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Corente Pushes Managed Services Platform to Channel

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By Pedro Pereira

As the popularity of managed services increases in the IT channel, a host of companies are rushing to develop innovative technology to facilitate delivery of the services.

Among them is a young New York-based software developer that early in its existence caught the eye of IBM, of Armonk, N.Y., which has taken the company under its wing as an ISV partner.

That software company is Corente Inc., developer of a network service that connects companies with customers and business partners to quickly deploy and remotely manage distributed applications.

What makes Corente OnDemand different, according to analyst firm Gartner Inc., is its scalability and enablement of near real-time changes.

"We believe this is a prototype service that in concept will be widely deployed in the future," Gartner said in a report that named Corente as one of seven "cool vendors in network services" for innovation, impact potential and ability to draw interest.

Corente OnDemand securely connects hundreds, even thousands, of locations through gateways that communicate with each other and with a control point.

Control points provide each gateway with services such as configuration and policy management, software updates and monitoring.

"You ought to be able to manage applications everywhere without having to have IT people everywhere," Corente CEO Jim Zucco said, summarizing the concept that drives the company's technology.

Zucco said Corente's software handles the entire range of enterprise applications, including financials, supply chain, VoIP and credit and debit transactions. It has global reach by using the existing diversity of IP and access networks and the flexibility to fit customer needs.

"Our offer is high-value and very cost effective for customers, and it offers strong margins with a recurring revenue stream to our partners," Zucco said.

Zucco likened Corente OnDemand to FedEx Corp.'s package delivery service. Corente's service does digitally for applications what the shipping giant does for packages: deliver, transport, monitor and manage.

"Unlike more traditional managed services providers, we focus on the application level," Zucco said. "We monitor the network, servers and applications, and we give the customer real-time control and visibility."

Zucco said the technology is "plug and play," meaning it works with an organization's existing

infrastructure and requires no on-site maintenance.

"We don't require any IT people to be local," he said.

Corente has been around for about a year and a half and has embarked on a partner recruitment effort. Zucco said the company hopes to capitalize on the channel's current trend toward managed services, in which VARs, integrators and service providers remotely take over some or all of customer's IT functions.

The company quickly reached the conclusion that it needed partners after weighing the pros and cons of building a large internal sales force versus working with the channel, Zucco said. Corente, however, has a small sales team, which Zucco said is working with partners to get the technology out to customers.

Zucco said he envisions a channel infrastructure with three types of partners—large service providers and telephone companies with national reach, large regional VARs and smaller, independent service companies.

To accelerate its efforts to build a channel infrastructure, Corente enlisted help from the biggest partner it could get—IBM.

Through its PartnerWorld Industry Networks initiative, IBM has helped Corente through the venture capital funding process, made technical resources available to the company, and is now working with the developer on marketing strategies, said Scott Hebner, vice president of ISV and developer relations at IBM.

Corente caught IBM's attention because of the IT giant's interest in the software-as-service approach, Hebner said. IBM saw an opportunity to marry Corente's technology with its own hardware and software to meet customer needs, he said.

IBM abandoned application development six years ago, opting instead to partner with ISVs to provide the applications.

"We are looking to the business partner to supply perhaps the most influential part of the purchase decision, which is the application," Hebner said. But he added that the benefits to IBM are significant because an average of every dollar spent on applications generates up to \$2 on IBM hardware and software.

For Corente, partnering with IBM means the opportunity to leverage a global sales and marketing organization. "We've got 30,000 salespeople in 60-odd countries around the world," Hebner said.

IBM launched Industry Networks in February 2004 to give ISVs easy access to the vendor's resources. Through Web-based tools and company contacts, program members can call on IBM's marketing services, technical experts and industry-focused sales staffs to serve their customers. The program was expanded in July to include VARs.

Corente has worked with IBM from its inception as a company.

For VARs and integrators, partnering with Corente gives them an opportunity to expand their palette of services with a high-margin offering, Zucco said. VARs with limited geographic reach can use Corente OnDemand to provide long-distance service to customers with multiple locations.

Several large companies, including Link Staffing Services and Reilly Mortgage Group Inc., already are using Corente technology. Corente OnDemand is running at locations in 50 countries, and the company is about to close a major partnership with a telephone company, Zucco said.