

CIO

Ideas 2003

INSTANT MESSAGING

7. IM Goes Corporate

SUP, ATM BO, TTYL

Translation: What's up? At the moment, brain overload. Talk to you later.

That's IM speak—instant messaging—and it's coming to an office near you. On busy Wall Street trading desks, in fact, it's already here. Last spring, a consortium of eight leading investment banks extended an IM network to 2,000 institutional investor clients to allow easier communication among traders, brokers and clients. During the summer, equities traders and clients also signed on.

"IM is an excellent way to get information to a select number of people instantaneously," says Steve Pikowski, managing director in charge of global Web development in the equity department for Salomon Smith Barney. "It has an ideal audience with traders and sellers in equity and capital markets."

Long the obsession of gossipy teens, instant messaging software is finally invading the business world. Already, almost half of all U.S. and Canadian companies are using some form of IM, according to a survey by Osterman Research, a technology research company in Black Diamond, Wash. IM's faster than

e-mail, delivering messages that pop up on your screen no matter what you're working on. Employees can use it to see if someone is in and to avoid time-wasting e-mail and phone tag. The software can also be used for customer support and to deliver messages to hundreds of users simultaneously. It seems a perfect fit for the busy enterprise.

But IM will need secure systems and common standards in order to succeed in business. Most business users still log on to the consumer applications launched by AOL Instant Messenger, Yahoo Messenger and Microsoft's MSN Messenger. (Yahoo announced in October it would ship IM software tailored for business users in early 2003.) But these services, which send unencrypted messages through public networks, create potential headaches for IT managers worried about firewall holes. These concerns have caused 22 percent of companies to block IM traffic altogether from their networks, according to Osterman Research.

Goldman Sachs, J.P. Morgan Chase, Merrill Lynch, Salomon Smith Barney and Sanford Bernstein chose Hub IM instant messaging software from Communicator, which connects businesses without requiring them to use a common e-mail server (as AOL and Microsoft's IM systems do). Communicator is one of several companies,

including IBM subsidiary Lotus Software and pureplay startups Jabber and Bantu, that are tailoring IM software for business clients. Communicator's system ties into the Wall Street consortium's portal, Bond.Hub, and requires users to identify themselves before accessing database information. Communicator doesn't let users assume the aliases found in consumer IM, which ensures that they can be verified against the directory.

IM is not likely to replace the telephone and e-mail altogether. Some people don't want or need instant communication. In fact, Pikowski says his biggest challenge is to boost the adoption rate in Smith Barney's equity division, where 800 out of the 1,200-member staff are using IM. As newly minted college grads come into the labor market, however, that task will get a lot easier.

"The younger generation has already adopted IM," Pikowski says. "There's no stopping it now." —*Susannah Patton*



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