

BriefingsDirect Analysts Make 2009 Predictions for Enterprise IT, SOA, Cloud and Business Intelligence

Edited transcript of BriefingsDirect Analyst Insights Edition podcast, Vol. 35, on how analysts see cloud computing, SOA, the economy, and Obama Administration in 2009, recorded Dec. 19, 2008.

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Dana Gardner: Hello, and welcome to the latest BriefingsDirect Analyst Insights Edition, Vol. 35. This periodic discussion and dissection of IT infrastructure related news and events, with a panel of industry analysts and guests, comes to you with the help of our Charter Sponsor, Active Endpoints, maker of the ActiveVOS visual orchestration system. I'm your host and moderator Dana Gardner, principal analyst at Interarbor Solutions.

Our topic this week, and this is the week of Dec. 15, 2008, marks our year-end show. Happy holidays to you all! But, rather than look back at this year in review, because the year changed really dramatically after September, I think it makes a lot more sense to look forward into 2009.

We're going to look at what trends may have changed in 2008, but with an emphasis on the impacts for IT users, and buyers and sellers in the coming year. We're going to ask our distinguished panel of analysts and experts for their predictions for IT in 2009.

To help us gaze into the crystal ball, we're joined by this week's BriefingsDirect Analyst Insights panel. Please let me welcome Jim Kobiellus, senior analyst at Forrester Research.

Jim Kobiellus: Hi, Dana. Hi, everybody.

Gardner: Tony Baer, senior analyst at Ovum.

Tony Baer: Happy holidays, Dana.

Gardner: Brad Shimmin, principal analyst at Current Analysis.

Brad Shimmin: Hi there, Dana, thanks for having me.

Gardner: Joe McKendrick, independent analyst and prolific blogger.

Joe McKendrick: Hi Dana, and a happy Festivus to all.

Gardner: Dave Linthicum, founder of Linthicum Group.

Dave Linthicum: Hey, guys.

Gardner: Mike Meehan, senior analyst at Current Analysis.

Mike Meehan: Hello, all.

Gardner: And joining us for the first time, JP Morgenthal, senior analyst at Burton Group. Good to have you, JP.

JP Morgenthal: Thanks, Dana, and I'll jump on the Festivus wagon as well.

Gardner: Let me start with the predictions. It gives me a chance to steal the thunder and get out there first.

My first prediction for 2009 is that spending from shadow IT activities will actually grow, and that the amount of money devoted to shadow IT activities will come from outside traditional IT budgets, from a variety of different sources, maybe even petty cash, and we'll see a bit of growth in these rogue activities.

At the same time, I think we will see a flattening, and in many cases a reduction, in officially sanctioned IT activities, but that the net result will actually be more spending overall across a variety of activities based on services and consulting as much as actual buying of licensed software and hardware products.

The risk is that these rogue applications can make it complex for governance, management, and even security, but that moving into these areas for business development purposes is going to be an overwhelming temptation. There will be more opportunities in the cloud, software as a service (SaaS), applications as a service, and for folks like marketers, business analysts, and business development professionals to take advantage and move in the market.

We're going to be looking at aggressive sales activities and new ways of reaching consumers of all kinds, across B2B and B2C activities.

I expect very little staff erosion in IT, but I think there will be a change in emphasis as to what IT is, defining it differently. Service-oriented architecture (SOA) is going to continue to grow, but Web oriented architecture (WOA) will probably overtake it and perhaps become a catalyst to some of these rogue activities. There will be a blurring between which WOA activities happen inside IT and outside.

So, my second prediction is that inside of traditional IT we're going to find a lot of new ways to quickly cut costs. This is going to be a drill for organizations to not spend money or spend less money. Virtualization will be a big part of that.

Hypervisors will perhaps go commodity, and the value-add in the virtualized environment is going to be at the stacks -- virtualized stacks or containers at the applications level.

This could then lead to more direction toward a cloud operating system and a de-facto standard could begin to emerge, which would then spur even more adoption of virtualization.

We're going to see a lot more dumping of Unix and mainframes. We are going to sunset a lot of applications that aren't essential and save on the underlying costs of supporting them. There will be some modernization of applications, but only in areas where there is low risk.

There are still going to be a lot of organizations that aren't going to want to tinker with applications that are important, even if they are running on expensive infrastructure.

My third prediction is around extreme business intelligence (BI). There will be a move in scale, larger sets of data, larger sets of content, and more mingling or joining of disparate types of data and content in order to draw inferences about what the customers are willing to do and pay across both B2B and B2C activities.

We'll start to see an increased use of multi-core and parallelism to support these BI activities, and we will begin to see IT have a big role in this. This isn't something you can do as a rogue activity, but it might end up supporting rogue activities. That is to say, these new extreme BI activities might lead organizations to seek out services outside of IT. They then can execute on what they find through their analysis.

I also predict, at number four, that upgrades will suffer. We're not going to see a lot of swapping out of one system for another, unless there's a very compelling return-on-investment (ROI) scenario with verifiable short-term metrics. This is going to hurt companies like SAP and Microsoft, and Oracle and IBM to a lesser extent, given their diversification.

I think Windows 7 is in trouble. People are not going to just run to Windows 7. They're going to continue to stay with XP, and this makes the timing around the Vista debacle all the more injurious to Microsoft. In hindsight, Vista needed to be a winner. Now that we're in a downturn, people are going to stick with what they have, and, of course, upgrades are essential for Microsoft to continue with its back-end strategy on data-center architecture and infrastructure.

This provides more of an opening for Linux and non-Microsoft virtualization, and that will continue. This could mean that Microsoft needs to move to its cloud offerings all the more quickly, which then could actually spell earnings troubles for the company, at least in the short to medium term.

My last prediction is that the role of social media and networks will continue to grow and be impactful for enterprises, as marketers and salespeople begin to look to these

organizations from the metadata and inference about what customers are willing to buy, particularly under tight economic conditions.

There's going to be a need to tie traditional customer relationship management (CRM) and sales applications with some sort of a process overlay into the metadata that's available from these Web-based cloud environments, where users have shared so much inference and data about themselves.

So, I look for some mashups between social data and the sales and business development, perhaps through these rogue applications and approaches outside of IT, but IT activities nonetheless, in 2009. Thanks.

Jim Kobielus, you are up. What are your five predictions?

Kobielus: I need to go home now. You stole all my predictions. Actually, that was great, Dana. I was taking notes, just to make sure that I don't repeat too many of your points unnecessarily, although I do want to steal everything you just said.

My five predictions for 2009 ... I'll start by listing them under a quick phrase and then I'll elaborate very quickly. I don't want to steal everybody else's thunder.

The five broad categories of prediction for 2009 are: Number one, Obama. Number two, cloud. Number three, recession. Number four, GRC -- that's governance, risk, and compliance. Then, number five, social networking.

Let me just start with [U.S. President Elect Barack] Obama. Obviously, we're going to have a new president in 2009. He'll most likely appoint a national chief technology officer or a national tech policy coordinator. Based on his appointment so far, I think Obama is going to choose a heavy hitter who has huge credibility and stature in the IT space.

We've batted around various names, and I'm not going to add more to the mix now. Whoever it is, it's going to be someone who's going to focus on SOA at a national level, in terms of how we, as a country, can take advantage of reusing agility, transformation, optimization, and all the other benefits that come from SOA properly implemented across different agencies.

So, number one, I think Obama is going to make a major change in how the government deploys IT assets and spends them.

Number two, cloud. Dana went to town on cloud, and I am not going to say much more, beyond the fact that in 2009, clouds are going to become less of a work in progress, in terms of public clouds and private clouds, and become more of a mature reality, in terms of how enterprises acquire functionality, how they acquire applications and platforms.

I break out the cloud developments in 2009 into a long alliterative list. Clouds will

start up in greater numbers. They will stratify, which means that the vendors, like Google, Microsoft, and Amazon and others with their cloud offerings, will build full stacks, strata, in their cloud services that include all the appropriate layers, application components, integration services, and platforms. So, the industry will converge on a more of a reference model for cloud in 2009.

They'll also stabilize the clouds. In other words, they'll become more mature, stable and less scary for corporate IT to move applications and data to. They'll standardize, and the clouds will standardize around SOA and WOA standards. There will be more standards, interfaces, and application programming interfaces (APIs) focused on cloud computing, so you can move your applications and data from one cloud to another a bit more seamlessly than you can now with these proprietary clouds that are out there. And, there are other "S" items that I won't share here.

Number three, recession. Clearly, we are in a deep funk, and it might get a lot worse before it gets better. That's clearly hammering all IT budgets everywhere. So, as Dana said, every user and every organization is going to look for opportunities to save money on their IT budgets.

They're going to put a freeze on projects. They're going to delay or cancel upgrades. Their users, as you said very nicely, Dana, are going to dip into petty cash and go around IT to get what they need. They're going to go to cloud offerings. So, the recession will hammer the entire IT industry and all budgets.

As far as GRC, government is cracking down. If it has to bail out the financial-services industry, bail out the auto industry, and bail out other industries, the government is not going to do it with no strings attached.

Compliance, regulations, reporting requirements, the whole apparatus of GRC will be brought to bear on the industries that the government is saving and bailing out.

Then finally, social networking. Dana provided a very good discussion of how social networking will pervade everything in terms of applications and services.

The Obama campaign set the stage clearly for more WOA-style, Web 2.0, or social-networking style governance in this country and other countries. So, we'll see more uptake of social networking.

We'll see more BI become social networking, in the sense of mashup as a style of BI application, reporting, dashboards, and development. Mashups for user self-service BI development will come to the fore. It will be a huge theme in the BI space in 2009 and beyond of that.

That really plays into the whole cost control theme, which is that IT will be severely constrained in terms of budget and manpower. They're going to push more of the development work to the end user. The end user will build reports that heretofore you've relied on data modelers to build for you. Those are my five.

Gardner: Thank you, Jim. Tony Baer, you're up. What did we miss?

Baer: It's going to be hard to top both of you folks, so I'm going to just add some things in the margins. If I were to make one elevator statement on this, I feel like the guy from Saturday Night Live, the economic expert, who they interview on Weekend Update. He starts to give all the causes. Then, he just says, "Well, just fix it!"

That's essentially going to be the theme this year. The top five are going to be cost savings, cost savings, cost savings.

That does involve a lot of the strategies that both you and Jim have just described. For one thing, it's going to put a lot more emphasis on using the resources and infrastructure that you already have. It's going to damp down entering into new long-term contracts for anything.

Ironically, one result of that is that for the moment, you'll actually see little less emphasis on outsourcing, because that does imply a long-term contract. The fact is, I don't think anyone is really doing any meaningful projecting beyond Q1. I was just reviewing Adobe's year-end numbers and projections. Normally, they project out for the full fiscal year, and they are only going to project out for the Q1.

I'll just go through a very quick laundry list. For one thing, as I mentioned, it's going to be a lot of low cost, no cost. There will be a lot more use of open source, a lot more. This is definitely the year that the cloud and SaaS come into their own, but with a key qualification.

I think it's going to be managed clouds. Essentially, to take advantage of raw clouds, like Amazon EC2 you have to put in more of your own management infrastructure. I don't see the use of what I would call "clouds in the wild." I see more managed clouds from that standpoint.

For IT organizations, it's going to dictate more attention to IT service management to show that we're not just keeping systems going and keeping the lights on, but more along the lines of, "Here are the services that we're delivering to the business," as they try to justify the system.

On the back-end, it will be "Use more of what you have," and huge renewed investments in BI. So Jim, I do think you still have a job this year.

Finally, because it's going to take a while for this to unfold -- you just don't regulate overnight -- there will be much greater attention to GRC.

Gardner: Thank you, Tony. Brad Shimmin, you're up.

Shimmin: Thanks, Dana. For my predictions for 2009 I took a different tact in anticipation of a new analytical concern we're starting up here in January. It's going to

focus on collaboration. So, everything I did settled on that.

All the predictions I have stem from the themes that you guys have been talking about: cutting cost, such as travel, and squeezing efficiencies out of the IT infrastructure, as well as the users themselves. So, bear that in mind as I go through this.

The first one for me is IT vendors tackling enterprise-plus-consumer based social networks, a blended view of those. Enterprise-focused vendors are going to do more than simply sink info from public sites like Facebook. They're going to take that information and build into or out from the enterprise into those social networks and drive information from those. It's going to become a two-way street.

You're going to see folks like Facebook, and most notably, LinkedIn, working in the other direction themselves, and with third parties, to develop enterprise-bound social networks. Look for those to emerge next year.

The second thing for me is cloud software, now that it's jumped the shark. I know we've all been talking about it, but it's definitely jumped the shark for me. I see the vendors within the collaboration space settling beyond the small and medium business (SMB) market and looking more toward the larger enterprises that are looking to squeeze more out of their existing IT infrastructure or cut costs.

Folks like IBM and Microsoft have already shown us that they can hit the long tail with stuff like Bluehouse and Microsoft Online Services (MOS) for collaboration. But, you're going to see vendors like Cisco and Oracle take up this challenge with more of a focus on managed hosting services that look more like SaaS, but they are really managed.

That's something that will appeal to the larger enterprises, owing to security, manageability, and other assurances that you get from that, not just pure-play, do-it-yourself SaaS.

The third thing for me is that enterprises are going to move away from a steep hierarchy, or the word might be "oligarchy," of an organizational model internally. This is just about how enterprises structure themselves.

This goes back to what you were saying, Dana, with stuff going off the books, and what Tony was saying about driving revenue from places other than CAPEX. Instead, to become not just more efficient and agile, companies are going to want to self organize to create these internal ecosystems, if you will, where organizations are built around employee experience, associations, interests, and energy levels -- what they want to focus on.

That's going to allow companies to more efficiently harness the users. The people, as Jim was saying earlier, perhaps are going to be tasked with setting up their own BI queries and mashing up their own applications. It's really thinking about those people,

giving them the ability to run the show inside of an organization, instead of waiting for everything to come top-down.

The fourth thing for me is -- speaking in terms of communities, both internally and externally -- I am seeing silos breakdown between those.

Gone are the days of consumer-faced social networking and enterprise-faced social networking existing as independent entities, as I was saying earlier. Thanks to user profile standards like OpenID and expansion of APIs, community providers and third-party aggregation and integration tool vendors are going to allow applications and users to flow between what were heretofore closed communities.

For example, you already have vendors moving in that direction with Yahoo's YOS, which now allows the My Yahoo start page to host third-party applications from Nemesis Google.

The fifth and final thing for me -- and this might be more of a wish than a prediction; I'm an eternal optimist I guess -- I'm looking for virtual worlds to gain a foothold in the enterprise.

We've seen folks like [Cisco Chairman and CEO] John Chambers use Second Life to do a dog-and-pony show. Those are great marketing tools, but they're nothing compared to the efficiencies and benefits you can gain from using the software for other things. Dana, you alluded earlier to being able to leverage that mechanism for communication with CRM. I think we're going to see that change how virtual networks can be utilized inside the enterprise.

It's not just for marketing and sales, but also to support B2B and B2C communities, where effective communication between your supply channel members is really paramount. To date, nobody has tackled that.

So, we'll see virtual worlds actually make an impact in terms of allowing these global, loosely coupled entities communicate more effectively in 2009. That's it for me.

Gardner: Thanks. Joe McKendrick, how do you see things shaking out?

McKendrick: Thanks, Dana. You guys are a hard act to follow. My first prediction -- are you ready for this -- the government, the U.S. Treasury, is going to swoop in with the Troubled Assets Relief Program (TARP) funds and swoop up all the troubled IT assets across the country -- those IBM mainframes, older mainframes, DEC units, Windows NT.

Then, the Fed is going to come in with zero percent liquidity to help finance it, and that's going to raise all boats.

Gardner: Joe, are you defining a new sector called "Toxic IT?"

McKendrick: Toxic IT, there you go.

Gardner: Joe, April 1 is not for several months.

McKendrick: Okay, just kidding. My other prediction: President Elect Obama is going to make Tony Baer the National CTO/CIO, because he wants to "just fix it," and that's a good philosophy.

Okay, all seriousness aside now. The top issue, of course, is the economy. It's going to dominate our thinking through 2009. But, recession planning is so 2008, because SOA, which I focus on as well as IT, is a long-term process. You need to look three years down the road.

The economy is going to turn around. I see it turning around at some point in 2009. That's what economists are saying, and companies have to prepare for a growth mode and the ability to grow within a new environment.

Let's face it. IT has already been tight. IT has been tight since the dot-bomb era of 2001-2002. As some of us have already been saying, there probably is not going to be a huge diminishment in IT departments, because of the fact that the budgets have been lean, things have already been tight, companies already know, or have been running very efficiently, and IT departments have been overworked as it is.

An interesting sidelight is the whole Enterprise 2.0. JP, you and I have discussed this a little bit. The recession and downturn isn't going to be like it's been in the past. People are more empowered with social networking tools, as employees and as people looking for jobs. They're looking to start new businesses

We have a lot of tools available to us now that we didn't have back in 2000, or we didn't have back in 1991 or 1982, or any of those previous eras. People don't have to be victims of an economic downturn, as they have been in the past. We have the capability to network across the globe. We have the capability to start new businesses.

I've talked on this Webcast before about a company that started a business with an \$80 investment in IT infrastructure, thanks to cloud computing. I just heard about another company that spent about \$200 for its first two months of IT.

Gardner: The question is, Joe, are they getting their money's worth?

McKendrick: I think they are. They don't have to invest in servers. They don't have to go out and buy servers. They don't have to go out and buy disk arrays, and worry about the maintenance, hiring people, and know how to maintain those things. There are a lot of opportunities for companies, and we are going to see that. We are going to see folks -- maybe IT people, or people who work for vendors and have been laid off - have the ability to start their own business at a very low cost of entry.

On the flip side of that, the whole social-networking and cloud-computing

phenomena, companies have these tools as well to employ low-cost methods to reach their markets and to interact with their customers. We're going to see a lot more of that as well.

A marketing campaign doesn't have to cost \$200,000 to reach your customers. You can use the social network, the Web 2.0 tools, to interact and collaborate and find out what's going on in your markets at a very relatively low cost.

Gardner: From your mouth to God's ears. All right. Dave Linthicum, we have the entire future before us. What should we expect?

Linthicum: You guys took a lot of my better ideas, but I'll just expand on some of them.

The first thing I'd like to do is throw my firm out there for a bailout from the government. I think a billion dollars. I'm cash-flow positive, but I think I can do a lot with the money, including throwing one hell of a New Year's Eve party. So, hopefully the money will start coming in.

Number one is that the interest in cloud computing, which I have been focusing on in my career, at least for the last eight years, is finally going to come into its own, like everybody has been saying here. That's rather obvious at this point.

As far as what I can add to what's been said so far, what we're going to see in 2009 is a lot of startups, specifically some cloud-computing startups. You're going to see even more around what I call "cloud mediation." That is guys like RightScale, and a few other folks in the space that sit between you and the major cloud providers. They basically mediate issues around data semantics, performance management, load balancing, and those sorts of things.

One thing that's a big hole in the Cloud computing movement so far is that most of the solutions out there, even the database solutions, are proprietary. They use different APIs, different interfaces, and different sets of standards. It's going to be a play for a lot of companies to get in there and provide more reliable infrastructure in and between these various guys out there.

I'm aware of one startup a week, and they're coming in through the funders, not necessarily through the entrepreneurs, which is unusual.

The links to social networking will be there. They're not going to be quite as pervasive as everybody thinks. Social networking is going to have its place, but once we figure it out, it will be, "Okay, yeah." It's going to have its value, but we're just going to move on as far as this revolution goes. I don't think that's going to happen in 2009.

People are going to use it as a marketing opportunity, just like they used email, Web sites and those sorts of things, and now blogging opportunities, but eventually it's just going to fall into place.

There will be a huge explosion in the rogue-cloud movement, as you mentioned, Dana, and also the platform-as-a-service (PaaS) space. The architects and CIOs out there are going to be scrambling around trying to figure out how to place governance around that.

Everybody is going to be building applications, typically using free platforms like Google App Engine. They're going to start launching these things into production, and there is going to be no rhyme or reason around how they fit into the existing infrastructure. That's happening now and it's going to happen more in 2009.

In switching gears to SOA, there's going to be a larger focus on inter-domain SOA technology. The focus will still be on the short-term tactical and the ability to provide quick value in the SOA space to justify it, so you can get additional funding.

As we start building these things, people are going to look at the departments that are implementing their SOA projects and try to figure out how to bind these things at an enterprise level. I call this the micro domain versus the macro domain.

Technology doesn't scale typically to that point, as people are finding, and it's going to take a different set of technologies and a different set of architectural skill sets to solve that problem.

On the downside, the jig will be up for poor SOA technology out there. Guys who haven't been able to get acquired or haven't been able to hit that inflection point and are still stumbling along -- typically making \$2-5 million a year and burning about that much in cash -- are going to eventually just going to have the plug pulled. And, 2009 is going to be when it's going to happen. They're just going to run out of steam.

We have a few of them right now. Ultimately, they're going to have lots of cuts, start hemorrhaging cash, and they're just going to go out. Some of them may be bought on the cheap, but the majority of them are just going to shut their doors.

Finally, the SOA buzzword out there is going to diminish in relevancy. I'm talking about the buzzword, not necessarily the notion of SOA. SOA predates when the buzzword was created, and it's going to postdate when the word "SOA" was created. It's going to morph into different things, and the cloud computing movement is going to get into it and define it in different directions.

Enterprise architecture had a chance to get in there and figure out how SOA relates back into their world. They've been fairly successful in some aspects of it, but they have been too slow in moving. The whole SOA movement is going to be more defined by the cloud. That's good for me and probably for everybody on this call.

Gardner: You predicted a couple of years ago, Dave, that SOA would get subsumed into enterprise architecture. I assume that's what you are talking about?

Linthicum: Yeah, that's what I am talking about. Most SOA is going to get practiced in '09 and '10, at least the new stuff, in the cloud-computing movement, even though it's still SOA. Basically, It's going to encompass cloud resources. Enterprise architecture will ultimately morph with SOA, and they'll become fundamentally the same concept.

SOA, which has always been an architectural pattern under the domain of enterprise architecture, will be subsumed by enterprise architecture and will be an architectural pattern under enterprise architecture. But, we're not going to be talking as much about SOA in '09.

Gardner: Just one quick follow-up. In terms of startups, you don't seem to think that there is going to be much funding left, no IPOs to speak of. What's the business model for these startups that you're seeing, the ones that can take advantage of PaaS with low upfront costs? How do they get funded? Do they need funding? And, what's their end strategy as a business?

Linthicum: They do need funding, but they don't need as much as funding as a company a couple of years ago, just because of everything you can get on demand. The strategy for the business is basically to glom onto the cloud-computing movement.

Some of the larger enterprises out there, some of my clients who are moving into the cloud-computing space by leaps and bounds, are realizing there are huge holes in the area, such as monitoring, event management, security, data mediation, all these sorts of things that aren't built into the larger cloud providers out there.

They have an immediate demand right now, a pent-up demand that's being created by the desire to lower cost, and driving a lot of these enterprises out into cloud computing. They're seeing these holes, and they are looking for solutions to make these happen. Both the entrepreneurs and the funders have realized that these things exist, and they are scrambling around trying to get them up and running.

As far as funding goes, it doesn't take that much to get a company, the assets, and the infrastructure up and running. Most of these solutions you will find will be leveraging on-demand platforms themselves. So, they'll be coming out of the cloud, providing services to clouds.

Gardner: They might actually find some engineers to hire from all those other startups that went away.

Linthicum: There are a lot of them on the streets right now.

Gardner: All right. Mike Meehan, there must be something we've missed so far.

Meehan: I don't know if there's anything you really missed, but I am going to pretend like you have and try to get some stuff in there.

The first three have to do with the economy, because obviously everybody is dealing with what we expect to be a down economy.

The first one is going to be a blast from the recent past. If everybody remembers back in 2001, when that recession hit, all of a sudden you could buy wonderful amounts of gear on eBay for next to nothing. I remember talking to one guy who was smiling like a Cheshire Cat, because he had replaced \$45,000 worth of Unix with \$500 worth of Linux. I think you are going to see a lot of that.

People are going to be shutting down data centers. That's going to cause a glut of servers and storage gear and network gear, and you are going to be able to get it cheap and affordable. That's going to hit the storage and network and server companies.

New sales are going to be tough to come by, because you're going to be able to get previously owned gear at affordable prices.

Gardner: So, a great disruption to the existing channel then.

Meehan: Exactly. It's really going to hit the channel vendors. CIOs are going to be able to come in and say, "Hey, look, I'm genius. I bought all of this stuff for next to nothing." And, there are going to be other CIOs who come in and say, "Hey, you know what. I was able to get some money by liquidating our assets." That financial pressure is going to affect everybody in the hardware market.

Gardner: They use to call it a Yankee Swap. Didn't they?

Meehan: Yeah. I think you are going to see a big international Yankee Swap. So, that's going to be out there.

The next one is license wars. The CIOs are coming in, they are going to be asked to cut budget, and there is only so much flesh you can cut out before you have to deal with that maintenance license budget. I think every company in the world is aware of the fact that they pay more in licenses than they want to. They have always theoretically wanted to lower those costs. The pressure now is going to be too great for them to not consider options.

This is going to be great for Open Source companies, which are going to be able to come in and say, alright, you don't have to pay me a rolling license, here is my support cost, see how much its going to lower your license.

It is going to be bad for Microsoft, because again, to a degree they are becoming commoditized across their portfolio, and that's going to hit them right in the breadbasket.

Gardner: Do you agree with me that in hindsight the fact that Vista didn't live up to its potential is really going to hurt them?

Meehan: Absolutely. There are still companies out there working on Windows 2000, and those companies are going to be looking to switch, that they haven't gone to Vista just makes them a free agent, and this is going to also apply to Office.

Gardner: Whomever that architect was on that Vista project, he's fired, right?

Meehan: I think he's long gone. I think he is running the charitable foundation. They not only missed it, but they reinforced every negative perception of Microsoft when they came out with Vista: the inability to meet a product deadline; the security flaws that have been long associated with Microsoft; you need a zillion patches just to get it to work and do basic things.

Everything that they were supposed to have addressed, they failed to address, and then they reinforced that. Now, companies are just sitting there asking, "Why am I paying this much money for bad software?"

Gardner: So, it will be a really a good year, if you are a negotiator on the buy side, but a terrible year if you're on the sell side.

Meehan: I'd think so. This should hit some enterprise resource planning (ERP) vendors too. Anybody who can sell SaaS in the ERP market is going to be doing better. I think you are going to see some erosion on the SAP and Oracle side, as far as enterprise apps go.

"Make my life easier or go away." That basically means, users are going to need productivity and ease-of-use integration. You're going to see those in requests for proposals (RFPs). If they're not stated explicitly, they will be there implicitly.

Referring to SOA projects, for example, don't come in and tell me how much work I'm going to have to do to make all of this come together. Come in and tell me how this is going to make my life easier on day one. The companies that can deliver that will be the ones making the sales. The ones who are telling you that you're going to need to do eight months of work to get this up and running are going to be pushed to the back burner.

I really think that's the lure of the Web-oriented stuff. I take issue with the notion of WOA, because I don't necessarily buy into the architecture portion of it, but I do buy into the notion that it makes your life easier. It makes things easier to do. If you are a developer, it can get your stuff up and running quickly. If you can do that in some sort of organized governable fashion, then go with that.

What you're going to see in a lot of the SOA projects out there in particular is "All right. Make it easy for me to assemble an application. Make it easy for me to reuse my assets. Make it easy for me to modify my existing applications. Make it easy for me to integrate different applications and even information between different divisions of my company."

Gardner: When you say "make it easy," are you talking about governance?

Meehan: I'm actually just talking about the mechanical process of doing it. You almost want it to be governable on the fly. What you really want is that you don't have to dedicate too much time and resources to undertake these functions. Users aren't going to have that much time or that many resources.

For example, imagine I'm a financial-services company and I've picked up a good loan portfolio from a distressed corporate loan company that had to sell their good loans off, because they were distressed, because they had made bad private loans. I got a good package of corporate loans from them. I need to integrate that quickly into my system, otherwise I am not going to be able to effectively govern that. I'm also not going to be able to effectively create the future programs around those customers, which is what I am looking to do.

So, how quickly can I do things now, as opposed to how thoroughly can I do things? You're going to want to be thorough to an extent, but really it's going to be speed to market and speed to end of project that's going to be a determinant in there.

Telecom shakeup. The U.S. government is going to start treating telecom like its our national road system, and you are going to see some serious investment in that area. That's going to become one of the key points in the economic stimulus package that you're going to see.

I also think you are going to see European telcos begin to encroach, either through acquisition or just through offering services into the U.S. market.

The last one, HP buys Sun. Somebody is going to get bought this year, somebody fairly big. I'm saying HP is buying Sun.

Gardner: They don't need to buy them. They can just replace all their servers in the marketplace.

Meehan: Basically.

Gardner: JP Morgenthal, you're up. The last swan song. We must be missing something?

Morgenthal: The funny thing is, I have had you on mute, listening to everybody, and struggling, because while this was going on, I had a visit from my media-services-in-the-cloud provider. He had to come set up my new entertainment in-the-cloud service box. We still need people is the point there. So, I found that very interesting and humorous to be going on when everyone was talking about clouds.

Gardner: You're talking about the cable guy?

Morgenthal: Exactly, the cable guy. The cable guy was here setting up my TiVo box. I'm going to preface my five by saying that I see we're entering into a modern age of reformation, and there are some really interesting things that are going to start occurring this year, moving forward to 2012. I know. It's my own prophecy, and it's out there, hanging on a limb.

My first prediction is that we're going to see a greater focus on the business process. Not business process management (BPM) per se, although initially people will target that thinking they are doing business process, but eventually they will get it.

I think SOA is dead, and I believe companies have no stomach for IT initiatives that cannot immediately be attributed to a value. They're going to do some small-scale business process reengineering, they're going to get tremendous value from it, and they are going to get it.

They're going to see that simplification is the way to go. Why are we doing all these complex things -- this hooking to that, hooking to this, hooking to that? I can just go into this one box and get everything done there. I don't care that it's not sexy, okay.

The age of disposable computing is here. We have had disposable electronics, disposable cars, and disposable appliances. The age of disposable computing is here.

Number two: the backlash of social networking. We're just on the precipice. Everyone is getting into it, having a little fun. Certain ones of us are on the leading edge. We're already getting bombarded and tired. We're already fried and overloaded from these social networks. The new people think it's a great new toy.

Give it a couple of years and you are going to see a tremendous backlash. You're going to see a rise of firms that will get paid to get people off the grid -- people who made big mistakes in thinking they were having fun during their early social networking experiment.

Gardner: This is sort of like tattoos, but in the cloud?

Morgenthal: Exactly. Angelina Jolie has got to get Bobby off her butt, and it's going to cost her. We're going to start to see that. We'll see the real backlash come into effect in 2010, but we'll start to see forms of it in this coming year.

Third, the pain from the economy is going to impact the open-systems market. We're seeing the rise of what I call the "anti IT." You hit upon that. You read about people reaching into petty cash, doing things on the cheap, finding other ways to get things done.

The one that's going to be the biggest impact is that people are treating open source like free software. That will destroy the open-source market for sure. It's the death knell. It's the stake in the vampire's heart.

People don't get it. I remind every one of my customers of that, when I talk to them, and they ask about an open-source solution. I've got to put my warning out there. Open source is not free software. You're either contributing dollars to the team that's doing it, or you are contributing your time and effort. It's not free software. You just don't take it and use it. That will be the death knell for open source for sure.

Gardner: Wait a minute, a death knell for open source or death knell for commercial open source as a business model?

Morgenthal: That's a good question. I won't differentiate at this point, because I'm looking at it from the perspective of the event horizon, where people are treating it like free software. There is no free lunch. Somewhere it's going to take hold. There's going to be a lack of support or a lack of desire to continue this thing, if people are abusing the system. It happens all the time. Nothing will drive greater abuse of open source than a bad economy, where there are no dollars.

Gardner: Okay. What else have you got?

Morgenthal: Number four: the millennial workforce is starting. This is going to change everything, and it's starting to already. These people have attitude that I haven't seen in a workforce since marketing people came out in the dot-com era.

They definitely feel like, "I want my toys. I want to be able to use my phone at work. I want to use my computer at work. I want to be able to access my sites at work." I see companies dealing with this issue in a unique way.

Their attitude isn't, "If you want a job, then you have to deal with it in our way." It's, "I'm scared. I don't know where I am going to get my workforce for the 21st Century, and I don't know how to deal with these people." Their first inclination isn't to push back with the old adage and the old way of talking about it, saying, "Hey, it's our way or the highway. We've got the money." It's "Okay, what do you want?"

This is going to really change things. How? It's yet to be seen, but clearly the introduction of a much more mobile force, more telecommuters.

Gardner: Most of us.

Morgenthal: That's a lifestyle choice. Yeah, it's pretty interesting. The millennial workforce is going to change things dramatically.

The last one is that there's a big change coming in DRM and patent and copyright. It's being lead by this initiative out of Harvard with RIAA. RIAA may have just started a war for everybody in the industry who has any copyright or any patent infringement suit. The judge in case said, "All you people, you big companies with big lawyers and big money, are taking on these poor little schnooks, and it has got to stop. They are coming in here and they don't even know what their legal rights are."

Gardner: Do you think this is what Nathan Myhrvold is up to?

Morgenthal: I didn't see his name associated with it. It was actually a Harvard law class, I believe, represented by a Harvard law professor, backing it. They're representing it as unconstitutional. So this case could be landmark for DRM, copyright infringement, and patent infringement.

Gardner: So, the basic message is kill all the patent trolls.

Morgenthal: It could be, and it would have a tremendous impact going into the potential for a startup economy. Dave talked about the startup economy, where downtime is a great time to start a new company and a great time to get out there and get your technology done early.

Landmark cases like this will do a lot to further the opportunities of these firms to go out there and build something without worrying, "Am I going to get taken out by Microsoft? Am I going to get taken out by Apple? I can't afford that." It's really interesting what could happen, given the cases like this are now falling on the side of the small guy, and not on the side of big companies.

Gardner: Right. Big companies were the victims of the patent trolls, now they are becoming patent trolls themselves.

Morgenthal: Yeah. They're hiring companies to go eat these things up, and then they are going after the small guy. We had multi-million dollar lawsuits over patent infringement for technologies that people hadn't even built or owned. I really think that the greed of Wall Street is also going to see that backlash, and it's going to lead to more of the same, or at least help those cases significantly.

People who have made big money pillaging the system over the years, in the age of reformation, are the ones that are going to get hung in the next two to three years.

Gardner: We're just about out of time. Let's go quickly down our list for any last synthesis insights. Jim Kobielus, senior analyst at Forrester Research, thanks for joining. What's your synthesis of what you have heard?

Kobielus: My synthesis is that we are living in a very turbulent and volatile time in the industry. Things are changing on many levels simultaneously, and a lot of it will just be hammered by the recession. Approaches like cloud, social networking, and everything will be driven by the need to cut cost and to survive through fiscal austerity for an indefinite period.

Gardner: Tony Baer, senior analyst, Ovum, what's your takeaway?

Baer: It's hard to know where to start, but if there is one way to look at, it's back to basics. There are a lot of complex issues, and I think it's all going to be resolved locally, which in the long run, is going to present a huge governance challenge.

Gardner: Brad Shimmin, principal analyst, Current Analysis, what's your current analysis?

Shimmin: Currently, I'm thinking that the millennial generation and the down economy are converging like a perfect storm to wipe away what we have known for the last 10 years, and then ushering either perfect terror or a great new economy. I'm not sure which yet.

Gardner: Joe McKendrick, independent analyst and blogger, what's your toxic IT prediction?

McKendrick: We're definitely at a turning point. I agree with what everybody is saying out there about growth mode. Dana, I like your observations about the rogue or the shadow IT. You're going to see a lot more of that. It's been predicted for quite a few years actually that IT is going to be less of an entity onto itself and more of a function that's built into business units.

Business people are getting more involved in IT. Business people are getting more savvy about IT. JP talked about the millennial generation. They're very savvy about what IT and the power of IT can provide. We're going to see less of IT as a distinct area of the business and more part of the business, an enabler of the business. This year is going to accelerate that.

Gardner: Dave Linthicum, founder of Linthicum Group, what are you seeing from what you have heard and what's your net-net?

Linthicum: I think it's going to be one of the most exciting couple of years in IT. Just by sheer cost pressure, we're going to have to get down to simplifying and solving some of these issues, and not just playing around with technology. Things are going to get more simplistic, more effective, and more efficient than they have been over the last 20 years of building layer upon layer of complexity. We just can't afford to do that anymore, and now we are going to have to go fix it.

Gardner: Mike Meehan, senior analyst, Current Analysis, any additional takeaways?

Meehan: There's a lot of panic out there, and in keeping with one of the great holiday traditions, I think the winner is going to be Mr. Potter. The future belongs to warped, frustrated old men.

Gardner: He is buying up all those mortgages for pennies.

Meehan: Exactly.

Gardner: All right. JP Morgenthal, one last go. What do you see from what you have heard on a high-level takeaway?

Morgenthal: Opportunity and fear -- and it's a matter of which one is stronger. I have no prediction as to which will win out. They're both equally powerful right now, and it's going to be, as Dave said, exciting to watch these two clash and see which one wins.

Gardner: I guess my takeaway is that we don't know how long it's going to take, but we will come out of this period. Survive anyway you can, but be mindful that on the other end it's going to be something quite new, with a lot of opportunities, and it's going to look a lot more like what Internet time means, and the clicks will mean more than the bricks.

Well, thanks all very much. Have a great holiday season. Please take a few days off and relax with your families.

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This is Dana Gardner, principal analyst at Interarbor Solutions, thanks for listening. Have a good year in 2009, somehow.

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