

Sun's Management Changes Alone Unlikely to Turn Company Around

Daryl C. Plummer

Sun Microsystems has rearranged its upper management for the climb back to growth. However, Sun has a long way to go in articulating a clear message to customers.

NEWS ANALYSIS

Event

On 15 April 2004, Sun announced the appointment of executives who will report to Jonathan Schwartz, Sun's new president and chief operating officer:

- David Yen will head a new Throughput Systems group, covering microprocessors, enterprise systems and SPARC servers.
- John Fowler will temporarily head a new Network Systems group, covering servers based on microprocessors from Intel and Advanced Micro Devices. Neil Knox, former head of volume systems, will leave the company.
- Anil Gadre will become interim chief marketing officer, replacing Mark Tolliver, who will leave the company.

Analysis

Jonathan Schwartz aims to continue what he started as head of software, when he forced all departments to speak with one voice. To enlarge its recurring revenue, Sun must unify its messages about chips, servers, software and services, and the elevation of trusted lieutenants gives Schwartz more direct control over those messages. The new executives have a passion for innovation, share Schwartz's vision for future growth and are trusted by him. John Loiacono (the new head of software), Gadre and Fowler were integral to Schwartz's software effort. Gartner expects further changes by May 2004, since Sun still must position new visionaries such as Andy Bechtolsheim.

Gartner views this as an interim organization to allow Schwartz to evaluate how the server business will change before he finalizes his leadership team. Schwartz will likely make a permanent appointment to head marketing when he determines his plan of action. The chief marketing officer will have to rein in individual business units that have gotten used to marketing themselves rather than supporting a unified company strategy. Sun's multiple messages have confused many customers over the years. The retention of Yen suggests that Schwartz has not simply moved the old guard out of power; Schwartz values Yen's focus on throughput computing. Nevertheless, Schwartz will need to fill out Sun's executive ranks with experienced leaders (for example, by making Bechtolsheim chief architect). Unless new leaders state a strong, new vision and direction, this executive reshuffle will likely not help.

Bottom Line:

- Customers do not have to do anything for now, as these appointments should not immediately affect products and support.
- The critical measure of Sun's success through 1H05 is execution. All other issues are secondary.
- Sun must now deliver a road map for SPARC to clarify how chip support, server support and throughput computing will match the software vision that Schwartz has begun articulating.
- As Schwartz's new team makes the aggressive moves needed for growth, he must keep that leadership from being perceived as arrogant by customers, partners and employees.

Analytical Source: Daryl Plummer, Gartner Research

Recommended Reading and Related Research

- "New President Schwartz Must Execute to Reinvent Sun" — Gartner believes that the appointment of Schwartz will affect Sun more than the layoffs of 3,300 workers announced simultaneously. **By Daryl Plummer**
- "Sun, Microsoft Declare Peace, but Details Must Follow" — Sun and Microsoft deserve credit for their willingness to cooperate, but the vendors need to release more details to show that this deal can produce tangible benefits for customers. **By Daryl Plummer and David Smith**

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REGIONAL HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Level 7, 40 Miller Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Latin America Headquarters
Av. das Nações Unidas 12.551
9 andar—WTC
04578-903 São Paulo SP
BRAZIL
+55 11 3443 1509