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Tuesday 28, January

Web Services Reality Check

COMNET Conference and Expo
Washington Convention Center
January 28 and 29, 2003

COMNET CONFERENCE & EXPO

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Agenda

The context: IT spending and the complexity crisis

The enthusiasm for Web Services

Web Service projects: what is going on?

Who is really doing Web Services projects?

What does IDC recommend we do to reduce risk and maximize our participation?

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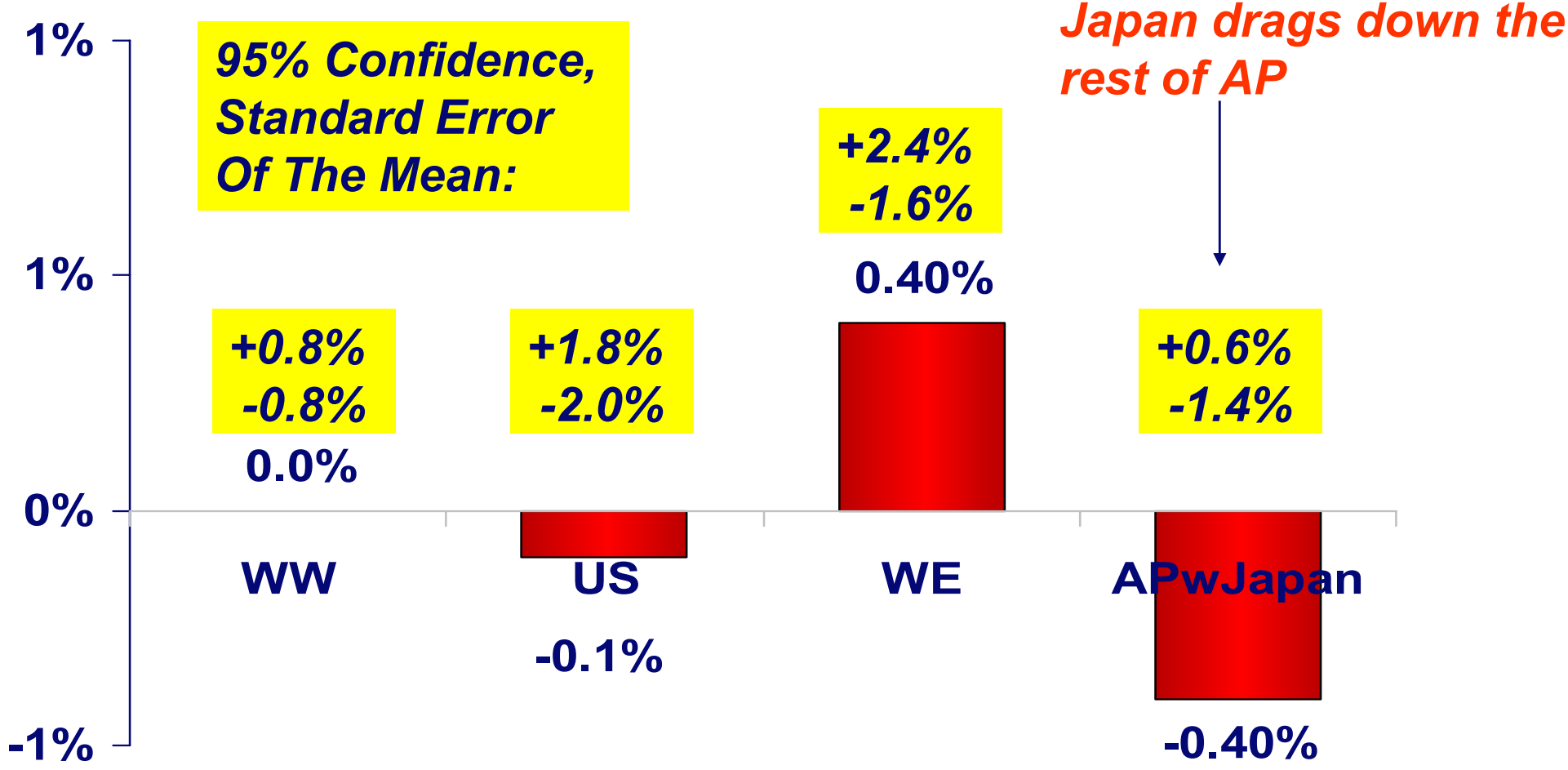
WW IT Spending in 2003 is Expected to be Zero with US "Flat"

Weighted by Budget Size and Size Class



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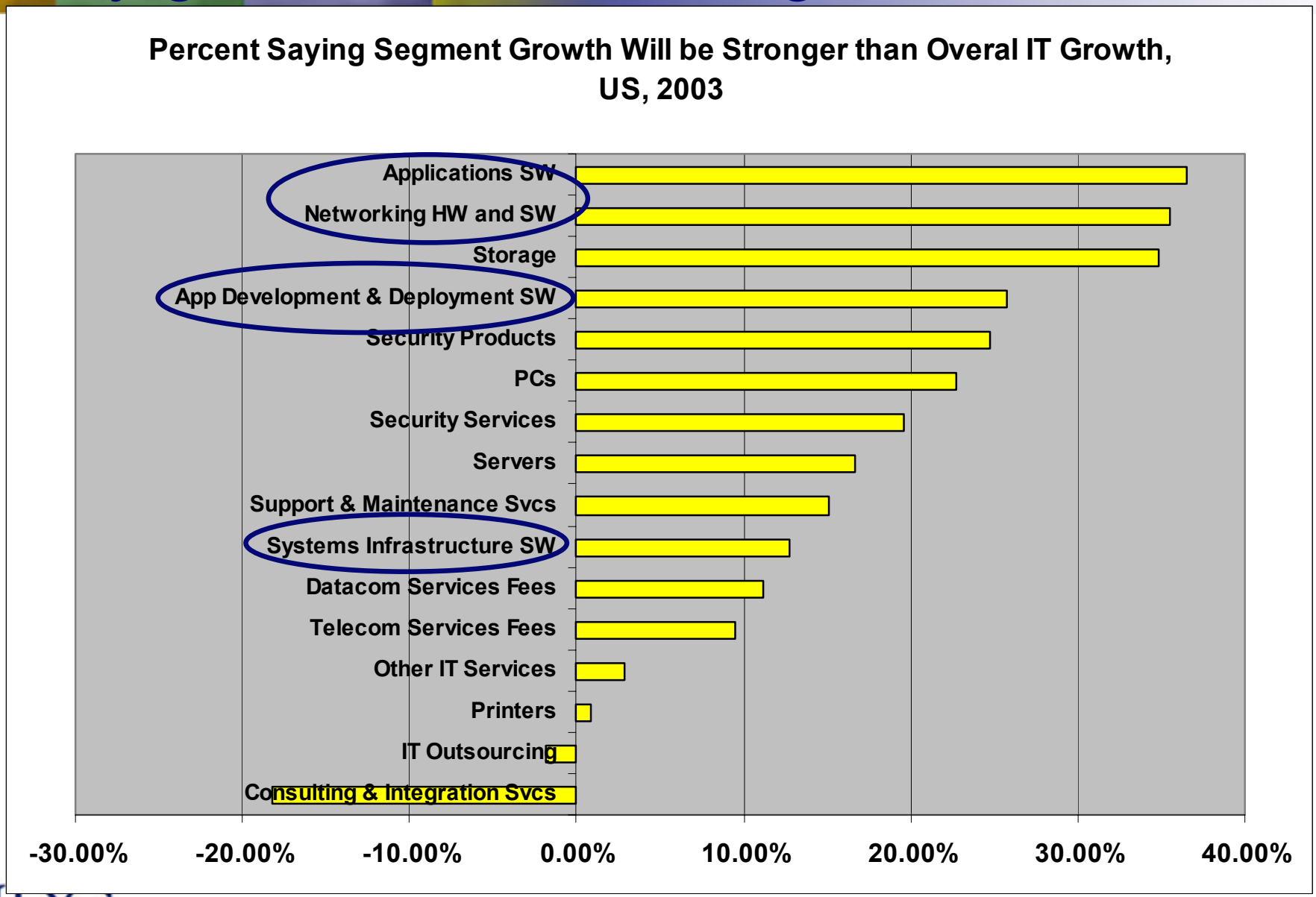
Source: IDC Barometer Survey Q4, 2002, N=892

Spending directions indicate software may gain share in IT budgets



Source: Project Barometer, US, IDC, November 2002, n=53

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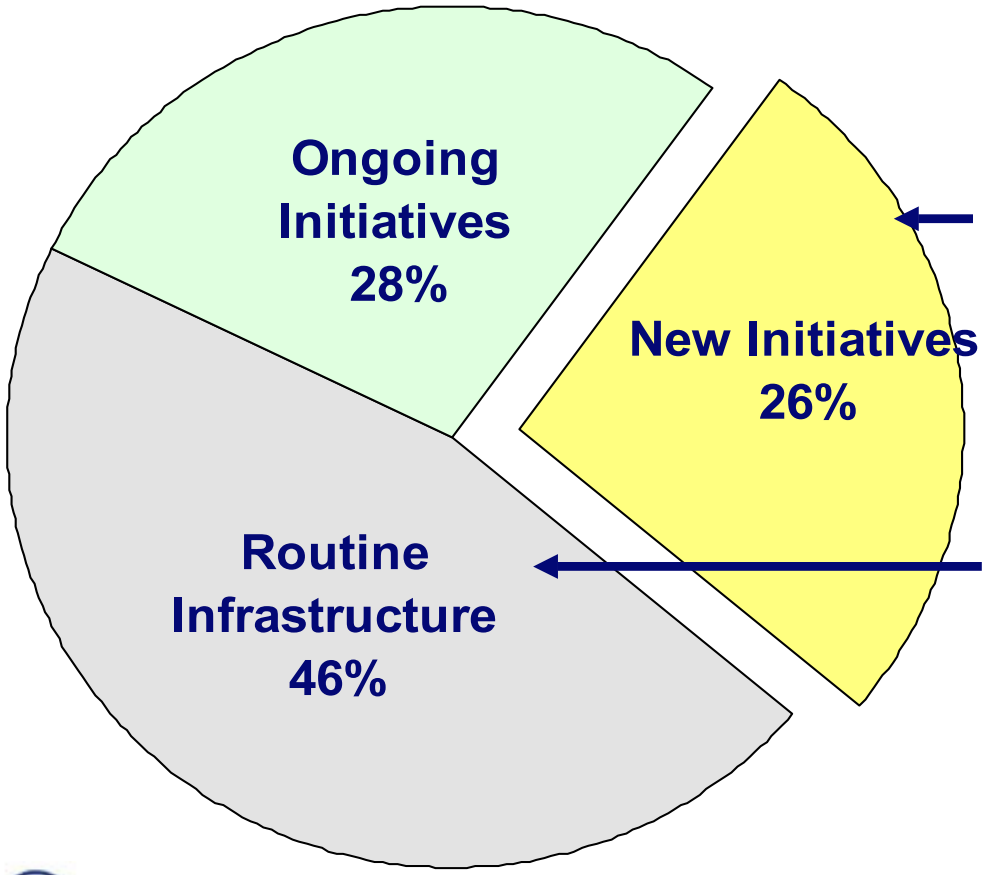
There are few resources for new projects because of the *Complexity Crisis*

Complexity Crisis: Totally new projects are a shrinking part of the IT budget because of the need to maintain assets and save costs by integrating them.



Even some integration projects are classed as "new"

Upgrades to physical environments

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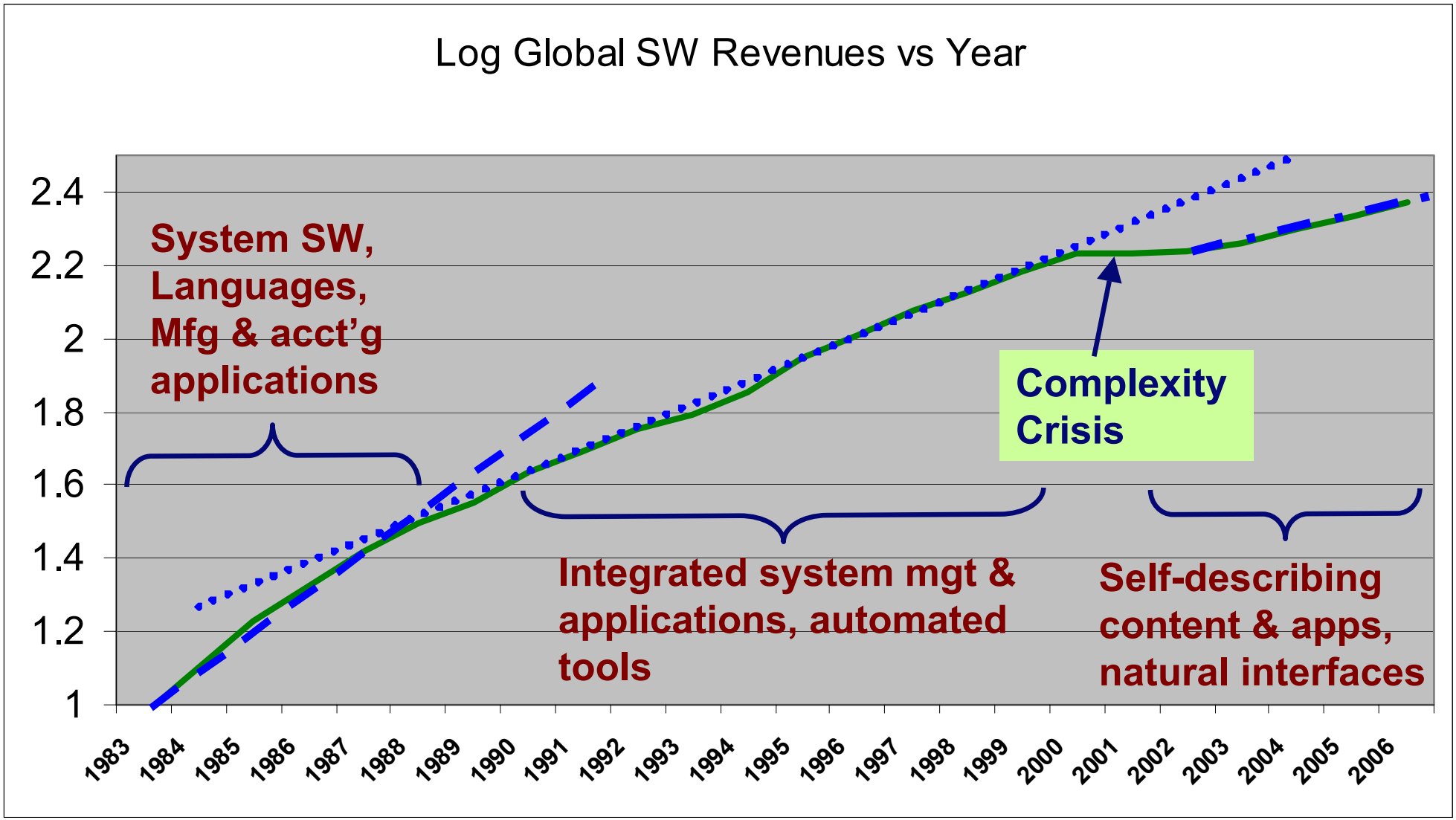
Source: IDC Barometer Survey Q4, 2002, N=892

Post crisis: everything is more complex, necessitating a more efficient architecture



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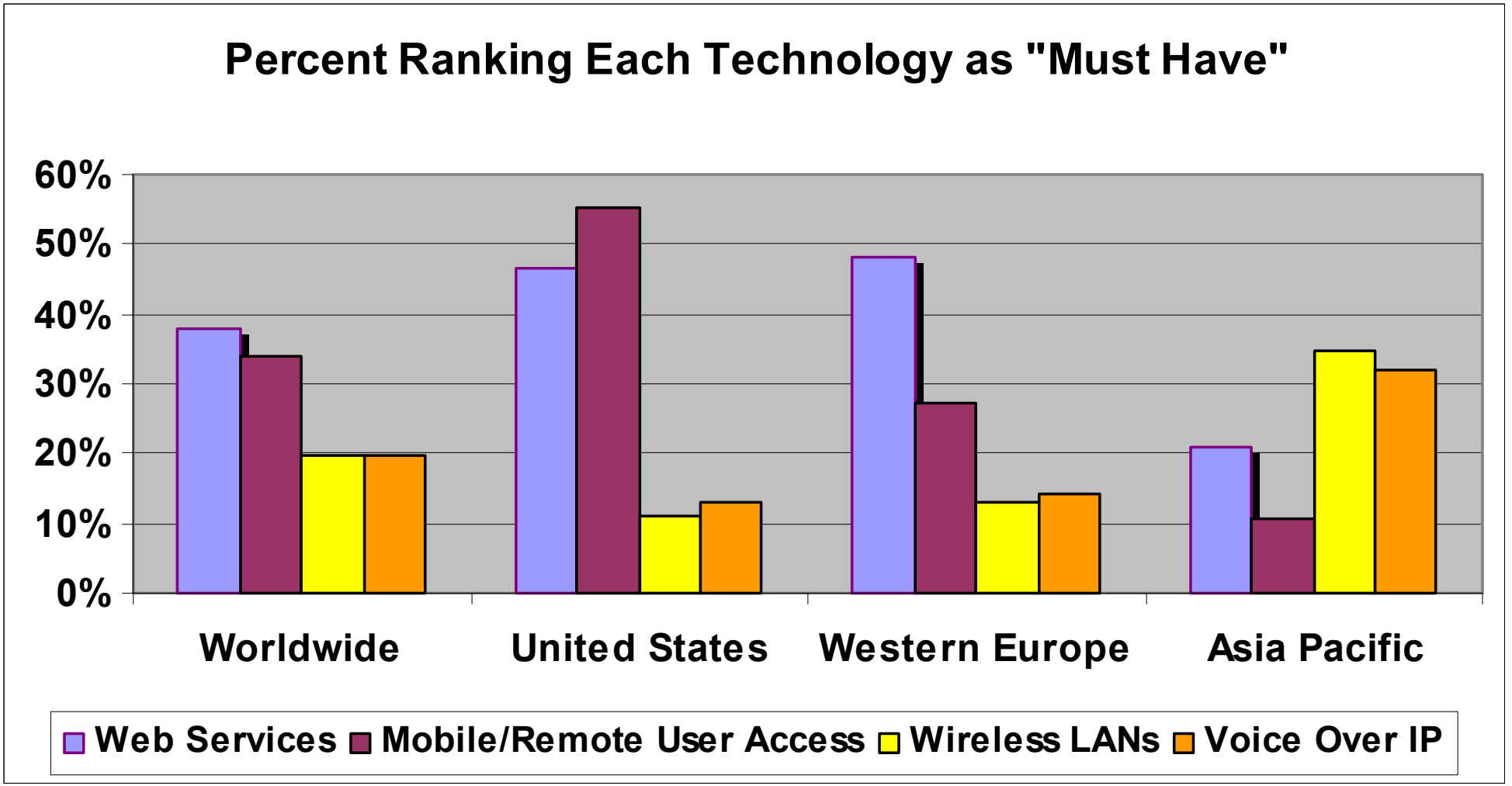
Source: IDC 2002

Web Services is a Global "Must Have" for post-crisis recovery



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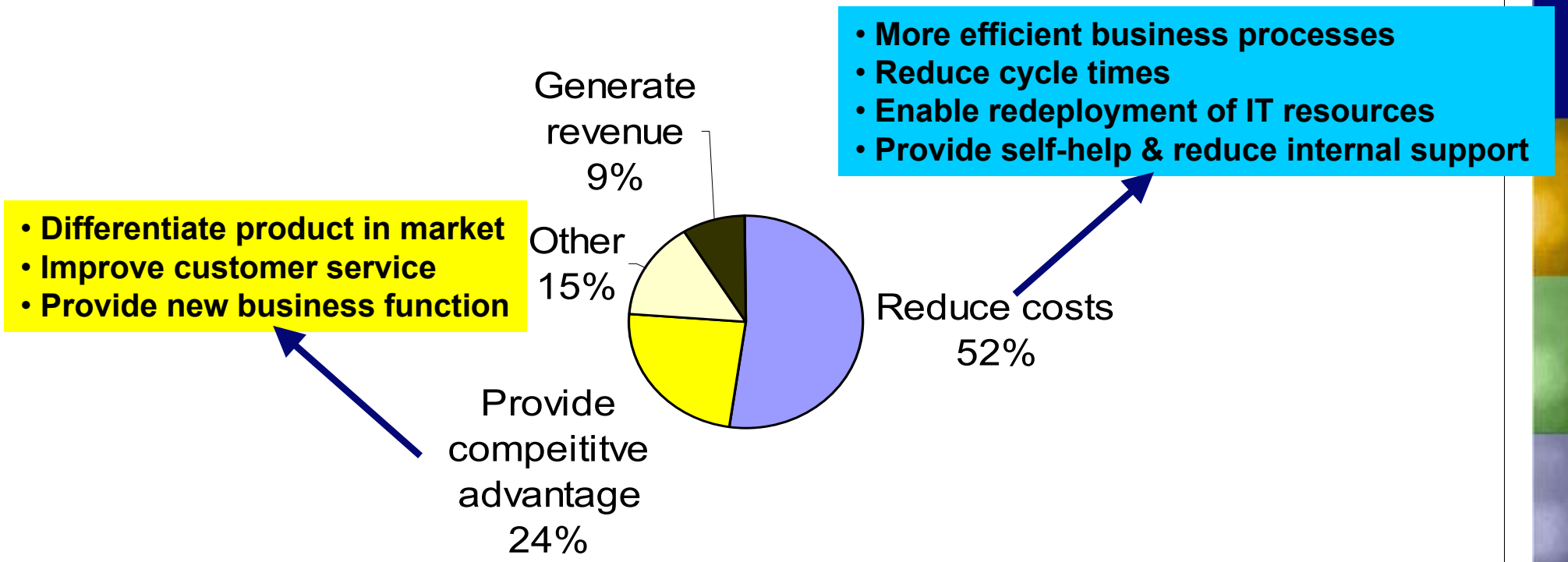
Source: Project Barometer, IDC, November 2002, n=461

With so few resources for new projects, why Web Services?

What is the primary benefit your organization expects to gain from your current Web Services project?



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Source: IDC's US Web Services Investment Survey, January, 2003, preliminary results, n=86

Perceived benefits are diverse among adopter segments

What is the most important reason that your organization is opting to utilize Web services?

Reason, aggregate %	Leading industry, %
28%, Address a specific business need or technical function	Services, 39%, Transportation & utilities, 35%
17%, Solve integration issues with external organizations (partner or customer)	Wholesale/retail, 27%
13%, Solve internal application integration issues	Resource industries, 25%, Communications, 24%
9%, Gain access to technology not available by using own resources	Resource industries, 38%
9%, Deploy applications faster	Finance, 17%
8%, Deploy applications at less cost	Education, 13%, Health care services, 13%
7%, Free up IT resources	Technology services, 17%
4%, Comply to an industry or regulatory requirement	Health care services, 15%

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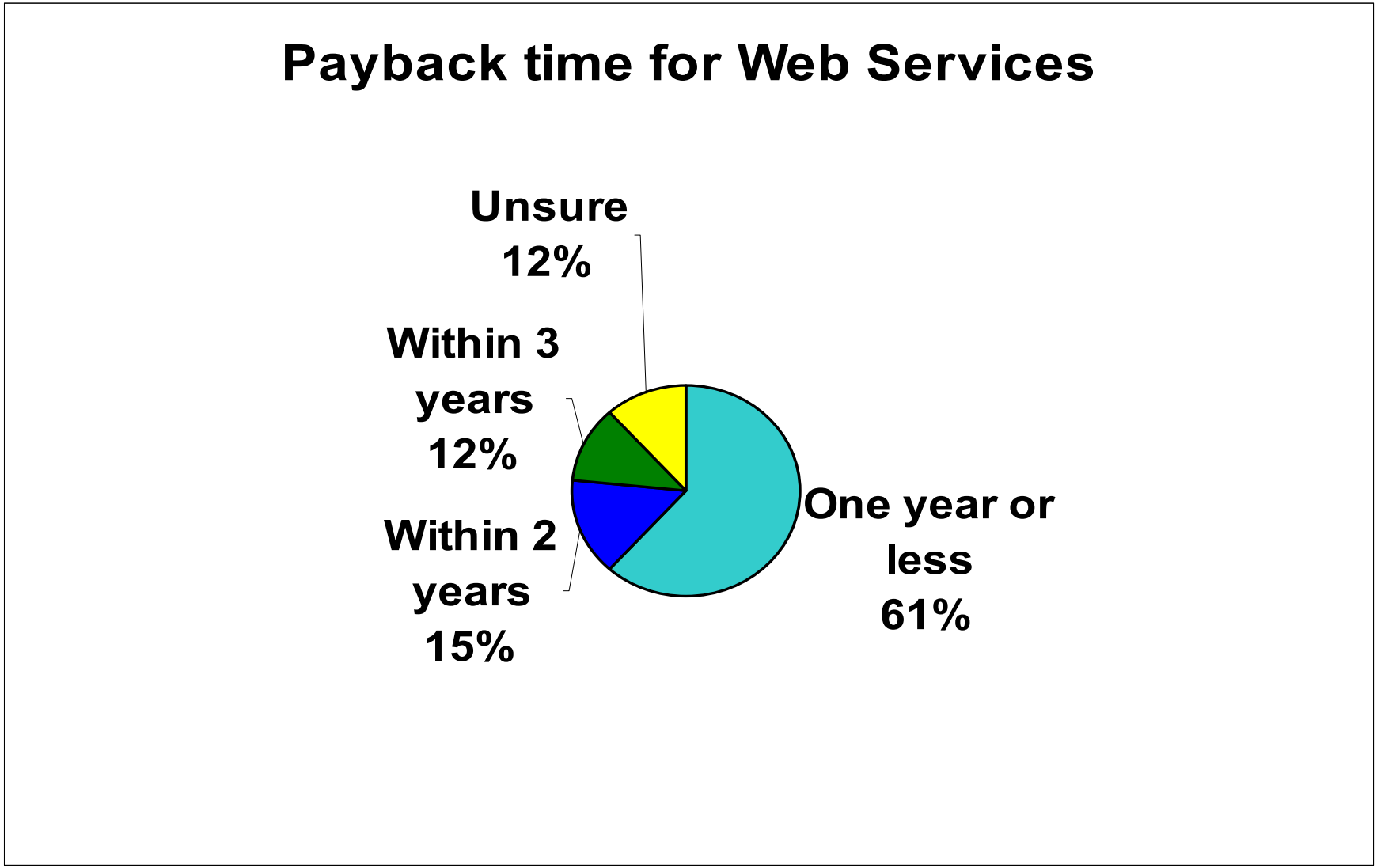
Source: IDC US Web services survey, March 2002, n=781

Web Service projects are believed to have quick payback



Source: IDC's US Web Services Investment Survey, January, 2003, preliminary results, n=86

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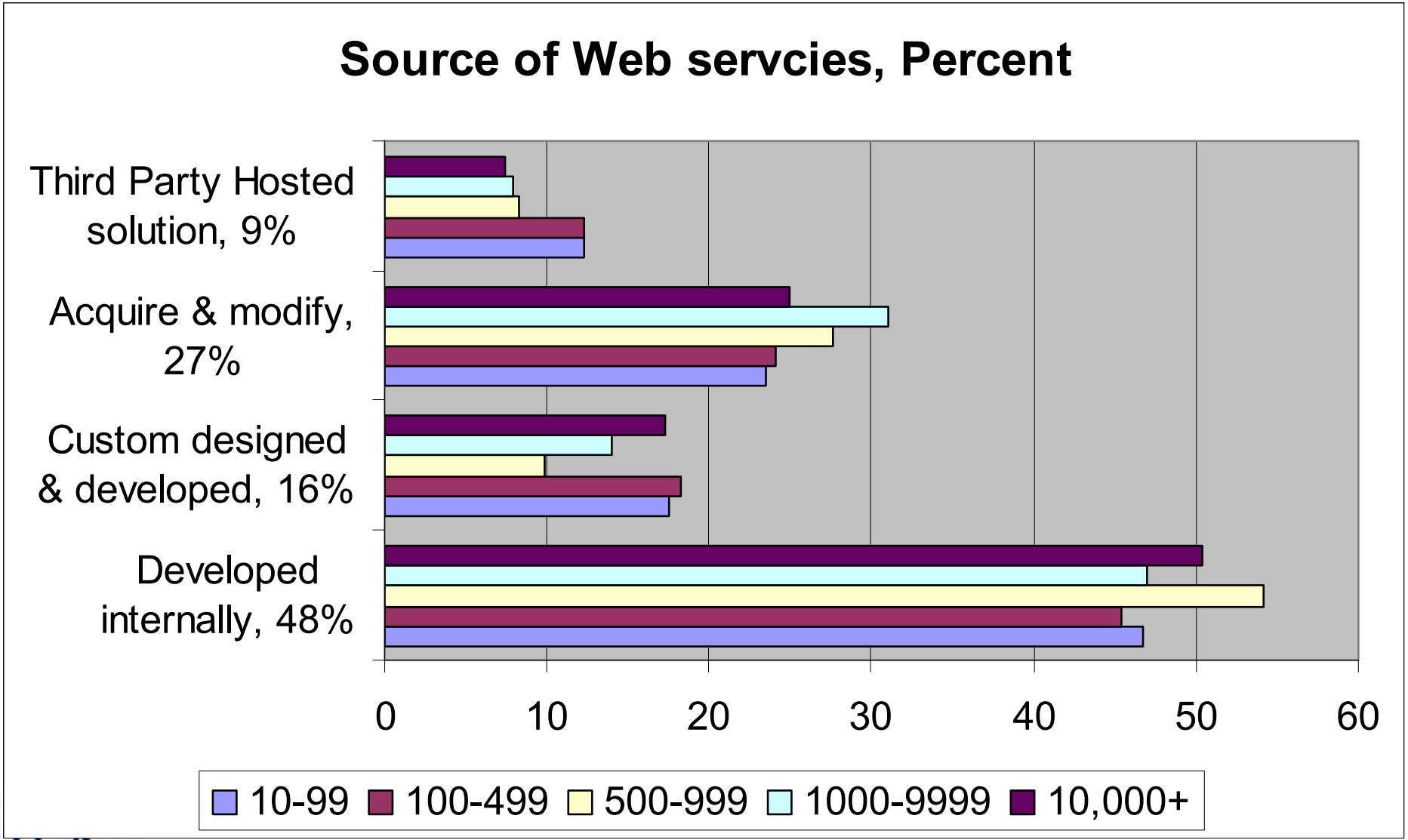
Most projects are now being done with internal resources

What percent of your organization's Web services will be acquired by: n=503



Source: IDC US Web services survey, March 2002, n=781

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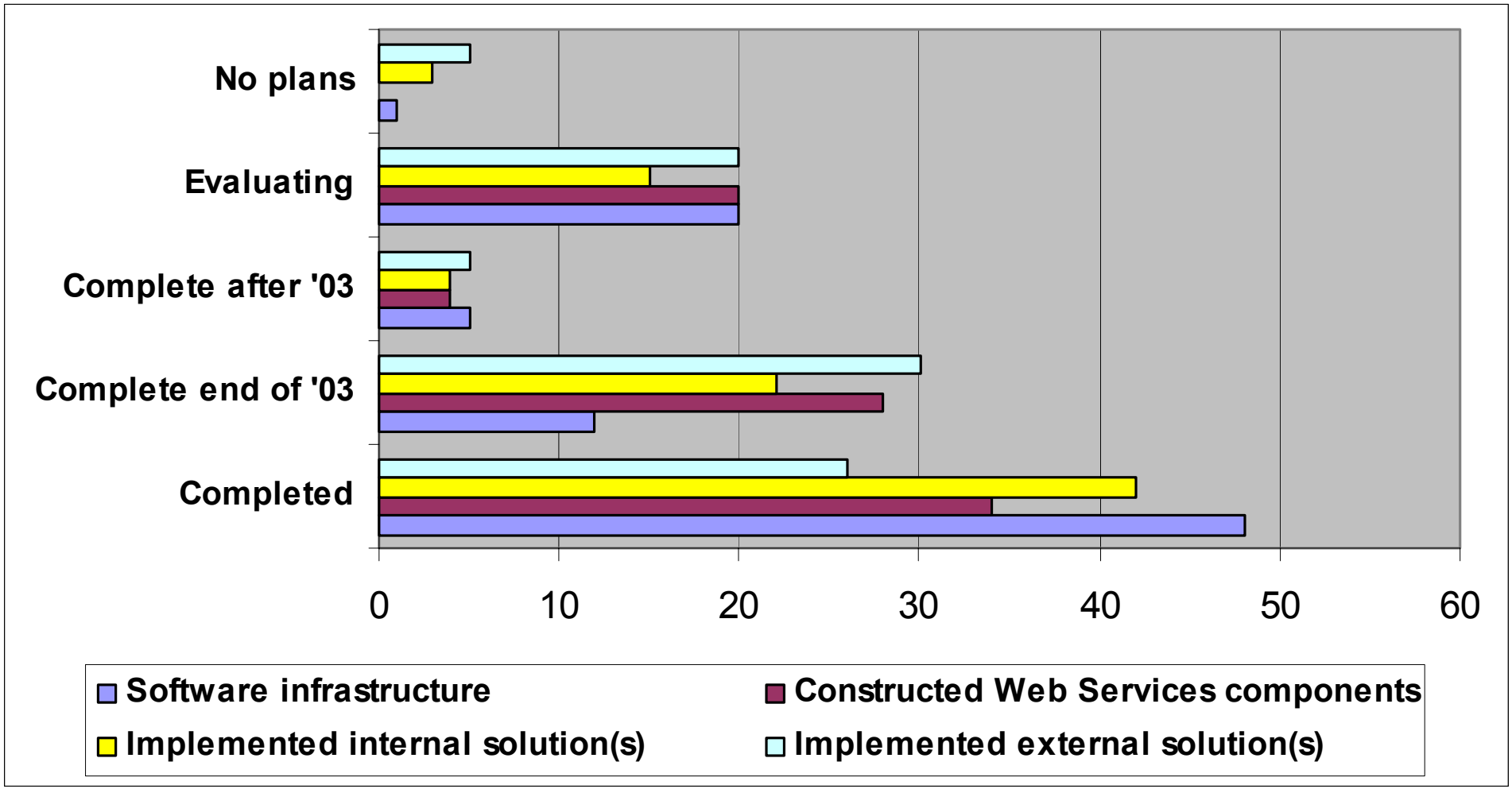
Enterprises doing Web Services projects have already finished major stages

Please indicate your organization's current status on the adoption of each of the following for your Web Services projects



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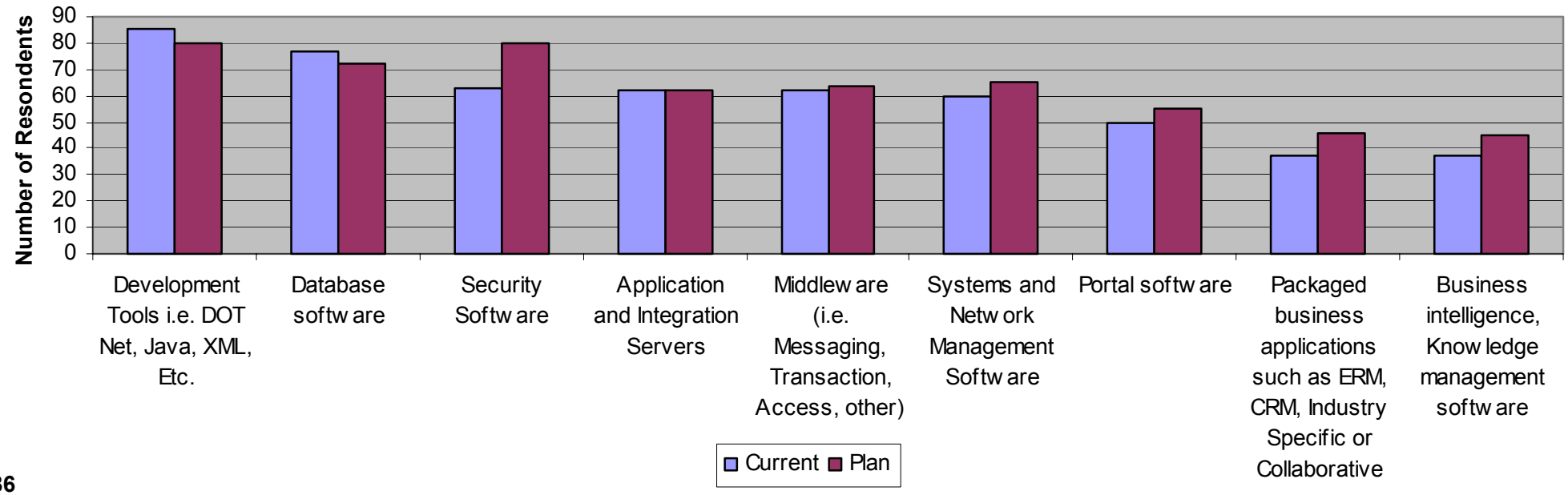
Source: IDC's US Web Service Investment Survey, 2003, preliminary results, n=86

Software platforms will shift from infrastructure to applications, access, and security



N-86

Base: US organizations adopting Web services

Source: IDC's Web Services Investments Study - Preliminary Results, 2003

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But industry segments differ widely in their software needs

What software do you plan to further purchase to implement Web services? N=524

Aggregate %, Software	% of Leading industry
47%, Development frameworks or tools	56%, Technology services
45%, Web server software	59%, Government
44%, Packaged applications	63%, Resource industries
42%, Security software	56%, Education, 55%, Communications
41%, Application components	50%, Resource industries, Education
41%, Application server software	56%, Technology services
26%, Integration server software	35%, Transportation & utilities
26%, Messaging middleware	33%, Technology services, 32%, Finance
23%, Business process automation tools	29%, Manufacturing
7%, No software	13%, Resource industries
3%, Other software	11%, Technology services

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Source: IDC US Web services survey, March 2002, n=781

Customers want standards commitment, stability, and references

Please rate the following criteria in selecting a Web services provider

N-86; Chart shows rating of 9 & 10 , on a scale of 1 to 10, with 1 being not important and 10 being extremely important
Base: US organizations adopting Web services
Source: IDC's Web Services Investments Study - Preliminary Results, 2003

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How do people understand Web services?

- "The array of devices including routers, hubs, database servers, application servers, and internet service servers which provide Web services to the end user/consumer"
- "Web page content"
- Multi-tiered XML based system that receives data at back-end by consumers"
- "Using a whole systems approach I would call it an all-encompassing virtual enterprise that provides real-time/near real-time information upon request"
- "The way the WWW system is layed out and built"
- "Similar to a VPN"
- "How your Web servers are set up"
- "A hyped up name to sell more services"
- "Hmmmmmmmmm, is this a trick question?"

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Source: IDC Web Service investment survey 3/02, US, all sites, n=781

IS managers agree with the IDC definition of Web services

Web Services is an architecture (WSA) which is a standardized approach to dynamic **component connectivity and interoperability** that relies on **self-describing** components and open connectivity standards including:

IP (Internet Protocol), **SOAP** (Simple Object Access Protocol) and **WSDL** (Web Services Description Language).

Other standards are evolving to meet operational and business requirements and as they mature will become part of the WSA.

69% of surveyed IS managers in the US agree with the IDC definition, once presented to them.

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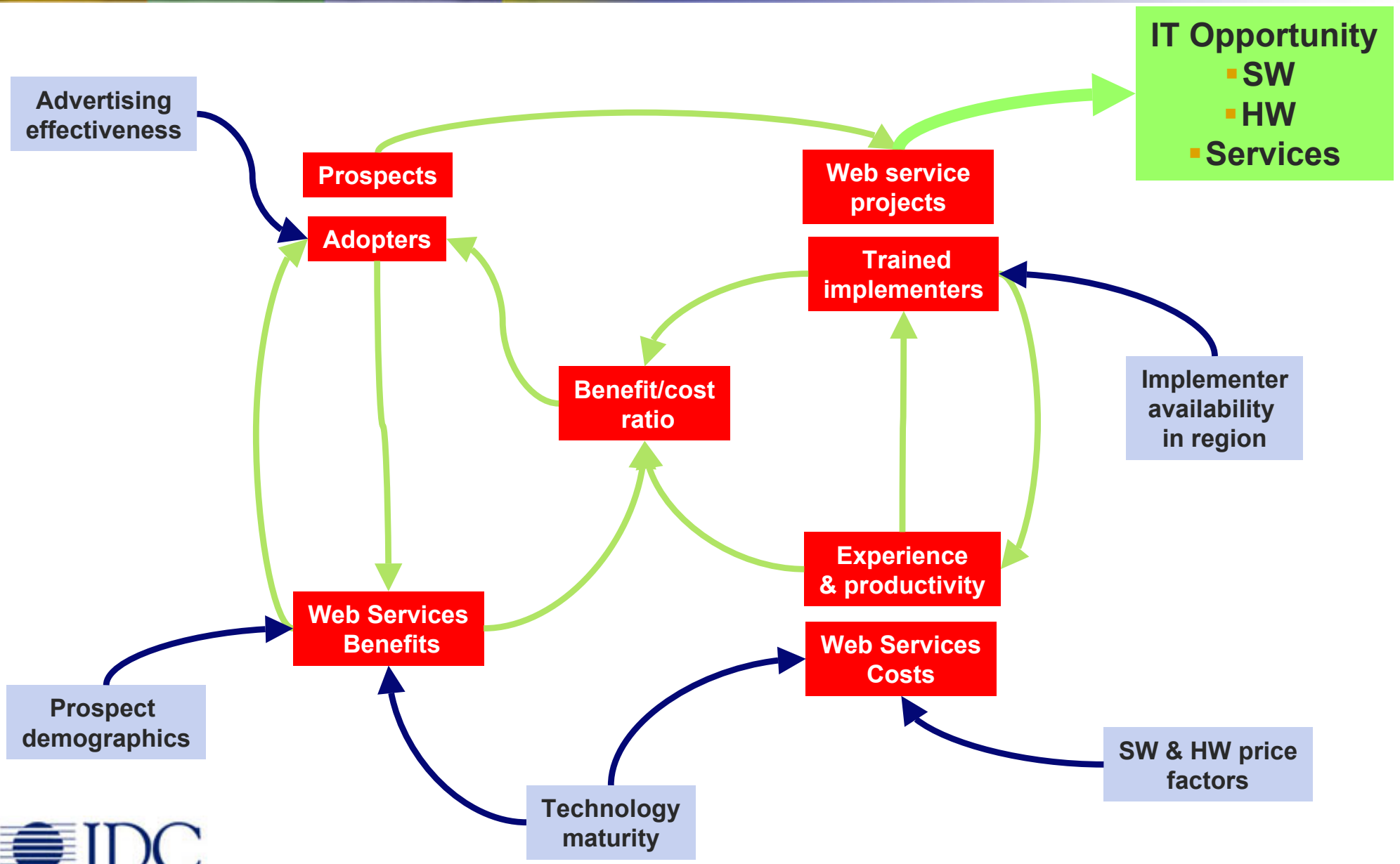
Opportunity depends on feedbacks among technologies, costs, experience…



Source: IDC Web services total opportunity model, v12, August, 2002

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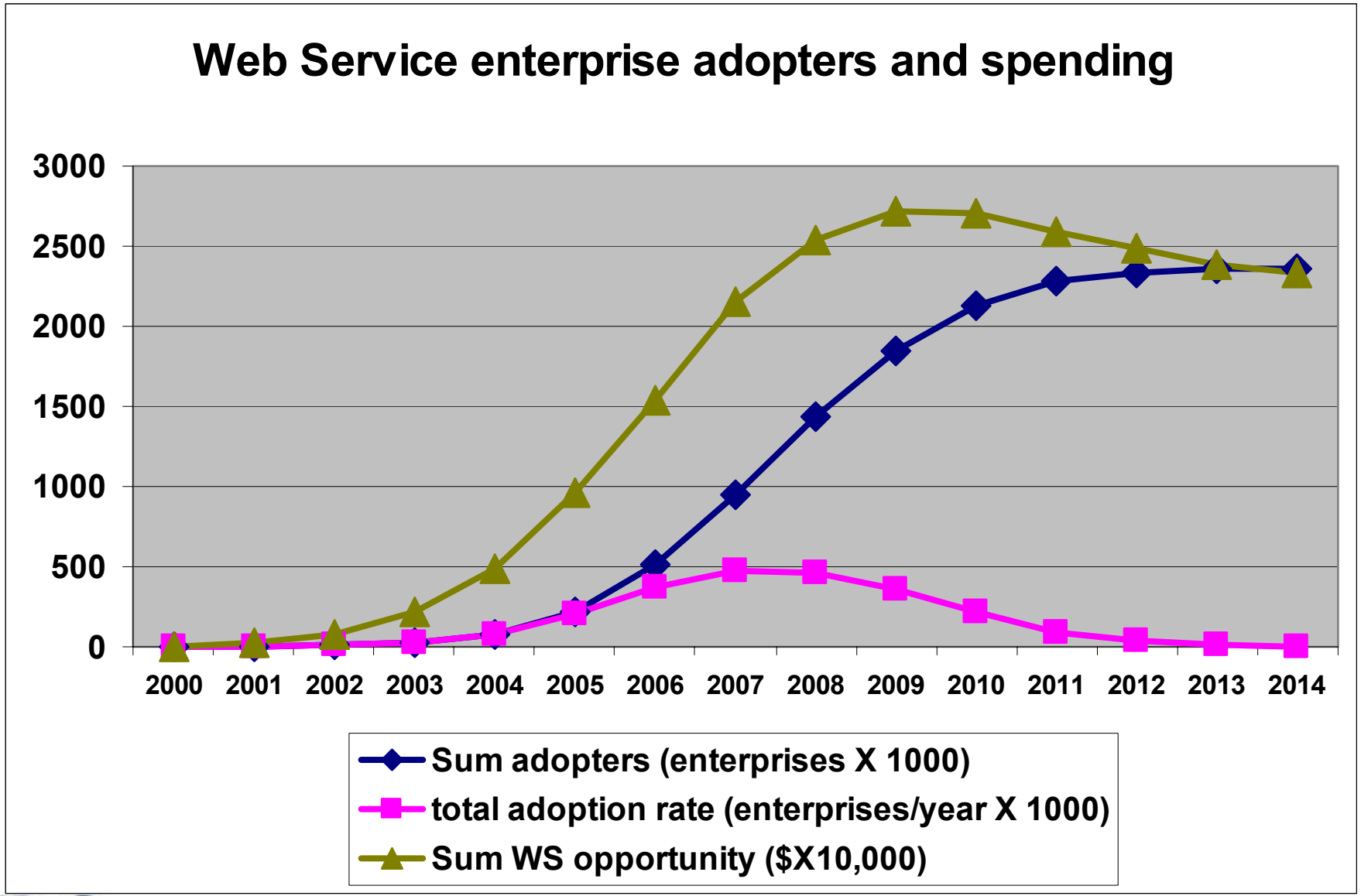
Total opportunity will accelerate and grow for 15 years…



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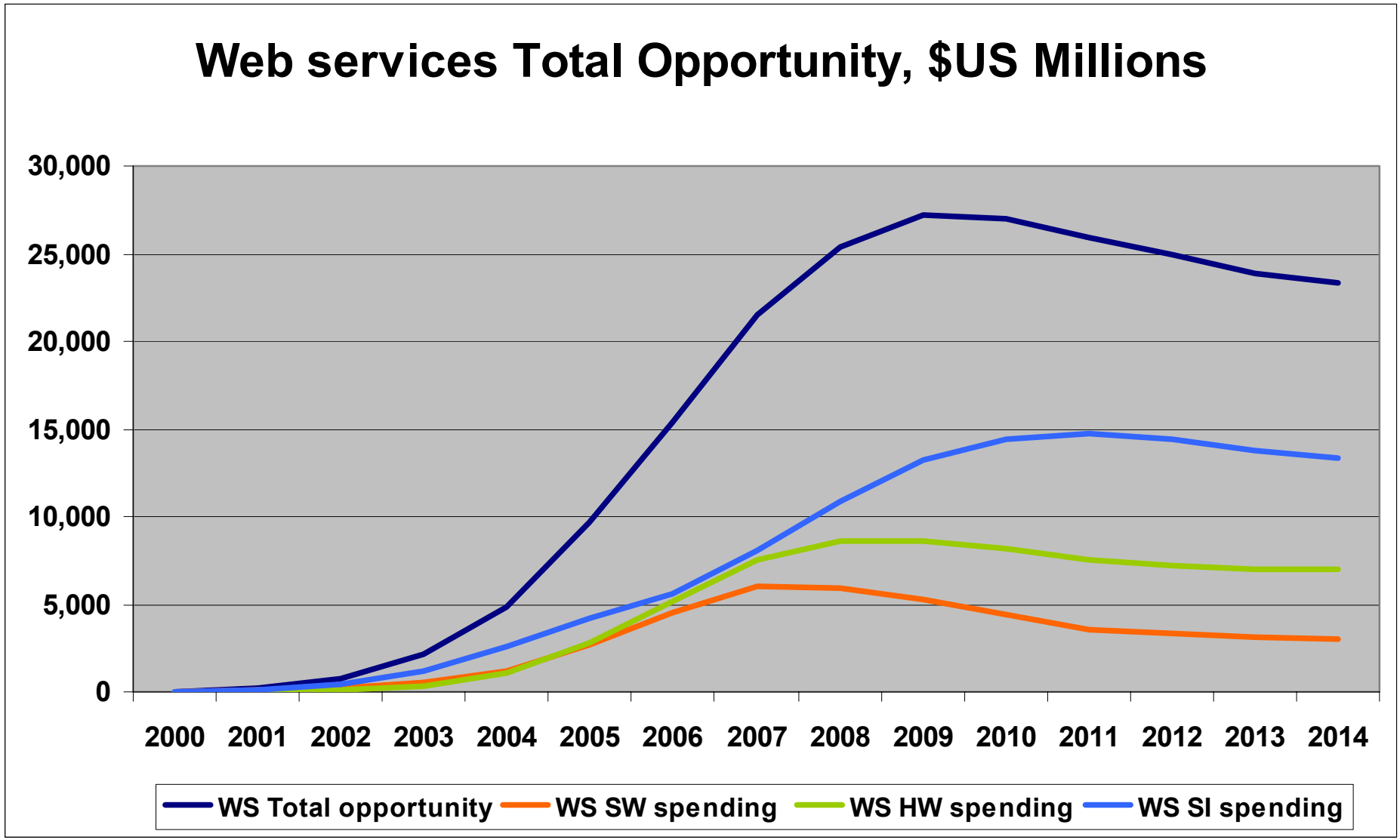
Source: IDC Web services total opportunity model, v12, August, 2002

Software opportunity leads while services dominates longer term



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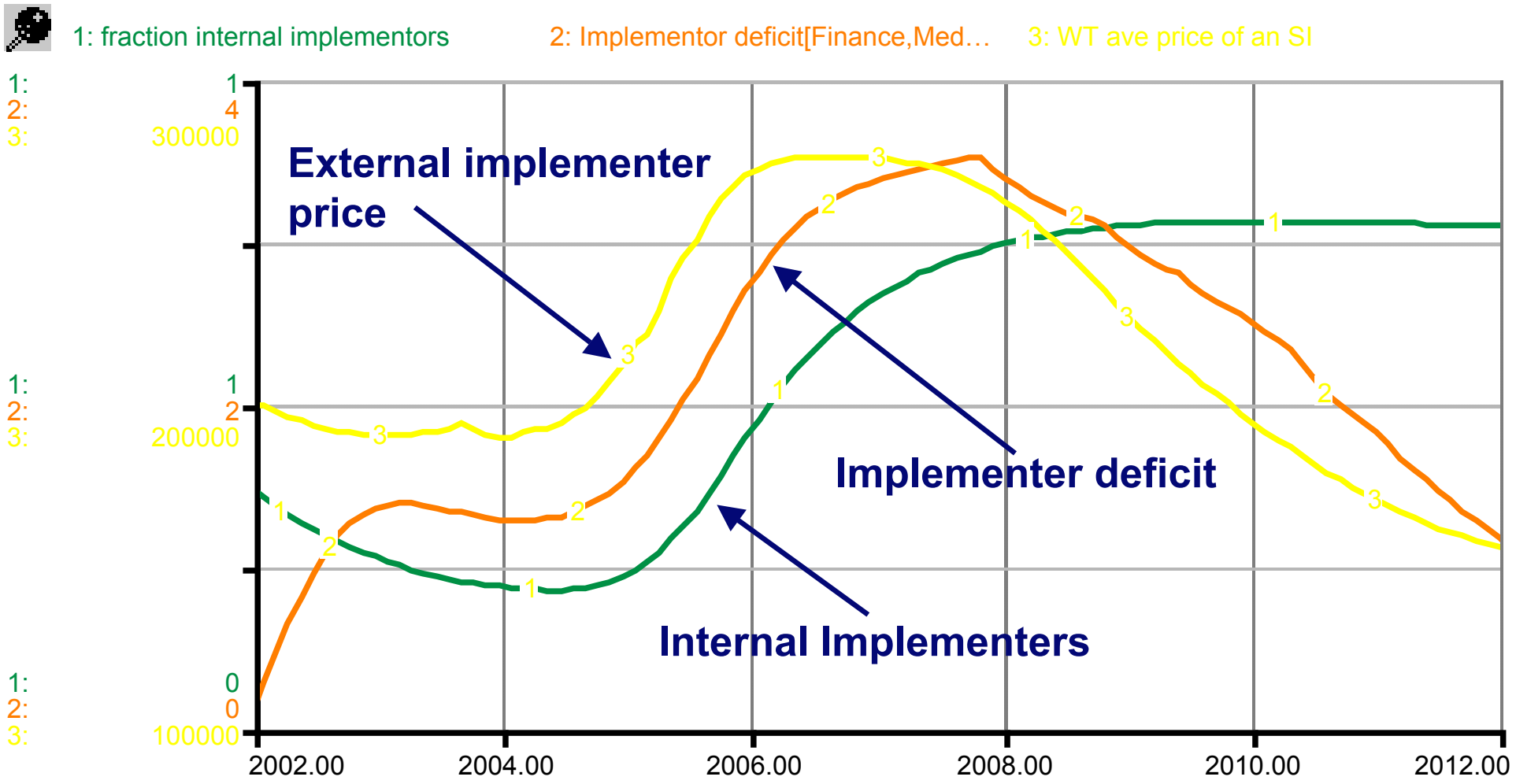
Source: IDC Web services total opportunity model, v12, August, 2002

Later growth will require large numbers of trained implementers



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implementors

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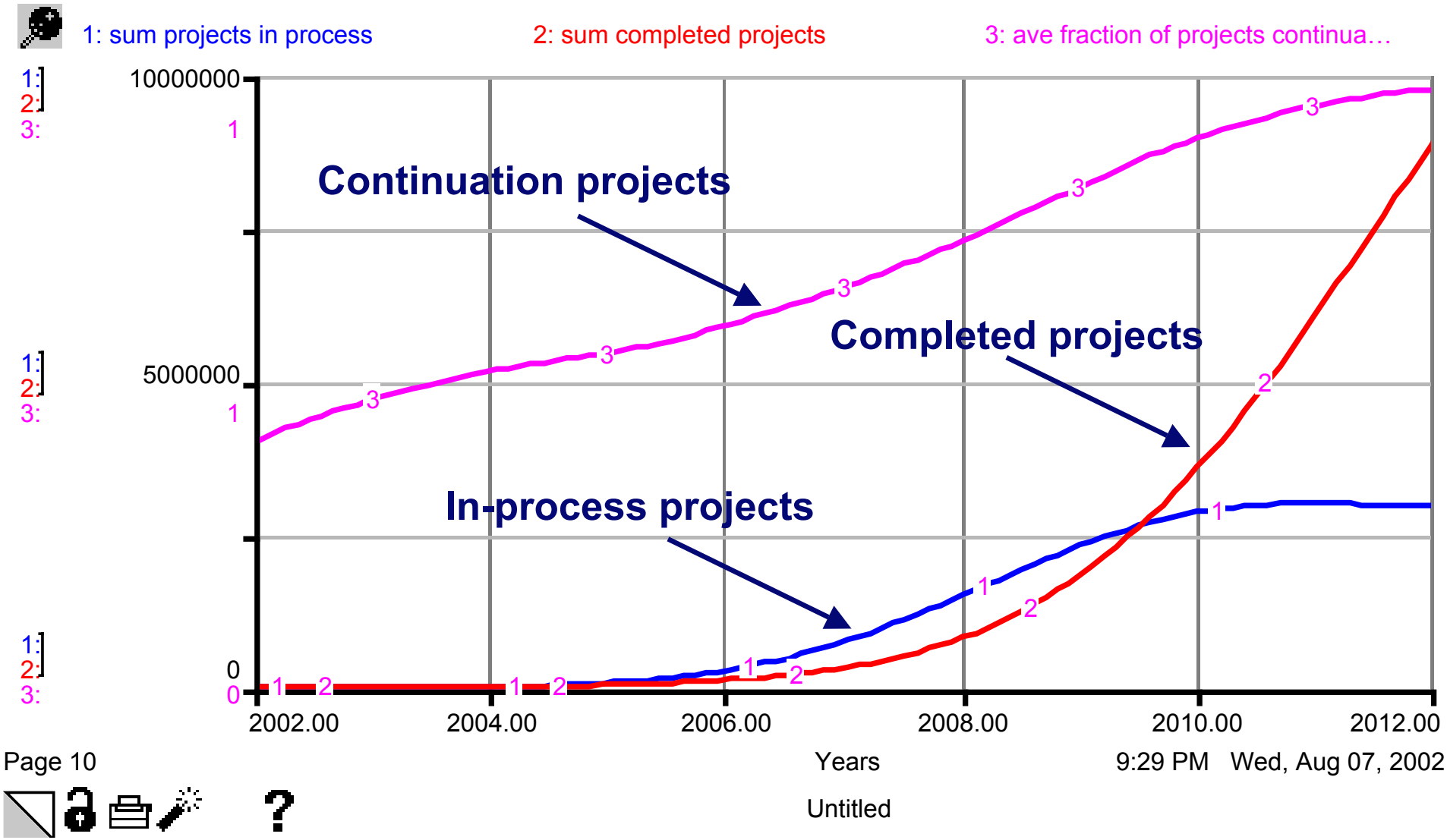
Source: IDC Web services total opportunity model, v12, August, 2002

Build out of Web services shifts to more cost-effective follow-on projects



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Source: IDC Web services total opportunity model, v12, August, 2002

Small enterprises eventually dominate, even though per project spending is small

2006 Total Spending on Web Services by Industry and Enterprise Size Class, $US Millions.

	Large	Medium	Small
Finance	81	144	1,297
Manufacturing	1,009	195	2,735
Comm&trans&utils	51	181	2,831
Retail&Wholesale	91	42	685
Services	178	177	2,557
Government	84	183	196
Other	514	646	1,509

Total = $15,386

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Source: IDC Web services total opportunity model, v12, August, 2002

Technology uptake by industry reflects project type and experience

2006 Total Spending on Web Services Hardware, Software and External Services by Industry, $US Millions.

	Hardware	Services	Software
Finance	572	436	514
Manufacturing	1,186	1,701	1,053
Comm&trans&utils	1,199	877	987
Retail&Wholesale	295	247	276
Services	1,066	912	933
Government	114	250	99
Other	771	1,193	704
Totals	5,203	5,616	4,566

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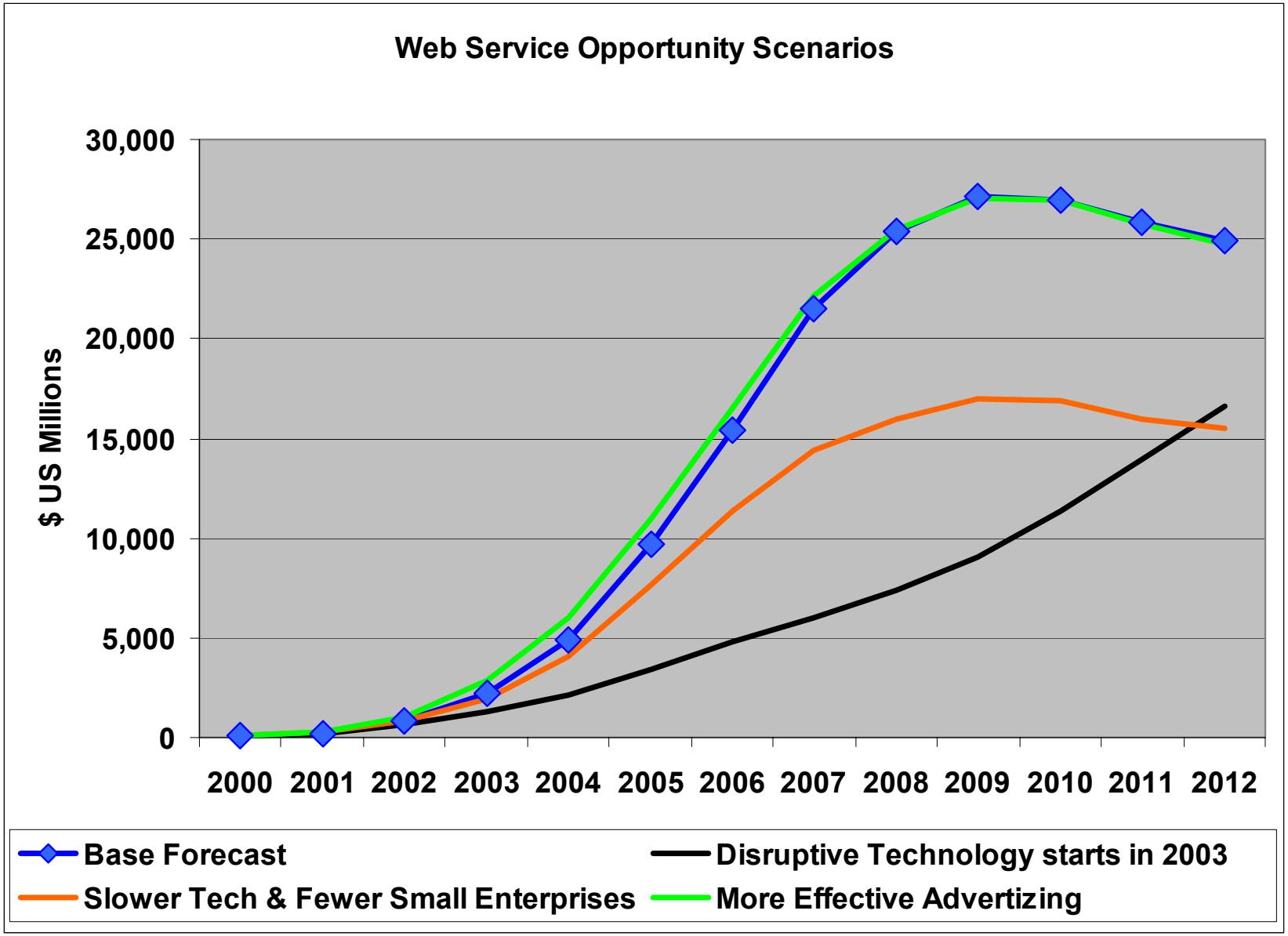
Source: IDC Web services total opportunity model, v12, August, 2002

Differing future scenarios significantly change the forecast



Source: IDC Web services total opportunity model, v12, August, 2002

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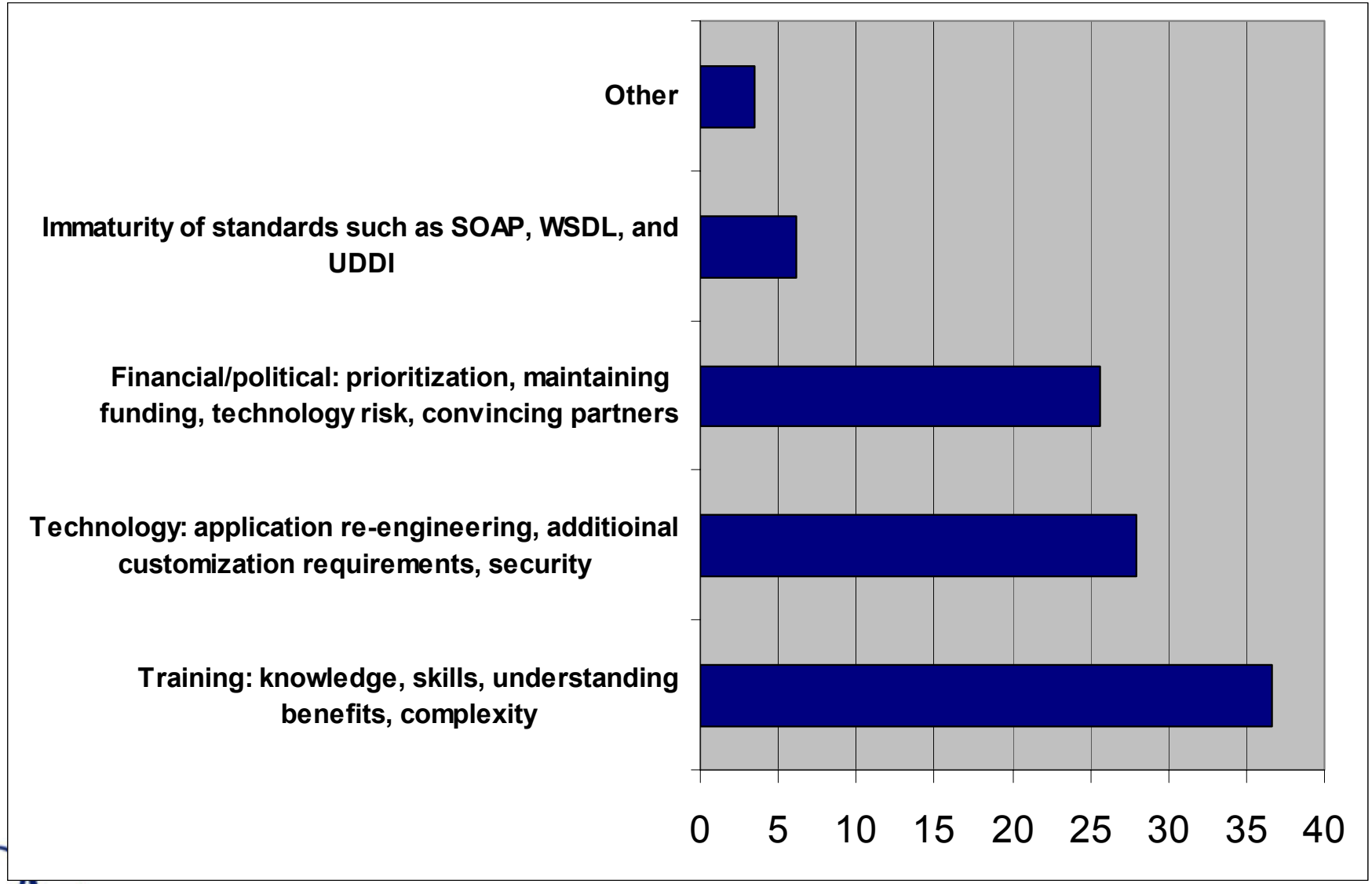
New technology poses challenges in training and knowledge

What is currently your organization's biggest challenge related to web services? N=522



Source: IDC US Web services survey, March 2002, n=781

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Conclusions/Recommendations

- We are climbing out of a complexity crisis, and web services will be key
- Adoption of Web Services will be long term and evolutionary
- There are many notions of web services -> but the IDC rigorous standards-based notion is widely accepted.
- Diversity abounds among industries and size classes, so find your "XML community"
- Initially, Web Services will not be "consultant led"…get trained
- Don't drink single-vendor cool aid
- Opportunity growth will be swift, evolving and risky, so get frequent reality checks
- This is the foundation for the next era in computing, so have fun!

Questions?

Please email me at

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