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Client/Server Software

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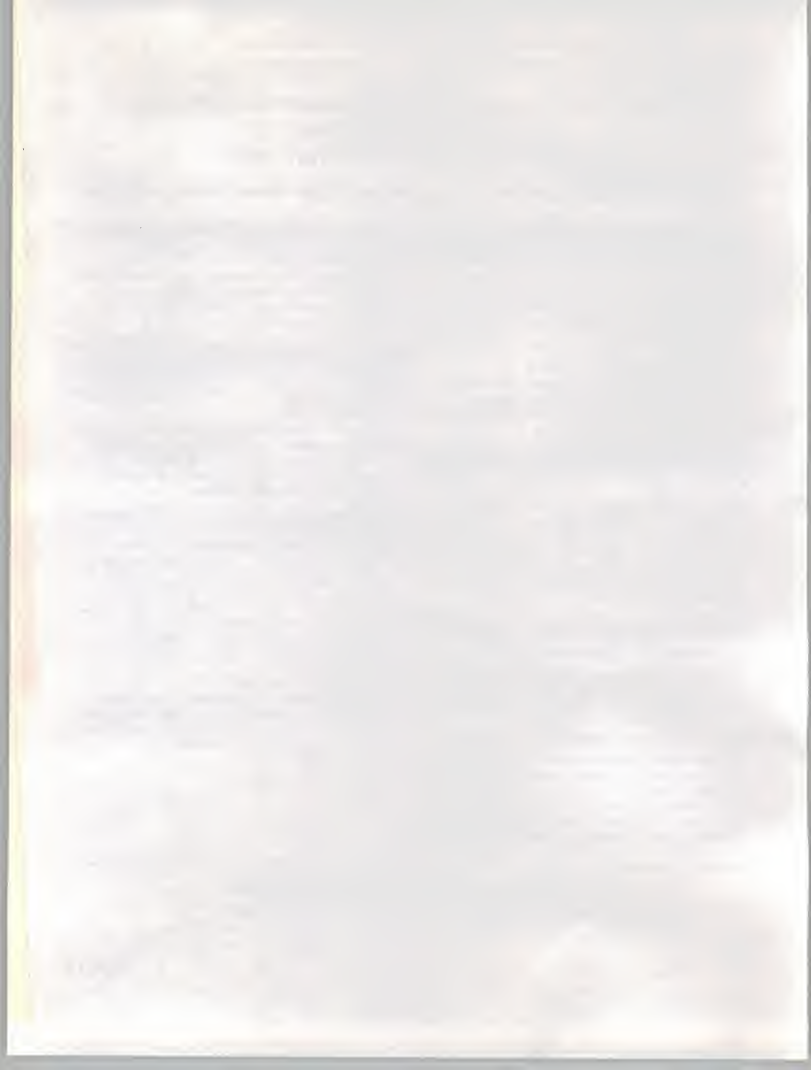
Examines three types of object-oriented platforms: object-oriented environments, object-oriented databases and object-oriented development environments. The report projects how companies are likely to evolve over the next five years and considers Microsoft, NeXT and Taligent as examples of object-oriented environment vendors.

Middleware: Is DCE the Answer?

This report covers Open Software Foundation's Distributed Computing Environment (DCE) and transaction monitors such as Transarc's Encina. It reviews applications built on DCE.

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INPUT



INPUT is Bullish on the Internet

What's In a Name

If there is any single word that today invokes an image of great promise for dramatic and beneficial changes in the ways both individuals and businesses conduct (or will conduct) their everyday activities, it is—Internet.

Internet is one of the few “technology” terms that enters into everyday business and personal conversations that does not require further definition, explanation or a placement in context. The term “surfing,” most commonly applied in the past to mindless flipping through television channels (e.g., surfing the cable programs), is now acceptable terminology for those with inquiring minds who surf the Internet. These individuals are discovering the growing population of resources available to network users.

Many companies, while publicly proclaiming a “wait and see” attitude or skepticism for the commercial value or potential of the Internet, are privately (and aggressively) seeking ways to use this resource to open new markets, gain market share in existing markets or improve the ways they do business. For other businesses, interest in the Internet is simply an acceptance of the current popularity of the concept of networking to the home. Business

enthusiasts are seeing their optimism and belief in this resource recorded in interviews and articles in newspapers, trade journals, periodicals and the broadcast media. Almost everyone has an opinion, and the majority of those with opinions are strong supporters of the potential for and the value of the Internet.

Security? Information Overload?

Many points raised by the skeptical minority are valid. Security is abysmal, as highlighted in the highly publicized recent arrest of Kevin Mitnick, a legendary “hacker” who allegedly obtained credit card numbers and files from San Jose-based Netcom, an Internet service provider. But Mitnick was caught, because a computer security expert was able to trace his activities and locate his place of residence.

Is security—or the lack of it—a cause for concern? Of course. But so were check forgeries and insufficient balances in the early days of demand deposit accounts.

What about information overload? The quantity of information (and resources) available on or through the Internet is huge, and the quality of much of it is suspect. Why? Because most of the data on the Internet today is unedited. A problem? Yes—especially when compared to on-line



data-rich information resources driven by sophisticated inquiry engines, such as Mead Data Central's Lexis®/Nexis® Services.

Other Internet problem areas include file transfer and payment systems. But the Internet's problems are appropriate to a new resource—one in which the details of use and application are just catching up to technology. Recognition and acceptance are typically more difficult to obtain in the early stages of any new product, service or resource, and neither attribute is currently lacking for the Internet. Acceptance seems to be strongest at the personal (or individual user) level, but business recognition is sure to follow.

INPUT's Position on the Internet

No surprise here. We gave you our opinion in the title of this research bulletin. INPUT is bullish on the Internet.

INPUT's president, Peter A. Cunningham, in a December 1994 speech to Japanese business executives in Tokyo, stated that the Internet population will grow from 25 million today to more than 200 million by the year 2000. He predicted that the Internet will change the way people relate to each other, and to business, government and society in general. He stated, "The Internet will do for personal networking what the minicomputer did for personal computing."

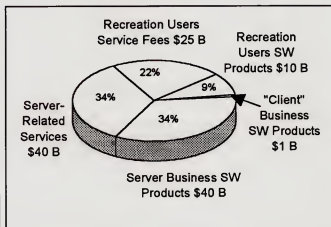
In sizing the financial potential for the Internet, Mr. Cunningham noted that consumer usage on the Internet will potentially exceed \$200 billion by the millennium. Business-to-business usage will trail somewhat, reaching over \$50 billion in the U.S., and about half that amount internationally.

Looking at just the U.S. Internet market in 1999, Mr. Cunningham estimated total spending at \$116 billion. A breakdown of this

spending is detailed in Exhibit 1, below, with service fees, products, services, business and recreational use noted.

Exhibit 1

U.S. Internet Market, 1999



Source: INPUT

Users will find a broad and rich selection of services and products on the Internet, as indicated in the sampling shown in Exhibit 2.

Exhibit 2

What Will You Get?

- Interactive Television
- Entertainment
- Video Conferencing
- Education
- Communications
- ...and many other capabilities ...
- Banking
- Security
- Insurance
- Retailing
- Government

Source: INPUT

The weaknesses of the Internet—such as security, file transfer and payment systems—are just starting to be addressed by vendors such as DigiCash, Netscape Communications and RSA Data Security, Mr. Cunningham noted.

In addition, he views the huge potential of the Internet market acting as a magnet for



vendors of all kinds, from Microsoft, IBM, AT&T, MCI and TCI, to hundreds of smaller vendors and thousands—if not tens of thousands—of individuals. They will introduce the technology and services to solve current Internet problems.

Mr. Cunningham stated, "The Internet phenomenon is already creating overnight millionaires. It also poses a challenge for established services companies who are being dragged 'kicking and screaming' on to the Internet." He notes that many smaller vendors—such as Global Internet Access Corporation—offer lower prices than the major vendors. He identifies content owners as establishing their own Internet access to complement (and eventually replace) the established network services distribution channels.

Putting Our Money Where Our Mouths Are

INPUT has studied and forecast the information and network services markets for more than 20 years. In recent years we have examined business process reengineering, outsourcing, downsizing, client/server and other new concepts, phenomena and architectures, with the intent of identifying and quantifying spending for key initiatives early in their life cycle.

The Internet—and its potential for affecting us both as individuals and as businesses—represents one of the most significant resources to become available in recent years. Although we are forecasting a \$116 billion market for 1999 (Exhibit 2), we believe that this is only the beginning.

To insure that we identify, understand and project the information services spending related to the Internet, INPUT will include a section in each of our 1995 Market Analysis Program industry reports (15 vertical markets and 7 cross-industry markets) entitled *Internet Use and Applications*. Where there is sufficient data, we will also forecast Internet spending for the years 1995 and 2000 for each industry report.

In addition, INPUT has established a new research program to track the Internet market and is expanding other programs to include richer Internet components. We will pay close attention to the Internet in the coming years and in-depth reports will be issued regularly.

Initial assessment of the Internet market, as presented by Peter Cunningham in a series of recent industry and executive briefings, is summarized in the document, *Internet Market Projections*. If you have not received your free copy, please contact your INPUT representative or call us at the number listed below.

This Research Bulletin is issued as part of INPUT's U.S. Information Services Market Analysis Program.

If you have questions or comments on this bulletin, please call your local INPUT organization or Robert L. Goodwin at INPUT, 1881 Landings Drive, Mountain View, CA 94043-0848, (415) 961-3300.

