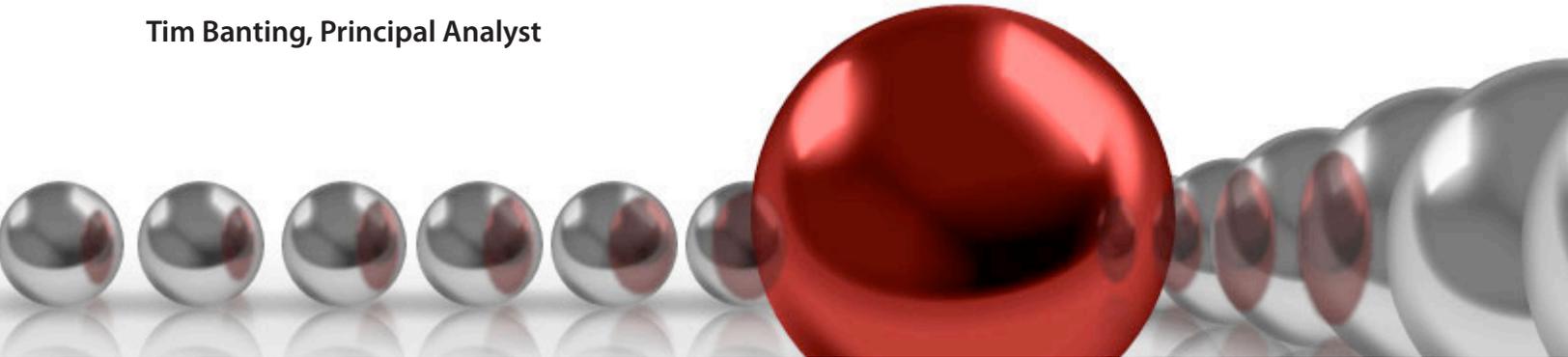**Current Analysis**

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CATCHING THE SECOND WAVE OF PRODUCTIVITY
THE PBX IS NOT THE PLATFORM

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Social, Collaborative, and Mobile (SoCoMo) Platforms Emerge as Hubs for Team Productivity

Executive Summary

There are two distinct stages of transformation in the collaboration and communications market today, both offering significant, transformative benefits to business stakeholders.

The first wave helped simplify and consolidate IT infrastructure and resulted in significant cost savings; however, the second wave of inter and intra-company team productivity is dependent on companies re-platforming to improve ability and effectiveness. Where phone systems (i.e. PBXs) looked to solve the issue of business communication, modern social, collaborative, and mobile (SoCoMo) platforms provide a way of integrating business systems with new capabilities via a single cloud service.

The growth rate in the communications market today is, at best, flat. Indeed, the market's growth is largely determined by replacement demand and lacks compelling reasons to upgrade. Vendors that have not invested in SoCoMo platforms (or partnered with SoCoMo providers) run the risk of being further marginalized unless they can find ways to differentiate themselves in ways that customers find valuable. As capabilities and platforms mature, we are likely to see early indications of organizations either displacing traditional PBXs in favor of SoCoMo platforms or simply integrating them through the use of connectors.

Consequently, the PBX is likely to become more of an adjunct to many businesses (as is the case in unified communications), as opposed to a pivotal way of improving collaboration. Vendors that have both a unified communications (UC) offering and a SoCoMo platform are likely to tightly integrate both solutions, creating additional value-creating capabilities. This then represents a significant threat to established UC-only vendors as cloud-based SoCoMo platforms can be used as an integrative overlay to existing PBXs, and potentially replace them over time.

Key Takeaways

To improve team productivity, enterprises need to harness and improve the network of relationships that employees, partners, and suppliers develop during their daily interactions.

Team productivity centers on a re-platforming choice plus the combining of synchronous and asynchronous channels, and not just the integration of disparate unified communications solutions.

Social, Mobile, Collaborative (SoCoMo) platforms will revolutionize traditional communications and collaboration by improving organizations' ability to react and adapt to industry threats and opportunities.

Business units and IT professionals are typically both involved in the procurement process of SoCoMo platforms; consequently, such decisions require multi-disciplinary involvement.

Market Trends & Business Drivers

Over the past 15 years collaboration and communication technologies have changed the way we work, offering tangible and transformative benefits to companies. We are currently in the formative stages of the second wave of productivity where the choice of platform is of primary importance. While the first wave focused on consolidating legacy infrastructure for IT and simplifying real-time communications, the second wave focuses on platforms as an integrative hub for collaboration and team productivity. As buying decisions are increasingly democratized and IT budgets decentralized, a flexible platform is needed to accommodate the current and future needs of business teams.
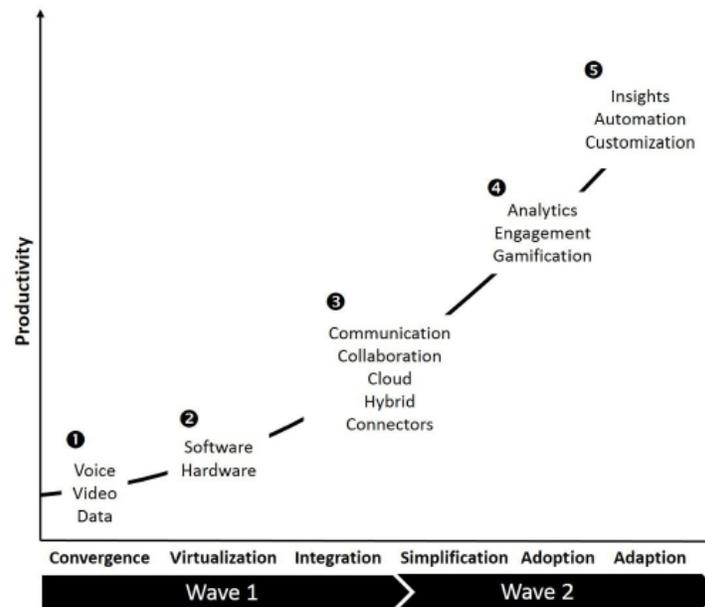
Source: Current Analysis

Current Analysis has identified two distinct waves of adoption, with each wave consisting of smaller identifiable stages where advances in technology have contributed to distinct business benefits. Some of these benefits are more valuable to specific departments (primarily the IT organization in the first wave); however, a more impactful emergent second wave of productivity extends not only across an organization, but has the potential to integrate the whole digital supply chain (i.e. partners, suppliers, and customers).

While the majority of organizations have embraced and realized the benefits from the first wave, the second wave is gathering pace, largely driven by pioneering employees exploring SoCoMo platforms in an ad-hoc way. Although a bottom-up approach and network effect initially gathers pace in large businesses in a viral manner, broader adoption is oftentimes blocked by middle management who see little incentive to support the service. Consequently, line of business managers and IT professionals should all be involved in the procurement process of SoCoMo platforms, as successful implementation requires multi-disciplinary involvement and support.

The First Wave of Consolidation:
Simplifying IT Infrastructure & the User Interface

1. Convergence

Over 15 years ago Cisco's Architecture for Voice, Video and Integrated Data (AVVID) signified an inflection point for the communications industry. AVVID's enterprise network architecture was designed on open-standards principles to deliver scalable, flexible, and reliable real-time communications over an IP network; subsequently, this approach (using an IP network to deliver real-time communications capabilities) has been adopted by the majority of communications vendors today as it offers IT departments the benefit of infrastructure, administrative, and toll-bypass related savings.

2. Virtualization

As the communications industry moved towards a software-based approach and away from monolithic PBXs and appliances, vendors explored how virtualization technology (i.e., separating hardware infrastructure from applications) could allow software and services to be quickly and easily reconfigured. Virtualization technology now allows vendors the ability to offer flexible "as-a-Service" options hosted in a partner's data center, or via public-cloud offerings, simplifying customers' data centers and further reducing infrastructure cost and management overheads.

3 & 4. Integration & Simplification

Historically, vendors have focused on developing middleware layers to allow integrators the ability to customize solutions to meet customer needs. Such layers catered for a "best-of-breed" approach (i.e. purchasing disparate technologies from different vendors and integrating them); however, as vendors dictated these layers (oftentimes through proprietary protocols), broad integration and adoption remained somewhat stymied.

These third and fourth stages of the first wave of Productivity looked to simplify communications by consolidating functionality (voice, video, conferencing, instant messaging) into a single client interface. This helped improve productivity by making it easier and quicker for colleagues to locate each other, know their availability (through presence), and choose a mutually acceptable time to communicate. This wave has now reached a peak where a simplified user interface, common UC features, and anywhere working has become a customer expectation and no longer a source of differentiation for communication and collaboration vendors.

The Second Wave of Productivity:
Inter and Intra-Company Team Productivity

The rise of cloud-based services has had a significant impact on traditional IT departments and spurred a fundamental change in the way technology gets adopted; indeed, the adoption of freemium services by employees is commonplace today as users look to further improve their productivity. While enabling the users, however, this "Shadow IT" phenomenon (the adoption of unsanctioned apps and services), can expose the organization to potential security, privacy, and compliance issues.

The rise of Shadow IT reflects the desire of employees to look to alternate ways of working. Alternate applications (e.g. Skype, Evernote, Box, and similar types of solutions) can quickly spread throughout the organization as others become aware of their capabilities to help work get done. Consequently, many IT professionals now tend to consult with all areas of the business, rather than dictate what technology gets adopted. Others empower employees with sourcing their own cloud-based services in conjunction with governance and guidance by the IT department. This democratization of the IT buying decision has also led to organizations to reconsider existing collaboration and communications solutions, how these assets are utilized, and how much value they continue to offer.

Modern companies understand they need to react to a rapidly changing business environment, address customer demands quickly, react to competitive threats, and improve profitability. Their ability to do so is largely dependent on the way employees interact and engage, collaborate and communicate – not only with each other, but also with business partners and customers. Although asynchronous tools that allow people to communicate based on each person's own schedule and convenience (e.g. e-mail), can be augmented with plug-ins for synchronous tools that allow people to communicate at the same time (e.g. UC), the integration of additional business systems has been unwieldy.

Organizations have thus turned to cloud-based services to either replace or augment existing communications tools with collaborative functionality such as persistent chat, project-oriented rooms, file sharing, and real-time voice and video capabilities. Such capabilities enable workers to easily find and share information with colleagues, partners, and customers more effectively, as communications between two or more parties need not to take place simultaneously (i.e. synchronously).

Collectively, Current Analysis refers to these new applications as "SoCoMo" (social, collaborative, mobile) apps: lightweight team collaboration services that blend elements of social collaboration, real-time communication, and persistent workspaces. As SoCoMo platforms are typically cloud-based, the benefits of choosing such a deployment option are several:

- Organizations do not need to pay up front for the installation, integration, and licensing needed to get the service operational.

- Any risk in making the wrong technology decision is largely mitigated as switching costs (moving from an existing vendor to another), are much lower.

- Sunk costs (i.e. money that has been spent and cannot be recovered) are also reduced when compared to traditional premises-based deployments.

Integration is a recurring theme in Wave 2; however, when SoCoMo platforms are adopted, integration is simplified through pre-built "connectors" that provide out-of-the-box integration with cloud services and on-premises applications. This allows enterprises to leverage existing investments (such as directory services and PBXs) quickly and easily, while providing the flexibility to adopt new infrastructure and services as required.

Adoption

As with any technology investment, the return on investment which guides a buying decision is heavily dependent on employees actually adopting and using the solution after it is deployed. SoCoMo vendors have begun to use Enterprise Graph analytics and Gamification to drive adoption. An Enterprise Graph represents the network we create through "connections" or working relationships with colleagues and departments. Such relationships and the mutual sharing of information can be depicted, analyzed and automated to further facilitate and encourage collaboration. (In the consumer world, this is often times referred to as the "social graph" and forms the basis for Facebook and LinkedIn recommendations).

As SoCoMo platforms develop, the evolution in the Enterprise Graph may come to include "Inter-Company Graphs," where the relationships between businesses, partners and potentially customer interactions can be digitally captured to offer new levels of insight. Such mapping would help organizations improve their partner and customer relationships, in conjunction with the integration of customer relationship management (CRM) tools to manage commercial relationships.

Additionally, techniques such as Gamification are starting to appear in SoCoMo platforms to further increase employee engagement and drive performance. Gamification (the concept of applying game mechanics and design techniques to engage and motivate people), typically encourages engagement by rewarding users who accomplish desired tasks and behaviors with rewards such as badges and points to showcase their accomplishments.

Adaption

Adaptive organizations seek to harness IT to automate new forms of collaboration, innovation, resource sharing, and sourcing; however, business structures also need to change in order to react more quickly to customer demands and to reduce human latency (i.e. the time it takes to reach a decision). Indeed, the "flatter" an organization (i.e. where lines of collaboration and communication are opened up removing some of the traditional layers of management), the more responsive and adaptive it becomes.

SoCoMo platforms can play a major part in breaking down these organizational hierarchies to enable employees to collaborate with each other anywhere, anytime, and on any device. Developments in API automation platforms (such as IFTTT and Zapier) provide a way for users to automate tasks by defining simple triggers and actions on top of Web APIs. Consequently, users can create their own workflow integrations though cloud-based services that link two web apps together. For example, a RSS feed could be monitored and automatically posted to a virtual team space, or mail monitored and messages posted to a virtual room.

API automation platforms make system integration very easy and accessible to users. As a result, they are likely to become a popular method of integrating "Internet of Things" (IoT) devices with SoCoMo platforms. An example of an industry that has embraced such an adaptive approach is manufacturing. Through the adoption of a blend of collaborative and communication technology coupled with supply chain management systems (providing automated feedback of inventory, flow management and production scheduling), manufacturers are able to strengthen competitiveness by reducing waste, being more responsive to customers, and improving efficiencies of production.

It is likely that other vertical use-cases will emerge and leverage the versatility of SoCoMo platforms to improve effectiveness and agility in other industries and business processes. Health care applications in telemedicine and intelligent alerting are two examples.

The Potential of SoCoMo Platforms

Lightweight "SoCoMo" (social, collaborative, and mobile) platforms provide a sub-set of synchronous and asynchronous features that are specifically tailored for mobile worker requirements; consequently, such platforms may be easier to justify as collaborative team working applications when compared to more elaborate enterprise social networking solutions that are less mobile-centric.

When viewed as a collaborative hub, SoCoMo platforms are likely to expand quickly beyond their initial use case as team productivity solutions. For example, customer contact centers may see SoCoMo platforms as a means of reaching out to a broader network of colleagues and partners to help resolve customer support calls. SoCoMo platforms may also bridge intelligent devices and employees, thus providing intelligent alerting to problems that require human intervention.

Service providers are being disrupted by SoCoMo services provided by over-the-top (i.e. non-traditional) cloud competitors. This may threatens the revenue potential, customer relationships, and perceived value associated with traditional enterprise communications and UC services. Service providers will need to reconfigure their businesses to become more agile (in terms of innovation and new service delivery), as well as decide how to partner or compete with SoCoMo vendors. Failure to do so will result in margin compression, a lack of differentiation, and lower brand equity among enterprise customers adopting SoCoMo platforms.

Channel partners should understand how market dynamics are changing due to the rise of SoCoMo apps and consider how that will affect their businesses. Partners are seeing their businesses disrupted and disintermediated as cloud services remove much of the installation and on-going maintenance revenue opportunity that has been their bread and butter for decades throughout the First Wave. Consequently, channel partners need to reinvent themselves to meet customers' needs through creative new service-oriented and recurring revenue streams, and by developing their own complementary intellectual property such as gamification, analytics, and specific vertical applications.

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Implications & Recommendations for Collaboration Solution Providers

Cisco should aggressively promote Spark's key differentiation: Spark as team productivity platform, its integration capability, and multi-party mobile support (i.e. Windows Phone, iOS, and Android platforms). Additionally, Cisco should integrate Microsoft OneDrive as a file store to Spark (as it has with Box), to marginalize Microsoft's Office 365 E5 plan. Cisco should also integrate its recent Acano acquisition, thus allowing customers with Lync/Skype for Business investments to join Cisco Spark rooms as a native client.

Slack should look to improve its enterprise integration capabilities by providing connectors to Microsoft and other more broadly adopted applications and suites. Slack's focus on making customer feedback central to product development and attention to product design is commendable (but by far no means unique in the market), however its lack of integration is likely to inhibit the widespread adoption and appeal of Slack in the enterprise market.

Microsoft should integrate its disparate Office 365 products: Skype for Business and Yammer. As both products have independent instant messaging and presence platforms, users have to switch between applications. This hinders productivity. Microsoft should also look to add persistent chat to its Skype for Business public-cloud offering and seek to develop its own SoCoMo platform (else risk failing to capitalize on this rapidly moving segment of the collaboration market).

Jive Software should promote its WorkHub capabilities as an integration point for business tools; however, it needs to clearly define how it is different compared to SoCoMo platforms. SoCoMo platforms offer lightweight team collaboration capabilities, whereas Jive offers a socially oriented intra- and extranet platform for companywide adoption. Jive should also highlight its Jive-w 'workstyle' suite as a complementary extension to its core platform that offers corporate communication, messaging, and directory functionality across mobile devices.

Unify (as a newly acquired division of Atos), should accelerate its integration program beyond its existing connectors and continue to invest heavily in further development. Atos should ensure that this modular approach continues, rather than seek to monetize systems integration opportunities for Atos' professional services organization. Furthermore, Unify should leverage Atos's existing Canopy Infrastructure as a Service to assist in the global expansion of its service beyond North America and Europe.

Although boasting a mature partner ecosystem, IBM should ensure Bluemix has a more collaboration-oriented focus (encompassing Connections, Verse, and Toscana) and make these tools accessible to Bluemix developers as a PaaS service. Although such modularization and commoditization is likely to have a revenue impact on IBM Global Services and its professional services partners, customers appear more sensitive to the costly and laborious customization and personalization of cloud-based solutions and typically prefer connectors/plug-ins as a more modular method of integration.

Implications & Recommendations for Enterprises

Existing Cisco customers should take full advantage of vendor's Spark SoCoMo platform's free service which includes messaging, file sharing, one-to-one video calling, plus meetings and screen sharing with up to three participants and evaluate its potential for improving workgroup and team productivity. Additionally, customers should make themselves aware of Cisco's roadmap plans for geographical roll-out; cloud-based PBX feature support; and third-party PSTN partners for local, long-distance, and direct-inward dial services.

Buyers considering Microsoft subscription plans should carefully assess the needs of their end users. Both Microsoft's recent Office 365 E5 plan and Cisco's Spark provide similar functionality; however, specific and unique differentiation are inherent in both services. Such evaluation will avoid overpaying for surplus features and functionality; furthermore, buyers should consider and explore potential integration options between Office 365 (particularly E1 and E3 plans) and Cisco Spark.

Existing Cisco customers that are looking to improve team productivity and agility should consider purchasing the vendor's Cisco Messaging and Meeting capabilities while utilizing Spark Hybrid Services (which bridges on-premises Cisco Unified Communications Manager or Service Provider hosted HCS capabilities with Cisco Spark). Additionally, customers can link on-premises calendar and directory services through connectors which simplify the meeting set-up and join experience and automatically create collaborative rooms.

As part of their due diligence, enterprises should broaden their scope to include the evaluation of SoCoMo services from alternate vendors such as Unify Circuit, Slack, Atlassian HipChat, Cotap, Hall, Bitrix24, and others. Enterprises should pay particular attention to the support of modular connectors or add-ons that vendors provide to facilitate easy integration with alternate services and premises-based infrastructure, in addition to the depth of mobile devices, browsers, and native clients supported.
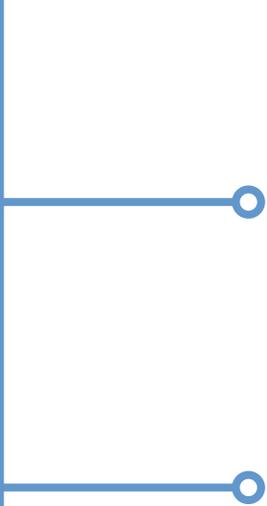
While cloud-based integrated suites are growing in popularity, buyers should ensure that they fully meet the needs of the business in terms of reliability, security, privacy, functionality, and integration (i.e., is the vendor offering a bundle of applications or a closely integrated and interdependent suite?) Buyers should take full advantage of free trials as a means of assessing the suitability of the proposed suite, ensuring that a diverse range of end-users are selected as evaluators.

Organizations should consider leveraging existing communications investments in conjunction with collaborative services through a hybrid approach, which leverages modular connectors or plug-ins. A hybrid model can provide significant business value without the need to rip and replace. Conversely, organizations that have realized existing communications investments should evaluate the viability of cloud-based SoCoMo platforms as a replacement to a PBX where a simple subset of enterprise voice features are needed.

About the Author

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As Principal Analyst within the Business Technology and Software group, Tim Banting tracks and assesses the rapidly evolving communications and collaboration marketplace. His areas of coverage include collaboration platforms, unified communications, video collaboration and social analytics. Tim has over 20 years experience in the unified communications and collaboration field having held business development, pre-sales, technical marketing and senior product management roles.

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