

Networking: Convergence on Wall Street

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Federal regulations and a stream of lawsuits by New York's exceptionally ambitious Attorney General Elliott Spitzer seem to be having an unintended consequence on Wall Street -- a surprising boom in deployment of new, converged networking technologies in the financial-services sector, experts tell United Press International's Networking.

Hemmed in by new requirements to keep every e-mail, instant message, and, perhaps, even all Voice over Internet Protocol conversations on file to ensure regulators in Washington that they don't unduly propagandize stocks, Wall Street firms are buying new equipment to store diaries of their daily digital doings -- forever. This is driving equipment sales at technology vendors and bringing about a convergence of networking and storage technologies. That, most assuredly, is not hype.

"Financial, banking, insurance and some healthcare businesses are driving the trend," Paul Greene, chief executive officer of Data Archive Corp., a computer reseller and consultancy based on Long Island, N.Y., told Networking. "SEC rules and Sarbanes-Oxley are creating new requirements."

This is confirmed by a new survey. The study, by U.K.-based Vanson Bourne, commissioned by the voice and networking distributor, Zycko, also indicates that new technologies are being adopted faster in financial services, because they are reviewing their entire IT portfolios, so to speak.

"The financial services sector is characterized by businesses that are

frequently calling many geographically dispersed locations," said Phil Marshman, director of VoIP services at Zycko, based in the United Kingdom. "IT managers within this sector have already clearly recognized the business benefits of a converged solution which allows greater functionality and improved costs."

The study, which polled 3,000 enterprise IT managers, demonstrated that 40 percent of financial-services managers are already deploying Internet telephony in their IT networking mix and that another 32 percent are planning to introduce VoIP by 2006. Convergence of technological needs and requirements is "a key driver" of this thinking, the survey said. "It is certainly not a case of having to rethink their existing voice and data communications strategy, as convergence is already firmly within their plans," said Marshman.

IT departments over the coming year will probably start deploying what are known as third-generation, best-of-breed, open-standards solutions for voice and data retention systems, the study by Vanson Bourne said. Only 28 percent of managers of IT departments said they did not have the budget to purchase the cutting-edge, converged systems right now or in the near future.

One factor that is attractive to those IT managers, however, is the cost savings associated with some of the newer, converged storage and networking technologies.

"One nice thing about server consolidation is that it has tremendous ROI (return on investment)," Mike Nooryke, founder of Trivalent Systems, based in Grand Rapids, Mich., told Networking. "It eliminates a tremendous amount of administrative costs, internally, because you have fewer servers to administer."

Industries that are lagging behind financial services -- in terms of

embracing the new technologies -- are manufacturing, retail, distribution and transportation, according to the Vanson Bourne survey. Of course, these realms don't have the illustrious Elliott Spitzer breathing down their respective necks, either. The primary obstacles there to implementing the technologies are lack of in-house expertise. Worries about security, ease of implementation and the goal of having higher-quality IT services are going to drive these companies to reconsider, however, the survey said.

Companies are changing their marketing strategies to better reflect the new reality. Later this week, at a trade show in San Diego, Network Appliance, the technology developer, will host panel discussions for IT managers, examining infrastructure considerations for long-term, regulatory compliance and how end-users can anticipate future compliance laws. So-called iSCSI technologies, pronounced "eye scuzzy," that use the Internet for convergence of networks, are emerging as integral to this, experts tell Networking.

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