



120 POST ROAD WEST – SUITE 201
WESTPORT, CT 06880
PHONE: 1.203.454.3900
FAX: 1.203.454.1311
EMAIL: INFO@SAUGATECH.COM
WEB: WWW.SAUGATECH.COM

New Research: The IT Utility Defines the Future Data Center

Saugatuck research indicates virtual data centers will provide IT as a utility, but vendor and user obstacles remain

Westport, CT, July 22, 2004 – In a report published today by Saugatuck Technology, the "IT Utility" is identified as the driving force in the data center through the end of this decade. The report addresses serious planning issues for IT vendors and IT user executives, including future data center architectures, timing of user demand and change, and the impact on vendor business models. Among the issues addressed:

Virtual future. For user firms, the drive toward the IT Utility will center on increasing data center virtualization. It will evolve through sequential phases Saugatuck calls "Early Virtualization," "Policy-Based Computing," and finally, "The IT Utility." For most user firms, the first phase will span 2004 through 2007; the second phase from 2007 through 2010; and true IT Utility implementation is expected to start around 2010.

"How fast the IT Utility will evolve depends upon a combination of business and technology factors. We believe that *business inhibitors* will clearly outweigh any technology challenges," said Michael Isaac, Saugatuck Senior Consultant and lead author of the new report.

Business model challenges. "We expect resistance to the IT Utility on user and vendor fronts, with user issues focusing on sharing resources and adapting business operations to using IT as a 'virtual service,'" added contributing author Bill McNee, Saugatuck Founder and CEO. "But the biggest challenges will be within the IT vendor community, mainly as regards vendor business models and how vendors are valued. For example, the shift to 'Software as Service' implies a dramatic shift in how users and investors will view software companies financially – migrating from a traditional upfront licenses, maintenance and service model to one that looks more like an annuity stream."

User expectations versus vendor hype. "The IT Utility is being hyped by the major system vendors – big time," noted contributing author Jim Cassell, Senior Consultant with Saugatuck. "Vendor messages imply that the IT Utility is real today and can be immediately exploited to lower total cost of ownership (TCO), improve availability, scale resources to match demand of each application. While all of these benefits may apply to an IT Utility architecture, for most users, they are strategic – i.e., long-term – in nature."

Research and Interviews

This independent research study was conducted from February 2004 through July 2004. The research included extensive interviews with senior user, business and technology executives, as well as in-depth research into the future of key data center technologies. To order a copy of the report, please contact Shirley Nemchek at (203) 454-3900 or go to Saugatuck's website at www.saugatech.com/udcorder.htm.

About Saugatuck Technology

The company provides research-based consulting services to senior executives, information technology vendors and investors, combining business planning and market assessment with first-hand research of executive technology buyer trends. Founded in 1999, Saugatuck is headquartered in Westport, CT (www.saugatech.com (203) 454-3900).

MEDIA CONTACT:

Chris MacGregor, Saugatuck Technology
chris.macgregor@saugatech.com
203 454 3900