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Groupe Bull's European Renovation

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Management Summary

The European method of restoring productivity to a mature fruit tree, such as an olive tree, is to prune it back to stubs. This is not the tree-shaping minor surgery of landscape gardening, though you do keep a longer, viable-looking stub as a leader. Minor surgery will produce lots of leaves, but not a resurgence of fruit production.

By contrast, Native Americans, before the European settlement, would set fire to the New England woodlands. The largest trees would survive, and the increased sunlight would enhance the regrowth of the bushes and vines that provided food for the humans and the animals they hunted. Many tribes migrated seasonally, so the period of regrowth was not a problem. Each approach suited the environment.

Businesses in the United States tend to rejuvenate by acquisition or partnership aggregation to reposition their enterprises for growing markets. Smaller companies may reinvent themselves completely. Increasingly, agility is key to survival. Cost cutting, when needed, is accomplished with an electric hedge-trimmer approach, answering imperative immediate financial needs, not a vision of a future shape. Like the horticultural practice, this is brutal but effective, leaving lots of frayed, bleeding ends from which the corporate whole will recover in time – or not. To shape, corporate limbs are often weaned of assets and left to wither[1] rather than being summarily lopped off. These American practices, business and agricultural, embody a profligate tolerance of destruction as a lifecycle process and a presumption that there will always be new market opportunities.

By contrast, the European method of corporate rejuvenation usually focuses on reducing costs by careful pruning. One example of European corporate pruning and retraining to a new leader branch is that of the tree-logoed technology company, Groupe Bull. Bull has been characterized in the past by its wide range of interests in hardware (which it now mostly OEMs and resells), smart cards (a business it sold to Schlumberger last year), chip manufacturing (Bull sold the factory, but will continue design), software, and comprehensive IT services (Bull recently sold Integris). Bull has refocused as a European organization, but will support its global customer base, for one-third of Bulls revenue comes from outside of Western Europe. It maintains its own competency centers in Echirolles (France), Les Clayes (France) and Phoenix (Arizona) and participates in those of Intel in Seattle (Washington), Oracle in Redwood Shores (California) and SAP in Waldorf (Germany). Bull will use Integris as a distribution and support arm in some global geographies.

So what is left, and how is it to flourish? For answers, read on.

IN THIS ISSUE

[1] Like tree girdling, where a strip of bark is cut around the trunk, and the tree gradually dies.

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Overview

Bull has appraised its assets, and has chosen as the new leader for the Bull tree its engineering expertise, particularly the ability to design, implement and optimize complex corporate infrastructures. The customers for these services tend to be those with complex business systems, evolved over time. Many do not want to retool these systems to fit software, or to adapt them to vendor-bundled solutions.

Bull's twin processor mainframe architecture (one proprietary and one PowerPC) was an early example of multi-platform processing. Bull was a critical part of the alliance working on the Itanium chip, and has worked closely with IBM on AIX for more than a decade (Bull says it has more AIX experts in Europe than IBM). Recently Bull released its HooX (Host object oriented conneXion) component, developed together by the Bull Phoenix R&D team and the Gallagher & Robertson team in Oslo, to connect mainframe (Bull GCOS and IBM zSeries) and open "back office" systems to "front office" application servers.

Bull is now designing FAME (Flexible Architecture for Multiple Environments) Scalable Port Switch (SPS) to create its new mainframes, which will support GCOS, Linux and Windows 2000 in partitions (and integrate with AIX). Bull wants to leverage this experience and comfort with heterogeneous systems into an expertise-based portfolio of hardware, software and sharply focused infrastructure services.

The Environment

In Europe, pain surrounding corporate IT infrastructures is deeply felt. While templates are making inroads on all-custom environments, a throwaway culture has never caught on and forklift upgrades are not popular. **European businesses are tolerant of the intimate vendor relationships that underlie infrastructure services, particularly if they come with guarantees and penalties for non-performance.**

The demand for Bull engineers has never been stronger. Three years ago, Bull started the process of retooling their labs as competency centers, and putting their engineers into customer- and partner-facing positions in the process. Most Bull customers have used and praised the Bull Open Door Engineering architectural consulting services. In addition, the Competency centers host Bull's R&D services for technology companies, including IBM, Legato, Emulex and EMC. Bull has gone farther. This year, they launched the "We Commit" program, which sets financial penalties for a failure to meet project service level agreements. It is a customer contract, a branding program, and an internal mantra, and a relationship builder with independent software vendors. All these aspects of "We Commit" are crucial to the framework Bull is building for future operations.

R&D

This is not to say Bull is abandoning R&D. The FAME multi-platform chip, mentioned earlier, is a key focus. Integrated with the Intel 870 chipset, it will be released immediately following the release of the McKinley chip, and will be ready for the 64-bit Madison Intel chip as well. It features a large amount of on-chip memory and is ready for InfiniBand. Bull is also focusing on amplifying its TrustWay security solutions for virtual private networks (VPN) for corporate communications and secure sockets layer (SSL) for corporate commerce. Its third focus is Linux, as is evidenced by its high-performance offering of Escala IL400R clusters running Linux, its research with INRIA in Grenoble, its participation in the Industry Joint Project to enhance the functionalities of the McKinley chip, and its partnerships with Red Hat and MandrakeSoft.

Products

Bull is also maintaining and grooming a product line to fulfill the needs and desires of its customers. It will support its declining mainframe customer base, many of which are reluctant to migrate to open systems. Bull has migrated its GCOS server to an Intel chip, running the GCOS7 operating system by emulation. For the GCOS8, Bull has added NEC disk storage to its EMC offering, and has offered HooX (see above) to connect the mainframe to application servers, using J2EE application servers such as BEA WebLogic and Oracle iAS.

Bull's open products include products from IBM (Escala PL), NEC, EMC, NetApps, StorageTek, Overland, Crossroads, Vixel, Brocade, Veritas and Legato. Bull offers a turnkey *R@ck'n Roll* solution and a new launch of fault tolerant servers. **Bull feels these offerings comprise the components they need to deploy complex 3-tier architectures, and to facilitate consolidation projects.** Bull acknowledges the urgency of expanding the customer base for its products, and plans to do so through infrastructure service engagements.

Services

While many enterprises seek to minimize their areas of uniqueness in the name of system efficiency, others see value in their unique processes. For these organizations, infrastructure services are key. These services address the same problem as does exceptions handling in transaction processing systems. In both cases how well the unique situation is handled is critical to overall organizational success. Bull services also address the need to evolve infrastructures and skills profiles to new technologies like J2EE, and the need to optimize the overall infrastructure to reflect the evolved components. Bull will provide what it takes to enable end-to-end, highly-available, scalable and secure infrastructure to support e-business applications.

Large, complex businesses have always needed infrastructure services and been willing to pay for them. Mid-tier organizations may be willing to give them a try, if the channel is there to deliver the services at a reasonable cost. The growth of the Internet and, in Europe, the convergences engendered by the European Union may spur the rediscovery of the value of uniqueness as a business differentiator. How well Bull can position its infrastructure services as an acceptable recurring cost of doing business will be a significant factor in the success of Bull's approach.

Bull's services are delivered through its e-Infrastructure program, where BEA, Oracle, WebGain, and Gallagher & Robertson are strategic partners. In the past, Bull infrastructure services have been focused on "clicking the bricks" of Bull's installed customer base. Presently, enterprise application integration is driving service engagements, as businesses seek to consolidate multiple copies of data into a single, real-time resource. Next, Bull will target the mid-tier organizations with complex needs, particularly IBM's installed base. Throughout each engagement, Bull coordinates the participation of the local sales force and the architecture services of Bull engineers. Deploying engineers in the field, not just in customer facing positions, is a bold step. Bull says their methodology is working well.

The Future

While Bull has a loyal customer base of large institutions (many in the public sector), Bull realizes the need to enlarge the customer base and identify new markets. It is dedicating fifteen percent of its direct sales force to winning enterprise engagements beyond the Bull customer base. Bull hopes to grow out of base through partnerships – with independent software vendors like SAP and Invensys/BAAN for large organizations, and with vertical industry ISVs and local value-added resellers for the mid market.

With BEA and Oracle as key partners, Bull will offer enhanced e-infrastructure solutions in application infrastructure areas such as portals, e-commerce and e-procurement with Oracle e-Business Suite, application integration and through its endorsement of BEA WebLogic Integration technology. Bull also plans to enhance HooX. Bull will also continue to develop, promote and sell high end e-Infrastructure packaged solutions such as ECOstructure (with EMC, Cisco and Oracle), for which Bull is a certified ECO solution provider. Bull will use its TrustWay expertise to keep its security solutions refreshed. It will focus on data warehousing and customer relationship management (CRM) solutions for its public-sector installed base, leveraging its 100 SAN and storage-solution specialists in Europe.

Conclusion

This is a new Bull – a lean Bull – a Bull focused on the cautious pragmatic European IT market. Its services build on the European tolerance for intimate

relationships with IT vendors, and focus on evolving a business' infrastructure to meet its business needs. The result is service engagements involving a limited number of people who know the customer systems well, rather than platoons of engineers, all of whom have to be brought up to speed on the project – and paid.

Most companies offer some form of infrastructure services, but many of them are vendors (software or hardware) or vendor partners pushing a single platform. Of those specializing in heterogeneous infrastructure, none offer the We Commit Guarantee, as Bull does. **While a well-architected IT infrastructure may not guarantee the success of your business, a poor one will kill it. Bull delivers protection from that fate.**

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