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Trends 2005: Collaboration

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EXECUTIVE SUMMARY

The market for point collaboration products is shrinking as collaboration features are absorbed into applications and software infrastructure. In 2005, collaboration capabilities will continue to move into the infrastructure, with Microsoft emerging as an early platform leader. Tension will develop between infrastructure providers and application vendors that offer proprietary collaboration tools. Firms will swap out point products for infrastructure and application features and the market will continue to consolidate.

COLLABORATION HAS ENTERED THE REALM OF THE STRATEGIC

Forrester clients submitted more than 250 inquiries about messaging and collaboration in 2004, and many of the questions were strategic in nature. Common questions include: "What is the business value of collaboration tools?" "What is the total cost of ownership of one collaboration platform versus another?" "Who should be on our collaboration vendor shortlist?" and "Where is the collaboration market headed?" These questions, and developments in the collaboration software market, are driven by firms' efforts to:

- **Solve specific business problems using collaboration tools.** Interest in and adoption of collaboration tools and technologies remains high as firms look for ways to improve market share, revenue, profitability, and cash flow by streamlining business processes (e.g., document development or product design) and better managing complex processes (e.g., large consulting projects and due diligence for mergers and acquisitions).

- **Provide users with contextual collaboration.** Knowledge workers want to locate and communicate with each other directly in the context of their business processes and the applications they use every day to do their jobs. They don't want to launch separate tools to chat with colleagues, participate in discussion threads, or check the status of team projects. The concept of context varies by user as well as by vendor: It may mean desktop productivity tools to one person or a business process managed by an ERP system, a document management system, or an enterprise portal to another. To be more specific, contextual collaboration for a call center agent means being able to see the online presence information of other agents who have worked on a particular case, and to be able to click to chat or launch a team workspace that is prepopulated with information, members, and metadata related to that case.

- **Reduce the pain associated with a proliferation of tools.** Firms that have progressed past the experimentation phase of collaboration are in a situation where multiple disparate tools are in place, often with overlapping or duplicate functionality, each with a different repository, workflow engine,

concept of a task, and forum (discussion thread) engine.[1] This type of environment impedes user productivity and adds to IT's burden.

- **Benefit from increasingly rich collaboration platforms.** Infrastructure vendors — IBM, Microsoft, and Oracle — have all made inroads into the enterprise collaboration platform market. At the core of these platforms is an email/calendaring/contacts server (messaging platform). Other capabilities, typically provided through separate yet integrated (to varying degrees) products, include enterprise instant messaging (EIM) and team collaboration. Through partnerships with communications vendors like Avaya, Cisco Systems, and Nortel Networks, these vendors — especially Microsoft — are also engaged in right-time communications.[2] Organizations that launch messaging platform upgrades or migrations often delay these projects until the business and IT have thought through the implications of technology choices on enterprise collaboration strategy.

2005 TRENDS TO WATCH IN COLLABORATION

As more firms turn to collaboration tools and technologies to help meet their strategic objectives in 2005:

- **Collaboration capabilities continue to move into the infrastructure.**[3] IBM Lotus Workplace is a set of J2EE components that can be assembled into collaborative applications and accessed via multiple user interfaces, such as the Workplace Client Technology or WebSphere Portal. Microsoft offers Windows SharePoint Services (WSS), a team collaboration environment that is part of the Windows Server 2003 operating system. Oracle is changing its positioning of Oracle Collaboration Suite (OCS) from an application to a set of services that are exposed to Oracle applications, such as product life-cycle management (PLM) and project management.[4] And SAP has also entered the game by offering NetWeaver Collaboration, which is a set of features that are accessible via the SAP NetWeaver Portal, part of the NetWeaver platform.[5]

- **Microsoft emerges as an early collaboration platform leader.** Trends in messaging server and broader collaboration platform deployments favored Microsoft in 2004. Microsoft has also begun to establish a lead as a collaboration platform provider to ISVs. PLM vendor UGS and collaboration software vendor CorasWorks built the current generation of their collaboration products (UGS Teamcenter Community and CorasWorks Workplace Suite, respectively) on top of Microsoft WSS. System integrator Capgemini developed a healthcare portal solution on top of WSS and SharePoint Portal Server. Additionally, vendors like Groove Networks and SAP support WSS as a document repository. These ISVs have chosen wisely; within two or three years, SharePoint will be virtually everywhere — it will be used, at least in experiments or pilot mode, by most organizations that have rolled out Windows Server 2003.

- **IBM and Oracle expend great energy trying to keep up with Microsoft.** IBM continues to flesh out the Lotus Workplace platform, with a major version (3.0) due out in mid-2005. IBM is tasked with integrating its Lotus Notes/Domino platform and applications into the Lotus Workplace environment and providing a clear upgrade path for existing customers. Oracle has not achieved penetration anywhere near that of IBM with Lotus Notes/Domino, or Microsoft with Outlook/Exchange. But Oracle will turn heads with OCS 10g Version 3, due out in the first half of 2005. This version will feature an EIM server based on the Jabber engine and will be core to Oracle's next-generation enterprise content management (ECM) platform, code-named "Tsunami," which is due out in the same time frame.[6]

- **Application vendors enrich their collaboration features.** To help firms solve business problems and streamline business processes, application vendors are enriching their collaboration features, either by building or buying their own, or, in fewer cases, by building on top of emerging infrastructure services. ECM vendors, for example, offer team collaboration as an integrated document management feature, and PLM vendors offer team collaboration and real-time collaboration as integrated collaborative product development features. This trend will continue through 2005 as vendors strive to offer customers value beyond that which the infrastructure providers offer.

- **Tension develops between application and infrastructure approaches.** Application and infrastructure vendors alike are trying to provide knowledge workers with contextual collaboration, yet they are going about it in different ways. Most apps vendors offer proprietary collaboration features that work only in the context of specific apps and are not interoperable with external tools. Infrastructure vendors, in contrast, are pushing collaboration deeper into their stacks and encouraging customers and ISVs to build apps on top.

  Application vendors will continue to promote their proprietary collaboration tools for as long as they can to best leverage their investments, but within three to five years they will be pressed by customers to add support for collaboration infrastructure. Within five to eight years, most key application vendors will have replaced their proprietary tools with support for collaboration infrastructure.

- **Firms swap out point products for infrastructure and application features.** To reduce the proliferation of tools and more effectively address the needs of the business, firms are moving toward the fourth phase of collaboration — developing an enterprise strategy and selecting an enterprise collaboration platform.[7] As they do so, they will eliminate point products as much as possible, widely deploying a single set of collaboration tools and technologies to users across functions, departments, and even business units. This will be more common in centralized organizations and less

common in organizations where business units have a high degree of autonomy and IT is decentralized.

- **Market consolidation continues.** As firms swap out point products and application and software infrastructure vendors expand their offerings, specialist collaboration vendors will continue to exit the market — some through failure, others through acquisition. Remaining collaboration specialists include companies like Centra Software, CollabraSpace, Groove Networks, Jive Software, Ramius, SiteScape (which recently acquired real-time collaboration vendor Imidio), and WebEx Communications. Potential acquirers include vendors in the software infrastructure (e.g., BEA Systems, Oracle, and Sun Microsystems), ECM (e.g., FatWire, Hummingbird, and Stellent), and PLM (e.g., Agile Software, MatrixOne, and PTC) sectors.

- **No great strides are made with formal collaboration standards.** Wide-reaching collaboration technology standards are needed but unlikely to emerge during the next few years except in pockets (e.g., Session Initiation Protocol (SIP) in right time communications, Extensible Messaging and Presence Protocol (XMPP), and SIP for Instant Messaging and Presence Leveraging Extensions (SIMPLE) in EIM). A more likely direction is the emergence and acceptance of de facto standards propagated by the leading collaboration infrastructure providers.

- **Interoperability issues loom on the horizon.** IBM, Microsoft, and Oracle are busy building out their collaboration stacks, and at this stage it is a land grab; these vendors are paying little attention to interoperability with each other's platforms. Microsoft has announced EIM interoperability plans but not with either of these competitors.[8] Firms are concerned about adopting one enterprise collaboration platform and having trouble collaborating with external parties that may have selected a different platform — or even being able to collaborate across internal business units that may have selected different platforms. A new category of integration software may emerge to enable interoperability among disparate enterprise collaboration platforms similar to the way content integration software emerged to integrate heterogeneous repositories.

ENDNOTES

[1] Most large companies go through four phases when it comes to collaboration: 1) traditional collaboration only; 2) experimentation; 3) proliferation of tools; and 4) enterprise strategy and standardization. While the desired state is enterprise strategy and standardization, the majority of large companies are in the throes of experimentation and proliferation. This will remain the predominant trend for several more years; the majority of large companies will not implement enterprise collaboration strategies until 2007. See the February 19, 2004, Quick Take "Stop Experimenting And Develop A Collaboration Strategy."

[2] Convergence between communications and collaboration technologies will radically change the way people communicate in the next decade. Right time communications combines myriad technologies and devices in a single platform, streamlining management of communication channels and reducing end user complexity. Major vendors are developing SIP-based platforms that bridge multiple locations and technologies with a single user interface and add presence management to the user experience. Within five to six years, right-time communications will become recognized as the new standard for effective business communications as up to 33% of Global 2,000 firms complete partial USC rollouts. See the February 24, 2004, Trends "Unified Synchronized Communications Arrives."

[3] Enterprises need to start considering collaboration as a platform component, and not simply as a set of tools for facilitating communication. This means that collaboration software should be tied tightly to database, middleware, portal, and OS acquisitions. See the June 16, 2003, Planning Assumption "Enterprise Collaboration: Time To Consider A Platform."

[4] Oracle has an opportunity to compete head-to-head with the big guys — IBM and Microsoft — but it must first overcome some hurdles. See the June 11, 2004, Quick Take "Oracle's Path To Collaboration Success: Around, Not Through, IBM And Microsoft."

[5] During the next few years, SAP is likely to increasingly turn real-time collaboration over to partners and focus its development efforts on asynchronous team collaboration capabilities. Customers should use SAP's built-in team collaboration features if they have standardized on SAP Enterprise Portal and are adopting the NetWeaver technology platform. But firms that have already standardized on IBM or Microsoft's collaboration platforms have no compelling reason to evaluate SAP NetWeaver Collaboration. See the November 4, 2004, Quick Take "SAP's Direction: Contextual Collaboration."

[6] Jabber XCP is a developer's enterprise instant messaging platform — lean and fast and bereft of most features that aren't strictly necessary. The platform provides substantial group-chat features that IBM and Microsoft leave out, but it lacks advanced collaborative messaging tools that those vendors do provide, like audio, video, and file transfers. See the September 22, 2004, Tech Choices "Scorecard Summary: Jabber XCP 4.0 Beta."

[7] To develop a successful enterprise collaboration strategy, firms should organize a high-level collaboration strategy committee, identify an executive sponsor, create a cross-functional collaboration architecture team, and designate a program manager. See the August 2, 2004, Best Practices "Road Map To An Enterprise Collaboration Strategy."

[8] Microsoft announced major interoperability agreements that link Live Communications Server 2005 with public IM networks from Yahoo! and AOL. While this announcement is still a far cry short of widespread IM interoperability, it is a landmark move. See the July 15, 2004, Quick Take "Microsoft Makes A Bold EIM Chess Move."