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Collaboration Trends 2006 To 2007

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EXECUTIVE SUMMARY

In 2005 and the first half of 2006, Forrester received nearly 400 client inquiries on collaboration on topics like collaboration strategy, messaging platforms, team collaboration, collaborative document management, Web conferencing, instant messaging, and blogs and wikis. Forrester expects the interest in collaboration to remain steady or rise in 2007. End users will continue to experiment with collaboration tools, and IT organizations will try to regain control by implementing enterprise collaboration strategies. At the same time, leading collaboration software vendors are unifying their collaboration platforms and evolving them into Information Workplace platforms, which address not only collaboration but also content, portal, office productivity, and other technologies.

TARGET AUDIENCE

Chief information officer, enterprise architecture professional

RESEARCH CATALYST

Clients selected this topic for Client Choice research.

USERS EXPERIMENT AND IT DEVELOPS ENTERPRISE STRATEGIES

To reduce the proliferation of collaboration tools and more effectively meet business requirements, the majority of large organizations Forrester talks to are trying to move toward Phase 4 of collaboration readiness and adoption — they are developing an enterprise strategy and selecting an enterprise collaboration platform.¹ Organizations are trying to work their way through the experimentation and proliferation phases as quickly as possible, as:

- **Email upgrades force project teams to think broadly about collaboration.** An organization may be running an aging homegrown system or commercial off-the-shelf messaging product, like Microsoft Exchange 5.5 or IBM Lotus Notes 5.0, and needs to upgrade due to end of the vendor support cycle or lack of needed features and functionality. At this juncture, the organization has the option to upgrade to the latest version of the software it's running or switch to an alternative product. As IT architects begin to evaluate their requirements and current vendor offerings, they see that the collaboration platform vendors now offer much more than just messaging. IBM, for example, includes a license for Sametime real-time collaboration with each Lotus Notes license.

Microsoft offers the Live Communications Server product, which integrates with Outlook, Exchange, and SharePoint. And Oracle Collaboration Suite includes an integrated real-time collaboration module.²

As a result, it is increasingly difficult to make decisions about messaging without affecting other areas of collaboration, and vice versa. In response, organizations are putting collaboration strategy development teams in place. These cross-functional teams assess business and end user requirements, build business cases, develop collaboration architectures, make vendor/product selections, and develop implementation plans and road maps.

- **IT develops plans for swapping out point products.** As organizations move toward Phase 4, they will eliminate point products as much as possible, choosing instead to deploy a single set of collaboration tools and technologies to users across functions, departments, and business units. Initially, 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. Just over half (51%) of large enterprises (those with 20,000 employees or more) have centralized IT organizations today; the rest are either decentralized or federated.³

Likewise, it will be more common in organizations in which business leaders understand that collaboration technology provides significant business value, especially when all information workers share a common set of tools they can use to find each other, communicate and work together, and locate the information they need. Today, few large organizations can be characterized this way, but we expect the percentage to grow during the next two years as more executives gain personal value from hands-on experience with collaboration tools.

- **Vendors target small businesses with hosted collaboration services.** Vendors have dozens of hosted collaboration services in the market, used by millions of small-business employees. Some vendors offer just asynchronous collaboration features (e.g., discussion threads, document repository, and workflow). Others also offer real-time collaboration (e.g., Web conferencing and instant messaging). Hosted collaboration service providers increasingly offer these capabilities as part of a broader set of business applications (e.g., contact management, customer management, and project management).⁴

VENDORS STRIVE TO PROVIDE UNIFIED COLLABORATION PLATFORMS

The collaboration software and services market is evolving to support customers that are developing enterprise collaboration strategies. As part of this evolution:

- **Collaboration services are being absorbed into the software infrastructure.** IBM Workplace Collaboration Services (WCS), for example, is a set of J2EE components that can be meshed with other IBM Workplace components (including Lotus Domino applications and databases).

They can be assembled into collaborative applications and accessed via various user interfaces, such as the Workplace Client Technology, WebSphere Portal, or Lotus Notes.⁵ Microsoft offers Windows SharePoint Services (WSS), a team collaboration environment that is part of the Windows Server 2003 operating system, and SharePoint Portal Server, which adds taxonomy building, single sign-on, and cross-site search capabilities to WSS.⁶ And Oracle has changed the way it positions Oracle Collaboration Suite from a suite of applications to a set of infrastructure services (part of Oracle's Fusion Middleware) that are exposed to Oracle applications (e.g., product life-cycle management and project management). These services are core to Oracle's enterprise content management (ECM) and information management strategies.⁷

- **Collaboration platforms are evolving into Information Workplace platforms.** Today's information workers rely on a disjointed combination of office productivity, content, collaboration, and portal technologies. Information workers are responsible for manually creating their own context — often by switching back and forth among applications with the ALT+TAB key combination. This will become less of an issue as content, collaboration, portal, and office productivity converge into Information Workplace platforms. This convergence is driven by changes in business, the workforce, and technology.⁸

The Information Workplace of the future will support a diverse range of work activities via contextual, role-based delivery of voice, documents, rich media, process models, business intelligence, eLearning, and collaboration tools.⁹ These capabilities — all based on a service-oriented architecture (SOA) — will be rich with presence awareness, enterprise rights management, and personalization. They will be available offline as well as online and will incorporate data and content from a variety of business systems, applications, and processes. The two software vendors that have established thought leadership in the Information Workplace are IBM and Microsoft.¹⁰

- **Infrastructure vendors begin to deliver unified communications solutions.** In the summer of 2006, IBM will ship the next generation of its real-time collaboration platform, Sametime 7.5, which will integrate with IP telephony, PBXs, and conferencing bridges to deliver click-to-call and click-to-conference capabilities. The real-time collaboration module of Oracle Collaboration Suite supports one-to-one voice conversations via integration with a variety of PBX systems. Oracle is planning additional integration (including call control) for a future version of Oracle Application Server. Microsoft Exchange Server, currently in beta and due out in late 2006 or early 2007, will feature unified messaging. Users will be able to listen to their voicemails via Outlook and have their Outlook calendar information read to them via phone. Microsoft also made big waves early in Q3 2006 with its announcement of its unified communications strategy. Microsoft Office Communications Server 2007 will provide voice over IP call management and the Microsoft Office Communicator client will be a softphone.

- **Social computing tools become part of collaboration platforms.** Wikis and blogs will be the first social computing tools incorporated into collaboration platforms. Others will include social networking and shared bookmarks.¹¹ Customers using IBM's Workplace Collaboration Services product can have developers use IBM Workplace Designer to create wikis and create blogs from sample portlets.¹² IBM also offers a blog downloadable add-on for WCS and plans to offer one later this year for wikis. Sun's Java Enterprise System Portal Server includes JSPWiki in the installation and wrappers it within its portal pages. Individuals can build team sites using a wiki container or can put wiki portlets into a team site page. Sun's collaboration platform also includes a blog reader portlet (but not a blog writer portlet). Microsoft will offer basic blog and wiki list types in SharePoint 2007.
- **But interoperability issues loom.** IBM, Microsoft, and other vendors are busy building out their collaboration stacks, and at this stage, it's a land grab. These vendors are paying relatively little attention to interoperability with each other's collaboration platforms. IBM and Microsoft, for example, have announced public instant messaging (IM) connectivity plans — but not interoperability with each other's or Oracle's IM platforms. Some of the CIOs and IT architects Forrester speaks with express concern about standardizing on a collaboration platform and then 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. To address this issue, a new category of integration software (collaboration integration software) has emerged to facilitate interoperability among disparate enterprise collaboration platforms similar to the way content integration software emerged to integrate heterogeneous content repositories.¹³

MICROSOFT CONTINUES TO GAIN MARKET MOMENTUM

Microsoft is investing enormous amounts of money in collaboration and the investment is paying off; collaboration deployments favored Microsoft in 2005 and the first half of 2006. As a result:

- **Microsoft is setting the bar in the collaboration platforms market.** In 2003, Microsoft announced that it would spend more than \$1.7 billion on research and development for the next version of the Windows Server System, which includes Exchange Server, Windows SharePoint Services, SharePoint Portal Server, and Live Communications Server.¹⁴ Likewise, Microsoft is spending more than \$700 million a year on Office, and when collaboration and other technologies are included, the amount comes to more than \$1 billion a year.¹⁵ There's a correlation between this and Forrester's estimate that Microsoft is selling about twice as many messaging server seats as its leading competitor, IBM.

As of March 2006, IBM had sold 125 million seats of Lotus Notes/Domino, and Microsoft had sold an estimated 154 million seats of Exchange Server. Between February 2004 and March 2006, IBM sold about 15 million seats of Notes/Domino; during this same time period, Microsoft

sold an estimated 34 million seats of Exchange. Also, Microsoft Live Communications Server is catching up to IBM Lotus Sametime in the real-time collaboration software market.¹⁶ And Windows SharePoint Services adoption is viral.¹⁷ Finally, Microsoft is passing the true test of a platform: Third-party vendors are leveraging and building on top of Microsoft's collaboration infrastructure.¹⁸

- **IBM expends great energy keeping up with Microsoft.** IBM continues to flesh out its IBM Workplace platform with new functionality and products released in 2005 and the first half of 2006 (e.g., IBM Workplace for Business Strategy Execution, IBM Workplace Collaboration Services 2.6, Workplace Managed Client 2.6, and Workplace Designer 2.6). New innovations are due out in early 2007 (e.g., a Notes client that runs on Eclipse and has built-in OpenOffice.org-based office productivity tools and supports the concept of activity-based work). But IBM's focus is split as the vendor is tasked with merging the Lotus Notes/Domino platform with the newer pieces of the IBM Workplace environment and providing a clear upgrade path for existing Notes/Domino customers. IBM has been hampered by lack of a clearly articulated strategy and product road map in this area.

RECOMMENDATIONS

PUSH TOWARD PHASE FOUR OF COLLABORATION READINESS AND ADOPTION

Recommendations to CIOs and enterprise architecture professionals:

- **Think of a collaboration strategy as a business strategy with an IT element.** Follow a structured collaboration strategy development work plan.
- **Think about future usage, not just the current business problems.** Align the enterprise collaboration strategy with enterprise content management, portal, and office productivity strategies. Doing so pushes the organization toward being able to implement for the Information Workplace.
- **Before developing a collaboration strategy, assign the right roles and responsibilities.** Designate an executive sponsor, set up a high-level collaboration strategy committee, form a cross-functional collaboration architecture team, and set up a collaboration program management office.
- **Create a "knowledge trainer" role.** Midsized and large organizations are beginning to designate collaboration/knowledge management evangelists/trainers who sit in the business units and answer questions and share best practices. We've seen ratios ranging from one knowledge trainer per 15 end users to 1 to 50.
- **Treat collaboration functionality as part of the software infrastructure.** By doing so, you will be poised to deliver contextual collaboration to your user communities.
- **Invest heavily in user training and marketing.** While much collaboration software is easy to use, people don't learn best practices on their own.

ENDNOTES

- ¹ In Phase 1, organizations are just doing traditional collaboration. In Phase 2, they are experimenting. Collaboration tools are used in pockets throughout the organization, prompted by specific user needs. In Phase 3, use of collaboration tools has spread throughout the organization but the tools are noninteroperable and have overlapping or duplicate functionality. In Phase 4, the organization implements an enterprise collaboration strategy and standardizes on a collaboration platform. In Phase 5, an Information Workplace strategy is in place, and the organization has standardized on an Information Workplace platform. See the June 29, 2005, Best Practices [“A 10-Step Collaboration Strategy Work Plan.”](#)
- ² IBM is a Leader in the collaboration platforms market, with its Lotus Notes/Domino platform and related products (QuickPlace and Sametime) and the emerging IBM Workplace Collaboration Services offering. Microsoft is a Leader in the collaboration platforms market with a suite of products that are part of the Windows Server System and the Microsoft Office System. See the May 24, 2006, Tech Choices [“Microsoft Is A Leader In The Collaboration Platforms Market.”](#) Oracle is a Strong Performer in the enterprise collaboration platforms market with Oracle Collaboration Suite 10g Release 1 (10.1). See the May 24, 2006, Tech Choices [“IBM Is A Leader In The Collaboration Platforms Market”](#) and see the May 24, 2006, Tech Choices [“Oracle Is A Strong Performer In The Collaboration Platforms Market.”](#)
- ³ Centralized IT has declined for the second year in a row. While two-thirds of firms still describe their IT organizations as centralized, that number is down from last year. See the September 30, 2005, Trends [“Firms Have Less Centralized IT In 2005.”](#)
- ⁴ Examples of hosted collaboration services appropriate for small businesses include Adobe Systems Macromedia Breeze, BaseCamp, BlueTie, Central Desktop, Convenos, EMC eRoom.net, GroupSystems ThinkTank, GroveSite, Intuit QuickBase, Microsoft Office Live, TeamPoint Systems DayPoint, and WebEx Web Office.
- ⁵ IBM has begun to deliver a range of packaged software products and software-plus-services solutions that incorporate the concept of roles into workplaces for information workers in jobs as varied as CFOs and compliance officers, call center workers, and branch bank workers. See the April 12, 2006, Tech Choices [“IBM Delivers On Its Vision Of Role-Based Workplaces.”](#) Also see the May 24, 2006, Tech Choices [“IBM Is A Leader In The Collaboration Platforms Market.”](#)
- ⁶ Microsoft is an enterprise content management (ECM) Contender with an excellent product strategy that will unfold during the next two to three years. Microsoft SharePoint Portal Server 2003 search compares poorly in all categories against other enterprise search products, but the next wave of enhancements shows real promise. See the June 13, 2006, Tech Choices [“Microsoft Is A Strong Performer In Enterprise Search Platforms”](#) and see the October 7, 2005, Tech Choices [“Enterprise Content Management Suites Scorecard Summary: Microsoft.”](#)
- ⁷ Enterprise content management is a software category that encompasses Web content management, document management, document imaging, digital asset management, media asset management, enterprise report management, records management, collaboration, and content integration. Oracle has an ECM suite that

while limited in scope shows substantial promise. See the October 7, 2005, Tech Choices “[The Forrester Wave: Enterprise Content Management Suites, Q3 2005](#)” and see the August 15, 2003, Planning Assumption “[Market Leaders Emerging In Enterprise Content Management](#).” For a more recent update see the January 18, 2005, Tech Choices “[The Enterprise Content Management Dilemma: Point Solution Or Suite?](#)”

- ⁸ Changes in business and the workforce include blurring business boundaries, disappearance of the traditional office, a retiring workforce, and entrance of the Millennial generation into the workforce. Changes in technology include evolution of the digital business architecture, adoption of composite applications, increased prevalence of XML-based, self-describing documents and data streams, mobility improvements, materialization of interaction platforms, arrival of the X Internet, maturation of unified communications, and applied learning from gaming software. See the June 1, 2005, Forrester Big Idea “[The Information Workplace Will Redefine The World Of Work At Last](#)”
- ⁹ Using a service-oriented architecture, the IW will be rich with presence awareness, information rights, and personalization, and it will provide offline and online support to a plethora of devices. As this unfolds, information work will expand beyond traditional knowledge workers to include people who work primarily with other people and people who work primarily with the physical world.
- ¹⁰ IBM has made investments that may be able to help organizations implement role-based workplaces faster and less expensively than they would if they developed them from scratch. And Microsoft is making moves toward the Information Workplace with improvements in collaboration, communication, and enterprise content management. See the April 12, 2006, Tech Choices “[IBM Delivers On Its Vision Of Role-Based Workplaces](#),” and see the May 19, 2005, Quick Take “[Microsoft Hints At The Information Workplace For Office 12](#).”
- ¹¹ Easy connections brought about by cheap devices, modular content, and shared computing resources are having a profound impact on our global economy and social structure. Individuals increasingly take cues from one another rather than from institutional sources like corporations, media outlets, religions, and political bodies. To thrive in an era of Social Computing, companies must abandon top-down management and communication tactics, weave communities into their products and services, use employees and partners as marketers, and become part of a living fabric of brand loyalists. See the February 13, 2006, Forrester Big Idea “[Social Computing](#).”
- ¹² Forrester evaluated leading blogging platforms across 54 criteria and found that iUpload leads the market with its robust blogging capabilities and its strong strategic vision of a blog as a lightweight content management system (CMS), a collaboration and knowledge management tool, and even as a foundation to form communities of customers. See the June 27, 2006, Tech Choices “[The Forrester Wave™: Blogging Platforms, Q2 2006](#).”
- ¹³ Examples of vendors that provide collaboration integration tools — sometimes as part of professional services engagements — include: Avanade, Binary Tree, CASAHL, EMC Microsoft Practice (Internosis), IBM (Bowstreet), and Tata Consultancy.

- ¹⁴ See the June 2, 2003, Microsoft press release “Microsoft Announces a More Than \$2 Billion Investment To Bolster IT’s Role as Strategic Asset.” Source: Microsoft (<http://www.microsoft.com/presspass/press/2003/jun03/06-02techedflessnerkeynotepr.mspx>).
- ¹⁵ See the January 17, 2006, Microsoft press release “Microsoft Announces New Application And Messaging Migration Tools For Lotus Notes/Domino Customers.” Source: Microsoft (<http://www.microsoft.com/presspass/press/2006/jan06/01-17LotusMigrationPR.mspx>). Also, see the October 18, 2005, Microsoft press release “Microsoft’s Vision and Strategy for Collaboration.” Source: Microsoft (<http://www.microsoft.com/presspass/features/2005/oct05/10-18Collaboration.mspx>).
- ¹⁶ In March 2006, IBM told Forrester that it has more than 15 million corporate Sametime users, with more than 120 million more potential Lotus Notes 6.5+ users that are entitled to the software. In February 2006, Microsoft told us that they had sold 10 million seats of LCS, and that Exchange Instant Messaging customers are entitled to another 20 million seats.
- ¹⁷ As of February 2005, Microsoft had sold about 40 million seats of SharePoint Portal Server. As of February 2006, the number had grown to about 70 million.
- ¹⁸ For example, product life-cycle management (PLM) vendor UGS built the latest version of its Teamcenter Community collaborative product development software on Microsoft SharePoint tools and technologies; ECM vendor Interwoven leverages Live Communications Server rather than offering proprietary real-time collaboration tools; and ECM vendor Open Text announced that it is building the next generation of its ECM suite on Microsoft’s content and collaboration platform, including SharePoint and LCS.