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## **Coming Together: Integrated Social Software Tools for Better Team Collaboration and Business Outcomes**

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*IDC believes that in the wake of the financial crisis of the past 12 months, at least two distinct IT postures — which IDC labels "survive" and "thrive" — have emerged. The "survive" posture is marked by shrinking IT budgets, withdrawal from strategic projects, and hunkering down for a period of "make do with less" — a policy of IT disengagement in which IT shops go into maintenance mode and incrementally scale back services for their internal customers. The "thrive" posture is adopted by firms that are looking to new deployment methodologies, such as cloud, SaaS, and integrated solutions, which provide a better alignment of IT and LOB objectives. This posture is a strategic reaction of successful companies to the new challenges and opportunities of the workplace of 2009–2010: a highly mobile workforce, decentralized workplaces, and blurred distinctions between "internal" and "external" employees in a working world of specialists — in marketing, sales, design, consulting, etc. — from different businesses brought together to collaborate and drive good business outcomes. Nowhere is the gap between "survive" and "thrive" more dramatic than in the world of collaboration and social software tools. IDC forecasts that sales of collaborative applications — including a range from Web conferencing to integrated collaborative environments (ICE, aka groupware) and social software — will generate \$7.9 billion in worldwide revenue in 2009, robust 11% growth over 2008.*

*Four key dynamics are impacting IT buying and shaping the IT posture for 2010–2011:*

- *Cloud computing, with new options for low-cost, easy-access, service-enabled application delivery*
- *A new focus on people over process, especially in employee-created social sites for skills and knowledge sharing*
- *The emergence of integrated social tools and platforms that efficiently work around how people naturally interact*
- *The new, very central role that enterprise collaboration is playing in helping "thrive" companies gain share and grow in a climate where competitors are sometimes afraid to innovate*

*In a world where positive, strategic IT posture brings competitive advantage, how IT buyers respond to these dynamics will shape the success of their companies in the next few years.*

The following questions were posed by Central Desktop to Robert Mahowald, research director of IDC's SaaS and Cloud Services practice, on behalf of Central Desktop's customers.

**Q. What is a complete social software platform for business?**

A. A complete social software platform implies more than just adding collaboration to business processes. By "complete," we mean that it connects people, content, and conversations via discussion threads, forums, and Web meetings, etc., alongside traditional collaboration such as email. A comprehensive social solution must allow for internal and external collaboration with different roles and permissions — allowing flexibility while still offering control of the settings so that a company's social and collaborative processes can evolve with each new project.

The fact is that most employees have evolved a set of favorite Web-based applications: search, wikis, blogs, RSS feeds, news sites, and Webmail, most of which are not integrated into workflow or data repositories. In short, these are silos; each is effective in its limited way, but few provide any integration between people and process, data and decisions. This situation reflects the early importance of email and documents as the central artifacts of business collaboration and the dominance of vendors selling these solutions — but it does not reflect the central role of people in collaboration, a fact borne out by the rise of social tools that put resources at the service of people, not the other way around. Tools for sharing and collaboration should be flexible and dynamic enough to serve the people who are the true focus of collaboration and good business outcomes.

IDC believes that companies are looking for positive responses to the market dynamics cited earlier, especially in sourcing integrated collaboration platforms that efficiently work around how people naturally interact and in meeting the new, very central role that enterprise collaboration is playing in helping "thrive" companies gain share. IDC's view is that after many years of letting technology companies shape the format and pace of collaboration technology, IT managers are looking to be more responsive in buying cloud-based tools that are easy to implement and manage and that give their internal customers tools that work for them.

**Q. What are the business benefits of cloud-based social software?**

A. The business benefits are a combination of savings, process improvements, and efficiencies driven by changes in process and technology. A key benefit is increased IT efficiency: With cloud-based software, there is a predictable monthly operational cost, not a heavy up-front capital cost. The software service is managed by experts, refreshed almost daily, with access from any PC, and "deployed" simply by firing up a browser. Use is viral and employees become experts in best practices. This results in a very low IT burden for service and support, allowing businesses to flatten their fixed IT expenses for employees, hardware, and utilities and freeing up IT money and staff to focus on strategic projects.

A second business benefit of integrated social software is a tidal change in how people work together. There's an old saying that there are Einsteins hidden away in most companies, but their ideas never see the light of day. Simply by providing access to social software that connects people to processes, more people — across geographies and business units — can contribute ideas, share in iterative business processes, and collaborate on the hundreds of projects, plans, and initiatives that are the bedrock of business. That's the reality of today's extended business, and social software is the product that helps connect people to share ideas and tasks. The result is better decisions driven by the "wisdom of the crowd."

Finally, using a complete social platform empowers employees, providing an enduring benefit to the corporate culture. Users entering the workforce in recent years prefer to operate with a full complement of Web 2.0 tools, and providing a full platform can help connect generations, giving voice to employees for expression, which in turn improves morale, makes employees

feel more connected to colleagues, and ultimately makes it easier to find subject matter experts to ask for help. External-facing social software solutions can provide the same benefits to customers, who can have improved relations by virtue of being more open and social. The solutions offer more than one way to communicate so that customers have choice — they are empowered to give feedback, rate products and services, share content (become evangelists, utilize word-of-mouth marketing), and suggest new ideas.

**Q. What are the advantages of using the cloud for hosting, and the SaaS delivery model, versus implementing social software in-house?**

- A. Think of the cloud as a destination on the Web, and the myriad "as-a-service" delivery offerings now emerging as the intersection points by which customers can interact with the cloud. SaaS, the most mature of these "aaS" services, is a mainstream hosting and delivery methodology, with IT buyers devoting about \$7.4 billion, or about 4.5% of their total 2009 software budget, to the technology. IDC predicts that customers will overwhelmingly opt to outsource many steady-state or otherwise resource-intensive application services to SaaS providers in coming years. While there are many applications and workloads that will probably always be a hybrid combination of on-premise software and SaaS-delivered services, for many buyers, the advantages of SaaS are obvious.

The first key advantage is quick time to value. It's very, very fast to get started with SaaS, compared with the implementation time (installing servers, buying additional hardware and utility software, IT staff training, client software installs, user training, etc.) required for on-premise software. From the time a company subscribes, it can be up and running and getting value from the social software almost immediately, rather than waiting for a gradual in-house rollout. The result is a rapid capture of investment, or ROI, because of how quickly companies reach the value point on the solution. There is a direct correlation between the monthly investment and the value it provides to users.

IDC has also found that over time, the SaaS model yields lower TCO versus buying application licenses, maintenance agreements, and — priciest of all — costs for supporting applications, optimization, staff, hardware, and utilities needed to run a real-time application at its best. The fact that a SaaS provider absorbs all these capital and operating expenses, and bundles in software licenses and support that includes all aspects of running the application internally, translates into a lower TCO over several years.

Further, when the solution is a true multitenant platform — one that scales to many, many users very efficiently — the SaaS provider will pay less to build and run the service, and the customer cost will be lower. This model is especially attractive to smaller businesses because they can acquire the technology very quickly and use just what they need to get the job done. It's a clear value option to them.

**Q. What are the advantages of an integrated platform approach versus using point solutions?**

- A. Yesterday's organizations were focused on looking to IT to automate business processes: If you once used several people or a whole department to perform a process manually, and now you can systematize and automate all or a portion of it, you will save money, reduce errors, and align priorities. Operations management experts make the point that while automation successfully drove businesses to the efficiencies they enjoy today, there is a need to reengage the human brain trust and take collaborative workflow to the next level.

But today, more and more business is transacted online and more work is outsourced and conducted via partner networks, and IDC believes that next-generation businesses are

placing new emphasis on the power of the human network. The strength of the social network is based on how vested people feel in the process, and an integrated social platform can put everybody on the same page.

In 2010 and beyond, we believe organizations will be far more interactive and social, deriving their value from the shared power of people working in concert. Social tools will be the central nervous system for that network, providing a highly flexible platform that users can mold to their own workstyles and use anywhere they can get a device with an Internet signal. Effective social tools will also increasingly provide organizational transparency because with a flattened hierarchy, good ideas can spring from anywhere in the company. Critical information lives in databases that are often far away from decision makers, and good social tools change that by uncovering data *and* data sources — the Einsteins in every organization — so that people can drive better business decisions.

Ultimately, IDC expects that the new central role that collaboration is playing to help some companies thrive and grow, and the availability of integrated social tools and platforms that efficiently work around how people naturally interact, will drive better business outcomes. At the same time, SaaS will provide new options for low-cost, easy-access, service-enabled application delivery, changing how organizations source applications. The result will be a new focus on people over process and a resurgence of true "business collaboration" in the new business hierarchy where colleagues may work inside or outside the firewall, insourced or outsourced, but they are all part of the same network enabled by social tools.

#### ABOUT THIS ANALYST

*As director of IDC's SaaS and Cloud Services practice and co-leader of IDC's Enterprise Collaboration and Social Solutions practice, Robert Mahowald advises clients on key trends and opportunities in the changing world of software creation and delivery and collaboration. An experienced speaker, Mr. Mahowald has been a featured lecturer at various executive events, industry seminars, and conferences such as InternetWorld and on such television programs such as CNBC and CNET TV. Mr. Mahowald's research and commentary have appeared in trade journals and publications, including The Wall Street Journal, USA Today, The New York Times, and Investor's Business Daily.*

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