Market Share

Worldwide Enterprise Social Networks and Online Communities Market Shares, 2016: Innovation at Scale

Wayne Kurtzman

THIS IDC MARKET SHARE EXCERPT FEATURES IBM

IDC MARKET SHARE FIGURE

FIGURE 1

Worldwide Enterprise Social Networks Software 2016 Share Snapshot

Note: 2016 Share (%), Growth (%), and Revenue ($M)

Source: IDC, 2017
The worldwide enterprise social network (ESN) applications market continues to mature, grow, and migrate into the cloud.

While IBM retains its market lead, it joins Salesforce, Jive Software, Microsoft, and Lithium all of them saw growth the past year. These top 5 companies collectively have 46% of the global market that grew by 16.3% year over year (YoY).

Feeling the pinch to produce more with less, organizations have turned to enterprise social network applications, and especially the online community features of these products, to facilitate communications and productivity. Users seek streamlined workflow and seamless real-time communications across platforms and the enterprise. Increasingly, vendors are filling company needs to collaborate within the enterprise and with partners, vendors, agencies, and end users.

Machine learning and artificial intelligence solutions are being integrated into numerous products and are creating significant value for users and the enterprise.

This IDC study examines the vendor revenue performance in the overall enterprise social network for 2016. One of the most sought after features in this market is the ability to operate online communities both in teams and across the enterprise. The ability to seamlessly leverage other collaborative assets add value to the communities, and the company as a whole.

"Collaboration is becoming the new manufacturing," according to Wayne Kurtzman, research director for IDC's Collaboration and Communities Solutions program. "Assembly lines created for productivity have evolved into a connected, collaborative workforce that is supported by cross-platform and cross-device technologies."

**ADVICE FOR TECHNOLOGY SUPPLIERS**

Some guidance for vendors providing enterprise social network applications are as follows:

- **Every employee is a knowledge worker.** They need to be connected in real time with the data, processes, and people in a way that crosses platforms, devices, internal silos, and geographies. This is the new imperative.

- **The machine learning race is on.** Call it cognitive learning, artificial intelligence, or machine learning (there are differences), but the race is on. Leading companies are driving some exceptional and forward-thinking machine learning/artificial intelligence integrations. Make sure you have what your employees and customers will need – because few understand the potential changes that are literally around the corner. Leveraging machine learning to provide
the right insights to each user at the right time will exponentially increase employee and
customer experience and productivity, while silently tapping into ongoing best practices.

- **Employee and customer experience matters.** Enhancing how people work is much more
  important than being "another application" in the toolbox. You must be everyone's first and last
  application of the day – and on their desktop and mobile device. As the importance of
  customer experience (CX) grows for consumers, the same is true for both employee and B2B
  customer experiences. People want that easy "ecommerce experience" when working with
  each other or with a company. This goes beyond just better designed, cross-device user
  interfaces: it means learning at every step of the business how to deliver the needed and
  expected options and content to the right person at the right time.

- **Look for social commerce opportunities.** As businesses look beyond customer support as a
  way to engage users in the community, there will be increasing opportunity to create a
  marketplace or commerce interaction model from within the community. Communities can
  extend beyond the walls by connecting customers, partners, and internal users and enable
  collaboration and commerce opportunities through shared processes. Some vendors are
  integrating public social media tools to enhance value and consolidate buying-related metrics.
  This is the opportunity to create new relationships, advocacy, and purchasing processes that
  transcends traditional business relationships.

**MARKET SHARE**

The worldwide enterprise social network applications market grew 16.3% to $2.2 billion in 2016. Refer
Figure 1 for the top 7 vendors by revenue share along with their respective growth. Table 1 provides
this information from 2014 to 2016 for all the top vendors from this market. The top 5 vendors
measured by share of revenue were IBM (11.6%), Salesforce (11.5%), Jive Software (8.5%), Microsoft
(7.2%), and Lithium (7.1%). These vendors accounted for 46% of total revenue.

Table 1 displays 2014-2016 worldwide revenue and 2016 growth and market share for the enterprise
social networks market.
### TABLE 1

**Worldwide Enterprise Social Networks Software Revenue by Vendor, 2014-2016 ($M)**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>IBM</td>
<td>185.5</td>
<td>227.7</td>
<td>255.0</td>
<td>11.6</td>
<td>12.0</td>
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<td>Salesforce.com</td>
<td>161.6</td>
<td>219.6</td>
<td>252.3</td>
<td>11.5</td>
<td>14.9</td>
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<td>Jive Software</td>
<td>162.2</td>
<td>179.2</td>
<td>187.3</td>
<td>8.5</td>
<td>4.5</td>
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<tr>
<td>Microsoft</td>
<td>103.0</td>
<td>131.8</td>
<td>157.8</td>
<td>7.2</td>
<td>19.8</td>
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<tr>
<td>Lithium</td>
<td>92.3</td>
<td>114.6</td>
<td>156.7</td>
<td>7.1</td>
<td>36.8</td>
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<tr>
<td>Sprinklr</td>
<td>23.0</td>
<td>63.6</td>
<td>117.6</td>
<td>5.4</td>
<td>85.0</td>
</tr>
<tr>
<td>Zimbra</td>
<td>65.3</td>
<td>82.0</td>
<td>107.6</td>
<td>4.9</td>
<td>31.2</td>
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<tr>
<td>SAP</td>
<td>40.7</td>
<td>45.2</td>
<td>53.3</td>
<td>2.4</td>
<td>17.8</td>
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<tr>
<td>Google</td>
<td>16.4</td>
<td>25.8</td>
<td>35.7</td>
<td>1.6</td>
<td>38.5</td>
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<tr>
<td>BlackBerry</td>
<td>36.0</td>
<td>40.0</td>
<td>35.6</td>
<td>1.6</td>
<td>-11.0</td>
</tr>
<tr>
<td>Socialtext</td>
<td>32.8</td>
<td>33.6</td>
<td>35.0</td>
<td>1.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Mindjet</td>
<td>23.1</td>
<td>28.1</td>
<td>32.6</td>
<td>1.5</td>
<td>16.1</td>
</tr>
<tr>
<td>INgage Networks</td>
<td>20.6</td>
<td>24.9</td>
<td>24.9</td>
<td>1.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>Igloo Software</td>
<td>16.0</td>
<td>18.8</td>
<td>18.4</td>
<td>0.8</td>
<td>-2.6</td>
</tr>
<tr>
<td>Other</td>
<td>614.2</td>
<td>650.9</td>
<td>722.4</td>
<td>33.0</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,592.8</td>
<td>1,885.7</td>
<td>2,192.2</td>
<td>100.0</td>
<td>16.3</td>
</tr>
</tbody>
</table>

Source: IDC’s Worldwide Semiannual Software Tracker, April 2017

IBM took strong steps to solidify its connections solution with Watson machine learning to provide individuals the right content they needed to effectively collaborate. Relative newcomer Jive introduced significant features and integrations, including machine learning to solidify its base. Despite its acquisition in May 2017, Jive continues to grow (see JiveWorld17: Acquisition, Strong Features Steal the Show, IDC #US42551717, May 2017). Lithium, also acquired in June 2017, dramatically improved its metrics and social media integration with its communities offering a more competitive and customer experienced solution.
WHO SHAPED THE YEAR

This Excerpt was prepared for IBM but also included the following vendors: SalesForce, Jive Software, and Lithium.

The enterprise social networks market increased growth to 16.3%. IBM, Salesforce, Jive Software, Microsoft, and Lithium, all showed growth in 2016. The top 10 competitors in the market averaged 24.9% growth in 2016, and the market continues to look healthy.

IBM

IBM has started driving to a more open architecture, both in its development communities and with Watson-based cognitive learning. Released in 2017, this is the start of predictive assistance and cognitive analytics within an integrated environment. Watson Work Services are designed to leverage discovery and collaboration of information in new ways that go beyond being a traditional time saver. Many IBM collaborative products, and especially IBM Connections, saw major improvements in abilities, ease of use, and adoption this year, as IBM continues to shape much of the machine learning narrative.

MARKET CONTEXT

The enterprise social networks applications market is strong, and especially with features that enable cross-silo collaboration beyond just file sharing. The customer experience flexibility that comes with a move to the cloud, even for regulated entities, is becoming the preferred for customers in this segment.

Enterprise Social Network Applications by Constant Currency

Because of the detailed geographical granularity of the underlying data, we have also provided a "constant currency" revenue estimate for the total worldwide market in the years reported in this document. Constant currency eliminates exchange rate fluctuation effects by applying the same exchange rate to all semiannual periods to revenue generated in any local currency in the 53 geographies IDC tracks.

As shown in Figure 2, during the 2016 calendar year, there is not a significant impact by applying to constant currency model.
Enterprise Social Network Applications by Region

Vendor revenue in the enterprise social network applications market was impacted by regional conditions and varied according to the operating environment. Figure 3 provides a snapshot of the market in 2016 by geographic region. The Americas region had the largest share with 62.8% of the worldwide enterprise social network applications revenue, followed by EMEA with 32.3%, and Asia/Pacific (including Japan) with 4.9% of revenue share. These percentages are essentially flat from the previous year.

FIGURE 3

Worldwide Enterprise Social Networks Software Revenue Share by Region, 2016

Source: IDC's Worldwide Semiannual Software Tracker, April 2017
Enterprise Social Network Applications by Operating System, 2016

As most devices in the enterprise are Windows based, enterprise social network snapshots reflect that in Figure 4.

FIGURE 4

Worldwide Enterprise Social Networks Software Revenue Share by Operating Environment, 2016

Currently, this market is 65.5% in the public cloud, an increase of 1.7 percentage point over the previous year (see Figure 5). The shift to cloud shows signs of continued growth, even among regulated industries. It also shows the "wait and see" strategy by some companies. We expect an increase in cloud deployments over the next few years as governance and security aspects improve dramatically.

FIGURE 5

Worldwide Enterprise Social Networks Software Revenue Share by Deployment Type, 2016

Total = $2.2B

Source: IDC's Worldwide Semiannual Software Tracker, April 2017
Significant Market Developments

The significant market developments this year include:

- **The cloud continues to grow.** The move from capex to opex, the need to deliver solutions across devices and platforms, and the increased ease of global compliance are driving even regulated businesses to the cloud. Currently, almost 65% of enterprise social network applications are public cloud based, and this trend will continue the addition of data loss prevention (DLP) and other security features and further improving the ability of a secure enterprise cloud.

- **Mobile drives collaboration.** Today's collaborators are almost always connected and leverage mobile devices to get work done. Platforms must reflect this mobile-heavy, cross-platform need.

- **Integrations help solutions.** Adding commonly used functionalities such as Office 365 and Google Suite, and other common applications, translate into greater collaboration and productivity in fewer steps. Some leaders in this space offer several hundreds of seamless integrations that help solutions easily cross business functions. Others are looking to social commerce integrations to meet a different business need, while still centering on customer experience.

- **Collaboration is without silos.** Each technology in this segment empowers users to collaborate beyond their department, and increasingly, beyond their company and directly with customers. This improves customer, partner, and internal experience while improving a company's ability to meet the emerging needs of today's customers. A "side effect" when this is done right: fewer emails, greater data capture and quantification, and more effective machine learning-driven data reuse.

**METHODOLOGY**

The IDC software market sizing and forecasts are presented in terms of commercial software revenue. IDC uses the term *commercial software* to distinguish commercially available software from custom software. Commercial software is programs or codesets of any type commercially available through sale, lease, rental, or as a service. Commercial software revenue typically includes fees for initial and continued right-to-use commercial software licenses. These fees may include, as part of the license contract, access to product support and/or other services that are inseparable from the right-to-use license fee structure, or this support may be priced separately. Upgrades may be included in the continuing right of use or may be priced separately. These are counted by IDC as commercial software revenue.

Commercial software revenue *excludes* service revenue derived from training, consulting, and systems integration that is separate (or unbundled) from the right-to-use license but does include the implicit value of software included in a service that offers software functionality by a different pricing scheme. It is the total commercial software revenue that is further allocated to markets, geographic areas, and sometimes operating environments. For further details, see *IDC's Worldwide Software Taxonomy, 2016* (IDC #US41572216, July 2016).

Bottom-up/company-level data collection for calendar year 2016 began in January 2017 with in-depth vendor surveys and analysis to develop detailed 2016 company models by market, geographic region, and operating environment.
The data presented in this document is IDC estimates only.

*Note: All numbers in this document may not be exact due to rounding.*

**MARKET DEFINITION**

**Enterprise Social Networks**

Enterprise social networks enable social collaboration capabilities to users that are either inside or outside an organization's firewall. Solution capabilities should include, but are not limited to, activity streams, blogs, wikis, microblogging, discussion forums, groups (public or private), ideas, profiles, recommendation engines (people, content, or objects), tagging, bookmarking, and online communities. An ESN provides a social collaboration or relationship layer in a business that can be a discrete standalone solution and/or a set of service-oriented APIs or integrated applications that coexist with other business and communications applications. Discrete solutions may support one type of social functionality (such as online communities, ideation, or innovation management) or a broad-based platform that encompasses many functionality traits.

**RELATED RESEARCH**

- *Jive Sells External Jive-x Solution to Lithium* (IDC #lcUS43014717, August 2017)
- *Lithium Technologies to Be Acquired by Vista Equity Partners* (IDC #lcUS42766717, June 2017)
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