

PUND-IT RESEARCH

Marketplace Update

IBM System i – Putting the “i” into VIP

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IBM System i – Putting the “i” into VIP

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Familiarity does not breed contempt for server platforms. On the contrary, becoming well-known is a necessary step in developing a strong, effective brand. But while building and delivering on a reputation for dependability are critical keys to customer satisfaction, there can also be downsides to being closely associated with specific types of applications or business processes. This is particularly the case if customers come to assume or competitors actively claim that those limited functions are all a platform can do.

How can a vendor to break a platform out of a confining if well-crafted and comfortable box? In three ways: First, target new markets or sub-markets which lay near or even within a platform’s proven areas of performance. Second, collaborate with partners such as ISVs, distributors, and resellers to hone new solutions that meet the needs of new potential customers. Finally, move forward with those partners in a concerted effort to define the value of new solutions, identify potential customers, and deliver products to market.

The new IBM System i VIP (Vertical Industry Program) initiative is a notable example of such an effort. By leveraging the well-known qualities of its System i server solutions and the collaborative energies and innovations of the vast System i partner community, IBM is able to build finely-tuned “micro-vertical” industry solutions that meet the specific needs of those customers. The company’s recent “Casino in a Box” offerings are a case in point. By pairing System i servers with specific software and service offerings, IBM delivered solutions for a range of critical casino and gaming business processes including gaming management, gaming financials, and hotel and restaurant management.

System i’s Very Important Partners

Though the legendary flexibility and stability of IBM’s System i servers provide the foundation for the VIP initiative, the company’s partners deliver the “secret sauce” that differentiates the new solutions from other less powerful, less distinctive products. To consider how IBM ISV partners are leveraging their deep System i expertise into new innovative offerings and market opportunities, we will examine two such organizations: KMR Systems and HarrisData.

KMR Systems

Based in Soyosset, NY, KMR Systems develops customized state-of-the-art software solutions for vertical markets including Labor Unions, Pensions, and Healthcare, and also offers application modernization and consulting services. The company’s software offerings are all HIPAA compliant & fully integrated, and its deep customization skills allows KMR to completely meet each client’s unique requirements.

The company believes its success is the result of emphasizing quality, integrity, and on/time implementation in its business dealings. While KMR originally supported multiple platforms, IBM’s System i (originally System/34, 36, 38, AS/400, and iSeries) developed so great a reputation among the company’s clients that in 1982 KMR fully committed itself to support only System i. By doing so, the company says it is able to take full, continual advantage of new state-of-the-art System i features.

In 2004, KMR began a significant transition as company president and founder Michael Galligan's three children (Kelly, Michael, and Ryan) began joining the business which was named for them. In addition, new System i programs led KMR to embark on a major expansion of its business. The company added technical staff, joined IBM PartnerWorld, leveraged IBM's Initiative for Innovation to modernize applications, and participated in IBM's Developer Lease Program. The result? KMR believes that numerous System i strategies and features including IBM's "collaboration" model, multiple OS support, VoIP integration, CBU-model disaster recovery, and open standards solutions like PHP will help the company achieve significant growth.

The company sees IBM's VIP initiative as another major business driver. KMR recently took advantage of program offerings including co-marketing and sales resources support to drive initiatives around its Labor Union solutions, and identified 85 strong sales leads through an event it co-sponsored with IBM. Overall, KMR expects to realize 400% growth as a result of its participation in the VIP program, and believes that it and other ISVs have been rejuvenated by new IBM System i solutions and initiatives.

HarrisData

From its headquarters in Brookfield, Wisconsin, HarrisData provides a variety of business management application suites aimed at mid-sized organizations throughout the U.S. The company's offerings include solutions for enterprise resource planning (ERP), customer and supplier relationship management (CRM/SRM), manufacturing execution systems (MES) and human resources information systems (HRIS).

HarrisData offers customers a number of notable features in how they can buy, administer, deploy, and use software. For example, the company provides its products via a unique "Omni-License" model, which provides perpetual software licenses with unlimited users, five years of unlimited support and upgrades, and five years assurance of fixed costs. HarrisData also worked with clients to develop a Software Customers Bill of Rights, to which it ascribes. As a result, the company claims a 95% customer retention rate, and says that over 70% of its clients have adopted current versions of its business management solutions.

HarrisData's deep relationship with IBM and System i has resulted in numerous long term benefits for the company. Being an active participant in the System i Initiative for Innovation helped HarrisData drive forward a range of modernization efforts including a migration toward browser-based application offerings. In addition, the introduction of PHP on the System i platform allowed the company to proceed with scripting its enterprise applications for SMB customers, significantly expanding market opportunities. Due to the System i's proven reliability, availability, and security (RAS) benefits (which result in low IT costs) and IBM's continuing focus on delivering new innovations for the platform, HarrisData deploys its solutions exclusively on System i.

The company is also an active participant in IBM's VIP initiative, resulting in a new solution aimed at furniture/metal fabrication manufacturers. Though such businesses enjoy many benefits from working within tight-knit local communities, they also face intense competitive pressure. To continue to succeed, they need to aggressively reduce costs, improve quality, and stay better connected with suppliers and customers. To help customers in this complex process, HarrisData's VIP solution includes cost-effective Lean Manufacturing modules, just-in-time KanBan Replenishment, and fully-integrated ERP. In addition, the

company's browser-based applications provide fabricators the means to more easily offer customers critical inventory, product, pricing, and order information.

Mission Accomplished?

Building and delivering on a reputation for dependability are keys to providing world class customer satisfaction, but it is also important for vendors to seek out new customers and areas of excellence. By working with partners such as ISVs, distributors, and resellers to target new markets and hone solutions that meet the needs of potential customers, vendors can go a long way to invigorating or reinvigorating IT platforms. IBM's VIP initiative is a notable example of a collaborative effort that combines the proven qualities of the company's System i server solutions and the energies of the vast System i community, resulting in finely-tuned and innovative "micro-vertical" industry solutions.

IBM's System i servers provide the foundation for the VIP initiative, but company partners such as KMR Systems and HarrisData deliver the "secret sauce" that differentiates the new solutions from less powerful, less distinctive competing products. KMR stands as a remarkable example of a successful family-owned and operated business that is riding new IBM System i solutions and initiatives to next-generation growth and success. Along with the VIP initiative, HarrisData is leveraging its own expertise and IBM's Initiative for Innovation to reach new customers and markets. Overall, these two companies exemplify the opportunities provided by IBM's System i Vertical Industry Program.

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About Pund-IT, Inc.

Pund-IT emphasizes understanding technology and product evolution and interpreting the effects these changes will have on business customers and the greater IT marketplace. This report is the result of sponsored research developed by Pund-IT, Inc., which believes its findings are objective and represent the best analysis available at the time of publication.