

Rust Report

News and views of the action in Australasia's IT sector this week

July 30, 2010

THE RUST BUCKET

Political spin

DURING POLITICAL CAMPAIGNS, citizens young, old, and in between, watch for anything to help or hinder their favourite candidates, deciding who is liked or not on any given day. Along the way we follow mountains of words that march across news reports, debates, interviews, and ads. The non-stop talk and the tactical schmooze and the desperate spin and political rhetoric are lobbed at us daily.

We have little or no idea how much of it is true or anywhere near accurate or absolutely false or just the stuff of wishful thinking. Won't you be glad when it's all over, though. Do you ever think about how important it is that the winning candidate surrounds his or herself with people of good character, with a strong knowledge of their portfolios, and, importantly, able to make good decisions.

Despite all the practical recognition given to technical innovation in the global markets, few Australian politicians — whose job it is to tell us about the reasons behind economic success or failure — give technical innovation anything more than a peripheral role in their policies. We know they mean well . . . and we also know that tech execs are not good at lobbying in Canberra!

Today, IT is central to our economy and to our society. It drives many innovations and it offers enormous potential for further innovation in the coming decades. It is also the basis for an extremely successful Industry opportunity that will be critical to our nation's future competitiveness internationally.

And there can be no doubt that Australia's university system, for all its remarkable accomplishments, is not above the reach of improvement. There must be no doubt about the role that federally sponsored research in IT has played, is playing, and must continue to play in our economy and in our society. And we must continue to improve access to high quality education with a focus on building 21st century skills.

ICT research and innovation will continue to tackle many of the long-run challenges in the areas of health, energy, pollution, resources, and transportation, for we need to innovate faster in these critical vertical markets. Only then will public authorities be able to modernise services and respond to challenges such as ageing population, rising energy costs, and congested transport systems.

The challenge facing Australian IT in its efforts to punch above its weight in the global information economy are significant, but certainly not insurmountable. A renewed sense of urgency is required by all sides of government and by the IT sector itself, along with support from the financial sector, education and training providers, industry associations, and the wider business community.

— Len Rust RustOz@bigpond.net.au

NASDAQ owner buys Australian Smarts

NASDAQ OMX Group — the US exchange company — has reached an agreement to acquire Australian technology developer Smarts Group. Smarts, which develops market surveillance solutions, opened an office in the US late last year (Rust Report, Oct 30 2009, p4) and early this month won its third US derivatives exchange customer, and its largest user, in the form of futures and OTC markets operator IntercontinentalExchange (Rust Report, Jul 2, p2).

Anna Ewing, CIO of NASDAQ OMX, said Smarts is a strategic fit. "Smarts allows us to capitalise on the growing demand for surveillance technology products in exchange, regulator, and broker markets worldwide," she explained. "We are also excited about expanding our presence in Australia and look forward to leveraging Smarts' centre of excellence and innovation in the region."

Dr Andreas Furche, CEO of Smarts, said the acquisition was recognition of the strength of the company's solutions. "Being part of NASDAQ OMX provides enormous growth opportunities . . . and provides us with the direct connection to the US markets that we have been seeking," he said. www.smartsgroup.com

Aussie drives cashless Thai transport

Vix ERG, a member of the Vix Technology Group of companies that specialises in automated fare collection, has been selected to help design and deliver a smartcard clearing house solution for the Bangkok Smartcard System (BSS). The system will be based on Vix ERG's MASS system, explained Steve Gallagher, CEO of Vix ERG.

"Over time the system will be extended to provide support for other transit modes and to support micro-payments generally in Bangkok," Gallagher added. "The BSS solution has the potential to impact not only transportation, but the retail, tourism, and service industries within Thailand." www.vix-erg.com

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INSIDER EDITION

ComOps catches Kiwi contract

Australian business software developer ComOps has been selected to provide a mobile sales force automation solution to New Zealand seafood company Sealord. ComOps will provide its SAM and SAM analytics solutions, which will run on Motorola Windows mobile devices that will be deployed among Sealord's national sales force. The system will be integrated with Sealord's Navision ERP platform and Promax trade promotion management software.

"We believe that the comprehensive and customised ComOps training in the next few weeks will enable us to rapidly understand the solution's key features, which in turn will assist with our speedy transition from manual reporting," said Joel Bourke, national sales manager of Sealord New Zealand. www.comops.com.au

Byte Power extends Chinese kiosks

Queensland-based technology group Byte Power will expand its network of e-kiosks in China as the result of an agreement it has entered with Chongqing Sanxia Books and Periodicals Media, a company owned by Chongqing Post.

Alvin Phua, chairman and CEO of Byte Power, noted that Sanxia, which publishes and sells newspapers and magazines, owns about 300 newspaper kiosks in Chongqing. "This partnership will significantly expand the quantum of the business from the current 90 outlets to 390 outlets immediately," Phua explained. "Widening our access to 390 outlets will allow us to target much larger overseas companies where we can now deliver a broader platform and begin to achieve economies of scale," he claimed. www.bytepowergroup.com

Aussie tech drives UK carbon trader

Victorian technology developer Tradeslot has delivered an end-to-end carbon-trading platform for the London-based company CTX. The system was based on Tradeslot's TradeExchange — which was originally designed for resource and commodity trading — and is delivered via Microsoft's Azure cloud platform, explained Jesco d'Alquen, managing director of Tradeslot.

"The cloud makes Tradeslot's technology accessible to a broader range of clients. It removes barriers to entry that hardware costs can pose and reduces the time to market dramatically." www.tradeslot.com

Hosting aids Experian A/P expansion

Macquarie Telecom has been awarded a two-year contract to provide data centre hosting services to support Experian's first consolidated data centre in the Asia/Pacific region. The deal will enable Experian to grow flexibly as it extends its services in Australia and the wider region while holding to its global data centre consolidation strategy, explained Paul Vescovi, managing director of Experian Australia and NZ.

Macquarie will host Experian's Hong Kong data centre and back up and support 300 servers across the region, with links to 12 regional offices. "This allows Experian Asia/Pacific to seamlessly integrate its services between its regional offices," Vescovi said. www.macquarietelecom.com

Aconex helps expand Panama Canal

Melbourne-based company Aconex has been selected to provide its Web-based project collaboration system for use on the expansion of the Panama Canal. The system will provide a central platform for management of the information and communications required by organisations engaged on the \$US3.2 billion Panama Canal Third Set of Locks Project, explained Leigh Jasper, CEO of Aconex.

Jasper added that the Aconex system will be integrated with Microsoft SharePoint and Oracle's Primavera Contract Management. www.aconex.com

Moko.mobi goes Dutch on mobiles

Moko.mobi, an Australian company that has developed a chat and share system for mobile phones, has been selected for use on KPN's network in the Netherlands. The service will be made live to KPN's mobile customers via two premium mobile portals, and will include premium billing, explained Paul Grueber, Moko.mobi's senior vice president of business development. <http://corporate.moko.mobi>

UK group picks CargoWise

UK-based freight and logistics company Simarco International has selected the ediEnterprise system from multinational developer CargoWise to manage warehouse services at its headquarters in England. "The ediEnterprise solution will help to future-proof Simarco International's business for years to come," claimed Andrea Robinson, CargoWise's UK business development manager. www.cargowise.com

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INSIDER EDITION

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Brisbane ratepayers Blink

Brisbane City Council has launched a mobile service that makes council information available on smartphones. The brisbanecity.mobi system was developed by NSW company Blink Mobile Technologies — which also developed The Rust Report's mobile site <http://my.rustreport.com.au> — and provides the most popular Council website information from across eight icons. It also allows users to report problems to council.

- The council launched its service on the same day that Blink won three 2010 Australian Business Awards in the categories of Best E-Business Product, Product Innovation, and Best New Product. "Our goal is to consistently exceed market expectations for innovation and customer satisfaction and we are thrilled that our R&D is recognised," said Darren Besgrove, director of Blink. www.blinkmobile.com.au

Orders and Implementations

- Optus has been awarded contracts covering the provision of mobile and satellite communications services to the Northern Territory Government. The three-year deal is expected to be worth about \$A100 million a year. www.optus.com.au
- Fiserv has been selected to provide online consumer, business banking, and corporate services for Westpac's Online Transformation Program. Westpac, which has been a Fiserv client since 1990, has now selected Fiserv's Corillian Online and Voyager solutions. www.fiserv.com
- AMP has decided to use CSC's Collaborative Online Services private, cloud-based e-mail and collaboration system. The system is hosted by CSC in Australia. www.csc.com
- Sydney-based fruit and vegetable supplier T&F All States plans to use Cincom's Priority ERP and Environ Integration solution to manage its complex business process requirements. www.cincom.com.au
- Prowash Australia, a Melbourne-based supplier of professional car wash products, has purchased the Greentree Business Management & Accounting Software. The system is being supplied by SA company Star Business Solutions. www.starbusinesssolutions.com.au

Aussies worth watching

A roundup of companies making waves at home and abroad

- ADTEC COMMUNICATIONS designs, manufactures, and installs telecommunications and teleconferencing products to give organisations the ability to communicate flexibly and easily without dependence on an external teleconference service provider. Clients include stockbrokers and telcos, plus emergency, health, coastguard, rural fire, and police services. www.adtec.com.au
- NETBOX BLUE provides Internet and e-mail security, filtering, and management. The company's portfolio of products and services includes unified threat management appliances, e-mail filtering appliances (for virtual environments), and OEM-ready solutions. NetBox Blue has a presence in 19 countries. www.netboxblue.com
- SELECT SOFTWARE SOLUTIONS provides billing and CRM solutions for telecommunications businesses, and has developed the Selcomm product to cater for all aspects of managing a telecommunication provider's business, from order taking, through customer care and billing, to network integration for provisioning and service management. www.selectsoftware.com.au
- ENVIRONMENT IT designs and manufactures microprocessor and computer-based environmental recording equipment and environmental instrumentation, and provides electronic engineering consulting services. Services include automatic weather stations, water quality monitoring systems, data recorders, environmental sensors, and data collection and management. www.eitechnology.com.au
- SMART HEALTH SOLUTIONS specialises in Web-based shared electronic health record (SEHR) and on-line condition and chronic disease information management. The company implements secure Web technologies to allow cross-sector sharing of relevant clinical data by multidisciplinary teams. Smart Health has implementations in both the public and private health sectors in NSW, Victoria, and South Australia. www.smarthealth.com.au
- 3RDMILL provides IT and development services for the Web and portable devices, and has developed the 3rdgen content management solution that enables organisations to manage the content on their Web sites without any specialised skills. The product has been used to create a range of on-line applications, including a major compliance management solution in Australia. www.3rdmill.com.au

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DEALMAKERS

Customers buys Canadian

Australian ATM network operator Customers Limited has bought the Australian assets of Canadian company Calypso, which develops systems that manage processes and transactions that take place after a person inserts a card into an ATM. Previously Customers outsourced this "driving" function of its network to Calypso, explained Tim Wildash, managing director of Customers.

Customers has set up its newly acquired assets as a company named Processing Services Australia. "This acquisition will ultimately reduce operating costs and give us more control over our ATM traffic and business," Wildash claimed. "Customers can also drive transactions for other types of payments, opening up additional revenue streams." www.customersatm.com.au

Canadians buy Aust broadcast outlet

Canadian company Ross Video has agreed to buy Codan Broadcast, a subsidiary of Codan Limited that supplies routers, interface products, and audio monitors to Australian and international TV broadcast markets. Codan Broadcast was formed in 2005 when high frequency communications specialist Codan bought Provideo Systems of Adelaide and Talia Sound and Vision of Melbourne.

A statement released by Codan explained that Ross intends to continue running the business from existing premises in Melbourne, but will change the name to Ross Video. "Key new products that the Codan Broadcast acquisition will provide to Ross include a flagship line of routing systems that will complement and enhance the already extensive Ross product portfolio," the company's statement claimed. www.codan.com.au

ComTel sells retail mobile business

Mobile and e-marketing company ComTel — which was once known as ComodiTel — has agreed to sell its post-and pre-paid mobile businesses for a total of \$A7.8 million. When the deal is completed ComTel will focus on performance-based digital marketing, explained managing director, Chris Meehan.

"Our strategy is very clear; to build or buy digital assets that deliver results for Australia's leading brands and advertisers where we are rewarded for our performance," Meehan explained. www.comtelcorporation.com.au

Future invests in hotel site

Future Capital Development Fund has invested in hotel booking Web site CheapHotels.com.au, which offers access to 100,000 hotels worldwide. "This business is one of the most scalable business models I have seen and our capital will be used to fund further growth of the business," claimed Domenic Carosa, chairman of Future Capital.

Other major shareholders in Future Capital include Danny Wallis (DWS), Andrew Abercrombie (founder of Flexirent), and Simon Baker (realestate.com.au).

<http://dominet.com.au/investments/future-capital-investment-fund.html>

Telstra receives \$A18m knuckle-rap

Justice Middleton in the Federal Court, Melbourne, has penalised Telstra to the tune of \$A18.55 million for denying competitors access to a number of telephone exchanges. The access denials were in contravention of Telstra's carrier licence, and the telco had shown no true remorse for its conduct, "nor an appreciation of the seriousness of the admitted contravention", Justice Middleton said.

The Australian Competition and Consumer Commission had wanted the penalty to be \$A40 million, but Justice Middleton imposed a total penalty of \$A25 million, discounted 30 per cent for Telstra's co-operation, acceptance of responsibility, and for implementing a compliance program. www.accc.gov.au

Wireless ISPs rally for slice of NBN

A group of wireless Internet service providers has banded together to form the Motorola WSP user group and aim for a slice of the Federal Government's national broadband network. "WSPs are already working with the customers the NBN wants to reach. They have a close connection and commitment to their communities, so it's not a matter of working out who to service but more a decision on how to bring the two groups — the NBN and the WSPs — together to make it happen," said Roy Wittert, manager of Wireless Network Solutions for Motorola Enterprise Mobility Solutions, during the group's inaugural meeting.

Alcatel-Lucent joins uni on NBN

Alcatel-Lucent University has agreed to build a facility on a University of Technology, Sydney, campus to equip students with specialised skills needed in a broadband-enabled era. www.alcatel-lucent.com.au



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DEAL MAKERS

Continued from page 4

Rumours give iiNet AAPT retail

As we prepared for publication, trading had been suspending in iiNet's shares on the ASX pending an announcement, believed to be that the Australian ISP had agreed to buy the retail operations of Telecom NZ subsidiary AAPT. The trading halt is not expected to last more than two days. www.iinet.net.au

In related news, Telecom NZ announced that it had sold its stake in Macquarie Telecom for \$A9.9 million.

Patsystems opens hub in Aust

Patsystems, a British developer of stock market trading systems, has opened an application service provider hub in Sydney. When combined with two other new hubs in Hong Kong and Singapore, and an existing hub in Tokyo, the facilities create an ASP foundation for the launch of the company's XConnect hosted trading solution.

"Clients can opt to use just one of Patsystems' ASP hubs or they can utilise multiple hubs to facilitate cross-market access," explained Barry White, Patsystems' regional director for Asia/Pacific. www.patsystems.com

Talent2 goes on acquisition trail

HR outsourcing company Talent2 has completed the acquisition of online vocational education and training company Origin HR.

"Origin HR is a great addition to our vocational training business," said John Rawlinson, CEO of Talent2. "Improving workforce productivity through effective and efficient workforce training and assessment is vital to the success of our clients and we will continue to invest in this area." www.talent2.com

Business Briefs

- Smartpath (www.smartpath-software.com), Australian developer of the Loc8 asset management system, has joined forces with Sydney-based Valorem Systems to jointly offer a complete site, asset, and people management system for businesses in the facilities, building, and maintenance management arenas. www.valoremsystems.com
- The national network of Jim's Computer Services is promoting to customers of its franchisees the MPmail managed service offered by Manage Protect. MPmail is offered via a SaaS model. www.manageprotect.com.au
- Senetas has released on world markets a 24x7 network monitoring service that includes encrypted communications. The MonitorStream service is claimed to provide mid-sized companies with secured, automated monitoring in real time across a range of business-critical systems and applications. www.senetas.com
- Kevin Panozza, who founded the Salesforce contact centre operation in Australia, and his son Aaron Panozza, former CIO of Salmat, have joined forces with Clemenger to create Engage, a contact solutions provider that uses cloud delivery and technology from Genesys. www.letsengage.com.au

GUEST SPOT

The month in M&A

By Charles Lindop*

With ASX-listed firms (our primary buying community) focused on end of year activities, July has been a quiet month for technology M&A in Australia. Of most interest is the speculation about suitors (including iiNet and TPG) for AAPT, and the "exclusive due diligence" (private equity?) discussions UXC has entered.

A recent bright spark has been the \$US60 million Accell Partners investment in Sydney software firm Atlassian. Contrast this to [recent gloom from AVCAL](#) showing a major slowdown in new Australian venture capital investment in our sector (note 2010 data is for six months only). To quote AVCAL: "The outlook for Australia's VC sector remains less certain with fundraising declining sharply in Australia and also globally. The gap between the availability of seed and other early-stage capital and demand for this capital has widened steadily over the last year. As a result, a shakeout of VC funds now looms over the industry."

Overseas, the market is quite buoyant. Some of the largest technology companies are using their cash to support strategic initiatives, both organically and through M&A. The aggregate value of cash, short-term and long-term, of the top 10 global technology companies (Microsoft, Apple, Google, IBM, Cisco Systems, Oracle, Hewlett-Packard, Intel, Qualcomm, and Amazon.com.) grew 41 per cent since last year, to \$245.7 billion at the end of the first quarter of 2010!

In addition, we continue to see activity from private equity firms including "public to private". Deal volumes in the first quarter increased 55 per cent year-on-year and 14 per cent sequentially. Total announced deal value was \$US12.1 billion, increasing 145 per cent YOY but declining 66 per cent from \$US35.4 billion in the fourth quarter of 2009.

Google is the most active acquirer in 2010 with 13 deals so far. In 2009, CISCO was the most active acquirer (13 deals) followed by IBM (11), Oracle (nine), Microsoft (seven), and Google (six). Thanks to the EDS deal (\$US13.9 billion), HP has been the most active buyer by value over the last three years, with \$US19.2 billion in disclosed M&A spending, followed by Oracle, Xerox, Microsoft, and IBM.

Buyer - 2010	Target	\$USbn
ABB	Ventyx	0+
Allscripts/MiSys	Eclipsys	1.3
Agilent	Varian	1.5
Cisco	Tandberg**	3.0
Elliot (PE)	Novell (rejected)*	1.8
HP	3Com	2.7
	Palm	1.2
IBM	Sterling Commerce	1.4
NTT	Dimension Data* (offered)	2.1
Oracle	Sun**	7.4
Private Equity	Ineractive Data	3.4
	Vertafore	1.4
SAP	Sybase	5.8
Symantec	Versign	1.28
Xerox	Affiliated CS**	6.4
Buyer - 2009		
Adobe	Omnicore	1.88
Cisco	Starent	2.9
Dell	Perot Systems	3.9
eBay	GMarket	1.2
EMC	Data Domain	2.0
IBM	SPSS	1.28
Fidelity	Metavante (Payments)	2.9
Intel	Wind River	0.88
Private Equity	Skype from eBay	2.1
	TASC (Defence)	1.6
	Foundry	1.6
	TriZetto	1.3

*not concluded

** announced the previous year

*Charles Lindop produces Technology Transactions www.technology-transactions.com

RUST e-RESEARCH

Netbooks are still on a roll

Almost 60 million netbooks are expected to ship worldwide this year, and almost double that number will be reaching global markets in 2013, according to ABI Research. This rapid netbook market growth observed since the introduction of the new computer category in 2008, will not start to abate until 2014-2015.

As the netbook market matures, market shares are beginning to shift among vendors. Half a dozen vendors commanded 78 per cent of the market in 2009. Acer and ASUS (which pioneered the whole netbook concept with its Eee PC) held almost equal one-third shares of the market in 2008, but ASUS didn't maintain that lead and lost half of its market share in 2009.

"Instead of having a pre-eminent two it looks as if only Acer will continue to maintain its commanding lead; but at the same time there are more vendors competing head-to-head," noted ABI analyst Jeff Orr. "Most of the others major names — HP, Dell, and Lenovo — increased their market shares in 2009, while Samsung lost a couple of percentage points."

With the market starting to settle into a stable shape, Orr said he expected that we'll soon start to see "consolidation through attrition", with some of the smaller players exiting the market. "Some firms saw netbooks as an entry point into the PC market; Gigabyte is one example. But with a 2009 market share falling to just 0.1 per cent, Gigabyte might be advised to rethink that strategy. Other suppliers, such as the OLPC (One Laptop per Child) initiative, have been hit hard by the global recession."

Consumer interest in netbooks shows no sign of waning, and the attraction remains the same: value rather than raw performance. Netbooks are not replacing laptops or PCs; they are being bought as complementary devices. Education remains a strong market driver, and the next several years will see very respectable continuing growth.

Cash is still king

The vision of a cashless society will not become reality in the foreseeable future, Ovum has predicted. The company's analysts expect cash to remain the primary method of retail payment by volume in the coming years.

Ovum senior analyst Jaroslaw Knapik said: "While there are continuing predictions about the declining use of cash, and forms of payment that could take over, the majority of retail transactions are still being settled with cash. The amount of cash in circulation is constantly on the rise. According to the European Central Bank, the number of banknotes from the Eurozone is rising by around nine per cent per year."

"There are also more than 40 per cent more US dollar bills available compared to the beginning of the millennium. Given the fact that most cash is being distributed by ATMs, this channel is still expected to grow. Asia/Pacific is the fastest growing market and accounts for over 40 per cent of global ATM hardware shipments."

Knapik said he believed that competitive banks needed to maintain or expand their ATM channels.

However, this needed to happen with a strong focus on efficiency as economic uncertainty is still a strong inhibitor to further growth.

"The growing cost of managing the ATM channel is driving further technology investments, with the major focus being on lowering the cost base. Banks need to look at cost-efficient management of the ATM channel through integration of the various service components," he said.

While existing overall ATM models are functioning reasonably well, Knapik said there is still a huge opportunity for increased efficiency through, for example, integration of the support model (sub-contract field engineers, CIT, telecommunications), more accurate resource management of the network peak times, and optimisation of hardware replacement strategy — essentially creating a centre of excellence for the entire ATM channel management under one umbrella. Ovum expects this trend to accelerate.

"Given the fact that vendors able to provide integrated services are emerging, such a re-engineering of processes and the underlying infrastructure is becoming much more feasible to manage," said Knapik.

Australian e-commerce underdone

Australia's consumer e-commerce market is underdeveloped, lagging both the US and UK markets by approximately three years, according to Frost & Sullivan. Online retail consumer spending in Australia in 2010 is expected to account for approximately five per cent of total retail sales, however, if spending on overseas sites is excluded, this drops to around three per cent. In contrast, online as a percentage of total retail spend (domestic only) is more than five per cent in both the US and UK.

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RUST eRESEARCH

Continued from page 6

Total consumer e-commerce expenditure in the 2010 calendar year, excluding online services such as online ticketing and events, travel, music downloads and financial services, is forecast to reach \$A12 billion. This equates to per capita expenditure of approximately \$A536 per year, which is slightly behind the US and UK markets. Expenditure is predicted to show moderate growth over the next four years, rising to \$A17.7 billion by 2014 with a compound annual growth rate of 10.2 per cent. While the number of local e-tailers entering the Australian market has increased significantly in the last five years, there has been no corresponding increase in the volume of local transactions. Frost & Sullivan analysts noted that a significant proportion of new entrants fail to succeed over the long term.

A significant reason for the lag in local activity is the lack of online presence by many of the large retail chains and department stores. Despite moves by stores including Big W, JB HiFi, and Dick Smith, the small number of e-commerce participants and a lack of sufficient internal support from senior management continue to inhibit progress in this area. Frost & Sullivan suggested that the Australian market needs to see the online launch of several retail chains within the next 12 to 24 months to provide the catalyst for further expansion.

Other inhibitors to the development of a local e-commerce market include the strong physical store presence in capital cities and metropolitan areas, and Australian consumers' limited acceptance of the typical online precursors — mail order and catalogue sales. Security concerns may also be affecting uptake. One in 40 of the survey respondents (2.5 per cent) indicated that their credit or debit card had been stolen in the last 12 months, suggesting that security remains a fundamental issue that needs to be addressed by the e-commerce industry.

The international retailer tactic of targeting Australian consumers by offering localised Web services, such as product prices and shipping in Australian dollars, is paying off. It is estimated that 40 per cent of Australian online shopping expenditure is now conducted on overseas sites. eBay is the dominant online retail player, having successfully evolved from an auction site into a platform for fixed price overseas sellers. Companies such as Amazon.com which are building marketplaces and tools to power other retailers also pose a threat to some Australian vendors.

Spam creators play dirty

The percentage of spam containing shortened hyperlinks has increased significantly over the last year, according to the latest MessageLabs Intelligence Report.

This means that spammers now include a shortened URL in spam messages. These shortened hyperlinks make it harder for traditional anti-spam filters to identify the messages as spam-based on the reputation of the domains found in the spam e-mails.

Further analysis of spam containing shortened URLs revealed that the Storm botnet, which returned to the threat landscape in May 2010, is responsible for the greatest volume of botnet spam containing short hyperlinks.

MessageLabs also identified a new, malicious phishing attack using PDF Reader updates as a hook. The attack was seeking to collect credit card details.

MessageLabs also warned of multi-step targeted attacks in which the attacker first targeted unauthorised access to a Web site belonging to one organisation and uploaded a fake landing page with concealed JavaScript containing malicious code. Next, the attacker sent unsolicited e-mails purporting to be from a Webmail account to selected recipients at a second organisation. The e-mails contained a link to the malicious landing page created earlier on the first organisation's Web site.

SaaS apps sales value soars

Worldwide software as a service (SaaS) revenue within the enterprise application software market is forecast to surpass \$US8.5 billion in 2010, up 14.1 per cent from 2009 revenue of \$7.5 billion, according to Gartner. The rapid adoption of SaaS has contributed to growth in varying degrees across the enterprise software markets. There will be a shift in total SaaS revenue from just over 10 per cent of the combined markets in 2009, to more than 16 per cent of these combined markets in 2014.

Gartner defines SaaS as software that is owned, delivered, and managed remotely by one or more providers. The provider delivers an application based on a single set of common code and data definitions, which is consumed in a one-to-many model by all contracted customers anytime on a pay-for-use basis or as a subscription based on use metrics.

"After a decade of use, adoption of SaaS continues to grow and evolve within the enterprise application markets. As tighter capital budgets demand leaner alternatives, familiarity with the model increases, and interest in platform as a service and cloud computing grows," said Sharon Mertz, research director at Gartner. "Adoption varies between and within markets, and although use is expanding to a wider range of applications and solutions, the most widespread use is still characterised by horizontal applications with common processes, among distributed virtual workforce teams and within Web 2.0 initiatives."

The Rust Report

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Publisher Len Rust
RustOz@bigpond.com.au or phone 0413 588 728

Editor Peter Scott
Rust-Ed@bigpond.net.au or phone 0413 544 609



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REVOLVING DOORS

Jefferys kicks off Ruckus in Aust

Carl Jefferys has been appointed inaugural country manager for Ruckus Wireless, a US developer of smart Wi-Fi products. He will be based in Sydney.

With industry experience spanning more than 30 years, Jefferys has previously held management roles in NEC and Macquarie Telecom. He has also held engineering and sales positions with AWA, Datacraft, and Lucent.

Blue Coat names A/P channels head

Application delivery specialist Blue Coat Systems has appointed Joe McPhillips director of channels for the Asia/Pacific region. He will be based in Sydney.

Prior to joining Blue Coat McPhillips was director of appliances for Asia/Pacific and Japan at CommVault. He has also worked for Netintelligence.

Henley heads Axe Group marketing

Carolyn Henley has been appointed marketing director of Sydney-based developer Axe Group. She was previously Asia/Pacific marketing director for 3Com, based in Singapore, and has also worked for FrontRange Solutions, CA, and IBM.

Brennan boosts management

Australian managed services provider Brennan has made two senior sales appointments to support growth.

Stuart Roberts has been appointed Victorian sales manager. He was previously with Dell.

Troy Soutar has been appointed NSW sales manager. He was previously with Alphawest, and has also held senior sales positions with KAZ, Getronics, Powertel, and Nomad Solutions.

Debbie Ennis joins Telcoinbox

During the recent opening of a consolidated Australia and NZ support centre in Sydney, wholesale telco Telcoinbox announced that Debbie Ennis had been appointed head of franchising and business development. She was previously with Mortgage Choice in a variety of roles, and has also worked for St George Bank.

Applaud managed services head

Mark Richards has been appointed managed services practice manager of managed services provider Applaud. He previously worked for Dell in Australia and Asia, and has also worked for CBA, Datacom, Telstra, IBM, and ING Australia.

Asher is Commonwealth Ombudsman

Allan Asher has been appointed Commonwealth Ombudsman, replacing Professor John McMillan, who resigned to take up an appointment as the Information Commissioner Designate.

Asher's career began at the Australian Consumers' Association and he also worked at the Overseas Telecommunications Company before embarking on a career advocating consumer issues in Australia and the UK. At one time deputy chairman of the Australian Competition and Consumer Commission, he was most recently inaugural chief executive of the Australian Communications Consumer Action Network.

Turner and CIO role leave Optus

Lawrie Turner is to depart Optus following the announcement of a restructuring at the telco, which will merge the IT division with a couple of other divisions and drop the CIO's position. It has been reported that Turner will sign up with another organisation. He joined Optus in 2007 after previously holding senior positions with Coles and Qantas.

Around the Traps

- Rick Rostolis has been appointed CFO of SMS Management and Technology. A former executive with Pacific Brands, he has also worked for KPMG.

- Dr Nora Scheinkestel has been appointed a non-executive director of Telstra. An experienced company director, she is currently on the boards of AMP, Orica, and Pacific Brands. She is also an associate professor at the Melbourne Business School at Melbourne University.

- Bonita Boezeman has been appointed a director of Manacomm Corporation. Her career includes a 14-year term as deputy chair of NSW Lotteries, and a period as chair of PayPal Australia.

- Peter Lloyd has been appointed an independent non-executive director of Integrated Research. His IT and financial services background includes employment within the Hewlett-Packard NonStop and payments sectors.

- Doug Halley has resigned from the board of Mikoh after 20 years as a director of the company.

- Reggie Samuel has joined Wavelink Communications as technical product specialist. He has worked for iBAHN and DoCoMo InterTouch.