

Booths Bites Paul Booth Column IBM scores a century The company celebrated its 100th birthday on 16 June.

POST YOUR COMMENT By Paul Booth

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IBMs 100th birthday celebrations and Oracles multibillion-dollar litigation against Google dominated the international ICT space last week.

At home, Telkom SAs financial results and the issues surrounding its Multi-Links business in Nigeria dominated the local ICT media space.

Key local news

- * Satisfactory Q1 figures from TeleMasters, with revenue up 37%, although profit only up 6.3%.
- * Satisfactory year-end figures from Mix Telematics, with revenue up 5.5% and profit up 8.2%.
- * Mediocre year-end numbers from Telkom SA, with revenue down 6.7% and profit down 96.4% (the profit from the Vodacom sale were reflected in last years numbers).
- * A positive trading update from Naspers.
- * The additional 12.5% investment by Tata Communications in Neotel, in a move that brings its stake up to 61.5%. The stake was owned by a Two Telecoms consortium.
- * Blue Label Telecoms will terminate its business activities in Nigeria.
- * Morvest Business Group is transferring its AltX listing to the main board as from today.
- * NetApp has opened a permanent office in Johannesburg.
- * Telkom SA has cancelled its Multi-Links CDMA deal with Visafone Communications, and it will not continue to fund its Nigerian Multi-Links business.
- * The publication of the draft ICT charter, which is now open for comments until 10 August. It seems that further clarification is needed since it contains terms that are ill-defined.

Key African news

- * Qatar Telecom made an additional investment in Tunisiana (Tunisia). The former already owns 75%.
- * Essar Group (India) is not going ahead with investments in Dhabhi Groups telecommunications investments in Congo and Uganda.
- * The IDC said PC shipments in East Africa grew by 76% in Q1, and an overall 35%-45% in 2011 during the rest of the year.
- * The Nigerian government cancelled the sale of Nitel.
- * Safaricom (Kenya) and Telkom Kenya (Orange) have created a tower management company.

Key international news

- * Amdocs acquired Canada-based Bridgewater Systems, in a move by the former to beef up its billing software business to better handle the surge in mobile data traffic. The deal was worth \$215 million.
- * Capgemini bought Prosodie, a French Internet and telecommunications services company that

is owned by Apax partners, a major private equity group. The acquisition was worth €332 million.

- * Ericsson purchased Telcordia, a US-based software and services company that was in dispute with Telkom SA up to recently, for \$1.2 billion.
- * Garmin acquired Navigon AG, a German-based navigation provider.
- * Honeywell bought EMS Technologies, a maker of wireless communications products, for \$491 million.
- * Nuance Communications acquired SVOX, a Switzerland-based provider of voice services for in-car and consumer electronics.
- * Time Warner Cable purchased NewWave Communications cable systems in Kentucky and Western Tennessee, for \$260 million.
- * VMware bought Digital Fuel Technologies, a company that has created software that allows IT to run financial models to see what the TCO will be for using certain kinds of cloud-based computing. The deal was worth \$85 million.
- * Alibaba.com is to split its e-commerce Web site (Taobao) into three units: its product search engine, eTao; its business to consumer Web site, Taobao Mall; and its consumer-to-consumer Web site, Taobao.com. Taobao is Chinas largest e-commerce Web site.
- * HP announced a top management shake-up that includes Ann Livermore moving to a board position and relinquishing her operational role as head of HPs Enterprise Services business.
- * Toshiba will tie up with HP to provide cloud computing services to support public service networks ranging from power, water, gas to IT systems.
- * Telefonica has cancelled the planned IPO of Atento.
- * Apple has overtaken HP as the worlds largest buyer of semiconductors.
- * Oracle is suing Google for billions for an alleged infringement of its intellectual property in its Android mobile phone software.
- * Mediocre quarterly results from Idea Cellular (India).
- * Mixed quarterly figures from Research In Motion, with revenue up but profit down.
- * Jonathan Lu resigned as CEO of Taobao (China).
- * A planned IPO by Alibaba.com of its Web hosting business.
- * An excellent IPO on the NYSE by Pandora Media, an Internet radio company that allows listeners to create up to 100 of their own personalised stations of music; although much of the gain was lost in subsequent trading.

Look out for

The battle begins

Oracle is suing Google for billions.

- * International:
- * A possible private equity buy-out of DST Systems.
- * Acquisitions by EMC to help companies sort big data. EMC may spend up to \$3 billion to achieve this.
- * South Africa:
- * The fate of Telkoms Multi-links business in Nigeria.

Research results and predictions

- * The worldwide hardcopy peripherals market grew 7.2% in Q1 to 36.5 million shipments, according to IDC.
- * Worldwide mobile advertising revenue is forecast to reach \$3.3 billion in 2011, according to Gartner.
- * The worldwide systems management software market grew 8.2% in the second half of 2011, to reach \$7.2 billion, according to IDC.

Stock market changes

- * JSE All share index: Down 1.6% (lowest weekend close this year)
- * Nasdaq: Down 1% (lowest weekend close this year)
- * Top SA share movements: African Cellular Towers (-15.4%), Altron (-12.7%), Ansys (+14.3%), CompuClearing (+13%), ConvergeNet (-15.4%), Mix Telematics (+14.7%), Sekunjalo (+11.1%), Stella Vista (-12.5%), TeleMasters (+18.8%) and Zaptronix (+33.3%)

Final word

On 16 June, IBM celebrated its 100th birthday. The company started its life as Computer Tabulating Recording Corporation, one of the four entities that had merged in 1911; and then subsequently changed its name to International Business Machines in 1924 when it moved away from small office products towards large-scale, custom-built tabulating solutions for business – a focus it has retained until this day.

In 1964, it introduced System/360, the first major family of computers to use interchangeable software and peripheral equipment. This was the start of IBM's mainframe success, and led – in 1969 – to a 13-year-long anti-trust litigation battle with the US government regarding its dominance of the digital computer market.

In 1981, IBM introduced its initial PC, a forerunner of a successful business that was eventually sold to Lenovo in 2005, and a few years later in June 1988, it launched its successor to its System 36 and System 38 ranges, the AS/400, probably one of the most successful systems ever produced for small and medium-sized organisations.

In 1991, IBM incurred its first-ever operating loss and sold off many of its non-core assets such as its typewriter business and its printer business (the birth of Lexmark). These losses continued for a couple of years, and the \$8.2 billion loss recorded for the 1992 financial year was the largest ever recorded in corporate US history. This crisis, under the direction of Louis Gerstner, spawned the birth of IBM Global Services, which is today the world's largest computer services organisation.

Since then, IBM has made numerous acquisitions, including Lotus in 1995, Cognos in 2008, and the consulting business of PwC in 2002. I expect the company to join the \$100 billion revenue club this year and join some of the other ICT companies in this category, such as AT&T, HP, NTT, Samsung Electronics and Verizon Communications.

