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Motorola-Symbol deal to kick off contactless payments

» **Mobile computing major Motorola's \$3.9 billion** acquisition of mobility vendor Symbol is set to spark off a slew of innovative products within the Radio Frequency Identification (RFID)/ Automatic Identification and Data Capture (AIDC) technologies.

"We can certainly expect a few interesting innovations especially when these technologies are integrated with enterprise applications such as Supply Chain Management," says Sourabh Kaushal, Program Manager, ICT Practice, Frost & Sullivan on Motorola's buyout of Symbol, a move he terms as 'very strategic and forward-looking'.

Though the RFID market is currently going through a largely lackluster phase - Gartner believes that the industry has only recently come out from its 'trough of disillusionment' - the projected growth ahead is expected to be exponential. The research major expects the market to grow from the current \$2.7 billion valuation to \$12.3 billion by end of 2010.

There is little doubt that Motorola wants to cash in on the opportunity. Royston Rodrigues, Chief Technology Officer for Symbol's largest business partner in India, Inter-code Solutions, believes that the deal will effectively mean more choice for the end-customers who will have flexibility in choosing products from both the worlds of telephony and automatic data capture. This will happen with the integration of the product lines of the two companies.

In fact, Venture Development Corporation, a market research firm specializing in AIDC, suggests that combining Motorola's wireless infrastructure with Symbol Technologies' mobile client could significantly accelerate the evolution of mobility within enterprises from point solutions to a technology more tightly integrated into a company's network and IT infrastructure.

"Clients would prefer to deal with a single company (Motorola-Symbol) that can handle most of their inventory and asset tracking needs," says Homi Limbuwala, VP, Business Development, SkandSoft Technologies, an RFID solution provider. Limbuwala observes that Motorola is very keen on providing its mobile computing products and services to Symbol's key RFID customers in the retail space such as Wal-Mart, Home Depot, Sylvania, P&G and Nestlé.

According to Intellicon's Parekh, the Indian RFID hardware market is currently estimated to be around Rs 300 crore. Though still in its initial stages in the country, Frost & Sullivan's Kaushal expects that such consolidations are also likely to boost the growth of Indian RFID industry.

—Aditya Kelekar

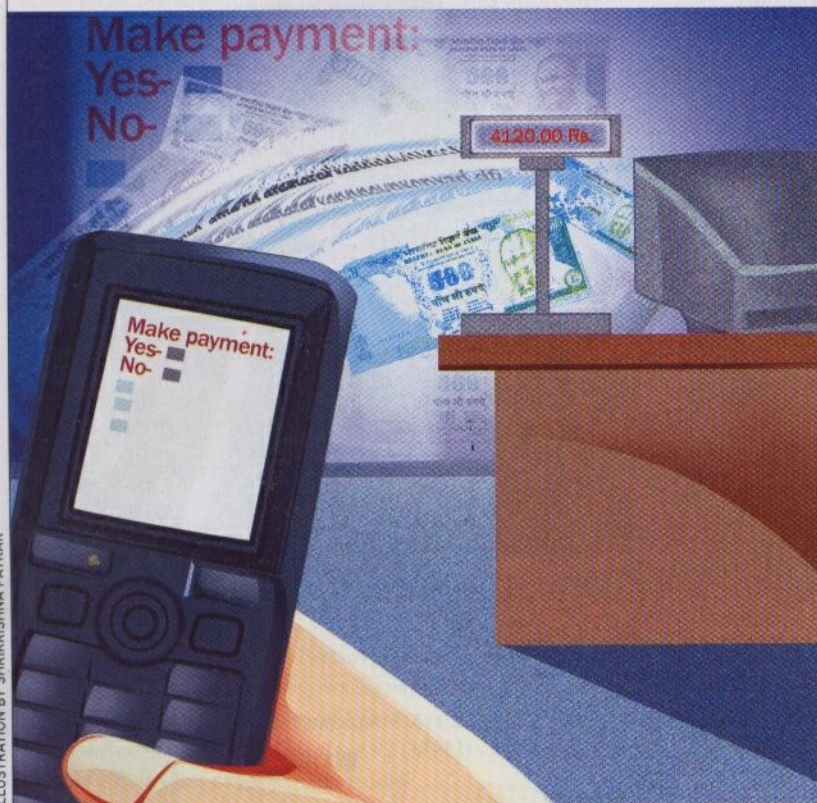


ILLUSTRATION BY SHRIKRISHNA PATKAR

The deal may also give a whole new meaning to convergence. Sameer Parekh, Managing Director, Intellicon Pvt Ltd, an AIDC solution provider, says that Motorola, which hitherto had limited presence in the AIDC space, would now have a plethora of products link RFID readers to mobile phones for contactless payments.