

The logo features the word "FORRESTER" in a white, serif, all-caps font, centered within a dark green oval. The oval is set against a dark blue background.

FORRESTER®

The Growing Need For High-Speed Computing

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FORRESTER®

Theme

High speed servers like HP NonStop are critical to meet industries' increasing demands and complexity

Agenda

- Industry trends
- Financial T+1 settlement
- New ways of pricing and distributing travel

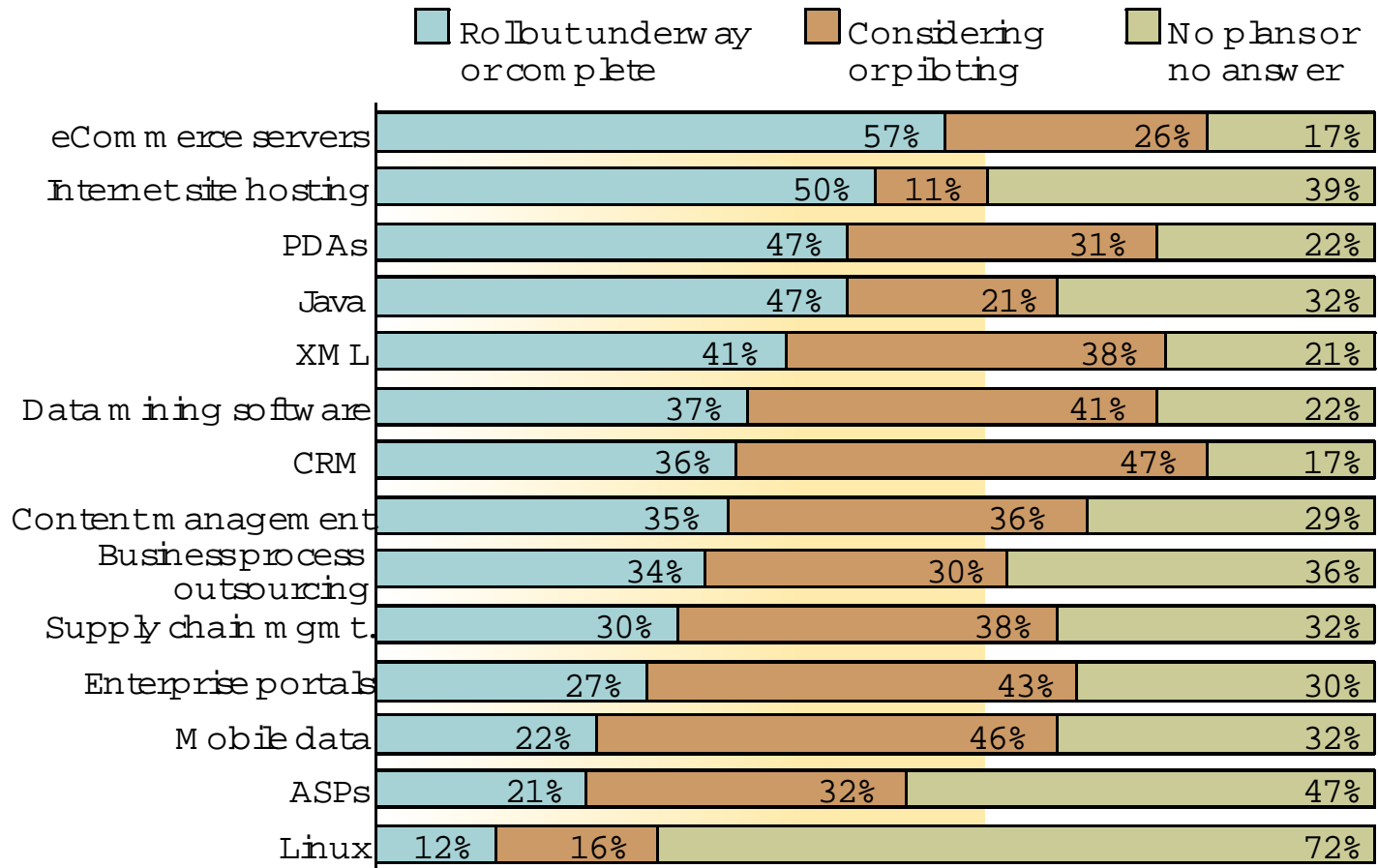
2002 versus 2001 IT spending

	2002			2001
	Overall	<\$1B	G3,500	G3,500
Percent of revenues spent on eBusiness	3.1%	3.5%	3.0%	3.5%
		IT executives	3.4%	3.5%
		Business executives	2.5%	3.6%
Percent of revenues spent on IT	5.4%	7.2%	4.8%	
		IT executives	5.0%	
		Business executives	4.7%	

Base: executives at North American companies

Technology adoption in 2002

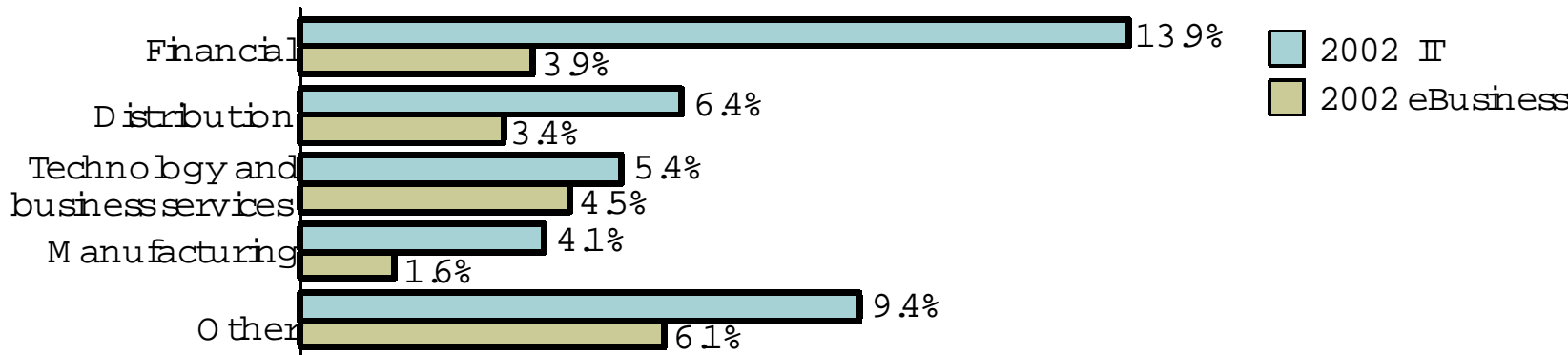
At what stage are you in the implementation of ...?



Base: executives at North American companies

Firms with <US\$1 billion in revenues emphasize IT over eBusiness tech spending

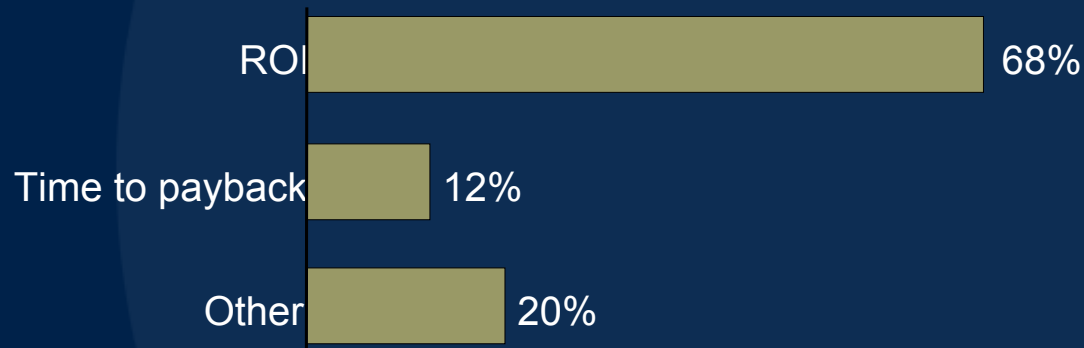
"Roughly what percentage of corporate revenues will you spend on technology initiatives?"



Base: executives at less than \$1 billion companies

ROI drives technology spending decisions

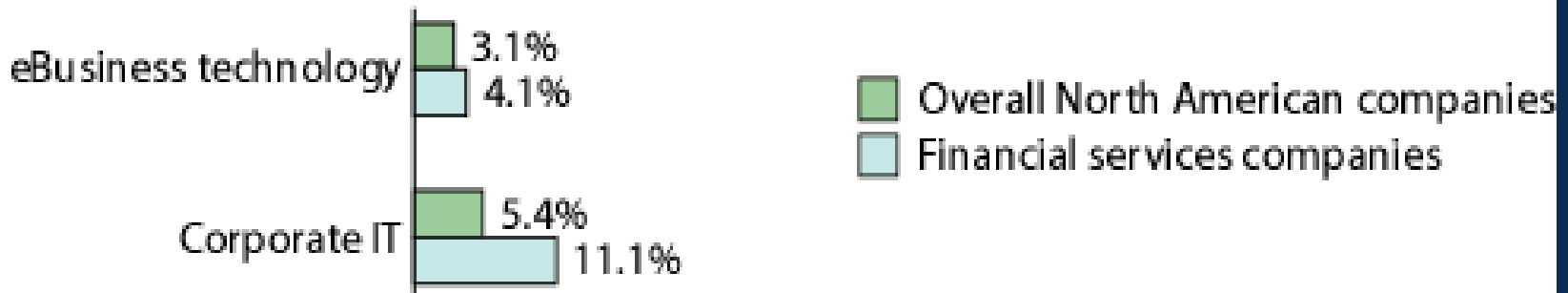
What formal justification process does your company use to decide whether to embark on a technology project?



Base: 204 G3,500 executives

Financial services IT spending

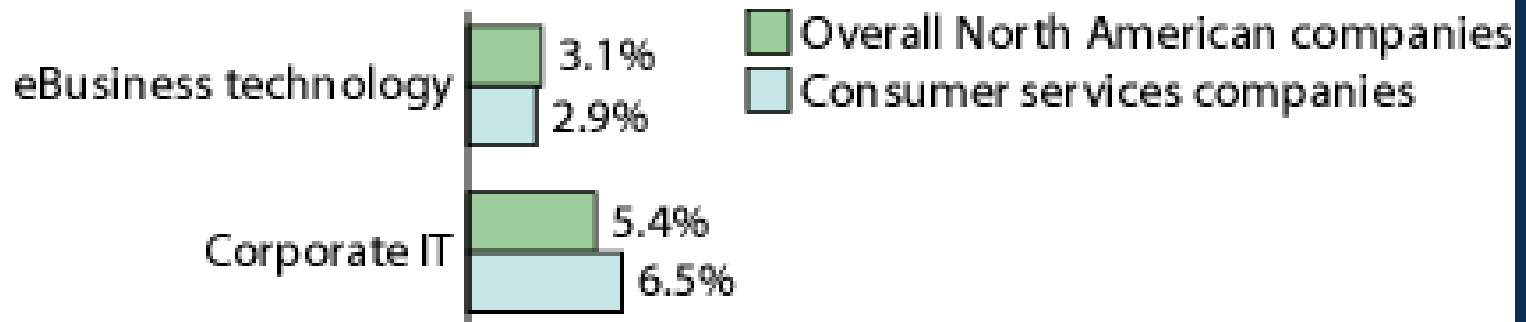
Percent of revenue spent on technology



Base: 874 North American executives (includes 80 financial industry executives)

Consumer services IT spending

Percent of revenue spent on technology



Base: 874 North American executives (includes 41 consumer services executives)

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Wall Street dealers prepare for next-day settlement to reduce risk

- Currently a three-day lag between trade and settlement in US -- cross-border trades take longer
- Dealers and trades are manually processed
- US SEC and SIA have mandated next-day -- T+1 -- settlement by 2004

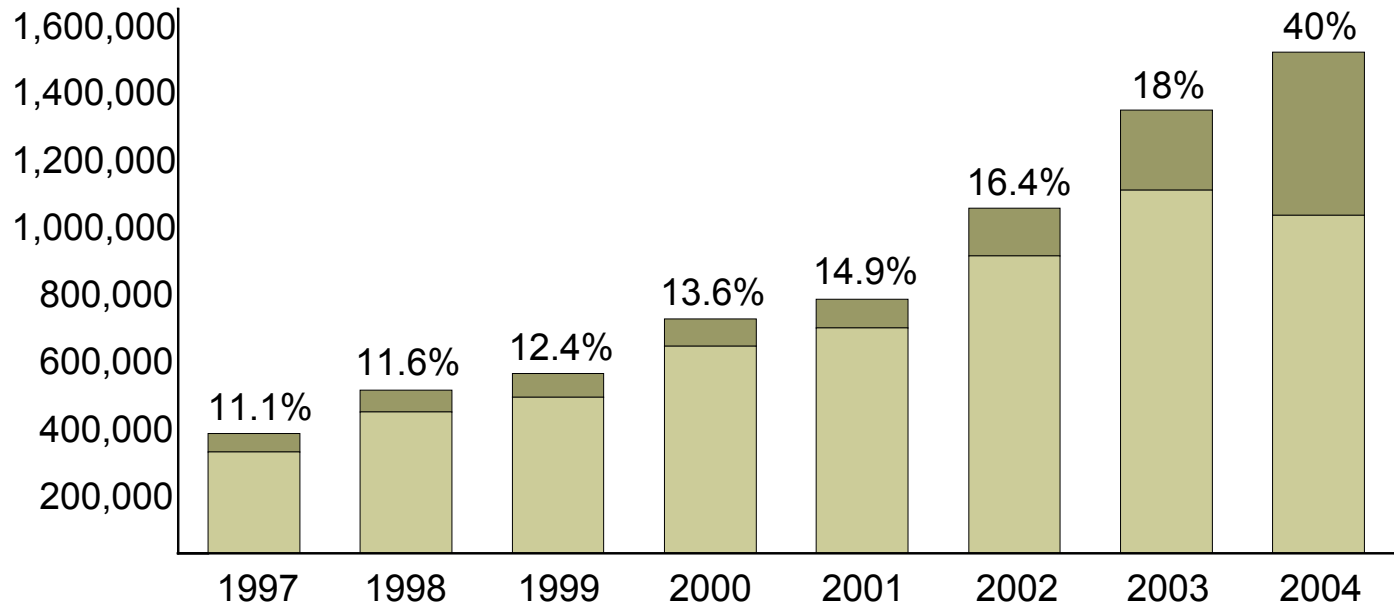
Lack of integrated systems and standardized data makes trading inefficient

- Apps aren't integrated
- Data is stale and dispersed
- No data standard exists

Today's stock and bond trade processing

Fewer trades are agreed on by the settlement date

- Daily trades agreed on before settlement date
- Percent of daily trades not agreed on before settlement date



Source: Securities Industry Association

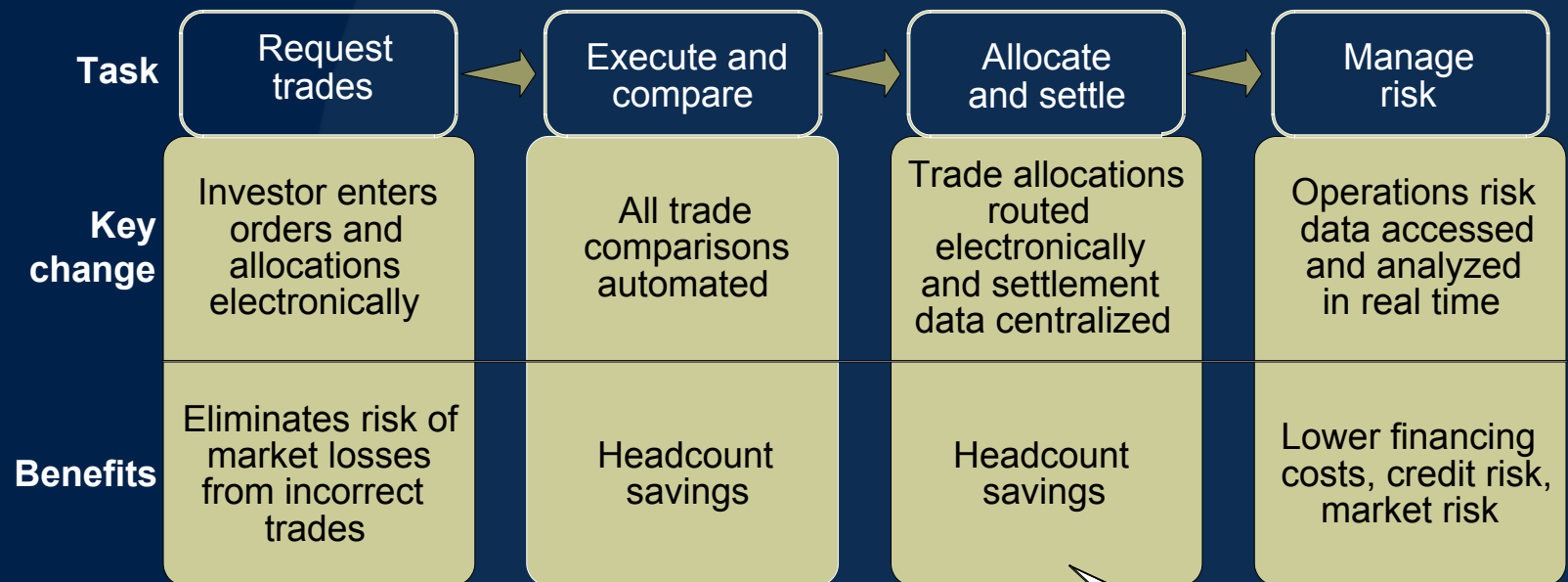
To prepare for T+1, dealers must invest heavily

- Integrate with virtual matching utilities
- Standardize customer account and securities data
- Convert batch systems to intraday
- Estimated large dealer cost: US\$125 million

Electronic trading will drive profits

- Centralizing securities and account data
- Streamlining trading workflow
- Tracking and evaluating performance

How electronic trading is different from today's process



Current T+1 focus is on the allocation and settlement process

Electronic trading will track risk and performance

- Rely on electronic audit trails to price their services
- Resolve disputes with accurate data
- Use real-time information to manage risk

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- **New ways of pricing and distributing travel**

Pricing airline trips moves from itinerary-led to price-led

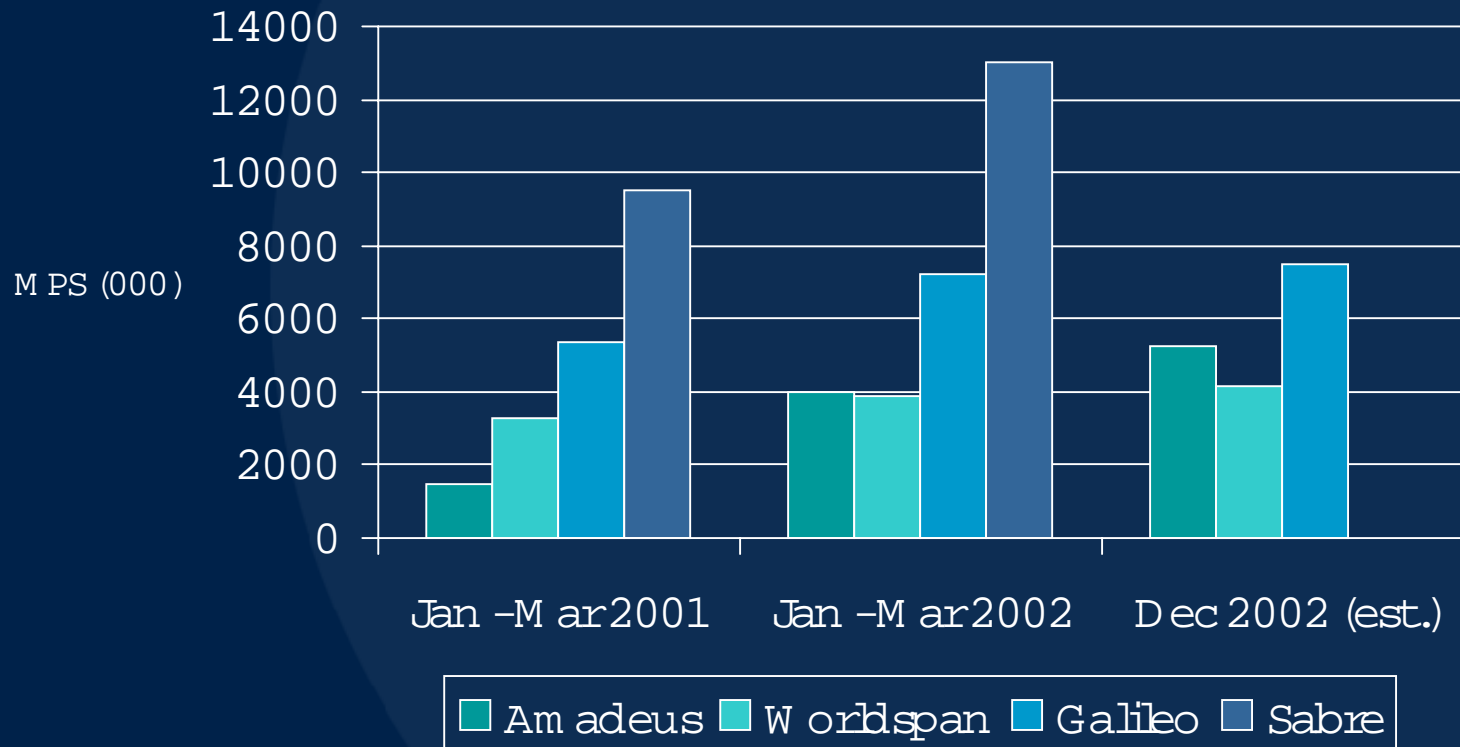
How airline systems sell now

- Flight schedule
- Business rules
- Build itinerary
- Price/fare
- Ticket OR continue searching to find the fare

How consumers want to buy

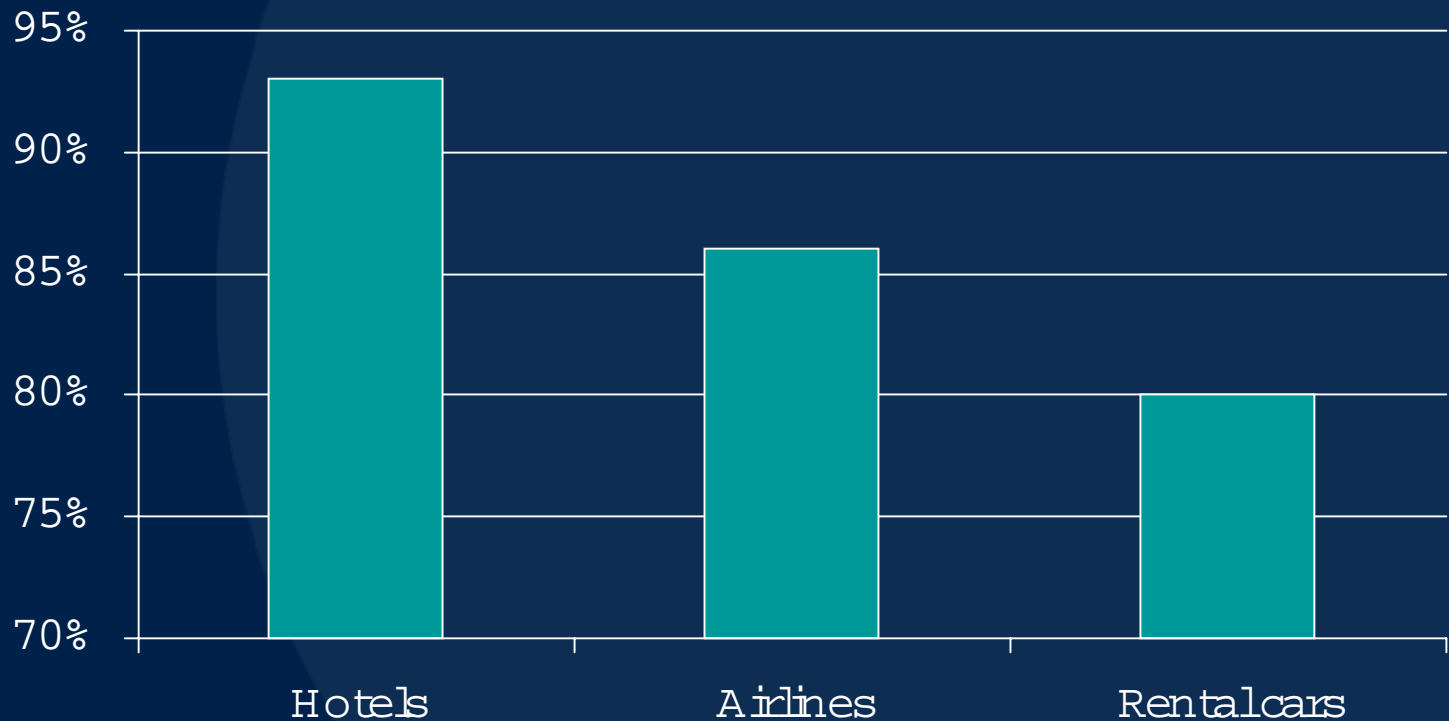
- I want this fare
- Find me the flights
- I don't care about the rest

GDSs process up to three times more messaging versus a year ago



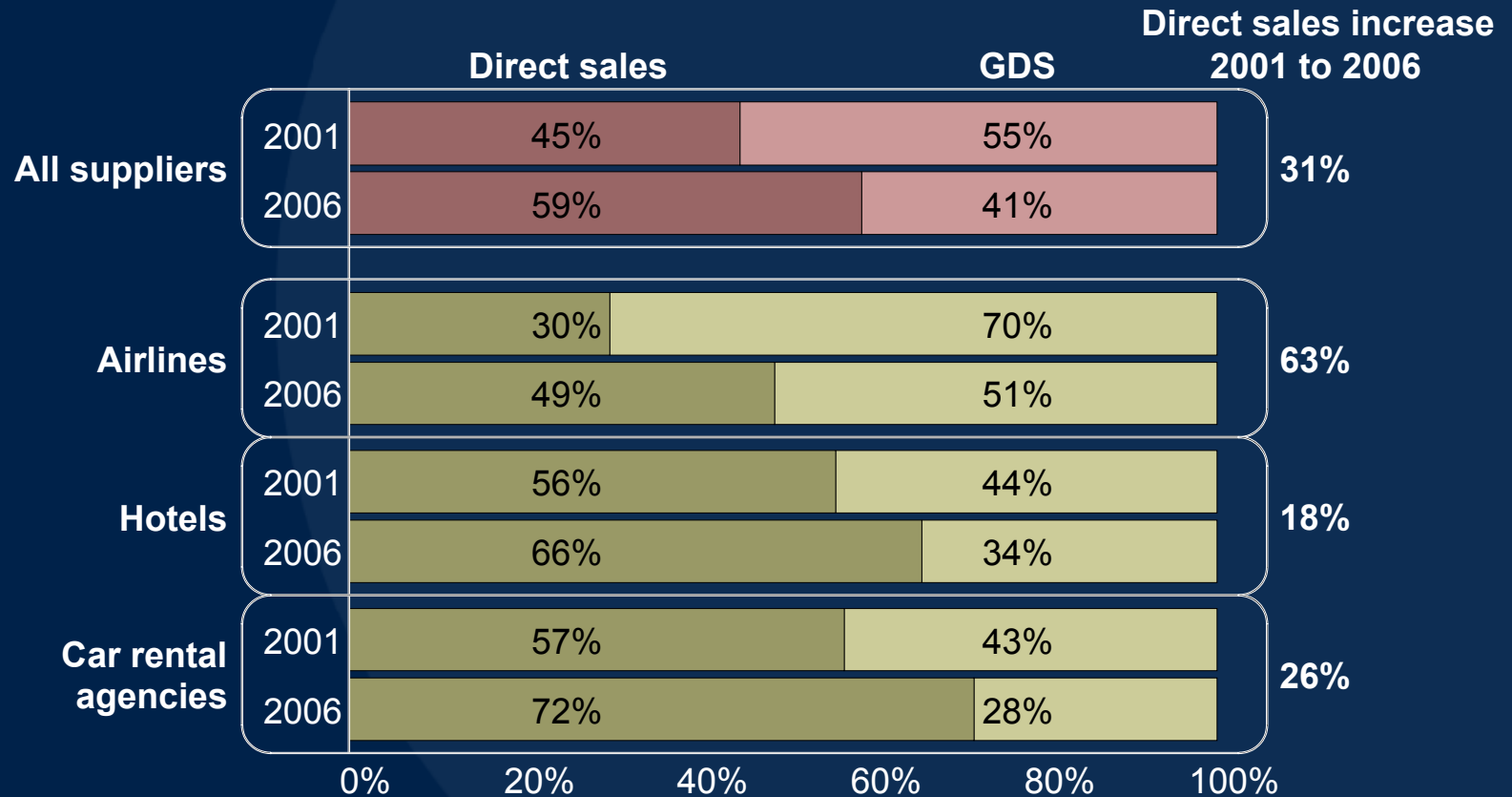
Note: Sabre did not provide estimate for December 2002

Travel suppliers see distribution as a critical strategic issue



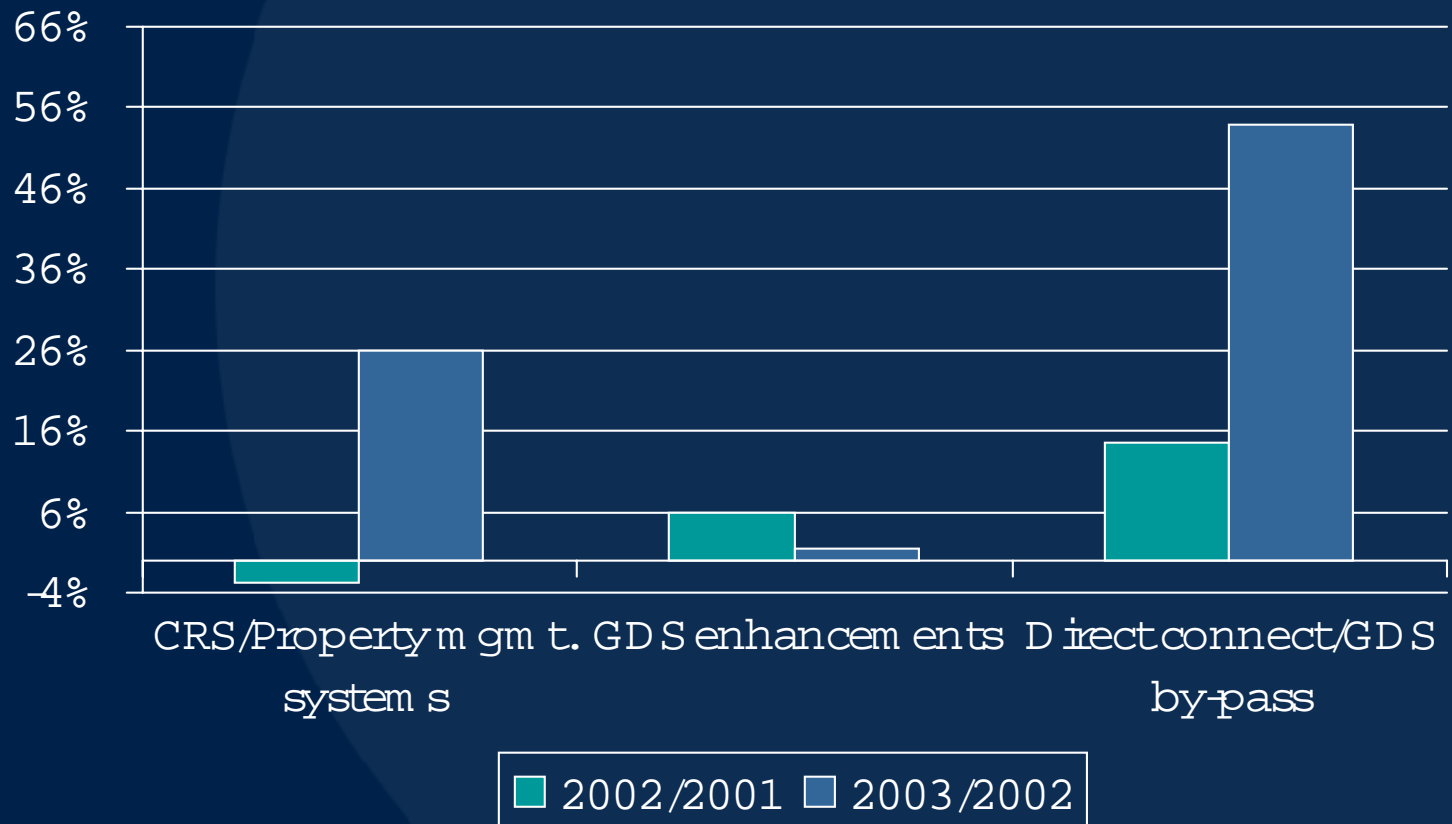
Suppliers increase their focus on direct sales

“What percentage of your revenue comes through a GDS versus direct sales?”



Base: 40 suppliers

Direct connect investments responsible for spending boost



CRS/Property mgmt. systems GDS enhancements Direct connect/GDS bypass

■ 2002/2001 ■ 2003/2002

Travel's Internet backbone

Broad connections

High-speed, reliable, real-time, Internet-based links between a supplier's host CRS and select travel agencies and corporate accounts allowing deep access to inventory and customer data, which allow suppliers to:

Price and display offers effectively and confirm all aspects of a traveler's itinerary

Interactive counsel

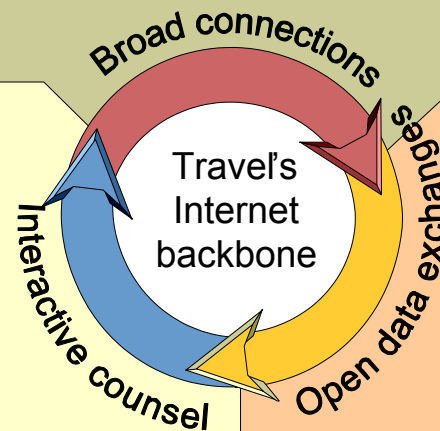
Presents customer data derived from multiple suppliers' CRSs, and mines that data to offer relevant rates and promotions, which allow suppliers to:

Develop stronger customer relationships by offering unique and appropriate services

Open data exchanges

Common interfaces and standard data formats, which allow suppliers to:

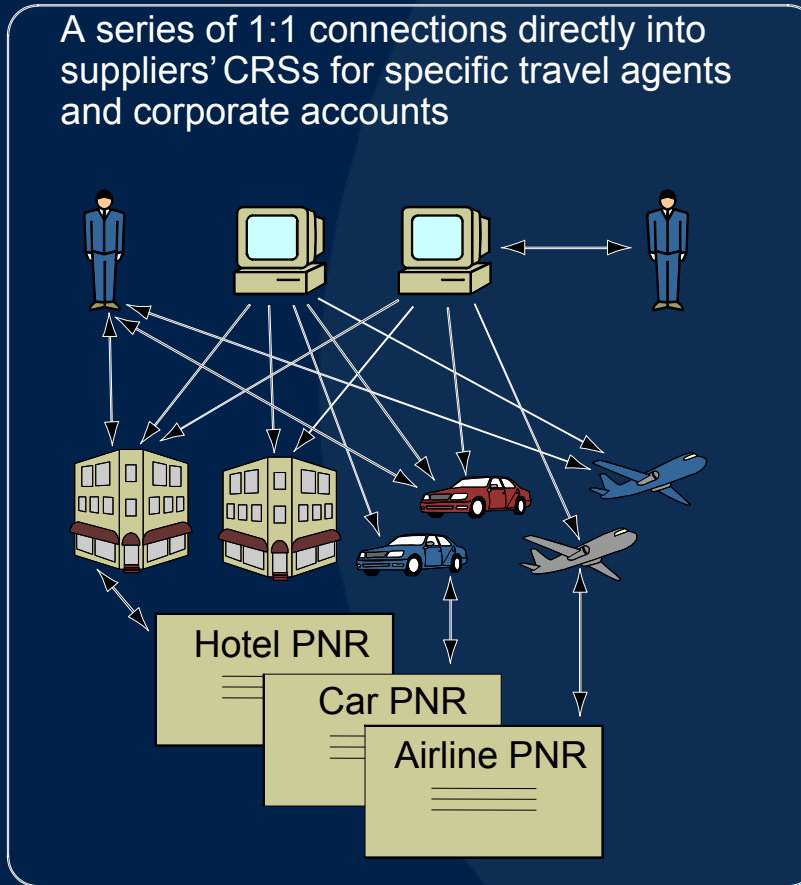
Reduce reservations system integration costs and accelerate the development of new products and partnerships



Direct connect versus integrated direct connect

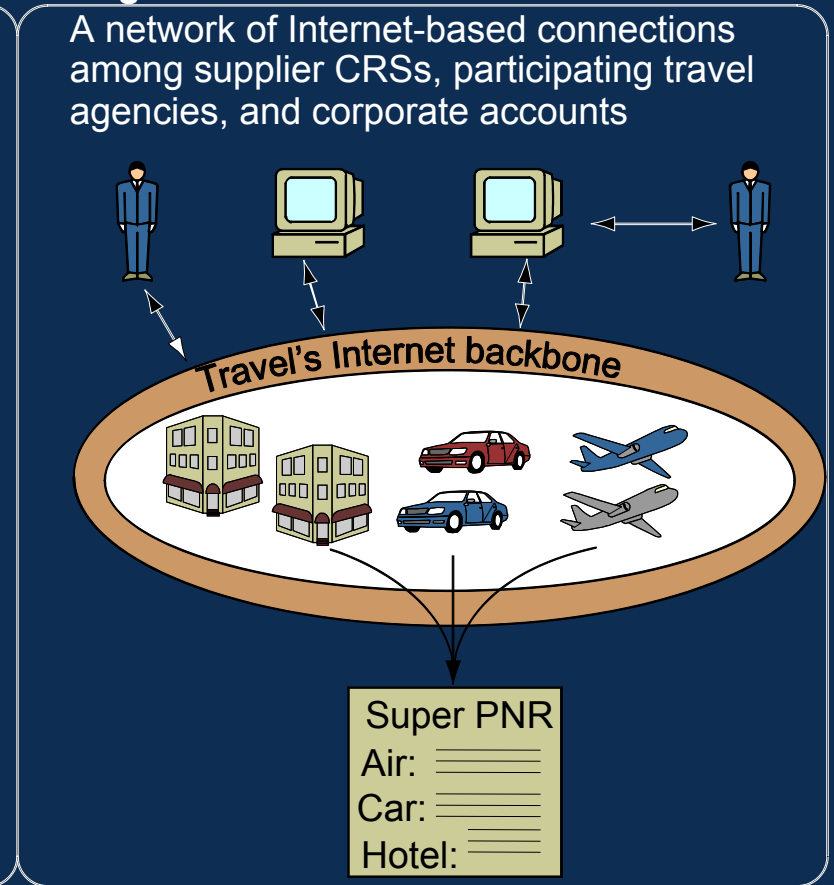
Direct connect:

A series of 1:1 connections directly into suppliers' CRSs for specific travel agents and corporate accounts



Integrated direct connect:

A network of Internet-based connections among supplier CRSs, participating travel agencies, and corporate accounts



Hotel CRS/PMS



Car CRS



Airline CRS



Traveler



Travel agency

Summary

- High speed servers like HP NonStop are critical to meet industries' increasing demands and complexity
- G3,500 firms focus on IT more than eBusiness
- T+1 settlement requires new data architecture
- Airlines need new pricing and reservations systems

Thank you

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