformation and animation, extensible rich text layout and GPU hardware acceleration. Adobe thinks it's a game changer about what can go on the web.

The custom filters and effects come compliments of the free Hydra toolkit – now officially called Pixel Bender – that borrows from Adobe's After Effects CS3 software, an industry standard for creating motion graphics and visual effects for film and broadcast.

Developers can create their own filters, blend modes and fills by writing small pixel-shading functions to create movie-like animated effects or morph the effects on rich media content at runtime without slow-

ing down performance.

It can offload the work on to the GPU, freeing up the CPU to render 3D content and sexy effects and process complex business logic. Adobe says no other browser runtime can do this.

The widgetry will rotate and support ligatures in fonts; allow vertical, bi-directional and right-to-left text layouts and ultimately automatically adjust video quality if bandwidth fluctuates to provide constant video playback without pausing to buffer.

Adobe said Flash Player 10's innovations will show up in AIR and its new Open Screen Project, which is set on delivering a consistent runtime environment across PCs, mobile devices and consumer electronics.

The beta works with Vista, XP, Windows Server 2003, 2000, Mac OS X and Ubuntu. See www.adobe.com/go/astro and www.adobe.com/go/pixelblender. Demos are at www.adobe.com/go/flashplayer10_demos.

AppSense Makes XenDesktop More Sensible

Citrix is supposed to trot out XenDesktop – its virtual Windows desktop trick – any minute now and when it does the UK firm AppSense is supposed to be there to make the Xen widgetry useful.

See, the way it works every time you restart XenDesktop you start with a clean slate, according to AppSense VP of corporate and product strategy Martin Ingram. You'll lose your personalized settings and corporate policies but for the intervention of AppSense Environment Manager, used before with other Citrix products and extended to support the XenDesktop Virtual Desktop Infrastructure.

It separates the so-called personality from the virtual desktop – essentially abstracting the user's policy and preference settings from the operating system

and applications – and applies them on-demand as each fresh desktop is provisioned, AppSense says.

It's server-based and requires an agent on the desktop to make the desktop portable and is supposed to lower management and storage costs. It's also supposed to simplify the delivery and maintenance of the virtual environment by removing the need to treat each environment as a unique entity.

Administrators can tailor both policy and personalization under different start-up, shutdown, login and logoff scenarios. Virtual images can be pooled and on-demand provisioned desktops can be used in a heterogeneous environment.

The widgetry is meant to be used in large deployments and a 500-user package runs \$16,000. Support options are priced separately. ◆

IBM & Microsoft Follow SAP to the BlackBerry

IBM is following SAP down the BlackBerry path.

It's putting Cognos' BI software on the widget. It says the \$300-a-user Cognos 8 Go! Mobile software is the industry's first business intelligence solution designed specifically for the BlackBerry platform so people can get real-time analytics over the phone.

SAP said last week that it was going to move its enterprise software to the BlackBerry, starting with a native CRM client integrated with the BlackBerry's e-mail, address book, calendar, security and automatic data synchronization.

Starting this summer Microsoft's Windows Live Messenger and Hotmail are also going on BlackBerry and will piggyback on RIM's real-time push and message synchronization technology.

Although Microsoft has its own phone interests, BlackBerry users will be able to have a dedicated Hotmail inbox or get Hotmail messages, along with messages from other e-mail

accounts, in a single inbox.

There's also a new BlackBerry Client for IBM Lotus Connections that IBM calls its "social software for business" and WebSphere Portal and IBM dashboard software so businesses can build web sites and single screen dashboard views that deliver personalized information, applications and processes to BlackBerry users.

A BlackBerry Client for IBM Lotus Sametime lets people access their full buddy list, send and receive instant messages, view presence information and convert an IM session to a phone call with a click.

A BlackBerry Enterprise Server for IBM Lotus Notes and Domino enables access to e-mail and calendaring functions as well as custom applications built with Lotus Domino.

The push-based architecture of the BlackBerry Enterprise Server automates data delivery and synchronization, enabling alerts and notifications in Lotus applications on the BlackBerry. ◆

Linux Watch

Verizon Becomes a Counter-Android Linux Convert

Verizon Wireless is snubbing Google's Linux-based Android initiative to go with the LiMo Foundation's mobile Linux spec for its next wave of mobile phones expected next year.

Along with Verizon, Mozilla signed up – giving the consortium its first major open source ISV – and a key one for conveying applications.

Verizon VP of network Kyle Malady said during a conference call that Verizon picked LiMo because the consortium was already in the marketplace with commercial goods. It also liked its governance model (as opposed presumably to Google dominance) and its broad membership.

He suggested that Verizon is keeping a watching brief on Android's progress and could change or add horses. However, Verizon's rival AT&T is leaning toward the so-called Open Hardware Alliance backing Android.

Malady said Verizon, which is taking the last seat on the LiMo board, would start using LiMo's Linux middleware on feature phones and move up to smartphones, suggesting it would be the company's "preferred" platform. He said Verizon intended to use Linux throughout its line.

Verizon currently has Qualcomm, Windows Mobile, Palm and RIM phones and means to keep selling them. Android phones could get on Verizon's network since it's opening it up to all comers.

But Malady said Verizon, America's Number 2 mobile carrier, would put money and people into the LiMo effort.

LiMo now has 40 members including founders Motorola, NEC, NTT DoCoMo, Panasonic Mobile Communications, Samsung and Vodafone.

So did Infineon, SK Telecom and SFR, the main carriers in South Korea and France respectively, Sagem Mobiles, Red Bend Software and Kvaleberg AS.

Linux Watch

Brits Bitch to EC about Microsoft

Becta, the British Educational and Communications and Technology Agency, has taken its gripes against Microsoft's allegedly "anti-competitive" licensing policies for schools and the "interoperability impediments" in Office 2007 to the European Commission, as a contribution to the new antitrust investigation of Microsoft and its OOXML file formats – among other things – that the EC opened in January.

Becta objects to Microsoft's native support for its own OOXML format in Office and its lack of equivalent support for the rival OpenDocument Format (ODF). The agency claims that having to download converters to interoperate creates a barrier to adopting ODF by non-technical users.

It says that, even if the user succeeds in installing the converters, the outcome would be "unsatisfactory" because of their "limited functionality" and poor integration into Microsoft's user interface and so form a further barrier to competition.

Before complaining to the EC, Becta asked the Office of Fair Trading (OFT), UK's competition regulator, last October

to investigate Microsoft and tried negotiating with Microsoft.

Becta claims that Microsoft's lack of interoperability limits choice, which results in higher prices for education and a "range of other unsatisfactory effects" that "have a negative impact on wider policy initiatives," like "improving education outcomes, facilitating home school links and addressing the digital divide."

It wants the OFT to review the barriers to using other application software or interfacing with Windows and remedy them.

Apparently the OFT is considering what to do about Microsoft's School Agreement licensing model.

Becta has advised schools not to sign Microsoft's School Agreement for Office 2007 – or to save any documents in OOXML – and to use a three-year Academic Select license instead; if they have signed a School Agreement it suggests they "consider their renewal and their buyout options."

Becta argued against Britain supporting OOXML as an ISO standard, preferring the existing ODF standard instead.

Fedora 9 Out

Fedora 9 is out. Red Hat says its community-driven operating system features the first non-destructive live USB with persistence – which Red Hat thinks is a first of a kind anywhere – and marks the first major KDE 4-based distribution.

Other highlights include improvements and enhancements for OpenJDK6, a completely open source implementation of Java SDK Standard Edition; GNOME 2.22; NetworkManager, which supports mobile broadband, multiple connections and connection editing and sharing; PackageKit, the default cross-distribution software package manager; the Anaconda

installer; and Firefox 3 Beta 5 browser.

Fedora 9 Live images can now be added to an existing USB key using either a Linux or Windows application, without removing data, or repartitioning or reformatting the USB key, to get a bootable, portable Fedora system. And using the persistence feature, users can download and store data, and remove and add software as on any normal Fedora system.

KDE 4 includes a new desktop and panel, an integrated desktop search feature, a new visual style, and a new multimedia API and hardware integration framework. Fedora 9 also includes

FreeIPA, a new toolset for system administrators to manage identity policy and auditing across mixed computing environments.

Zoho Designs Unified Google-Yahoo-Zoho Login

Zoho is gonna try rustling some of Google's prized Apps users.

It's designed a unified login to encourage Google and Yahoo visitors to try Zoho applications using the user names and passwords they use with their Google and Yahoo accounts.

They can also map their Google or Yahoo account with a Zoho account, and integrate them under a common user name and import contacts from their Google and Yahoo accounts to Zoho contacts.

Zoho says the functionality is useful for sharing documents.

NYSE Runs on Red Hat

Red Hat is sporting a feather in its chapeau.

It's got the mighty NYSE Euronext using its operating system for its mission-critical trading platform and purring compliments like "Red Hat is almost like water, it's pervasive within our architecture. Red is extremely strategic and without it, most of our computers wouldn't be running."

The conglomerate went to Linux when faced with the challenge of integrating the varied platforms of all its pieces.

Skype Drops GPL Appeal

Skype has thrown in the towel on its appeal of the German court conviction last year that it violated the GPL by not furnishing GPL2-covered source code with a Linux-based SMC Networks VoIP phone. The case was brought by Harald Welte of the gpl-violations.org watchdog operation.

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According to heise online, Skype's lawyers tried arguing that the GPL contravened German antitrust law but the German appeals court indicated it didn't matter whether or not it was valid, Skype had no business using the software since no right were granted to the company. So it dropped the appeal.

Novell gets New Chairman

Novell has switched chairmen. VC Rick Crandell, the founding managing director of Arbor Partners, will now ramrod its board instead of ex-Pan Am CEO Thomas Plaskett, who remains a director. Crandall started Comshare way back when.

VMware Close To Popping More Software

Next week you'll be able to order that disaster recovery pack that VMware has been promising since last September, Site Recovery Manager, but it'll take them another month to deliver it.

It's supposed to let you set up, test and automate disaster recovery in a way that's not available with traditional methods, it says, painting a ghastly picture of how exposed companies are because it's otherwise so hard and downtime prolonged.

With VMware it can all be worked out in glorious isolation. It leverage Infrastructure 3 and VirtualCenter and integrates with third-party storage management software like mama EMC's replication portfolio.

Stage Manager, in beta since January, is also wending its way out.

It's the stuff that automates the process of transitioning application environments in the virtual datacenter through the release stage from integration to testing to staging and user acceptance before being sent to production. Changes and updates automatically managed and controlled.

The software comes separately or in two everything-you-need bundles. ◆

Microsoft Moves on Cougar & Centro

Windows Server 2008 has given birth to Windows Small Business Server 2008, a reprise of Windows Small Business Server 2003, and the new-fangled mid-sized enterprise-directed Windows Essential Business Server 2008 that used to be code named Centro.

Microsoft's starting to offer pre-release evaluation copies around ahead of general release later this year. The release candidate is available for Essential; the Small Business thingie, a k a Cougar, will take a bit longer.

These are those all-in-one deals bundling stuff like Exchange Server 2007, SQL Server 2008, SharePoint Services and Forefront Security with Windows Server 2008, what exactly depending on whether you buy the Standard or Premium Edition.

Users of the old Small Business Server will see that Microsoft has increased its prices. The Small Business Server 2008 Standard Edition, which comes with five

CALs, runs \$1,089, up from \$599 and extra CALs run \$77, not \$90.

The Premium Edition is \$1,899, up from \$1,499, with extra CALs costing \$189, not \$90. Windows Essential Standard is \$5,472 (extra CALs are \$81 each) and the Premium is \$7,163 to start (\$195 each). All base systems come with five CALs.

Unlike the old Small Business Server 2003 R2, customers of the 2008 version can buy single extra CALs rather than batches of five.

Microsoft also said the client access licenses will apply to other copies of Windows Server, SQL Server or Exchange Server so companies don't have to buy additional CALs.

Microsoft is offering solution providers who sell Windows Small Business Server 2003 R2 rebates up to \$200 to move Software Assurance, which offers customers a free upgrade to the new stuff when it gets here. ◆

RIM & Friends Hunt Mobile Apps

With the announcement – but not the release – Monday of the first 3G BlackBerry, the iPhone-offensive 9000 Bold, there is now a BlackBerry Partners Fund, a \$150 million venture capital fund – the money's in US greenbacks – set up by Research In Motion, Thomson Reuters, JLA Ventures and RBC Venture Partners to invest in mobile applications and services for the BlackBerry platform and, oddly enough, other mobile platforms.

Kleiner Perkins of course has that \$100 million iFund chasing iPhone inventions and Apple is tipped to unveil its 3G in a month.

The BlackBerry fund says it's "agnostic to both stage and balance sheet" and won't restrict the applications and services "to any single mobile platform or any specific industry segment."

It's supposed to advance the state of the industry.

It's thinking mobile commerce (payments, advertising, retailing and banking), vertical and horizontal enterprise

applications, communications, social networking, location-based applications and services (navigation and mapping), media and entertainment, and lifestyle and personal productivity applications.

Kevin Talbot, a managing director of RBC Venture Partners, is going to co-manage the fund along with JLA's John Albright. (RBC is the Royal Bank of Canada.) ◆

Littler & Littler

VIA, the other x86 player, has produced a 10cm-by-7.2cm board fitted with one its one-watt 500MHz Eden ULV chips, its contribution to the MIDs race. The fanless widget includes both LVDS/DVI and VGA support, integrated 5.1 channel audio, fast 100/10 Ethernet, both IDE and SATA drive support, a COM port and up to six USB ports. It supports up to 1GB of DDR2 system memory and there's 3D/2D graphics with MPEG-2/4 and WMV9 hardware decoding acceleration. It supports a PS/2 keyboard and mouse. ◆

Duffield Start-up Signs Big SaaS Deal

Workday, PeopleSoft founder Dave Duffield's new start-up, has in hand what is believed to be the one of the largest SaaS deals to date, a 200,000-seat contract from contract manufacturer Flextronics to replace a reported 80 different legacy HR systems in 30 countries. Meanwhile, Salesforce, the CRM on-demand pioneer, went live the other day with Workday as its system of record for HR.

Google Passes Yahoo Traffic

Among Yahoo's other problems, Google has just shot past it to become the most trafficked web site in the US, according to comScore. Still Google is only ahead by a nose – 466,000 unique monthly visitors. In April Google's traffic was up 18% to 141.1 million, comScore says, versus Yahoo's 140.6 million, up 7%. Microsoft was third with 121 million. Yahoo's still ahead in page views, meaning its visitors tarry, while Google's are a quick in and out for a search. Yahoo had 33.6 billion page views to Google's 28.7 billion.

Another Dell Exec Goes

Martin Garvin, the head of procurement at Dell – on which much of the company's earlier success rested – has retired. Dell of course is cutting jobs and Garvin hasn't been a top dog since Michael Dell brought in Michael Cannon last year as operations chief running both manufacturing and procurement

More Barcelonas Out

AMD Monday started selling five low-power 55W versions of its quad-core Barcelona chips. They are for two-, four- and eight-way rack and blade servers, especially ones with virtualization in mind.

Oracle Buys AdminServer

Oracle, the great consolidator is still munching down little treats. It's buying AdminServer, a developer of insurance policy administration software, on undisclosed terms and will make AdminServer CEO Rick Connors general manager of its insurance business unit, previously dependent on Siebel software.

CBS To Buy CNet

CBS is buying CNet Networks for \$1.8 billion, or \$11.50 a share, a 45% premium and a number CNet's never seen before. The deal gets CNet out of a proxy fight for its board with the Jana Partners hedge fund, which owns, oh, upwards of 10% of its stock, over the direction of the company and its slowdown in growth. Jana faulted CNet for not adapting to the "changing industry environment" and said it needed "comprehensive change."

Facebook Takes On Debt

Facebook, the social networking site that fancies it's worth \$15 billion, the one Microsoft may or may not be interested in to console itself for Yahoo, has taken on \$100 million in debt rather than dilute its shares. It needs servers. It's got enough for 50,000 of them.

XP SP3 Bewitched

Apparently installing the new XP SP3 sends some PCs – AMD ones, it looks like – into an endless reboot loop. The delayed service pack was just released the other day after being held up by a late-appearing incompatibility with Microsoft's Dynamic Retail Management System. Microsoft blames OEMs for using the same OS image for AMD boxes as for Intel and says it told them not to do that.

Novell To Repurchase Stock

Novell, whose stock price remains in the proverbial commode, says its board has authorized it to repurchase up to \$100 million shares.

Microsoft Inks Another Patent Cross-License

Microsoft has signed another one of those patent cross-licenses that so annoy some people. This one's with Hoya's Pentax Imaging Systems Division and covers its digital cameras and a "broad range" of each other's consumer products but Microsoft is making the money. One can only assume it includes Microsoft's Linux pretensions.

Tour the Universe

It's Friday. Go to <http://www.worldwidetelescope.org/>. Microsoft Research has tapped into several orbiting and land-based telescopes to show us what's out there. It's really something.

Ex-Office Boss To Run Gates Foundation

Former Microsoft Office boss Jeff Raikes, 49, who stepped down in January ahead of his retirement from the company in September, will become CEO of the \$37.3 billion Bill & Melinda Gates Foundation when he finally goes. He'll replace that other Microsoft veteran Patty Stonesifer, who's been running what has become the largest foundation in the world basically since its inception. It's responsible for both Gates' money and Warren Buffett's. Raikes turned Office into a \$16 billion business.

French Start Their Own Wikipedia

Larousse, the great French encyclopedia and dictionary house, has launched a French online encyclopedia and is inviting people to contribute on the facing page, separate and not commingled. Unlike Wikipedia contributions have to be signed and people can exchange comments but not change somebody else's work.

First Sight of Moonlight

Novell has released the source code for Moonlight, the Linux implementation of Microsoft's Silverlight RIA widgetry for developers to try out.

I'm Greener. No, I'm Greener

Dell is going to try to cut the energy consumption of its laptops and desktops by up to 25% between now and 2010 to avoid millions of tons of CO2 emissions, comparing its pledge to HP's, which is supposed to cut relative its 2005 levels. It says Dell OptiPlex desktop are down nearly 50% since 2005 and Latitude laptops are down 16% since 2006.

Google Buys into Solar Power Start-up

Google.org is one of a clutch of new and existing investors including BP and Chevron putting a \$115 million C round into solar power start-up BrightSource, which uses heat from the sun to create steam for generating electricity. The new round brings total investment to \$160 million. BrightSource has a 900 megawatt power-purchase agreement with PG&E but first the start-up has to build a plant.