

Web 2.0 Servers -- Modular, Flexible Servers Leverage SOA and Push Technology to Create Markets Expected to Reach \$10 Billion By 2014

LEXINGTON, Massachusetts (April 23, 2008) – WinterGreen Research announces that it has a new study on the topic of Web 2.0 server market strategies, market shares, and market forecasts. Web 2.0 servers provide a base for Internet systems that provide flexibility and the ability to leverage collaboration and sharing on the Internet. The Web 2.0 servers are designed to support innovative ways to manage software as a service.

The modularity of Web 2.0 servers makes them versatile and flexible. Modules can be put together in a variety of ways, giving users choices about what functionality the server will have. Web 2.0 is a technology that is used to collect revenue from the Internet. But it goes beyond that. Web 2.0 companies have been able to add value to existing data by indexing data according to demand and packing data in new ways adding value to the data that goes beyond what the original creators intended. Services are a significant aspect of SOA and of Web 2.0.

Push technology that automates the process of software development illustrates what is new about Web 2.0. The aggressive forecasts for Web 2.0 servers are a result of the value that Web 2.0 provides in so many areas of life and business. The combination of SOA and push technology represent a new paradigm for collaborative effort and fun that are of the type that creates immediate demand and builds markets rapidly.

Some Web 2.0 vendors including Google built their own machines and this other market activity is accounted for in the other category for revenue and noted directly in the unit analysis. Google is estimated to account for 45% of the Web 2.0 unit shipments of servers, just by the number of Web 2.0 servers they purchase as white boxes for internal use.

Estimated energy calculations for Google are based on the assumption that Google has an installed base of 1 million computers each with 2 processors, and the processors are considered to be fairly lightweight consuming 235 watts of power. The electricity costs for these servers are considered to be \$494 million for the direct costs.



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The indirect costs of electricity at a multiplier of 2 for air conditioning and memory, storage and networking equipment are at \$988. Thus the Google electricity bill is estimated at \$1.5 billion per year, a hefty amount by any measure.

Web 2.0 that implements push technology is the essence of services oriented architecture. SOA is interesting because it decouples functionality and permits enterprises to implement code in flexible ways. Push technology is useful for both consumer social networking applications and enterprise applications because it provides an efficient way to implement services.

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SOA benefits relate to achieving reuse of code and flexible response to changing market conditions. Extending the benefits of SOA beyond the enterprise relates to providing the ability to exchange data between partners, suppliers, distributors, and customers. SOA facilitates integration beyond the enterprise—between a company and its partners and customers. A business-to-business (B2B) infrastructure based on a SOA approach lowers development costs. It delivers value chain economies and reduces project risks.

HP has positioned its servers to manage Web 2.0 in a manner that delivers services faster with less cost. The service delivery platform (SDP) 2.0, built on field-proven HP SDP is a standards based service-oriented architecture. It is used to rapidly and cost effectively integrate and manage converged voice, data and content services.

IBM has a significant new design for Web 2.0 servers. The electricity conservation is built into the design, creating significant advantage for users. IBM iDataPlex Web 2.0 form factor features a 2U form factor. There is rack management. Storage capability is built in. iDataPlex features a rear door heat exchanger. Optimized rack design doubles the server density per rack. There are power savings of 40% due to design efficiency. Air flow efficiency was central to the entire design philosophy.

IBM iDataPlex Web 2.0 form factor increases the number of systems per square foot. Access is from front. The all front access eliminates the need to access the rear of the rack.



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IBM is the defacto industry standard market leader in SOA. IBM dominates SOA with 64% of the market; the rest of market is divided between 12 other participants with measurable market share, none of whom have even been able to garner as much as 8% of the market. IBM dominates the SOA infrastructure markets with more than half of the market because it has the infrastructure offering that can be used to achieve integration in a heterogeneous IT environment and solid services support to permit the large enterprises to change their business model.

Dell is selling PCs in second life the integration between these virtual and physical worlds. Second life has become increasingly robust. Dell has a significant green initiative, designed to make its servers operate more efficiently. Sun's Web 2.0 portfolio is used by Gracenote, LinkedIn, and leading Internet companies. MySQL open source database strengthens Sun Microsystems support for hundreds of Web 2.0 companies.

The markets for Web 2.0 servers show steady growth due to the increased need for social networking, intelligent presentation of data, and video sharing. Web 2.0 promises to support collaboration on a personal and enterprise level. This provides an advantage to IBM with its new product cycle and others as they implement a highly evolved collaborative Web 2.0 software initiative.

Web 2.0 server markets forecasts relate to the development of advertising on-line and collaboration tools. Markets at \$2.4 billion in 2007 are anticipated to reach \$6.1 billion by 2014. The Web 2.0 computing equipment markets are anticipated to be \$10 billion and higher in 2014 when the spending for attached storage is considered.

Market growth will come from innovative Web 2.0 Internet providers, online gaming companies, and broad enterprise organizations implementing automated collaboration process that supports replacing existing manual process. The ability to add

WinterGreen Research is an independent research organization funded by the sale of market research studies all over the world and by the implementation of ROI models that are used to calculate the total cost of ownership of equipment, services, and software.



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