

Change in Management at Novell May Help Clarify Its Identity

John Enck, Andrew Butler

Ron Hovsepian will replace Jack Messman as Novell's CEO. To succeed in his new role, Hovsepian must communicate Novell's vision and its value proposition.

NEWS ANALYSIS

Event

On 22 June 2006, Novell announced changes to its management team and board of directors.

- Hovsepian will replace Messman as CEO and has also been elected to the board of directors.
- Thomas Plaskett, a current Novell director, has been elected as non-executive chairman of Novell's board.
- Joseph Tibbetts will no longer serve as CFO.
- Dana Russell, Novell's current vice president of finance and corporate controller, will serve as interim CFO while the company conducts a search for a permanent replacement.

Analysis

During his tenure as CEO and chairman of Novell, Messman did an excellent job of keeping Novell in solid financial health and also masterminded its purchase of SUSE — one of the most significant acquisitions in Novell's history. However, Messman was unable to maintain a consistent executive leadership team and had difficulty articulating the value proposition of Novell to the market. Most recently, Novell has failed to gain significant financial growth, and it has yet to capitalize on the acquisition of SUSE.

Hovsepian joined Novell in 2003 and led the transformation of the company's global sales organization. Hovsepian's success led to his being named the president and COO of Novell in 2005. He has demonstrated vision regarding where he wants to take Novell and determination to achieve the company's goals. Gartner believes Hovsepian has the skills to move Novell forward and that he will make an excellent replacement for Messman.

Overseeing Novell's evolution will entail some challenges. Many of Novell's customers have difficulty in understanding how the company's wide range of legacy and modern products are interrelated and where its product road map is leading. Furthermore, Novell faces serious competition from Microsoft and Red Hat in the infrastructure product market segment; from Altiris, BMC Software, Symantec, LANdesk Software and others in the resource management market segment; and from Sun Microsystems, IBM, CA and other large vendors in the identity management product market segment. To succeed, Hovsepian must articulate Novell's vision and value proposition to its customers and prospects.

For Hovsepian's efforts to succeed, Novell must:

- Attain consistent financial growth
- Gain market share against Red Hat
- Achieve continued growth in the identity and resource management markets
- Offer a clear, concise answer to the question: "Who is Novell?"

Recommendations

Continue to look to Novell as a viable supplier of Linux desktop and server operating systems, as well as of identity and resource management products. If you are a current or prospective customer of legacy Novell products (such as NetWare and Groupwise), ask Novell to clarify the road maps for those products to help determine whether migration is appropriate.

Analytical Sources: John Enck and Andrew Butler, Gartner

RECOMMENDED READING

- "Where To Go After NetWare" — If Novell stops updating its NetWare kernel by 2008, as Gartner has predicted, its users' options will include upgrading to Novell's Open Enterprise Server and moving to Microsoft Windows. **By John Enck**
- "What Novell Must Do as Linux Climbs the Software Stack" — Novell has exhibited its clearest vision ever since it entered the open-source software market, but it must act fast to take market share and defend itself. **By George Weiss, Andrew Butler, John Enck and Jeffrey Hewitt**

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