WAVESTONE

THE COLLABORATION MARKET:

TRENDS AND EVOLUTIONS FOR 2020

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BUILDING COLLABORATION HUBS

Hyper connectivity, ultra-mobility, agile working methods, permeable boundaries between home and workplace use of tools, Millennials entering the working world... there are several societal and technological factors that encourage companies to reinvent their environments and working methods. In the current context, digital collaboration is a genuine driver for a seamless enterprise digital transformation.

Consequently, **it is essential to choose the right digital collaboration solution**. Compared to five years ago, we are involved in twice as many teams and 80% of our working time is done through collaborative work. Therefore, **a thorough understanding of the collaborative market is vital to anticipate future advancements and make the right choices regarding collaboration and digital strategy.**
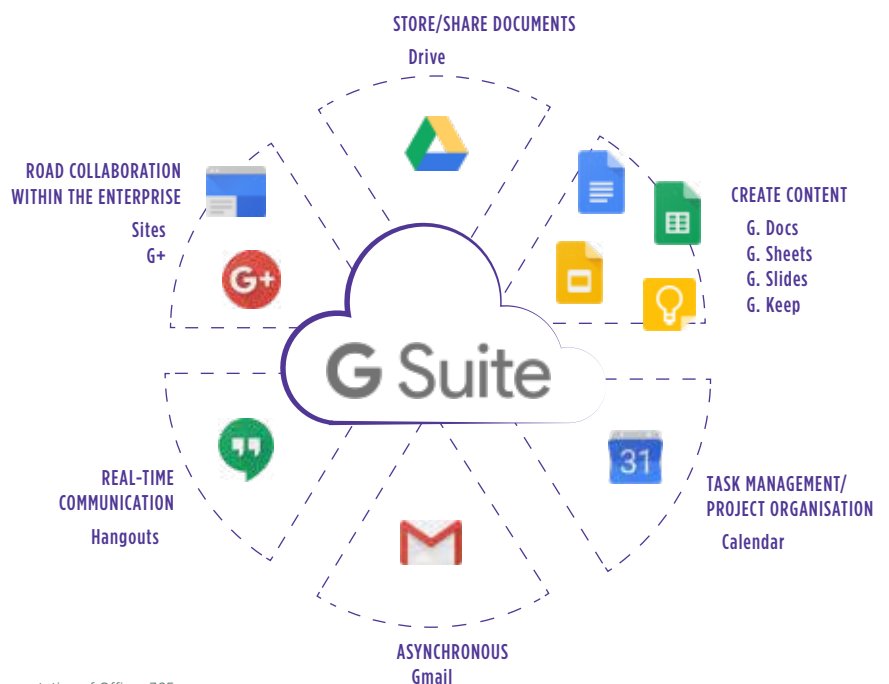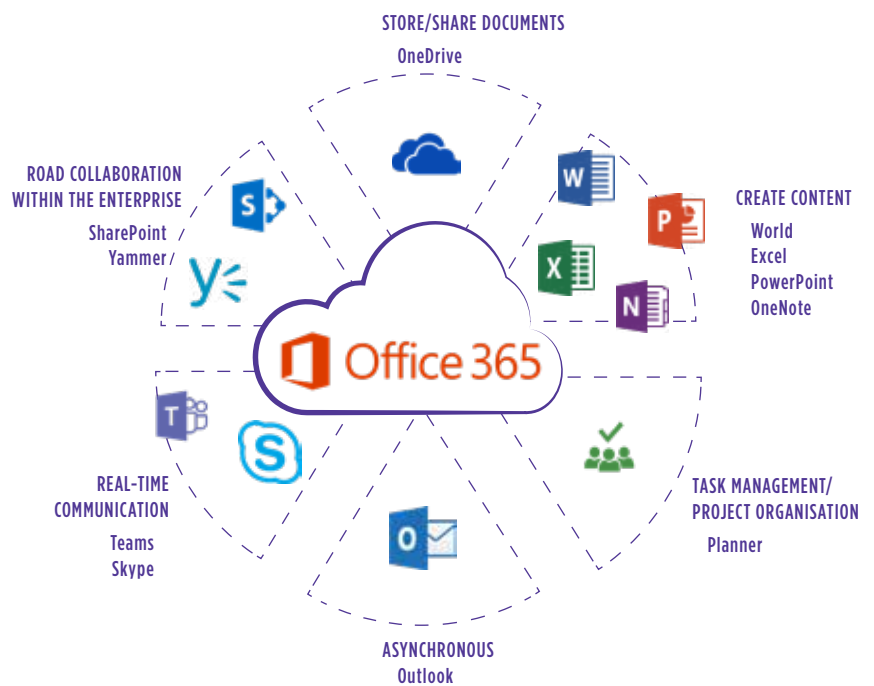
Wavestone positions itself today as one of the leading consultancy firms for organizational transformation and provides support for its clients' digital projects. **Eager to understand and pinpoint the major trends** in a fast changing and dynamic market, **we asked those who are the most concerned with such changes:** the market players.

TOP 3 PROVIDERS

SOFTWARE INCOME

508 M€ forecast for 2017

624 M€ forecast for 2021

+5,3% awerage yearly growth
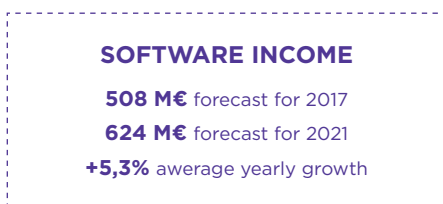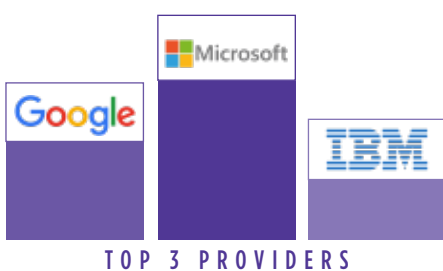
French market figures for
collaboration applications, IDC 2017

As a result of our discussions, opinions converge towards the same conclusion: **the most appropriate vision involves developing a solution that covers most of a company's collaborative needs** (messaging, schedules, content coediting and sharing, enterprise social media, phoning and video-conferencing, workflow automation, etc.). Today's three leading companies on the market (Microsoft, Google and IBM) have already set up collaboration hubs.

STORE/SHARE DOCUMENTS
OneDrive

ROAD COLLABORATION WITHIN THE ENTERPRISE
SharePoint
Yammer

CREATE CONTENT
World
Excel
PowerPoint
OneNote

TASK MANAGEMENT/ PROJECT ORGANISATION
Planner

REAL-TIME COMMUNICATION
Teams
Skype

ASYNCHRONOUS
Outlook

STORE/SHARE DOCUMENTS
Drive

ROAD COLLABORATION WITHIN THE ENTERPRISE
Sites
G+

CREATE CONTENT
G. Docs
G. Sheets
G. Slides
G. Keep

TASK MANAGEMENT/ PROJECT ORGANISATION
Calendar

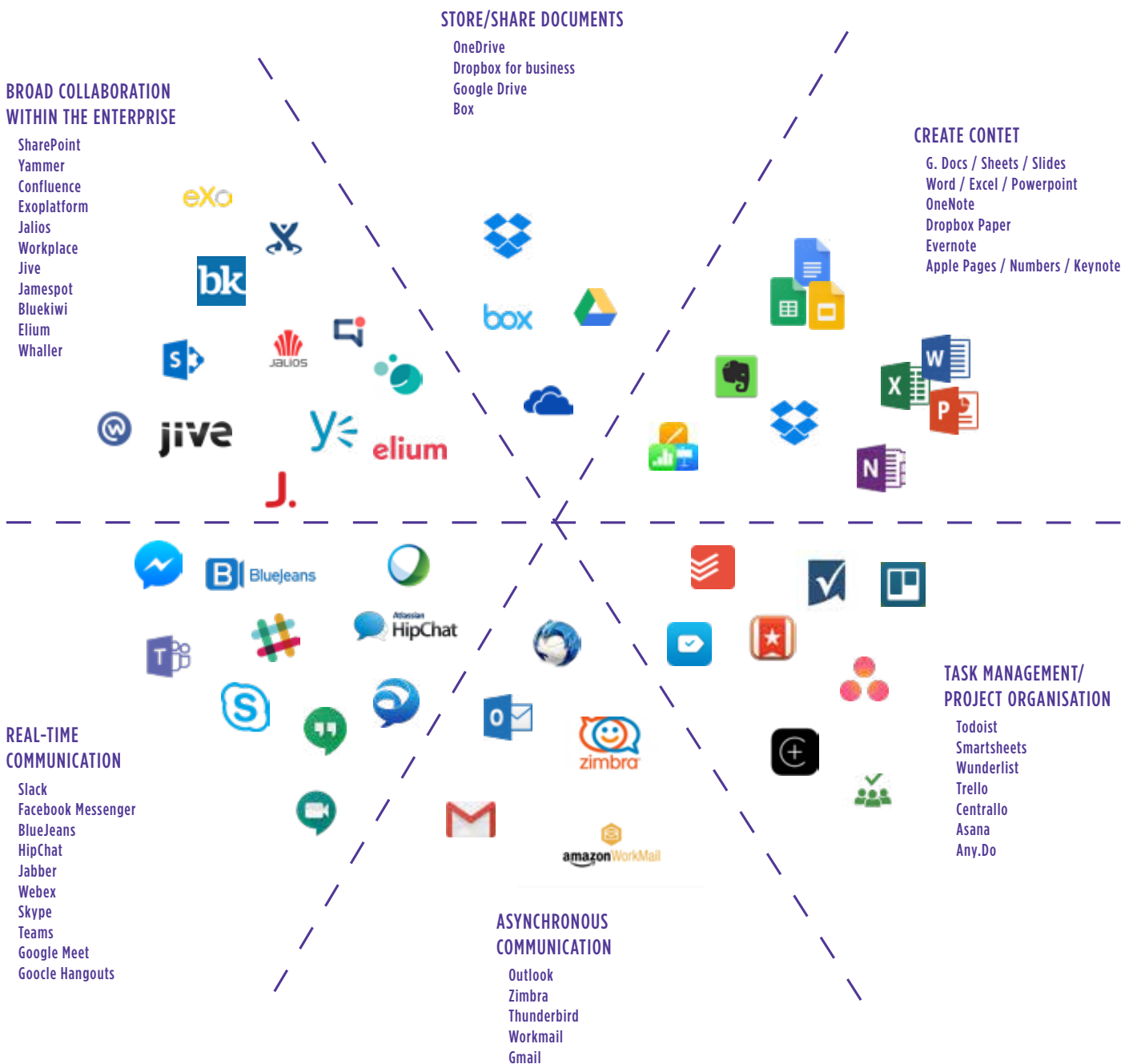**REAL-TIME COMMUNICATION**
Hangouts

ASYNCHRONOUS
Gmail

Representation of Offices 365
and G suite collaboration hubs, Wavestone 2017

It is difficult to go up against the three market giants in terms of operational wealth, considering their numerous years of experience and financial capacity. And yet, every month, **multiple collaborative solutions appear.** Today, companies use an average of 1,154 cloud-based services [1]. Such diversity will most likely increase, considering current and upcoming technological advancements and low barriers of entry. Hence, enterprises' main challenges are not only to implement new solutions or improve existing ones, but also to think of how to best organize building blocks to **create a coherent foundation in an extremely heterogeneous mass.**

We interviewed several players on the collaboration market, varying either in size, maturity or origin, to test existing view points and to gain a clear vision that best represents a rich and complex market. Following our discussions, we can identify **three medium-term development strategies to build a collaboration hub**.

STORE/SHARE DOCUMENTS

OneDrive
Dropbox for business
Google Drive
Box

BROAD COLLABORATION WITHIN THE ENTERPRISE

SharePoint
Yammer
Confluence
Exoplatform
Jalios
Workplace
Jive
Jamespot
Bluekiwi
Elium
Whaller

CREATE CONTET

G. Docs / Sheets / Slides
Word / Excel / Powerpoint
OneNote
Dropbox Paper
Evernote
Apple Pages / Numbers / Keynote

REAL-TIME COMMUNICATION

Slack
Facebook Messenger
BlueJeans
HipChat
Jabber
Webex
Skype
Teams
Google Meet
Goocle Hangouts

TASK MANAGEMENT/ PROJECT ORGANISATION

Todoist
Smartsheets
Wunderlist
Trello
Centrallo
Asana
Any.Do

ASYNCHRONOUS COMMUNICATION

Outlook
Zimbra
Thunderbird
Workmail
Gmail

Non-exhaustive range of collaborative applications in France, Wavestone 2017

SPECIALIZATION OR BEING THE INDUSTRY STANDARD

This positioning strategy is mainly adopted by young market players. Such companies target a small group of customers with a specific end-to-end user need, aiming to ultimately position themselves **as an industry standard for a given use**. There are several examples which portray this strategy, such as Timyo that sets priorities for replying to email or assigning an action date, Trello for collaborative Kanban project management, or Julie Desk, a virtual assistant to schedule appointments by email.

Essential elements to such positioning are **audience size and a renowned name**. A tool is successful if the solution's name is linked to a specific task. For example, real time communication within a team is tied to Chatops and Slack in particular. Today's digital technologies **can reach a large audience**, suppliers or customers, at a minimum cost through the use of SaaS (Software as a Service) tools. These types of functions are usually built on a subscription business model, and most companies offer to test their product for a month free of charge. It is therefore relatively easy to test new collaborative tools.
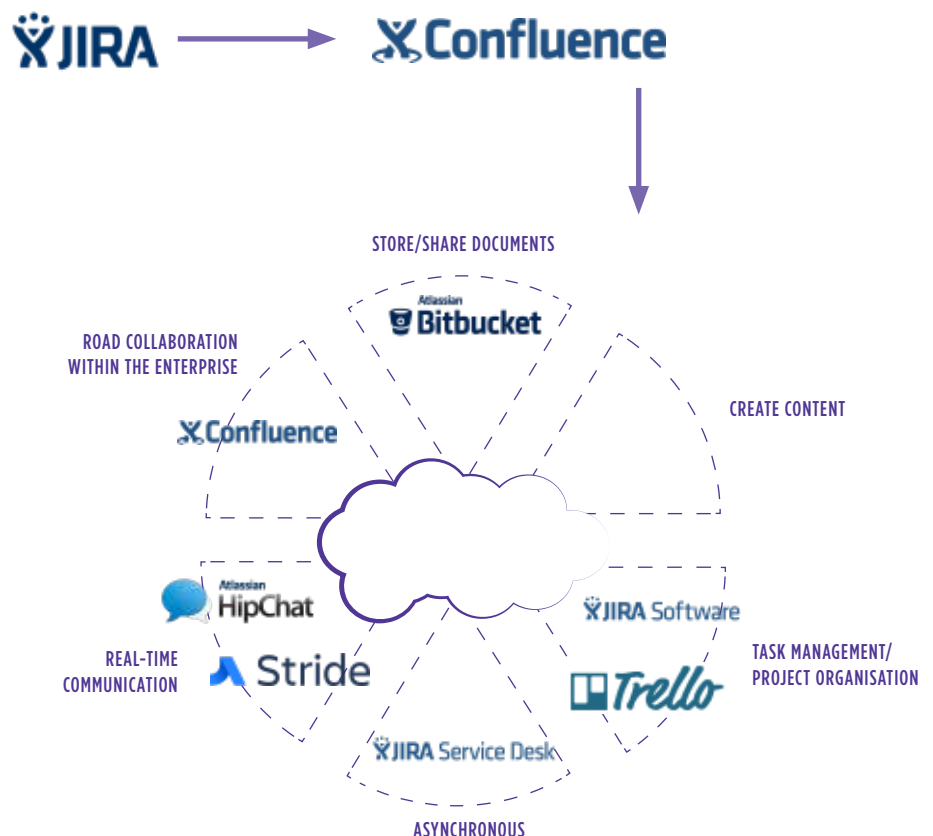
There are several ways to increase audience and visibility, particularly by having users adopt tools in their homes. Once usage goes viral and mainstream, the permeability between home and the workplace allow for the tool's influence to be used within a company (Workplace, Evernote, Dropbox etc.). Targeting a professional customer entails aggressive pricing to compete with other market offers. For example, Facebook's Workplace will not bill their customers before October 2018 and will also offer a free version of its enterprise social media tool. [2] [3]

However, such positioning may be risky since it does not offer a sufficiently large array of features and may not be suitable for users in the long term. Without availability to more features or strong platform integration, it may not be a lasting tool (for example, Cloudo, a search tool built on other collaborative solutions). Therefore, such positioning requires both optimal usage and functional development, as well as the integration with external tools for an alignment with other collaborative tools users may choose. We have highlighted **3 development approaches to this positioning**.

1 **Consolidate reference positioning by improving product core**. This entails improving product functionality by targeting a specific use.

- Example: Atlassian, a software development and project management company bought Trello to integrate a potential competitor with high visibility while reinforcing product functionality.

2 **Add essential collaborative functions** such as asynchronous and synchronous file management to retain users and drive a digital platform strategy.

- Example: Dropbox released Dropbox Paper, considered to be a promising collaborative platform.

3 **Create an interface or links to main market solutions** to add value, enrich products with new collaborative functionalities without having to develop them and attract potentially committed customers who are possibly engaged and locked in with other providers.

- Example: Timyo can integrate with Gmail or Outlook or even Slack that works with Google Drive, Trello, Dropbox...

STORE/SHARE DOCUMENTS

ROAD COLLABORATION WITHIN THE ENTERPRISE

CREATE CONTENT

REAL-TIME COMMUNICATION

TASK MANAGEMENT/ PROJECT ORGANISATION

ASYNCHRONOUS

CUSTOMIZE OR REDESIGN EXISTING SOLUTIONS

Two **key factors to adopting a collabora-tive tool** that increase the quality of user experience (it applies to any digital tool for that matter), are **interface and ergonomics**. A user's first interaction with a product is a determining factor.

Given the wide range of collaborative solu-tions on the market and IT consumerism trends, the cost of switching can be relatively low. In a home setting, users can immedia-tely uninstall unsatisfactory apps. It may be similar in a professional situation regarding certain uses. This makes it difficult to adopt enterprise solutions, and often results in IT shadowing and ultimately, calls into ques-tioning the large investments made. On average, only 13% of enterprise collabora-tive spaces are truly active [4]. It is therefore essential to attract end-users and to provide a smooth experience with **intuitive products** to ensure user adoption at an early stage. This will also reduce user support costs.

Tools such as the G suite's Lumapps and Beezy, Hoozin, Powell 365 and Unily that run on Office 365, offer such a service by creating a **unified and customizable access portal** built on Google and Microsoft's col-laborative platforms. These players position themselves as creators of access portal for collaborative suites. Their solutions provide coherence between tools but also ensures the initial products are customizable and create a unified employee experience wit-hin an organization (for example, by crea-ting a corporate homepage through which employees can access various collaborative tools).

Companies can take advantage of Microsoft or Google's customer base while improving their products. While this is an attractive positioning it is also complex to maintain since it depends on the platform which the product uses. Portal access solutions usually offer a better experience than the solution itself. If the platform improves (as SharePoint has in previous months), paying an overlay becomes less worthwhile for a client. Therefore, it is essential for software providers to constantly improve their pro-ducts, in particular ergonomics and suppor-tive solution integration.

An important consideration is to decide **who provides whom with a new customer**. Is Microsoft allowing the Office 365-based access portal to have a client, or vice versa? Nowadays, it seems obvious. However, if overlay solutions become mainstream, the situation may change. Therefore, offering access to a renowned and sought-after portal would be a significant competitive advantage over Google and Microsoft, one that pays off.
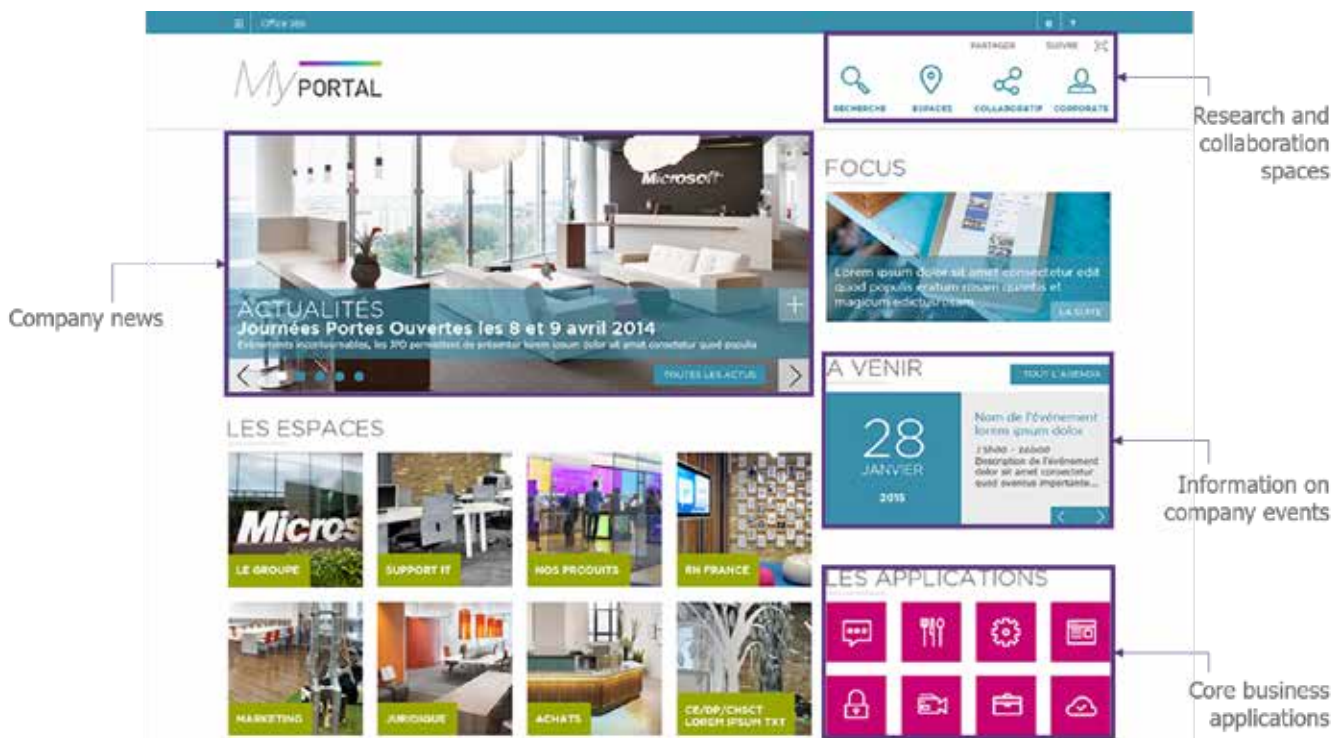
Powell 365 homepage, designed on Sharepoint, Exerptime 2015

What are the effects on the collaboration market?

As Gartner announced in 2014, **employees' experience with a tool is a major focal point on the collaborative market**. According to the American firm, 40 % of large IT companies pay particular attention to employee experience with applications [5]. Ergonomics and interface are decisive differentiating factors for small players or leading companies alike. Companies such as Microsoft and Google are investing to improve their tools to enhance user experience. Thus, the future of unified portal solutions is rather uncertain as competition is likely to increase significantly. A possible break would involve Microsoft or Google buying overlay solutions. For example, this was the case with Microsoft and Sunrise, a calendar app whose design and functionalities have since been integrated into Outlook. Once again, the prize will go to portal solution champions (i.e. first strategy). There is room for only a select few on the winners' podium.
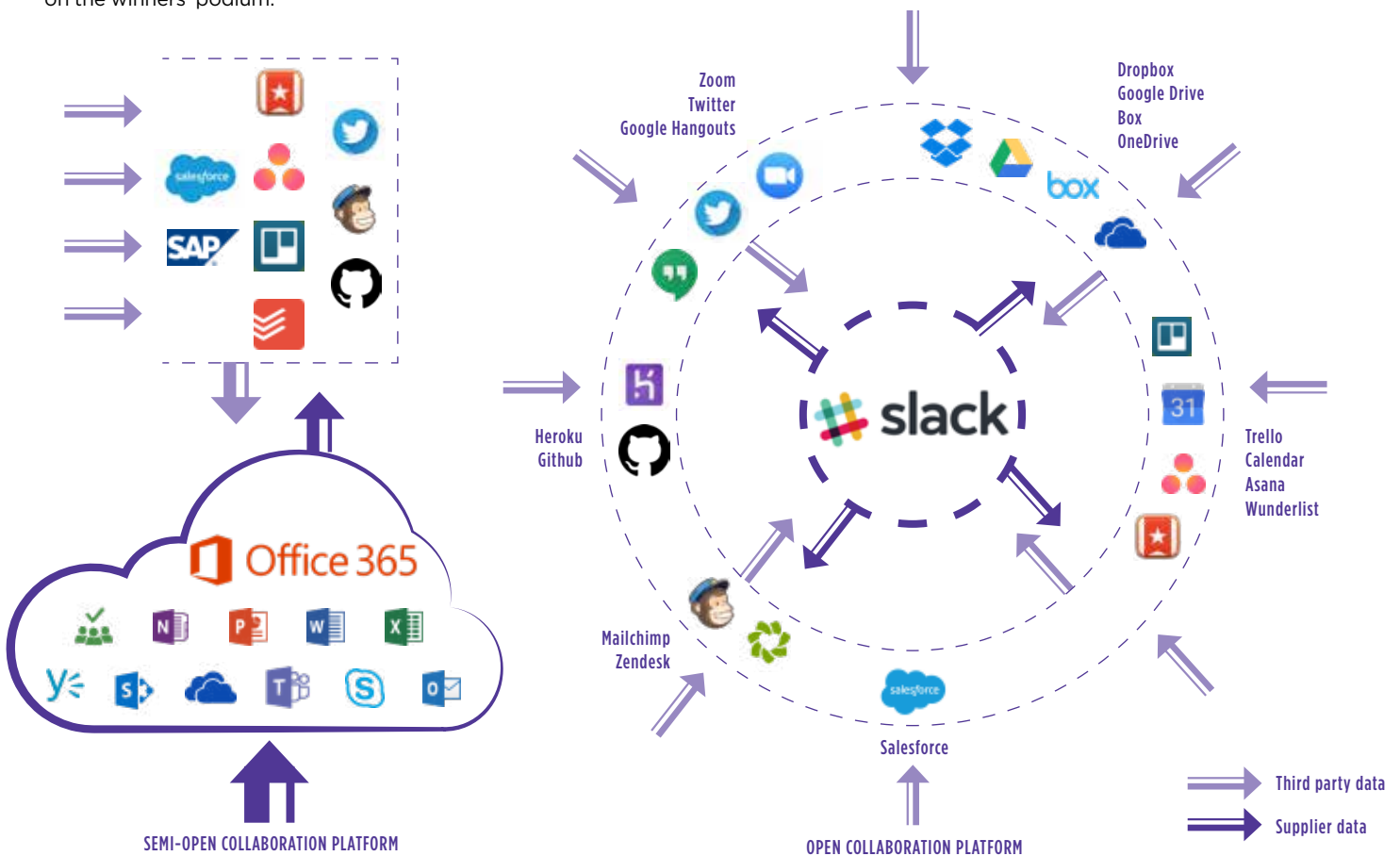
CREATE COLLABORATION HUBS CAPABLE OF CENTRALIZING DATA

Competing with Office 365 and G Suite on their playing field is certainly ambitious; yet, certain companies offer alternative solutions to meet the three following needs: **provider independence, customizable** collaborative platforms and the **interconnection** with third party applications.

Many providers play upon the **fear of vendor lock-in**, when a customer is technically dependent on a provider. This is why the creation of collaborative platforms to serve as a central point for collaborative exchanges are rapidly developing. These solutions come from collaboration networks (Jive, talkSpirit, Slack, Whaller…) on which other tools can operate, making for **very open platforms**. They notably use integration solutions such as Zapier or IFTTT.

In addition, as a consequence of industrialization, Office 365 and G Suite are not very customizable. A solution would be for a customer enterprise to remodel the collaborative tools they use. However, such a solution is technically complex, costly in terms of time and development, and risky since the basic technical structure is continually shifting. It is therefore not a common solution, especially for small companies. Thus, a number of providers choose to create **rival digital platforms**, claiming that **their solution focuses on users** by opening their platforms to other apps or by directly developing low-code and/or open-source apps with their customers (for example, Jamespot, Jalios, Linagora, Exo Platform…). Most players also choose to gradually integrate the best apps on the market in their ecosystem. Firstly, this allows them to increase functional coverage. Secondly, a sustainable solution involves connecting available tools for a genuinely coherent environment. Finally, a very important aspect to consider for the following years is **knowing how to manage the platform data.**

SEMI-OPEN COLLABORATION PLATFORM

OPEN COLLABORATION PLATFORM

Zoom
Twitter
Google Hangouts

Dropbox
Google Drive
Box
OneDrive

Heroku
Github

Trello
Calendar
Asana
Wunderlist

Mailchimp
Zendesk

Salesforce

Third party data

Supplier data

Example of a semi-open platform and an open platform, Wavestone 2017
(non-exhaustive list of apps with Office 365 or Slack connectors)

Data and data management are important considerations for most customers. Do you want to trust a single provider with most of your data or use multiple providers? These are the questions that customers must ask themselves before they engage in a digital strategy. Unfortunately, how providers currently use data remains unclear. Moreover, providers' data capitalization strategy is an essential criterion for investors. For example, when Microsoft bought LinkedIn in 2016, a social media profile cost more than 60 dollars [6]. Today, Office 365 has integrated LinkedIn to its strategy for better user understanding and improved capitalization of their profile data [7]. **Data** in the collaboration market **can be compared to the oil of tomorrow**. The strategy of collaboration hubs using third-party applications is therefore to **shift the data creation centers and their storage in a space controlled by the provider.**

What are the effects on the collaboration market?

Functional wealth, coherence of collaborative applications, smooth end user experience and data control management are key factors to successful collaboration hubs. Today, few mature solutions combine all four criterias. Although there are numerous candidates, going from collaborative tools or enterprise social networks to genuinely accessing centralized collaboration, seems difficult. Clearly, certain players will more or less rapidly shift their solutions in that direction (Slack, Atlassian, Dropbox, Jalios, Workplace…). Reaching a broader audience

and increasing functional wealth are definite current trends, particularly in the ChatsOps segment. Slack recently raised $250 million to broaden its target of large companies [8] to possibly counteract Workplace's influence with major accounts, such as its signature on Walmart [9]. Atlassian launched Stride to boost interconnection among its building blocks (like Trello) but also with other external applications [10]. Finally, Microsoft announced the end of Skype, that will be integrated into Teams [11], and is working on coherence between its components.

What's even more spectacular? Several compatible solutions could possibly merge to build the ideal collaboration tool. For example, imagine Slack and Salesforce combine together to leverage the former's strong conversational features and the latter's client data management. The communication channels between companies and customers being increasingly automated through chat. This alliance would make a big splash in the collaboration market. Amazon with AWS, its cloud computing service, is also a strong candidate for a partnership.

MAIN COLLABORATION MARKET TRENDS FOR 2020

The collaboration market is in full swing owing to societal changes; more and more mature technologies and the growing importance of enterprise end user experience. Due to low entry barriers, many players are positioning themselves in this market and are adopting different development strategies, Following the example of Microsoft which

developed Teams in record time to counter Slack, the main players are on the lookout to reproduce, buy out and join forces with or curb solutions that could impact their market shares. Today's market leaders have the upper hand in the power struggle due to their financial and integration capabilities.

Nonetheless, several trends have gained unanimous support and new collaborative solutions are emerging. First, it is necessary to **develop ecosystems** allowing for **interconnection** with other applications. Secondly, there are two fundamental aspects to consider: **data management control** and **vision focused on employee experience**. Finally, the ability to integrate more emerging features will be crucial. Collaboration hubs must develop and integrate **conversational, intelligent and automated functionalities**. Solutions combining all these features could allow the emergence of real competitors to that of Microsoft and Google.
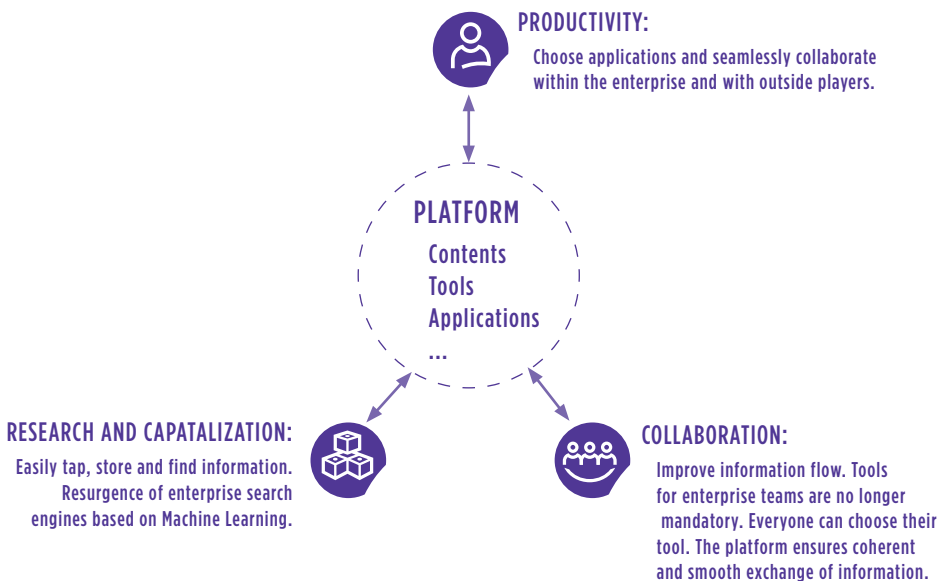
Ecosystems, data control and employee experience will be key selection criteria for customers looking for a collaborative solution. Combining all three aspects will likely make choices for IT departments and CEOs difficult since they will require greater understanding of market players, their medium-term strategy as well as a better understanding of the philosophy of the proposed solutions. It is a good opportunity for providers to strengthen customer dialogue with regards to upcoming evolutions in collaborative solutions and consequently align enterprise digital strategy, partners and providers.

A PARADIGM SHIFT FOR ENTERPRISE COLLABORATION

Let us look ahead to 2020 and try to imagine how enterprise collaboration will evolve. For a long time, Microsoft, Google or even IBM, have dominated the collaboration market by offering tool suites suitable for a large array of uses. The tendency is to think of **one tool for one use**. Building a collaboration suite requires having a large number of tools with specific parameters each (instant or asynchronous communication, enterprise social networking, storage and document sharing, etc.).

The collaboration market faces a **paradigm shift** in 2020. One usage is no longer is linked to a single tool in a collaboration suite. Instead, **multiple applications are accessible on an open collaborative platform**. Due to widespread consumerism of IT, the need has arisen to provide employees with readily available market applications they can freely choose from. Consequently, IT departments and CIOs select collaborative platform solutions that contain a **wealth of functions and applications** as well as **seamless experience and integration**. This is the reconciliation between employees and CIOs.

In the context of integrated ecosystems, we will likely see players such as Slack, Facebook, Salesforce or even Amazon, maintain strong development to compete with the collaboration market leaders. New growth potential companies will appear notably for smoother user experience (for example, solutions such as Station, incubated by eFounder). **Integration between tools and employee self-service applications will become standard.**

[1] Skyhigh, Cloud Computing Trends 2016, 2016

[2] Antoine Crochet-Damais, Workplace by Facebook désormais utilisé par 30 000 entreprises, JDN, 2017

[3] Harriet Taylor, Facebook plans a free version of its Salck competitor, CNDC, 2017

[4] Observatoire e-transformation et intranet, Arctus, 2016.

[5] Gartner, Predicts 2015: The Digital Workplace Underscores the Benefits of a Consumerized Work Environment, 2014.

[6] ZDNet, Rachat surprise de LinkedIn par Microsoft pour 26 milliards de dollars, 2016

[7] Damien Coullon, Adding LinkedIn's profile card on Office 365 offers a simple way to build a professional relationship, 2017

[8] Julien Bergounhoux, Slack lève 250 millions de dollars pour mieux séduire les grandes entreprises, L'usine digitale, 2017

[9] Alex Haeth, Facebook's Slack competitor, Workplace, scores big by signing up Walmart, Business insider, 2017

[10] Valentin Blanchot, Atlassian lance Stride, une application pour rivaliser Slack, Siècle digitale, 2017

[11] Pedro Hernandez, Microsoft Teams to replace Skype for Business client application, 2017

PRODUCTIVITY:
Choose applications and seamlessly collaborate within the enterprise and with outside players.

PLATFORM
Contents
Tools
Applications
...

RESEARCH AND CAPATALIZATION:
Easily tap, store and find information. Resurgence of enterprise search engines based on Machine Learning.

COLLABORATION:
Improve information flow. Tools for enterprise teams are no longer mandatory. Everyone can choose their tool. The platform ensures coherent and smooth exchange of information.

Individual, team, enterprise:
the 2020 threesome for enterprise collaboration, Wavestone 2017

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