

FlashPaper news so hot it might ignite

HP quarter lifts revenue, but report dips future guidance. HP reported its second straight quarterly increase in revenues with figures for its Q2 of 2005, but the new CEO has warned investors the company is looking at a slower period that will end on July 30. Mark Hurd said in an analyst briefing that he plans more cutbacks at the sector which sells HP's follow-up solution for 3000 customers who want to migrate.

Analysts called HP's 9 percent profit increase a solid quarter. Sales set a record for any HP quarter and rose a little more than 7 percent, exceeding expectations. But Hurd said Wall Street should lower its profit expectations for HP through mid-2005.

Enterprise Storage and Servers (ESS), the unit which makes the HP-UX servers on many migrating customers' 2006 calendars, reported revenue of \$4.2 billion, up 6 percent over the prior-year period. Windows-based systems led the way; HP said such "industry-standard server revenue" increased 12 percent, while the Unix-based business-critical systems (BCS) revenue grew 2 percent.

HP seems to be making some headway in its goal to transform half of its enterprise server business to the Itanium-based Integrity line. Revenue for the HP Integrity servers grew 37 percent year-over-year. HP wants to increase its Itanium-based server sales by more than 100 percent; the servers represented just one in five sales as of the start of fiscal 2005. HP-UX-related revenues, including operating system license sales, grew 9 percent.

HP's ESS business, including its storage sales, stayed in the black with an operating profit of \$184 million, up from a profit of \$119 million in the prior-year period. ESS managed its profit even though the company spent \$24 million in workforce reduction costs in the segment during the period.

The printer and imaging business gave HP elbow room to handle tougher results from its PC segment, but even HP's cash cow had to cut back last quarter. Operating profit for printers and imaging was \$814 million, down from a profit of \$952 million in the prior-year period. This reflects \$71 million in workforce reduction costs, hardware pricing actions, hardware growth and mix shifts within supplies.

"Our overall performance leaves room for improvement in many of our businesses," Hurd said. He added that HP will be making more changes to itself to realize those improvements. "We expect to provide details as soon as our plans are finalized that will move us toward that objective," he said.

HP began to break out its financials with details on consumer and commercial markets in this quarter's report, indicating that it's begun to see its sales in PCs and printers differently. Analysts have called for a spinoff of the consumer business at HP. PCs saw a better quarter, with three times the profits of last year's Q2.

The company advised investors to expect about 20 percent less profits overall for the coming quarter, with revenues to be down about \$1 billion. Hurd called Q3 one of HP's toughest traditionally — perhaps a signal to migrating customers to hold out for the best deals of the year. He had a history of lowering expectations for financial results while at NCR's helm.

After our reading of more than 75 HP quarterly releases, this quarter's report showed a more conservative tone than any floated during Carly Fiorina's CEO tenure. HP expects to improve its business position, but the latest report reminds investors and customers alike that such an expectation will take time to achieve. One thing looks certain — HP is re-evaluating all of its businesses' value. Hurd told analysts the company is still considering a writedown for goodwill of the assets of the Compaq acquisition, a move that would devalue that signature transaction of HP's Fiorina era.

3000 FTP gets better, but even that work has limits. Even while HP points to one of its broader offerings to improve the 3000's operating systems, customers still hope to enjoy more scope for the work. FTP services under MPE/iX will be getting new command support. The FTPHDE4 patch for release 7.5, HP's last rollout of MPE/iX, includes new FTP/iX support for

- logon security, /etc/ftpusers
- file access security, /etc/ftpaccess
- log all file transfers & commands functions
- /etc/ftpaccess logon banner
- FTPSRVR site chmod and site chown

But HP is sticking to a policy that might keep the FTP improvements off of most HP 3000 systems. HP's patches have to clear a beta-test period where customers try out the enhancements on their 3000s in the field. James Hofmeister, the HP engineer managing the FTP improvements, said that so few customers were willing to load such enhancements onto 3000s running 7.0 and 6.5 MPE/iX that it's become hard to justify HP's engineering time.

Some customers are running systems with the 6.0 release, still widely installed on smaller 3000s. Hofmeister

reminded customers that FTP/iX needs large files support, a feature of the operating system only available going back to the 6.5 MPE/iX release. Older releases like MPE/iX 6.0 "are off support for several years. No further changes will be implemented with FTP/iX 6.0."

The FTP enhancements on MPE/iX 6.5 and 7.0 "[are] in the plan, but we find very few customers are willing to install these patches as alpha test (going on now) or beta test," Hofmeister reported to the HP 3000 newsgroup. "The SIB 2003 enhancements on MPE/iX 6.5 and 7.0 were not available as General Release for more than a year due to lack of interest (no one would install them as Beta Test patches). It is hard to justify working on patches for 6.5 and 7.0 in these conditions."

HP has brought up the too-few-testers issue since last summer while describing its plans for patch development. Customers who want to alpha-test the new FTP features on 6.5, 7.0 or 7.5 releases can contact Hofmeister at james.hofmeister@hp.com.

Unlock VPlus FORMS for other platforms. As some 3000 sites move interfaces and applications to other platforms, the nuances of MPE/iX sometimes present a challenge to share with other systems. VPlus FORMS files, for example, are a unique 3000 component that are easy to list out but harder to push onto systems such as IBM's servers.

Several tools have emerged to bring FORMS work onto other screens. ScreenJet's tools have provided an AcuBench development environment migration option since 2002 to put VPlus interfaces to work on the many systems Acucorp's AcuBench supports. Another tool can work to put the FORMS onto non-3000 systems through Java and XML files. The InterNet Agency's ANSI Studio can provide an IBM-familiar target for FORMS files, according to the Agency's Chris Thompson:

"The ANSI Studio Workbench may help to meet this requirement. Based on Eclipse, it provides not only the forms file information but also VPLUS application migration tooling. I imagine that the IBM people will recognize and be comfortable with the underlying Eclipse platform, since it is the basis of many of their current application and middleware products."

More information on the ANSI Studio is at the-internet-agency.com/adbcwebix/ansi-studio.htm. ScreenJet's VPlus migration tool suite capabilities are outlined at 207.21.244.161/products.asp?SesEnc=&page=01_VplusAcuBenchMigration

The PA-RISC line nears its final rollout. HP is expected to contact its resellers this summer about an HP-UX server powered by PA-8900 processors, chips which HP has announced will be the last PA-RISC design used in HP servers. HP has stated that its goal for enterprise server sales is to pump up its Itanium 2 family to comprise half of all 2005 sales, but the PA-RISC lineup still dominates sales of non-Intel-based HP systems. This year's Montecito release of Itanium 2 is expected to be the first Itanium chip that can outrun the PA-RISC line of processors. PA-RISC drives the remaining units in the HP 3000 line, including the latest N-Class servers. The PA-8700 was the last processor HP supported under MPE/iX. The migration from PA-RISC to Itanium architectures still looms in the future for many customers who will stick with HP's servers when they leave their HP 3000s.

HP enabled its Support Tools Manager (STM) to work with PA-8900 systems five months ago, with HP-UX release 11.11i. From the looks of HP's public documentation, the rp4440 HP-UX servers could be among the first to accept the newest PA-RISC chips. An HP manual which details upgrading procedures for the rp4440 and rp4410 servers rolled off HP's electronic presses last month. You can have a look through the document at http://docs.hp.com/en/A9550-96003/A9950-96003_rp4410_rp4440_Upgrade.pdf. The rp4440 can be configured with as many as eight PA-RISC CPUs.

MPE Networking BOF to mix it up at HP World. HP engineer James Hofmeister and OpenMPE director Donna Garverick have contacted Gayle Crossley at Interex to express an interest in establishing a new HP 3000 "Birds Of a Feather" (BOF) meeting at this summer's HP World conference. The BOF called "MPE Networking" for is tentatively scheduled for Wednesday, August 17 from 5:30-7.

"We have been busy," Hofmeister reported to the 3000 community over the Internet, "and I believe we have already secured funds and sponsors to provide refreshments." The MPE veterans were inspired by last year's final SIG-COBOL meeting, catered with champagne and snacks while a trivia game wrapped up the meeting.

"One of the questions we had was if the attendees would be most interested in a MPE "people" networking (pre-party-party), or if you would be interested in a combination of MPE networking "technical content" to go along with the MPE "people" networking (pre-party-party)," Hofmeister asked. ♪

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