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PWR is the leading research and analyst firm providing industry benchmarks, competitive analysis and end-user feedback in a variety of industry focused reports and services.

## The Late Breaking News (LBN) ©

4-5-10

Your Source for Concise Analysis and Positioning  
On Key Mission Critical Software Market Issues Every Week



Searching for Hidden Gems

Obama has signed into law a bill passed by the House and Senate that expands insurance coverage to 32 million Americans, sets up insurance marketplaces called "exchanges," extend subsidies to poorer Americans to buy coverage, requires businesses to offer insurance, and implemented unexpected heavy business taxes

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## ECONOMY

**Memo from Bill: The Manufacturing and Software Industry's are Recovering -** Releases of manufacturing surveys across the globe last week indicated a slow recovery while here at home the ISM manufacturing diffusion index rose to 59.6% in March from 56.5% in February, the ISM said. It was the highest reading since July 2004. Seventeen of 18 industries were growing in March, the private industry group said. Only the plastics industry was contracting. The orders and production indexes rose above 61%. The employment index slipped to 55.1%. The biggest fear on the financial front is two-fold, commodity pieces are soaring and the treasury still seems bent on causing a dollar crash.

On the software side, PWR believes Oracle is a good indicator of the software industry's overall health despite SAP's co-CEO's knocking Ellison's strategic decision to build corporate growth through acquisitions. Oracle is not only growing, it has weathered the recession better than SAP. That is not only due to Oracle's size, but its product mix. Its new growth model of selling complete systems in addition to individual applications is a smart move given today's troubled times. Oracles recent license success is also a good upward indicator of the software market's recovery. Oracle's license growth is it's fastest since mid-2008. Reports from Bloomberg and others say this indicates there is a U.S. economic recovery is also underway. Indeed, some parts of the U.S. economy are recovering, albeit slowly, but PWR believes we are in a deep "U" shaped recession bouncing along the bottom of the "U".

Plant-Wide is very encouraged that the manufacturing and concurrent software sectors seem to be adjusting to current adverse economic conditions. The resilient U.S. manufacturing sector has improved through robotics, innovation and a huge productivity jump. Also, manufacturers have shifted into better performing sales markets. The software industry is also on the mend helped by the non-industrial economy slowly adjusting to joblessness and shedding of debt. For example, in the mission critical software space, Oracle's recent financial report boosted PWR's opinion on the mission critical software recovery. It has just announced a strong report on new license sales. New license sales are a good indicator of industry health. Underpinning the company's latest numbers were overall new license sales of \$1.7B, a rise of 5% excluding the effects of currency swings from the Sun acquisition. That was the strongest growth Oracle had seen in seven quarters. While most of Oracle's revenues come from annual maintenance fees paid by existing users, license sales are an indicator of new demand from customers that cut back on technology spending during the recession. Oracle's sales of new application software licenses – an area of business in which SAP had been the leader -- increased by 21% to \$477M.

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**Economics: Heavy Tax Burden to Grow; Starts Now!** – PWR is concerned that the broader economy recovery potentially has an economic shock coming which could easily interrupt any economic recovery. A period of higher taxes and continued

Administration spending has started with the passing of the healthcare bill. Companies in every part of the economy are writing off (as required by accounting rules) billions and billions of dollars off the bottom line from the shock of higher tax requirements buried in Obamacare. These taxes were kept hidden from everyone by the Administration and have had an immediate and surprising strong impact. AT&T will take a \$1B non-cash accounting charge in the first quarter because of the health care overhaul and said it may cut benefits it offers to current and retired workers. The charge is the largest disclosed so far. Earlier during the week, AK Steel Corp., Caterpillar Inc., Deere & Co. and Valero Energy all announced similar accounting charges, saying the health care law that President Barack Obama signed recently will raise their expenses. 3M Co. said it will also take a charge of from \$85 to \$90 million. There is now no doubt that over the next couple of years, even more main street money is going to pour into the government and less will stay in company and consumer's pockets. Obama has said he is not renewing the Bush tax cuts. That will put in place a strong tax increases in 2011 on top of additional healthcare cost which some now estimate at 2.5 trillion, not \$936B. So there is several huge tax stumbling blocks looming that will impact any full recovery all the way through to 2015 already facing both the manufacturing and software sectors..

For example, starting next year, the penalty for using a health savings account for nonqualified medical expenses rises to 20%; doubles what it is now. Starting in 2013, people with income above \$200,000 for singles or \$250,000 for married couples will see their Medicare payroll taxes rise to 2.35%. A new Medicare tax of 3.8% will be levied on high-earner investment income including interest, dividends and capital gains that exceed those two \$200,000-plus thresholds. Also in 2013, if you itemize your income taxes, the amount you'll need to claim a deduction for medical expenses will rise to 10% of adjusted gross income from today's 7.5%. But people age 65 and older won't face the 10% threshold until 2017. Starting in 2014, for the first time most Americans will be required to carry health insurance, with given government subsidies if they can't afford it, or face a fine. The fines are simply a tax called another name. The IRS will enforce the fine for noncompliance And it appears these fines are set to rise annually, beginning with \$95 or 1% of income, whichever is greater, AND GOING TO GROW TO AS MUCH AS \$695 OR 2.5% OF TAXABLE INCOME BY 2016.

While some state attorneys general are challenging the legality of this provision, many experts say it's likely to stand. Enforcement mechanisms are still being worked out, but one is that taxpayers have to submit proof of insurance on their tax forms. Thus the IRS becomes the gate keeper. Looking further out, an excise tax of 40% on high-cost health insurance begins in 2018. It will apply to the amount of annual premiums exceeding \$10,200 for individuals or \$27,500 for families, but the thresholds are higher for early retirees and workers in certain high-risk jobs. The tax is supposed to hit insurers or plan administrators, who most likely will pass it on to workers.

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**Money: Oh, Oh, Supply Fears start to hit Treasuries** - A long period of stability for the US government bond market showed signs of cracking this week as a lack of investor appetite for new debt sent the benchmark 10-year yield to its highest level since last June. For more than a year, analysts have been warning that record sized debt sales by the US Treasury were at odds with a 10-year yield sitting comfortably below 4%. This week, the yield on 10-year notes jumped from 3.65% to a peak of 3.92% Thursday (3/25). On Friday it was 3.87%. Falling inflation, rising unemployment, the housing market slump, the Federal Reserve's policies of a near zero overnight borrowing rate and its purchase of up to \$1,700B in bonds have all helped keep Treasury yields near historic lows. But this week the mood shifted as yields for \$118B of new US debt were much higher than forecast, sparking overall selling of Treasuries. Sentiment is also deteriorated in the UK bond market after the government's budget, ahead of a general election expected in May, failed to resolve doubts over future spending and debt reduction. Of great concern is President Obama's fiscal 2011 budget which will generate nearly \$10 trillion in cumulative budget deficits over the next 10 years, \$1.2 trillion more than the administration projected, and raise the federal debt to 90% of the nation's economic output by 2020, the Congressional Budget Office reported last week.

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**Economy: The Alternate Energy Market is doing Just Fine Thank You!** - The combination of electric, hybrid and alternative fuel vehicles entering the market should drive U.S. gasoline use DOWN over the next 5 to 10 years, perhaps down a lot. And this should rev up America's energy independence. The only thing that could derail this shift is lower gasoline prices. OPEC is trying to make sure that's not going to happen. There's plenty of news for alternative energy lately, and some of the most bullish news comes out of OPEC. Yes, out of OPEC. Even though the price of crude has been over \$75 a barrel since early February, the oil-rich Arabs and their allies refuse to bring spare capacity on the market. Despite lip service to the contrary, OPEC is sitting on its hands. Why? To LBN, it seems obvious that OPEC prefers to keep oil prices over \$75 a barrel. And this is driving gasoline prices higher. Essentially OPEC is pushing car-manufacturers and drivers around the world to accelerate hybrid and electric car development.

Just this week, Chrysler announced it would roll out an all-electric car -- based on the Fiat 500 platform but made in America -- for 2012. This car, which was tested in Europe, gets up to 120 miles on a charge. Other U.S.-made electric cars will hit the highways even sooner. In the EU, there is a program to determine if the current electric grid can handle an all electric driven auto market. So then, why near \$80 oil? OPEC is no dummy; it knows the Chinese are putting so many new, gas-guzzling cars on the road that China's oil demand in February jumped 16.6% from a year ago to a historic high of around 8.5 million barrels per day. Crude throughput at Chinese refineries in January and February was up a whopping 23% from a year ago, according to official stats. And China expects its net oil imports will climb 5.5%. Question; if the electric companies are

already at, or near capacity, what will a flood of cars plugging into the system do to them in the near future?

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## **VERTICAL MARKETS**

**Retail: Personal Income Drops across the Country** – The outlook for retail shops is not good. Consolidation is growing. Note that consolidation in Retail equals consolidation (or worse) for retail suppliers; for example, the recent takeover of Tommy Hilfiger by Philips-Van Heusen, saying that it was driven in large part by a need to grow in size in order to be able to service Macy's (both companies' largest customer). Despite media stories to the contrary, there is not much good news on the home front, especially for the hope of increased consumer spending. The Commerce Department reports personal income declined in 42 states in 2009, Nevada's 4.8% plunge was the steepest, as its construction and tourism industries took a beating. Also hit hard was Wyoming, where incomes fell 3.9%. Incomes stayed flat in two states and rose in six and the District of Columbia. West Virginia had the best showing with a 2.1% increase. In Maine, Kentucky and Hawaii, increased government benefits, such as unemployment insurance and Social Security, offset drops in earnings and property values. Nationally, personal income from wages, dividends, rent, and retirement plans. Despite all the noise, government benefits declined 1.7% last year, unadjusted for inflation. One bright spot: As the economy recovered, personal income was up in all 50 states in the fourth quarter compared with the third. Connecticut, again, had the highest per capita income of the 50 states at \$54,397 in 2009, but that is mainly due to the Western part of the state hosting a lot of the insurance industry. Mississippi ranked lowest at \$30,103. Positioning: though there is some loosening of consumer spending, the outlook is not good for any real surge in spending – 1 to 2% will have to be PWR's forecast for 2010.

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**Healthcare: The Healthcare Bill Passed and is in Effect** - Obama has signed into law a bill passed by the House and Senate that expands insurance coverage to 32 million Americans, set up insurance marketplaces called "exchanges," extend subsidies to poorer Americans to buy coverage, requires businesses to offer insurance, and immediately implemented undisclosed taxes on businesses – as noted above – we repeat that AT&T Inc. will take a \$1 billion non-cash accounting charge in the first quarter because of the health care overhaul – that cuts AT&T's profits 33% and the company said it may cut the employee benefits it offers to current and retired workers. The charge is the largest disclosed so far. Earlier this week, AK Steel Corp., Caterpillar Inc., Deere & Co. and Valero Energy also announced similar accounting charges, saying the health care law that President Barack Obama signed will raise their expenses. On Friday, 3M Co. said it will also take a charge of \$85 million to \$90 million. Caterpillar announced the bill will cost it \$100M this quarter. Altogether, the package itself costs consumers \$940 billion over 10 years. These corporate taxes are an addition. Also, attorneys general from 13 states are suing the federal government to

stop the new healthcare law, claiming it is unconstitutional. The lawsuit was filed just seven minutes after Obama signed the bill. Obama said the new law reaffirms what he called a "core principle that everybody should have some basic security when it comes to their health care." President Obama is an intelligent man. He knew there was no way a massive entitlement could get through Congress when spending, deficit, and debt are major issues. So he claimed that health care reform would help ameliorate America's fiscal problem, not exacerbate it. That is obviously not the case. As U,S, companies write down profits due to accounting regulations requiring adjustment for new healthcare taxes, congress seems shocked – apparently most of the representatives voting for it did not read the healthcare bill or did not understand what is in it.

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**Metals: Infor to Provide Budgeting and Forecasting Support to Steel Mill** - Infor, a provider of business software for mid-market customers, has announced that Hadley Group, one of Europe's largest, privately owned cold-rolled steel manufacturers, has extended its portfolio of Infor solutions with an investment in Infor PM 10 (Performance Management) software. Hadley Group will deploy PM10 for more agile budgeting and forecasting within its manufacturing sites in the UK and Germany in early 2010, and later roll it out to staff in Dubai and Thailand. Hadley Group has outgrown Excel spreadsheets for budgeting – a manual process which typically takes more than three months to conduct every year. It chose PM 10 because it could easily integrate with its existing Infor ERP Baan 5 software to provide some of the essential data feeds for the PM solution. PM 10 was also chosen because of its ability to deliver a complete end-to-end performance management solution, including budgeting, forecasting, planning, consolidation, reporting and analysis all from a single database to ensure data integrity. In order to help users readily adopt the new system, Hadley Group needed a solution that retained the spreadsheet familiarity which would ensure a smooth transition to PM10. To help identify these exceptions within the business, Hadley Group has also invested in Infor PM Application Studio for enhanced business intelligence. Beyond performance management, The Hadley Group is also piloting an upgrade from Infor ERP Baan 5 to Infor ERP LN, the latest version of Baan. This is currently being conducted in a test environment in the UK before adopting and rolling out to other sites.

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**Robotics: Adept Technology Announces Receipt of \$4.1M Order From OEM** - Adept Technology, Inc. (Nasdaq:ADEP), a provider of intelligent vision-guided robotics and global robotics services, has announced it has received a \$4.1 million order for high-precision robots from a major international manufacturer of sophisticated automation equipment for use in the consumer electronics and information technology industries. The order is expected to be fulfilled and recognized as revenue over the next two quarters. The company selected Adept as its automation partner to provide advanced robotic systems to improve product yields and increase capacity. "We are pleased to be selected for this program and it reflects continued momentum in our Asian business," said Hai Chang, Managing Director of Asia Operations for Adept Technology.

"It validates the unique value proposition Adept's innovative products provide to world class manufacturers and reinforces our business strategy in Asia."

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**Auto: Mexico EVR deployment on schedule; program will tag 25M vehicles** - Eric Redman, director of sales and marketing at Neology, provided a sweeping overview of Mexico's electronic vehicle registration program, which has the goal of tagging all 25 million cars in that country by the end of next year. Currently, 12.5 million passive RFID tags are in circulation in that country. Automobile dealers are tagging most vehicles when new and used cars are purchased. The main goal behind the program is to increase compliance and provide Mexico with increased revenue from cars that were not registered previously. In Mexico, close to one-third of automobiles are not registered. With this program, Mexico expects that number to drop to single digits by the time the program is completed. Aside from boosting tax revenues, the solution will play a major role in detecting stolen vehicles as well as increase overall national security.

The Neology solution allows information stored on an RFID windshield tag to be read at toll booths and other areas at speeds up to 100 miles per hour in real time, validated with corresponding data relating to the same vehicle on a government database. The solution also has the ability to include a variety of other sensing devices and technologies that could be used when trying to identify and track a vehicle. When data collected varies from information stored in the government database, an event is triggered that will be followed up on by national or local law enforcement. The government of Brazil is closely monitoring the Mexico program and is expected to roll out its own EVR program later this year or early next year. RFID technology was also proposed in the Philippines; although the program has been halted temporarily do to consumer protests. It is also being researched or implemented in Asia and Singapore.

As for the United States, individual states with the highest number of toll roads are the most likely to roll out EVA in the future, although Redman says that the U.S. is several years behind some other countries in adopting the technology. Georgia, which is converting car pool lanes to high occupancy toll lanes, has requested RFP's for a Gen 2 EPC (electronic product code) tolling system, which could lead to an EVR (electronic vehicle registration) program as well. States that make heavy use of toll roads, such as New Jersey and Florida, are likely candidates to deploy EVA in the future since as many as 25% of cars registered in those states are already equipped with toll tags. "We have seen activity pick up in that area for a while," says Vega of AlienTech. "The performance of UHF passive tags has improved to the point where it doesn't even make sense to have batteries at this point, and the cost is less. So we're seeing a lot of interest from states and countries that would like to deploy this."

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**RFID: Gerry Weber chooses Nordic ID as their Handheld RFID Supplier** - Gerry Weber International AG, a fashion and lifestyle company, recently chose Nordic ID as

their handheld RFID supplier. The international, chain-wide RFID project stipulated high mobility requirements, which Nordic ID's PL3000 UHF RFID Cross Dipole computers fulfill. The delivery of the handheld devices will be in June 2010 to the "Houses of Gerry Weber" in Germany and throughout Europe. The RFID handhelds will be most heavily used in receiving goods and inventory management at about 150 stores. Nowadays it takes us about two days to complete the inventory on a 200-square-foot retail space," says Christian von Grone, CIO at Gerry Weber. "After the rollout, this process will take only about ten minutes". Nordic ID handsets were chosen after a meticulous selection process, including extensive testing of different devices. The fact that the PL3000 Cross Dipole is able to read tags from up to four feet away, even through closed boxes, was the deciding factor in its choice. For Gerry Weber, this is especially important when tagged goods, in individual boxes, are transported in bulk on pallets.

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## **APPLICATIONS**

**ERP: SAP'S Streamwork Helps Companies Transform the Way People Work -** SAP's StreamWork, its new on-demand, collaborative decision-making software is the company's latest product aimed at transforming the way people work. Currently, most businesses use a range of applications on a daily basis, including e-mail, collaboration products, business systems and Web 2.0 applications to do their work and make decisions. As a result, work often becomes chaotic and hard to follow and can hinder clear decisions. SAP addresses this challenge with SAP StreamWork, which brings together people, information and proven business methodologies to help teams naturally and fluidly work toward goals and outcomes.

Teams can assess situations together, develop strategies and make clear decisions, with a full record of what transpired. With customers looking for low-cost and easy-to-consume pricing models that are flexible and can be altered to meet changing business needs, SAP is offering SAP StreamWork through a tiered subscription model that includes a free version. More information can be found at [sapstreamwork.com](http://sapstreamwork.com).

Since the beta release (called 12sprints) of the on-demand software in February, many companies, such as start-up TastingTable.com, have been taking the new application for a spin and have been impressed by its ease of use, impact on team productivity and ability to help drive teams toward goals. Additionally, companies such as Box.net, Evernote and Scribd have teamed up with SAP and embraced the software's open architecture, which makes it easy to add on capabilities, templates, methods and content to SAP StreamWork. Customers have also contributed feedback to the development of SAP StreamWork, and the combination of customer and vendor co-innovation as well as a more agile development approach by SAP is resulting in a dynamic solution that optimizes the way people work.

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**ERP: Infor Expands Payment Options for Customers** – Last June, Infor announced a new program that enables its qualifying customers to finance the costs of licensing, supporting and implementing its business software. Infor is offering interest free monthly payments for qualifying customers who take advantage of the program. The establishment of Infor Financing provides a wide range of benefits to Infor's customers, enabling them to lower the total cost of ownership of their technology investment and move forward immediately with critical business initiatives while spreading payments over a number of years, preserving working capital and critical cash resources. Infor's customers can put technology to work immediately in order to establish a stronger competitive edge, rather than delaying until the next budget cycle. Infor Financing is designed for companies of all sizes and provides the flexibility to make financing accessible to most businesses, even in this challenging economic environment. "Limited access to available capital is one of the largest barriers to innovation and a competitive disadvantage for companies of all sizes," said Greg Corgan, president, global field operations, Infor. "By enabling our customers to fund their technology investments over time through simple and flexible financing solutions we continue to make it easier for our customers to benefit from business software and more quickly realize a competitive edge." Infor Financing is available now in North America. Infor plans to expand the program worldwide over the next year. Infor's channel partners can also offer financing to their customers through Infor Financing.

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**ERP: Waukesha Bearings Selects Infor SyteLine Shipping and Logistics** - ERP SyteLine Shipping & Logistics is powered by Pacejet an Infor Solution Partner. It is available in flexible and scalable packages that provide customers the choice to select the right functionality to meet their individual business needs. The solution is available in three options: Standard Shipping; Advanced Shipping; and Shipping, Warehouse and Mobile, which deliver the necessary functionality to meet customers' needs based on size and scope. "Finding ways to contain our costs without sacrificing the high level of customer satisfaction for which we are known is a critical task given today's economic climate," said Jeff Adams, Vice President of Operations at Waukesha Bearings. "The shipping capabilities developed by Pacejet were the ideal solution for us because they quickly generated ROI by reducing our costs and actually strengthened our customer service by providing new shipping options and increasing transparency across our organization." Using integrated tools that automate shipping steps, ERP SyteLine Shipping and Logistics improves efficiency, lowers freight expenses and increases visibility across multiple functions and departments. The system enables companies to respond to requirements for special labeling, paperwork and other services, enhancing customer service. In addition, if users do not select their preferred shipping carrier or service, the system will automatically select the best option to fulfill the order.

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**SCM: Logility Acquires Optiant** - Logility Inc. announced its acquisition of certain assets of privately-held Optiant Inc., a Boston-based provider of multi-echelon supply

chain optimization systems, for approximately \$3.3 million in cash, subject to certain post-closing adjustments. The acquisition is expected to be accretive to Logility's earnings and cash flow within the next 12 months. Optiant's optimization technology aims to help manufacturing companies and distribution businesses free up millions of dollars in working capital trapped within their multi-echelon supply chains. Its modeling and simulation capabilities help consumer goods, high tech manufacturing, life sciences, and other industries manage global supply chains to achieve specific business goals. Logility will incorporate the Optiant products into the Logility Voyager Solutions suite branded as Voyager Inventory Optimization. The addition of Optiant is expected to further strengthen Logility Voyager Solutions as a comprehensive supply chain solution marketed to midsize, large, and Fortune 1000 companies in the consumer goods, life sciences, process manufacturing, discrete manufacturing, wholesale distribution, and high-tech industries.

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**Cyber Security: ArcSight forms Strategic Alliance with Secure IT Experts** - ArcSight, Inc. (Cupertino, Calif NASDAQ: ARST), a global provider of security and compliance management solutions that protect enterprises and government agencies, has announced a referral partnership with security and business consultants Secure IT Experts. "ArcSight shares our vision of a holistic security posture—protecting information across systems, applications and people," said Mark Rasch, founder of Secure IT Experts. "Our customers face a number of challenges — from outright cyber attacks to finding and fixing vulnerabilities to meeting regulatory compliance requirements. We believe that Enterprise Threat and Risk Monitoring is essential to strengthening our customers' defenses against threat and risk." Enterprise Threat and Risk Monitoring addresses the need for monitoring beyond the network infrastructure to find threats and risks across the entire enterprise from both within the firewall and into the cloud. Enterprise Threat and Risk Monitoring also protects enterprises against threats and risk across all parts of the enterprise, not only malicious external attacks on the perimeter, malware attacks, network security incidents, and compliance violations, but also against:

- User activity that involves role, entitlement, or policy violations,
- Sensitive and privacy data usage that is abnormal or unauthorized, and
- Critical transactions that are fraudulent or violate segregation of duty policies.

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**CRM: Kana will Replace CEO Fields with Mark Duffell** - Kana Software Inc. said that Mark Duffell will replace Michael Fields as president and CEO. Menlo Park-based Kana said Fields will become non-executive chairman of the board and act in an advisory capacity. After four years at the helm of Kana, Fields is stepping down for health reasons and will focus on Kana's transition, the company said. "I have decided that the best thing for me and my family is to follow medical advice and focus on getting better," Fields said. "We've accomplished our goal of making Kana financially secure,

and initiating a strategy for growth under the ownership of Accel-KKR. I look forward to assisting Mark and continuing to work with the company and its clients and partners." In 2009 Kana said that an affiliate of technology-focused private equity firm Accel-KKR would buy the company's assets and liabilities for about \$48.9 million. Duffell worked with Accel-KKR as the operational advisor around the purchase and privatization of Kana Software. He was previously president and COO of Epicor Software Corp. Kana Software Inc. lost \$1.8 million in the September quarter. A year earlier in the third quarter it lost \$887,000.

Kana sales fell for the Menlo Park business (OTCBB: KANA), which makes "customer relationship management" or CRM, software -- they were \$12.8 million in the most-recent quarter, down from \$16.7 million in the third quarter of 2008. The company's per-share loss doubled to 4 cents. Kana's accumulated deficit — how much money it has lost or written off since it started — was \$4.321 billion at quarter's end. In November of last year, the vendor was waiting to be sold to an affiliate of private equity firm Accel-KKR for \$48.9 million. In that deal it will be split in two bits, one a publicly traded business looking for acquisitions and the other a private company that keeps the Kana name and goes on selling software.

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**RFID: Iridium and SkyBiz to Produce Cargo Tracking Devices by Satellite** - Iridium and privately held SkyBitz agreed to produce tracking devices with longer-lasting batteries that communicate with Iridium's 66 satellites. The tracking devices, smaller than the size of a hand, are directly attached to cargo and have batteries that can last for as long as four years without being recharged. Iridium Communications, the world's second-largest satellite-services provider, said sales of devices to monitor cargo will surge by more than 50% as traders track more commodity shipments. As much as 90% of cargo being transported by rail, truck and ship will be individually monitored in a decade, up from less than 10% now, as traders seek more precise information on shipments such as oil, gas and copper, Iridium Chief Executive Officer Matthew Desch said. "It's really going to be that big a swing," Desch said in a telephone interview from the company's headquarters in Bethesda, Maryland. "You are going to see it on potentially every container on a ship." Iridium's network can monitor shipments anywhere in the world, while current mobile-phone tracking networks cover only about 7% to 8% of the globe, Desch said. Data transmitted from the devices can notify buyers and sellers if containers and goods have been tampered with, he said. SkyBitz is owned by a group of investors including Luxembourg-based CIBC Capital Partners and Motorola Inc.

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