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'Please, sir, can we have more?' – Yahoo!'s board set to try Oliver twist

NEW YORK – The usual suspect dogs that sniff around massive deals on Wall Street are now barking off the same hymn sheet: **Yahoo!'s** board plans to reject **Microsoft's** unsolicited \$44.6 billion offer. All the wire services and financial newspapers attribute the response to "a person familiar with the situation".

The deliberate leak says that in a series of meetings last week Yahoo!'s board determined that the \$31 a share offer "massively undervalues" Yahoo!. It also doesn't account for the risks Yahoo! would face by entering into an agreement that regulators may toss out.

How much, then? The word is \$40 a share – substantially in cash. Associated Press's sources say Microsoft is prepared to offer as much as \$35 a share.

Reuters says it's the first clear signal the board might be prepared to negotiate and sell the Internet media giant. Even so, there's no indication Microsoft will sweeten the pot. It's reached the end of its massive cash stash and needs to go to the banks to finance the deal, which now looks as though it must be all cash as Microsoft's shares submerged below Yahoo!'s stock.

On Friday Yahoo! gained 16 cents to close at \$29.20 Friday; Microsoft shares gained 44 cents to close at \$28.56, after dropping earlier in the week.

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Sol to star in Barcelona

BARCELONA — **Telstra** CEO **Sol Trujillo** is to be one of the star speakers at the three-day **Mobile World Congress** which opens in Barcelona later today.

Sol will be part of a keynote "power panel" tackling the subject "Ubiquitous Networks" tomorrow afternoon.

Also on the panel is **Carl-Henric Svanberg**, CEO of **Ericsson**, an old mate and business partner. The last time Sol shared a stage with Carl-Henric was at the 2006 launch of the Next G network in Sydney, for which Ericsson had provided most of the gear.

Other members of the Barcelona panel are **Qualcomm** CEO **Paul Jacobs**, **Manoj Kohli**, boss of India's biggest telco **Bharti Airtel** (with 50 million customers), and **Andrew Parker**, a *Financial Times* journalist.

Previously known as the GSM World Congress or 3GSM, the Mobile World Congress is the world's biggest communications industry event. It's expected to draw around 50,000 visitors this year. The reason for the change in moniker is a growing trend to embrace other technologies beside GSM and 3G – including a big emphasis expected this year on WiMax.

Ultimate star attendee looks likely to be Hollywood legend **Robert Redford**. At a special one-day Mobile Entertainment event, he'll be discussing the potential of mobile screens as a medium for independent filmmakers to reach new audiences.

Telstra's wireless engineering and operations director, **Mike Wright**, is also speaking in Barcelona at a high-speed packet access (HSPA) workshop.



Woolies IT exec: bribe charge

SYDNEY – A former senior technology executive of **Woolworths** has been charged with nine counts of fraud after allegedly swindling almost \$4 million from the retailing giant over several years. Some consumer electronics companies are reportedly being questioned about possible payments to the man.

The unnamed executive, 57, arrested on Thursday at his home in Castle Hill, in Sydney's north-west, allegedly took more than \$3.7 million worth of kickbacks after awarding contracts worth \$37 million.

Police alleged that fraudulent activities took place while

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he was handling a \$130 million scanning system project involving an American and Israeli company.

The executive had allegedly worked at Woolworths for nine years until he left in 1999. He had regularly travelled overseas representing Woolworths-operated businesses, including **Big W**, **Dick Smith Electronics**, **Dan Murphy's** and **BWS**. He has been granted bail.

Sit tight, sweet Chariot

ADELAIDE – Listed ISP **Chariot Internet** has advised its shareholders to sit tight after **SP Telemedia** bid \$245 million to buy Chariot's major shareholder, **TPG**.

Privately owned TPG holds a 70 per cent stake in Chariot. SP Telemedia, which sells Internet services under its Soul brand, has offered \$150 million in cash and 270 million shares valued at around \$95 million for TPG.

Big day for cybersafety

CANBERRA — You mightn't have realised it, but today is **Safer Internet Day** in Australia as well as almost 50 other countries round the world. The aim is to increase awareness among kids of dangers lurking in the Internet.

The **Australian Communications and Media Authority** is co-ordinating the day's activities in Australia.

ACMA plans to take part in a worldwide cybersafety "blogathon" organised by InSafe, a European network for internet safety; organise a role-playing game, *Cybersmart Detectives*; and launch a cybersafety brochure targeting issues in social networking.

Cybersmart Detectives is described as an innovative online game that teaches children key Internet safety messages. They work online liaising with community professionals to solve an Internet-themed problem.

TNZ shaky in Shaky Isles – and still losing in Australia

WELLINGTON – **Telecom New Zealand** cast gloom as it undertakes the huge financial cost of a national rollout of a fibre broadband network.

And, looking at its Australian businesses, CEO **Paul Reynolds** admitted that **AAPT** has problems with a new billing system while at home TNZ struggles with slow, 1.1 percent sales growth at \$NZ2.83 billion.

Net profits for its first six months fell 13 percent to NZ\$397 million (A\$350 million).

Reynolds forecasts TNZ's broadband market share will settle at 50-60 percent. He believes the new fibre-to-the-node network will bring longer term improvements, including speeds of between 10-20Mbps to towns with more than 500 lines.

In Australia, AAPT's loss from operations increased 5 per cent to \$21 million despite sales rising 6.8 per cent to \$727 million.

"The integration of AAPT and **PowerTel** is on track for completion in Q3," Reynolds said. But he admitted that the company had major problems in migrating its customers to a new "lost-cost" billing and customer service platform.

Please - can we have more?

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It's unclear whether Microsoft would be willing to pay a premium, which would increase the value of its original cash and stock bid by more than \$12 billion.

Yahoo! has also been making it known that it has some shots in its armoury, which would include a search advertising partnership with **Google** – probably boosting Yahoo! profit by hundreds of millions of dollars annually. As far as Microsoft is concerned, this would be the worst of all possible outcomes.

Yahoo! would no longer need several thousand workers and probably would fire them to help boost the company's stock, in addition to the 1000 job cuts that Yahoo! announced just before Microsoft made its bid.

"We have been experiencing a higher than expected level of calls into our call centres, causing delays in the migration plan," he said.

"While the soundness of the platform itself is not in question, these delays do mean it will take longer to shut down legacy platforms and realise migration cost benefits."

TNZ is also reviewing its IT services business **Gen-i** in Australia, which earns 75 per cent of its sales from the **Commonwealth Bank**. The CBA has been applying the blowtorch to IT costs.

Austar PVR box a hit

SYDNEY — Pay TV provider **Austar** says sales of its new personal digital recorder, **MyStar**, have exceeded expectations — but has not revealed actual sales figures..

Austar released **MyStar** to existing customers in late 2007 and to new customers at the beginning of February. The device allows viewers to record two programs while watching another, and integrates free-to-air and satellite reception with a single remote.

Reptile rounds

Media events this week for reptiles of the Australian IT press:

● **Tomorrow: Peter Allor**, IBM worldwide director of intelligence, Internet security systems leads briefing on new Big Blue's latest "X-Force" report on cybercrime's changing nature. Over lunch at PowerHouse Museum, Sydney; noon.

- **Reckon CEO Clive Rabie** available to discuss acquisition strategy and other matters in wake of latest financial results, announced this day; **Dorothee Stommel** at **Text100** can set you up.

● **Wednesday:** Aussie startup **PipeVines** directors **Peter Spoto** and **Paul Davidson** discuss contact-centre industry plans; over lunch at Quay Restaurant, The Rocks, Sydney; 12.30pm.

- **Text100 Australia** celebrates 10th anniversary with a knees-up at Blue Hotel Water Bar, Woolloomooloo, Sydney; 6.30pm.

● **Thursday:** EMC's visiting content management division president **Mark Lewis** reveals group's technical and strategic directions; EMC offices, Miller St, North Sydney; 10am.



Austar has a claimed 650,000 subscribers, most in rural and regional areas, making it the second largest subscription TV operator behind **Foxtel**. CEO **John Porter** expects around a third these to have a MyStar after three years.

The company, whose major shareholder is US magnate **John Malone** of **Liberty Media**, is due to release its 2007 results on February 26.

Kiwi earns stars at Redmond

SEATTLE – A Kiwi is playing a key role in **Microsoft's** dramatic \$42 billion bid to takeover **Yahoo!**, and is reportedly changing the culture within Microsoft.

With no background in technology, rugby-playing **Chris Liddell** joined Microsoft as CFO from **International Paper** in 2005, just as investors were clamouring for the company to loosen the purse strings on its substantial cash holdings and revitalise a stagnant stock, Reuters reports.

"In about three years, he has helped transform Microsoft from a miser that socked away money for a rainy day into a spendthrift, and he has successfully challenged the philosophy that Microsoft, given enough time and resources, should build its own technology to take on all comers," Reuters says.

Liddell has completed nearly 50 deals since joining the company in May 2005. His boldest move yet, Microsoft's offer to buy Yahoo!, could use up nearly all the legendary cash stockpile Liddell inherited – so now he wants to issue debt for the first time in Microsoft's 33-year history.

Show me the staff, integrator

SYDNEY – Insufficient staff, not technology, has emerged as the most frequent barrier to completing application integration tasks. "It may be that organisations could more successfully connect and extend applications if they had more staff resources and budget," observes **InterSystems Australia** in its annual integration survey.

The report found that 26 percent of the cost of putting in new applications is consumed by integration tasks, and that 64 percent of organisations surveyed were hindered by inadequate staff resources.

"No wonder organisations have insufficient staff resources to integrate new applications, when it consumes 26 percent of the budget," said **InterSystems Australia MD Denis Tebbutt**. "If organisations expect more staff resources to come to their rescue in the midst of a growing IT skills shortage, many will be disappointed."

Scan-a-cheque for PCs

MILWAUKEE – If anyone still does it, online banking service provider **CheckFree Corp** is rolling out technology that could mean customers will no longer have to go to a bank branch to deposit cheques.

Remote deposit capture technology scans cheques through home computers and deposits them electronically. **Bob Meara**, a senior analyst for **Celent**, said lots of smaller competitors may follow CheckFree's lead, but he queries how many banks will adopt it.

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Android phone on way

LONDON – The first mobile phone to incorporate **Google's** Android platform is set to be revealed this week, a source close to British chipmaker **ARM Holdings** has told Reuters.

ARM will introduce a prototype for a mobile that uses Android as its operating platform at this week's Mobile World Congress in Barcelona, the source said.

Google and its 30-odd partners in the **Open Handset Alliance** announced the open-source Android platform last November with the goal of spurring third-party developers to create new and innovative applications for mobile devices.

Although neither Google nor ARM would comment on the rumoured Android phone, ARM did post an announcement on its Web site saying it planned to "showcase visually stunning mobile Internet devices" at the Mobile World Congress that would deliver a "full Web-in-your-pocket" experience.

Agenda of 12 for Patch Tues

SEATTLE – **Microsoft** has issued advance notice of 12 security bulletins ahead of its February patches with critical flaws affecting Vista, Internet Explorer and Office.

ZDNet says the most notable patch is likely to cover the Excel zero day vulnerability that surfaced last month.

Dell again cool on AMD chips

SAN FRANCISCO – A storm is blowing up over **Dell's** decision to drop from its Web sales most consumer PCs with AMD chips. It will still sell some AMD-based PCs in stores and by phone.

The news sent shares of AMD down as much as 4.7 percent to \$6.28. A Dell spokesman said the decision only affects consumer computers and could change.

Shares of AMD rival **Intel** were up 22 cents at \$20.27 and Dell added two cents to \$19.45.

Dell will continue to offer AMD-based systems online to business customers.

