

B2Bwatch: All that Matters in B2B. Week of January 24, 2002, Vol. II, #1

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A free compilation of news and analysis of the B2B industry, presented by the B2B analysts of The FactPoint Group ([www.factpointgroup.com](http://www.factpointgroup.com)). The FactPoint Group is a Silicon Valley research, consulting and publishing firm focused on four areas: Web services, enterprise portals, wireless and storage.

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\*\*\*\*Web Services Show Tasty But Not Satisfying

By Tim Clark, Larry Gordon and Dave Kaplow

Last week's Web services conference in San Francisco both entertained and frustrated us. The entertainment, of course, came around the Microsoft-Sun Microsystems sparring over whose platform is best and less proprietary for building Web services. Sun's James Gosling gave his usual erudite but geeky pitch for Java and J2EE as the best platform for Web services (and for solving world hunger). Then one Microsoft VP after another described why Microsoft's Web services tools and platforms will enable the universe.

Iona CEO Barry Morris summed up the Sun-Microsoft competition best: "Sun used to say the network is the computer. Now it seems to be saying that the application server is the computer." Translation: Sun is setting and Microsoft is rising in Web services, not just at the Infoworld conference but in the Web services marketplace as well.

Our frustration over the conference came because Web services vendors are talking about IT benefits and not business benefits from using the new XML-based technology. These messages target developers and CTOs, not business managers or CIOs.

We heard visionary value propositions--increased business flexibility, faster innovation, new business models. But vision alone will not sell web services in 2002, a year of

careful investment. The FactPoint Group believes vendors must demonstrate clear value out of the Web services abstraction. (AstraZeneca, a pharmaceutical company implementing Web services told us, "A vendor that can articulate its Web services strategy is more attractive.")

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Here's how the major players lined up at the Infoworld conference on their Web services messages:

**Microsoft:** Interoperability is key, and Microsoft's development tools, embodied in Microsoft Visual Studio, are the best way for developers to create Web services. Microsoft was less clear on what Web services it plans to deliver or, perhaps more accurately, where it doesn't plan to play. Its messages are centered on developers, and its examples focus primarily on consumer applications of Web services.

**Sun:** Sounds like a hardware vendor trying to adapt its basic Java messages to Web services, which means pushing J2EE everywhere. "Look beyond Web services. The world of Java includes so much more," quoth visionary Gosling. Sun clearly has spent too much time focused internally (perfectly understandable when revenue is dropping like a rock) so it's talking to itself, not to customers.

**IBM:** Big Blue (with Tibco, Attachmate and others) epitomizes vendors positioning Web services as just another tool in its integration toolkit. IBM slides back and forth between the Microsoft and Sun camps. Its Java alliance with Sun looks a bit frayed, but it can't quite bring itself to fully embrace Microsoft. To its credit, IBM articulates business messages better than any other Web services vendor.

**Oracle:** Usual stuff from Ellison's acolytes—we have Web services, will have Web services, always have had Web services. Using Web services in Oracle's hosted applications. Wants to be a Web services platform.

**HP:** Hard to generalize on Hewlett-Packard's Web services strategy, since a wireless HP executive spoke and was HP's chief representative at the confab. HP is too distracted by the Compaq merger to craft effective Web services messages.

**VCs:** A panel of six top-tier venture capitalists named only two Web services vendors (Cape Clear and Talking Blocks) that they had funded. Most VCs are still looking for their first Web services investment. Nor do they earmark a specific percentage of

available capital to Web services investments. Of the panelists, Charles River Ventures, which funded Web services/CRM start-up Wheelhouse, seemed to have the deepest strategic focus on XML companies.

**Security:** It's a problem, everyone agrees. Nobody argued for insecurity, however, so it wasn't really a fair debate. Biggest security problem: Take an internal application and convert it into a Web service for outside trading partners. That kills the internal security scheme. Inside the firewall, security works, but let outsiders use the Web service and poof, that internal security infrastructure doesn't apply. Or else it breaks when a trading partner tries to transact via the Web service. As McAfee.com CIO Doug Cavit put it, "Web services are a hole in the dike I built."

**Conference puzzler:** Many a vendor mentioned the need for a "federated system," which apparently has something to do with security and different entities having different data about an individual. When an Infoworld editor asked the final panel to define the concept, a techie gave a wholly incomprehensible explanation. So B2Bwatch readers, anyone want to take a crack at defining a "federated system?"

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The FactPoint Group is launching a multi-client research product on XML Web services. More than 20 early adopters of Web services will be interviewed on which applications and value propositions have driven their usage. We'll identify the industries where XML uptake is greatest. For a prospectus, contact Tim Clark, [tclark@factpointgroup.com](mailto:tclark@factpointgroup.com)

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### **\*\*\*Where the Facts Point on Web Services**

By Dave Kaplow

The FactPoint Group believes the current difficulty with Web services, both for enterprises and vendors, is how to extract business value from these technologies. Eventually, Web services will become a new way to architect and deploy applications, first within the enterprise and then with trading partners. The challenge is moving to that new approach. Efforts to date have been in standards, platform and tools development plus early enterprise experimentation.

While many hope this new development metaphor will improve IT and developer efficiency, the jury is out on whether Web services will benefit anyone beyond developers. Can Web services deliver real business value for the enterprise?

For 20 years, IT investment has built applications for a specific business purpose, with most spending focused on the enterprise's internal needs. These applications usually worked well inside the four enterprise's walls. Then the Internet forced enterprises to rethink how they would expose business processes to customers and trading partners. Web services technologies can implement that outward focus, but it remains unclear just

how boldly corporate America will use them for that purpose. The challenge will be merging roles and business processes across trading partners, not programming issues.

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The Fortune 500 has gone Portal. The FactPoint Group just completed a report on valuations and trends for corporate Portals. Learn how General Electric, Daimler Chrysler, Covisint, Boeing, Dell Computer, Delta Airlines, Owens Corning and other major players value their Portals. For information, contact Dave Kaplow ([dkaplow@factpointgroup.com](mailto:dkaplow@factpointgroup.com)).

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In 2002 and probably most of 2003, enterprises are aggressively moving to become more efficient. They must wring more efficiency out of their businesses by providing the same or higher levels of service to customers and business partners at lower cost. The benefit: Lower cost structures and a stronger competitive position when the economy turns up.

At issue is not the capabilities of Web services, though today they are not sufficiently robust for many mission-critical applications. The question is whether these remain the playthings of software developers or tools for business managers.

FactPoint Group is currently signing up customers for a multi-client research product on early adopters of XML Web services. We're looking at which applications and value propositions work for early users. We'll identify the industries where XML uptake is greatest. For information on the research, email Dave Kaplow, [dkaplow@factpointgroup.com](mailto:dkaplow@factpointgroup.com).

#### \*\*\*\*WebServicesWatch

Concord EFS ([www.concordefs.com](http://www.concordefs.com)), the world's second largest card payment processor, has unveiled an Internet payment gateway built on Web services, making it the first payment processor to implement Web services in a big way. EFSnet lets brick-and-mortar merchants use a secure Internet connection (instead of a dial-up or dedicated line) to authorize card payments, saving telecommunications costs. It also lets merchants avoid the cost of buying a dedicated card-swipe terminal to sit on the check-out counter.

Sun Microsystem's iPlanet ([www.iplanet.com](http://www.iplanet.com)) division announced with Bowstreet ([www.bowstreet.com](http://www.bowstreet.com)) that Bowstreet's Business Web Factory will be ported to the Sun ONE architecture. Bowstreet said its Web services development and assembly platform will be available for the iPlanet application server by the end of March.

Start-up tools vendor Avinon ([www.avinon.com](http://www.avinon.com)) announced a strategic alliance and joint marketing deal with Microsoft. Sales effort will concentrate first on manufacturing and financial services. A small step for Microsoft, a giant step for Avinon.

Swiss vendor Day ([www.day.com](http://www.day.com)) has launched its Java-based Communique Unify infrastructure for managing digital content and processes through the enterprise. Its

partners on Communique Unify include Sun Microsystems, IBM, SAP, Hewlett-Packard, BEA, webMethods and Oracle.

RioLabs ([www.riolabs.com](http://www.riolabs.com)) announced its Web services assembly platform for creating and assembling Web services from existing applications and data.

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