

The death of the channel – and more

By Mark Lu, chief executive officer, Rectron

On product trends:

- AMD will gain much more market-share world-wide – especially in the desktop and server arenas
- Cellphones and PDAs will start integrating high-resolution camera and GPS functionality
- LCD-centric products – LCD TV, LCD monitor, mobile computer, and MP4-based personal media players (PMPs) will continue their current momentum and do very well in 2006
- DDRII memory, dual core processor, serial ATA2, and PCI-E graphics will become mainstream desktop specifications in 2006
- Microsoft Media Centre PC – in small

form factor or proprietary form factor – will do very well

- Satellite connection will become an alternative cost-effective broadband option if Telkom continues its arrogance and takes SA consumers for granted
- Broadband will continue its momentum and I see a large number of ADSL routers will have more integrated functions (fire-wall, VoIP, wireless, management) available at a very low price

On business trends:

- With the uptake of ADSL, more business will be done over the Internet; e-commerce will become a very important area for any business. Information will much more transparent and therefore consumers will have more power to get the right price
- Google is starting diversify its business

very aggressively, which will start to impact a lot of business, not just Microsoft

- I see the biggest challenge in 2006 will be in the channel. The channel – using the old definition – is dead. Only those who can really add value to consumers will survive. The pure “pick and pay” model is no longer working in IT
- I feel Open Source will still struggle in 2006 – a lot of education needs to be done and I can see general IT resellers are not taking Open Source seriously. I will agree the potential is still there, it's just not there for 2006
- The hardware/software business momentum around broadband will continue, and I predict it will carry on for the next three to five years at least
- Due to the strong Rand and low material cost, I see PCs becoming so cheap that a number of businesses (especially cell phone operators) will start to offer “free PCs” with cell phone contracts. In the short-term, this will create a negative impact on the channel, but in the long run the whole industry will benefit from the higher PC installation rate. ☞

“ 1. Broadband services will become more readily available 2. Second network operator will not have a huge impact on pricing in the Telco space 3. VOIP uptake will be steady but not as fast as expected 4. WIMAX will be a direct competitor to DSL.”

– Michelle Branco, *Internet Solutions*

The year for mobile software development

Anthony Selsick, CTO of Adcheck Mobile, a local market intelligence company that uses mobile technology as a real-time intelligence-gathering solution, says the release of Microsoft's Windows Mobile 5 platform will boost activity within the mobile space in 2006.



“The release of Windows Mobile 5, with its enhanced platform flexibility, will lower the barrier to entry into the mobile software development market. This will increase mobile software development, making it more of a commodity,” says Selsick.

“The enhancements in Windows Mobile 5.0 will provide software developers, mobile operators and device manufacturers with more options to differentiate themselves from competitors and ultimately provide end users with a wider range of converged devices.” ☞