

**Scott McNealy Keynote – Sun Network Berlin**  
**Speaker Card Notes**

The Network Computer: This Year's Model  
Wednesday, December 3, 2003 - 10:10am - 10:50am

40 minute speech – SAP cameo - JDS demo – RFID Stunt

Entrance: --

Video plays of "Scott" in Smart Car driving streets of Berlin  
Scott rolls onto stage in Smart Car, exits car, launches directly into speech

## I'M HERE TO TELL YOU ABOUT THE NC, 1 of 1

(SLIDE ONE)

- Focused on NC for 20 years
- NC is more than components – is a system designed for a job (SLIDE TWO)
- Industry alternatives – buy parts & assemble – Outsource parts & DC to IBM and battalion of service people will bill you --> Get a Ncand save! --> Take a taxi
- Smart car is a system - designed for a specific customer requirement - European urban driving, short distances, limited parking, expensive fuel
- Will show you how we solve complex network computing problems
- How by looking at your computer plant as a NC you can save millions – dramatically increase security – accelerate connections

## **BUT FIRST ... WELCOME**

- Welcome to SunNetwork Berlin & NC03Q4 – Great to be here
- Sold Out! - 7,000 attendees - 600+ developers - 200+ partners
- Sun strengths - \$1.8m R&D
- SNE big investment - Over a third of Sun's WW rev from EMEA
- 9000 staff - StarOffice created here
- Dynamic market - Growth markets: Spain, Portugal, Germany
- Sun is strong

**(SLIDE THREE)**

- #1 UNIX Slides
- Grew revenue twice as fast as competitors for volume servers (sub \$25,000) sequentially quarter-to-quarter
- Double-digit growth in unit shipments, key categories of the volume server segment: all operating systems, UNIX and UNIX+Linux.
- 2-way rack-optimized server market grew unit shipment faster than any other major vendor, on a quarter-to-quarter basis. Shows the phenomenal market acceptance of our x86 Sun Fire V60/V65x & V210/V240 servers.
- **4-way rack-optimized server grew unit & revenue faster than any other major vendor V480 & V440 server strength.**

## **STRATEGIES PAYING OFF FOR SUN AND OUR CUSTOMERS**

**(SLIDE FIVE)**

- 80% of the worldwide Internet traffic runs on Sun
- Sun supports 100% of global manufacturers on the Fortune 500
- 4 of the 5 biggest healthcare insurers run on Sun
- 80% of world's largest airlines run on Sun
- 70% of NASDAQ traffic is on Sun
- 150M+ Java handsets and 550 M Java enabled desktop PCs
- Big portals like AirFrance CNN.com, MLB.com, NHL.com run on Sun

## **CLEAR VISION – EVERYTHING & EVERYBODY CONNECTED** (SLIDE SIX)

- **Connections in Europe accelerating ..** Wireless Internet users in Europe will have grown from just 9 million in 2000, to nearly 200 million by 2005 (Strategis 2002 data)
- 36 percent of Internet users will employ wireless handset devices for access and 59 percent are expected to use non-PC devices
- Mobile content revenues will exceed \$12.6 billion by 2005 (McKinsey)
- E-mail has long passed regular mail in terms of volume - Netvalue (UK) In UK handled 550 million emails VS. 258 million letters handled by Royal Mail
- Ring tone sales have already reached \$1.5 billion in Europe (CNET, Strand Consulting)
- **Trends will drive massive cost & complexity – security issues – scale issues ... Need for new strategies ...**

## **FIRST STRATEGY – SLASH COST & COMPLEXITY, 1 of 8**

**(SLIDE SEVEN)**

- NC03Q4 – Predictable & Simple
- 15- 25% Data center utilization poor – SOLVE THROUGH N1
- CPU usage is hovering around 6 to 20%
- Systems managed per Sys Admin 15-30 servers max
- Network ports per Network Admin 50-100 ports
- Service availability 99.9 - that leaves 525 minutes a year without service – that's nearly an entire work day missing every year

**(SLIDE EIGHT)**

## **REDUCE ACQUISITION COSTS – INCREASE PERFORMANCE, 2 of 8**

- Leveraging industry economics – Intel, AMD, Sun - Extreme performance at Compelling prices –
- 100% committed to Sparc. Greg P is going to take you through next wave of Sparc innovations tomorrow – CMT (SLIDE)
- 22 new x86 hardware, blades products – more on the way – AMD Opteron announcement two weeks ago – AMD building Opteron plant here
- Full Linux support for Oracle, deals with Red Hat and SuSE
- Doubled down on Solaris x86 - HP not making commitments – abandoning OS
- **Announcing today – performance improvements – extended instruction sets and higher bandwidth interconnects – 20 to 40% better networking perf than earlier versions**



## **REDUCE C&C THROUGH CONSOLIDATION, 3 of 8**

- Announcing today: - Infineon consolidated all Supply Chain Management (SCM) and Data Warehouse solutions to two SunFire 15ks running Solaris
- Increased performance by a factor of four, while reducing costs by the same factor - reducing monthly costs by EURO 30,000.
- Sun doing same – global consolidation of Oracle – see Max Rayner's session – TS1239 – see how we reduced
  - 110 application instances to 3
  - 165 servers to 40
  - Removed 5.5m lines of code

## **REDUCE C&C THROUGH IFORCE, 4 of 8**

**(SLIDE NINE)**

- Mercedes Benz innovations aren't just in the piston ring or chassis
- **DOZEN PLUS IFORCE CENTERS IN EUROPE**
- Paris, London, Frankfurt, Madrid ... 75 Worldwide
- 20,000 iForce partners, a couple of hundred of them represented here at SunNetwork
- 85 leading application partners have built hundreds of customer Proof of Concepts w/ Sun
- Reduce risk --> Speed time to deployment --> Test before you invest
- **Next step is Reference Architectures**

**(SLIDE TEN)**

- RAs take the guesswork out of architecting IT infrastructures
- Proven streamlined design, proven methodologies
- SunTone compliant
- Designed, Integrated and Tested by Sun and iForce Partners
- 30 RAs already in place - announcing 5 more today
- Deployed through Customer Ready Systems group
- CRS, armed with Bill of Materials from POC, and RA, produces fully configured systems to customer specs, w/ middleware and customer apps installed, reduces deployment from weeks to hours

- **Web Application Firewall** - Iron-clad application security NO unauthorized access
- **Supply Chain Management** - Create adaptive, real-time trading networks
- **Secure Web Server** - Speeds the implementation of secure web services
- **Enhanced Communications Services** - Enables telcos to integrate voice, web, email, wireless and data services through a single Graphical User Interface.
- **Sun Migration Reference Architecture for Tru64** - Eases customer migration from abandoned AlphaServer Tru64

## TWO INFRASTRUCTURE SOLUTION YOU SHOULD LOOK AT, 7 of 8

Build on Reference Architectures --> **Complete solutions, include Sun Services component to further simplify deployment**

- **Sun Infrastructure Solution for Tru64 Migration**
  - 50 customers already migrated to Sun without migrating risk
  - Sun Partners embracing – sic new partners in past month – Datamatics, EvolveWare, IrisLogic, Transoft, Treklogic
  - Cost neutral
  - City of Oakland - \$115k annual savings – 30% TCO reduction - %50 faster payroll processing
- Another - **DaimlerChrysler and the Sun Infinite Mailbox Infrastructure Solution...**
  - 65,000 employees - extreme user growth negatively impacts performance of mailservers

- Poor CPU and memory resource utilization led to increasing cost and complexity - and poor ROI. Backup processes taking longer.
- Answer: Sun Infinite Mailbox Infrastructure Solution
  - > Only vendor to show a successful proof of concept within 4 weeks!
  - > Only vendor to fulfill all requirements
  - > System manages 170,000 e-mail accounts across 15 countries
- Users are assigned “soft quotas” for size of mailbox. When reached, older e-mail automatically and transparently archived.
  - **access archived e-mail transparently -- in other words: an infinitely scalable mailbox that manages itself**
    - > lower TCO through better CPU usage and more efficient use of storage
    - > reduced daily volume of data to be backed up, by an order of magnitude, increased overall system performance.

## WORKING WITH PARTNERS HERE AND AROUND THE WORLD, 1 of 2

(SLIDE 14)

- Partnered for over a decade
- Some of the largest , most demanding SAP deployments are on Sun
  - Largest SAP R/3 deployment in production - W.W. Grainger
  - One of the largest mySAP deployments by Aramco, 20,000 users
  - Sun and SAP delivered 25% lower TCO than competitors at Owens Corning
  - Lufthansa, SAP's first production customer for Enterprise Portal 6.0 runs on Sun
- SAP R/3 ported to Sun in 1993, 1st joint customer, Airport Munich, mid-1994
  - SAP's NetWeaver runs on Sun - relies heavily on Java
  - 1998 intro'd Java-based installer for SAP components
  - 2001 SAP Enterprise Portal ships, based on J2EE

Welcome Shai Agassi – member - exec board, SAP

## **SHAI AGASSI CAMEO, 2 of 2**

- Importance of Java to SAP?
  - How is Java used in NetWeaver?
- Announcing support for N1 & JES today.
  - Sun and SAP cooperating in unique Java Technology Center to drive deployment of Java technology into SAP
- Sun and SAP “Customer Excellence Program” promotes the partnership with complimentary technical services, education and other value-added components to lower TCO
- New Sun AMD Opteron based server technology already certified with SAP for 32-bit Linux environment
- **Thanks Shai ... Together - delivering choice, innovation & value**



## SECOND STRATEGY – ACCELERATE DEPLOYMENT OF SERVICES, 1 of 4

(SLIDE

15)

- Java vs .Net – Java won! (SLIDE 16)
- 3 million Java developers today, and we are aiming for 10 million
- **Just in today** – Evans Data Survey – Java beats MSFT in five out of six categories important to developers... Owens & Minor, a medical supply co. feature in the report – track 3 million messages a day on status of orders – app written entirely in Java...
- Java has captured almost three quarters of all developers – (IDC 2002)
- J2EE app servers comprise about 60% of the market. (IDC data)
- Java development platform was voted most effective over .Net by 78/22%. (Computerworld 2001).

## **JAVA MAKES IT ALL HAPPEN SMOOTHLY, 2 of 4**

- Java is everywhere and in everything (J2 EE, J2ME, J2SE, Card)
- In one month, Electronic Arts' web sites clocked over 8.2 billion minutes of online gaming - most of it on Java, w/ 17.6 million visitors
- 37 million + downloads of the Java runtime environment. (Sun data).
- 550 M desktops running Java --> Virtually all new PCs ship with Java Run Time
- 150 million Java wireless phones deployed --> 250 million more in next six months --> 750 wireless Java enabled by 2010

Leads into third strategy --> Mobility with Security

- Serious NC software made simple: JES = 6 Software systems vs. 220+ individual products
  - \$100 per employee per year
  - One system with all of our infrastructure services like portal, app server, etc.
  - Single installer, common UI, predictable release train
  - Save up to 47% on software lifecycle management
- JES communications and collaboration offer 2 to 1 cost advantage over MS exchange & Lotus Notes (Radicati Group )
- Includes #1 Java application server technology in the world – Over 3.75M copies of J2EE SDK downloaded to date. (ref: [java.sun.com](http://java.sun.com))
- Price book on business card

## ACCELERATE SERVICE DEPLOYMENT WITH JES, 4 of 4

- Infinite RTU – Infinite Software
  - Worldbook est 50 to 70% savings with JES over processor based pricing - Paying only for their employees, not for millions of users - No penalty for business success.
- **Announcing - Netvision** - Israel's largest Internet service provider - first in Israel to implement JES
  - 700 employees
  - 40,000 subscribers
- **Announcing - Athens Airport** – single sign-on through air-port server – **Advocate Healthcare** cutting costs with JES
- Hundreds more companies evaluating

## THIRD STRATEGY – UNLEASH MOBILITY WITH SECURITY, 1 of 7

(SLIDE 18)

- Takes more than a Centrino chip ... SunRay – Mark will show you this morning  
--> Trusted Solaris --> Secure, encrypted Java Card
- 300m Java Cards Deployed - Belgium – Government national identity system
  - Everyone over 12 gets a Java Card for their national ID card
  - 10 million Belgians will have these cards - Largest single implementation of Java Card to date
  - Unified identity for all needs
- Make secure business connections with JES Identity/ Directory servers
  - Open standards Liberty 2.0 specs for authentication and role based access controls
  - Meet your regulatory duties under the member states' European Data Protection implementations plus your privacy promises and, most important of all, your customers' privacy expectations.

### **THIRD STRATEGY – UNLEASH MOBILITY WITH SECURITY, 2 of 7**

- With JES and Liberty you can partner with others without compromising personal data
  - > decreases interface complexity & time to service
  - > increases security
- Reduces password control cost & complexity
  - > cost for a query to a customer service org. to change a password may be as high as \$100 US per transaction
  - > reduced to as low as .10 US with a secure automated system.

### **THIRD STRATEGY – UNLEASH MOBILITY WITH SECURITY, 3 of 7**

- **Announcing today - Sun will consolidate National Grid Transco's existing SAP environment** to a centralized IT architecture and create a mobile asset repository system – one of largest wireless mobile workforce projects in the the world.
- Integration of live data with back-office systems
- NGT's mobile workforce will direct access to central IT systems – including SunFire 15ks
- Faster and more accurate asset data collection

- StarOffice 7 getting rave reviews from eWeek and others
- 30M+ downloads can't be wrong!
  - 36% of downloads European languages
  - 17 European OEMs for SO
- #1 on Amazon.com
- Buy StarOffice 7 from any of these retailers or distributors ... here are those I can pronounce (SLIDE)
  - Amazon.com – anywhere in Europe
  - 6000 WH Smiths stores - PC World - The Computer Superstore and TechnoMatic in the UK
  - Media Markt – Fric and Libro in Austria
  - ABC Soft in Belgium – and - Kenfil Distribution in Holland
  - Tech Data - Computer City – Siba and Dustin in Sweden
  - Fnac – Auchan - PC City – Camif – Leclerc and Virgin in France
  - Dussmann-Berlin – Karstadt - Media Markt – VUB – Saturn in Germany
  - Investronica in Spain and Pearson Education in Switzerland
  - And, Alias - CDC Point – and IT-Way in Italy



## **MOBILITY W/STAROFFICE, 5 of 7**

- **Today announcing - Jessops - UK's largest independent photographic retailer.**
- Sun to provide the technology infrastructure for their integrated Point Of Sale (POS) enterprise management system for 3000 employees across 30 stores
- Largest implementation of StarOffice in the UK retail sector
- And - first UK deployment of a hosted Sun Enterprise Learning Platform (ELP)
- Contributing to more than \$2 million in savings

## **ALSO, NEW OPENOFFICE.ORG INITIATIVE, 6 of 7**

- OpenOffice.org - largest open source projects in history - 30 million downloads to date (Star + Open)
- **Announcing today: New affordable 24x7 global software support services for OpenOffice.org**
  - Flexible, multi-tiered Sun Software Support Services from experienced and highly skilled engineers
  - Escalation access to the engineers who actively contribute to the OpenOffice.org community project
  - Available for Solaris (SPARC Platform Edition), Linux and Windows
- GOVT Israel all over OO – Employment Service – installed on 580 workstations this week – Hebrew version

- I'd like to bring up Anil Gadre ...
- #1 Linux Desktop
- Huge deal w/ China Standard Software Co ... standard desktop environment for Chinese government
- 500,000 to 1 million licenses by the end of next year - more than 200 million over life of deal
- Entire countries opting out of MSFT - Tired of \$400 desktop licenses - treadmill
- **EDS announcing today at Sun Network Europe they'll provide installation & support services for JDS for our joint customers**
- **OK, Anil, let's see what else we have for the folks... (Anil demo)**

**CLOSING REMARKS – DELIVERING CHOICE, INNOVATION & VALUE, 1 of 4**  
(SLIDE 21)

- **CHOICE** – Standard Linux on x86
  - Enterprise-class Solaris on x86 – run existing Solaris apps – run Linux binaries - >2000 ISVs offering over 3000 products for Solaris x86
  - **Solaris on SPARC – 1 to 100+ P – data center class 64 bit architecture – mission critical , >6000 developers offering nearly 10,000 applications**
- **VALUE** - Nearly always below Dell, HP and IBM – Disrupted forever software pricing and ownership with JES.
  - **V60x and V65x in May at lower price points than Dell - V60x is \$2450, comparable Dell PE1750 is \$2586**
- **INNOVATING LIKE CRAZY - \$1.8bn** (SLIDE 22)
  - CMT – 10-30X performance improvement

- **Connect everything of value on the planet**
- **To help do this – announcing today will open a European Radio Frequency Identification (RFID) test center in Scotland by Feb 2004**
- Builds on RFID Test Center in Dallas in the United States – with WalMart
- RFID moving fast - readers getting more powerful, longer range, less expensive
- Cost of tags - from \$2 to 20 cents --> Going to five cents or less
- Gillette says that retailers in U.S. lose around \$30B a year in sales because shop shelves run out of products and stand empty

## **CLOSING REMARKS – RFID, 3 of 4**

- Procter & Gamble makes 20 billion products a year they need to track need to be tracked
- Big projects under way at Tesco in UK, Wal-Mart, elsewhere
- Test RFID solutions - ensure compliance with regulatory standards and adequate privacy protections.
- Privacy issues mostly dealt with thanks to “kill feature,” and tags down from a few dollars to around 20 cents

- (Walk cart full of stuff past Auto ID reader, items show up on screen)
- We're going to make this hyper-connected world possible.
- Through the NC – iForce centers – Ref Arch – Inf Solutions -- and nearly a quarter century of network computing innovation
- And we ain't stopping the innovation train for anyone
- We're doing it with the world's greatest partner community and with with you
- Thanks for joining us at SNE – thanks for your business – and thanks for your loyalty
- Next up is Mark Tolliver...thank you!

# . BACK-UP CARDS



- **Listening hard ...** Take Cost Out - Aggressive ROI
- Big interest in outsourcing (65% across Europe, according to recent survey, and as high as 85% of CIOs in France)
- Mergers and acquisitions resulting in heterogeneous data centers
- Conventional wisdom about platforms and OSes is being challenged
  - Some enterprise environments abandoned by HP, IBM
- Leverage the economies of 32-bit industry standard hardware WITHOUT having to run Windows
  - Linux now accounts for 15% of all servers being sold in US
  - Wal-mart selling x86 white boxes with Linux/Lindows

## **MOST PARTNERED COMPANY ON THE PLANET**

- Community spans Java developers + Solaris developers + Sis + OEMs and SPs  
= **more than five million members....**
- **1400 + Channel partners in Europe**
- **Over 2500 European HQ-ed companies in iForce developer program**
- Let me give you some examples of the great customer value our iForce partners bring to the table w/ specialized market and technology expertise

## **FIRST – AN EMEA PARTNER - MOBEON (Stockholm, Sweden)**

- Mobeon Unified Messaging solution based on Sun's Communications IDC Reference Architecture
- Delivered by Mobeon – a subsidiary of Ericsson - our largest OEM partner in EMEA.
- Customers get all messages in one email box on cell phone
- The world's leading pure-IP voice mail system with over 18 million mailboxes installed
- Frost &Sullivan predict market will grow to 140M mailboxes by 2007
- **Check out MOBEON's pod in the Sun pavilion - after the keynotes**