

# Magic Quadrant for Externally Facing Social Software

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**Small vendors dominate the market for externally facing social software. This market offers great innovation, but enterprises must choose carefully as vendors are struggling to prove themselves in a market that is developing swiftly.**

## WHAT YOU NEED TO KNOW

Social interactions do not stop at company boundaries; neither should the social software products that support these interactions. Externally facing social software (EFSS) products facilitate interactions beyond the firewall to create communities among employees, customers, suppliers, partners, alumni and other stakeholders. Most of the small vendors that populate the market struggle to demonstrate long-term viability and to show examples of customer success. Many vendors struggle to close large enterprisewide deals. Only a handful of vendors earn more than \$10 million in revenue from products in this market. As with most developing markets, there are no safe bets.

Those who buy EFSS should not apply the same processes as they would for classic enterprise software purchases. The EFSS market differs from typical enterprise software markets because users' needs differ: innovation matters more than integration or standards; capabilities that add unique value matter more than the best or most complete functions. In any case, enterprises would look in vain for the single "best" product to cover any situation because these products take very different approaches to creating externally facing communities. Instead, buyers should focus on finding the right products to meet users' needs. Buyers should observe users' behavior, survey their needs and try to understand the nuances. In addition to the evaluation of a vendor's execution and vision, buyers should be guided by the following criteria:

- Use cases.
- Demographics of users or customers.
- Timeline of project.
- Technical capability.
- Payback window and risk tolerance.
- Availability of related services.
- Vendor track record.

## MAGIC QUADRANT

### Market Overview

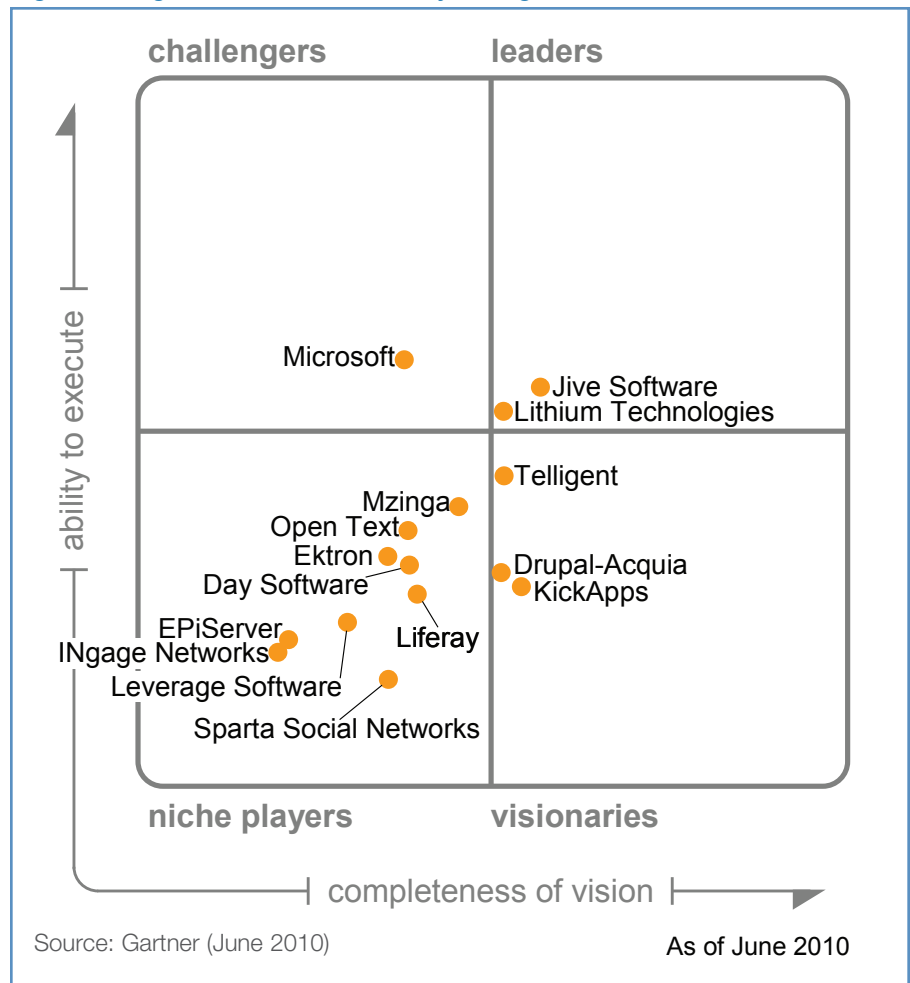
During the past few years, many enterprises have deployed social networks as a rich, deep way to facilitate collaboration between employees. As these networks increase in influence and value, they naturally extend beyond the firewall to external constituencies. Some enterprises specifically target communities outside their organization. As social networks become increasingly specialized and mature, the market for products that support them also becomes more specialized. Social software has matured enough to support at least three distinct software markets. Hence, Gartner will publish three Magic Quadrants focusing on social software in 2010, each focused on a particular group of users:

- “Magic Quadrant for Externally Facing Social Software,” describing the market for general-purpose products that support communities aimed at people outside the enterprise.
- “Magic Quadrant for Social Software in the Workplace,” which focuses on the market for products that support social networking within an enterprise.
- “Magic Quadrant for Social CRM,” profiling vendors that extend customer relationship management (CRM) processes into external communities to support sales, service and marketing.

These three markets attract different sets of vendors, and the dynamics differ because the needs of the three groups of users differ. In such closely related markets, some vendors will naturally appear in two or even all three Magic Quadrants. EFSS differs from social software in the workplace in several ways. EFSS buyers generally:

- Want to support very large-scale deployments (Web-scale).
- Prefer having the option of a software-as-a-service (SaaS) offering.
- Emphasize social analytics that provide indications of the activity and engagement of community members.

Figure 1. Magic Quadrant for Externally Facing Social Software



- Emphasize user interface design, since members will have varied backgrounds and extensive training to use the site is generally not feasible.
- Want to incorporate rich media such as audio and video to increase the “wow” factor.
- Want to enable simple and speedy options for identifying objectionable content and look for sophisticated moderation tools.
- Ask for bridging or integration with external consumer social media platforms.

- Are less interested in integration with existing workplace systems (for example, messaging, portal, and directory and security services), but may be more interested in integration with specific applications (for example, HR and CRM data).
- Are less interested in supporting documents and projects.

EFSS differs from social CRM primarily due to the use cases that it targets. The general-purpose EFSS products profiled here are not focused on or marketed to users for the narrow purpose of extending CRM processes. Accordingly, vendors that put most of their marketing and product development efforts into support for product branding, customer support, integration with e-commerce or back-office CRM facilities, or advertising typically feature in the Magic Quadrant for Social CRM, rather than the Magic Quadrant for EFSS.

The EFSS market is young but developing quickly. New technologies continue to appear. The market remains open because buyers generally value innovation more than integration. As is typical for an early stage of development, buyers seek new, more effective ways of supporting users, rather than integration with existing infrastructure. The market feels less pressure to consolidate functions into suites. Thus, the large software vendors enjoy a smaller advantage than they do in more mature enterprise software markets, where enterprises often seek a single source for many products, with some level of integration. The Magic Quadrant for EFSS features only one megavendor (Microsoft) and one other major enterprise vendor (Open Text). The rest are pure-play vendors. Thus, enterprises will often choose from small vendors, which struggle to become viable and to show sustained commercial success. Many of these pure-play vendors strive to build their products into a complete social software platform.

The kinds of technology at the leading edge of the market continue to evolve as well. In 2008, enterprises focused most of their attention on discussion boards, blogs and wikis. Now the “hottest” technologies involve richer ways for users to get and create information, interact with each other, and understand what is happening on social network communities without being overwhelmed by the volume of activity and data that networks can generate. Some of these advanced features include

- Social network analysis.
- Selective integration with consumer social networking sites like Twitter and Facebook.
- Collaborative decision support.
- Social media monitoring.
- Sentiment analysis.

## Market Definition/Description

Products in the EFSS market support external teaming, communities and networking where most participants are outside the enterprise (for example, customers, affiliates, alumni, developers, members, contractors, partners, trainees and resellers). Buyers seek general-purpose, persistent virtual environments in which participants can create, organize and share content, as well as collaborate, organize activities, socialize, and develop or exploit social relationships, both with each other and with the hosting organization.

This Magic Quadrant will not address the key social communities and networks that operate independently and are beyond the control of the enterprise, such as fan clubs, review sites and personal blogs. For guidance on including these communities and networks in a strategy for external interactions, see “The Six Core Principles of Social-Media-Based Collaboration” and “The Collective Imperative: Thriving in Chaotic, Out of Control and ‘Normal’ Markets.”

We define the EFSS market by buyers’ behavior, rather than by vendors’ statements of intended use. EFSS has a wider set of buying and influence centers than most enterprise software. Business functions are directly involved or actually make buying decisions for EFSS (whereas IT departments usually drive buying decisions about internal systems). Buyers of EFSS include:

- Business executives (such as product managers, channel managers, product developers, strategists and business architects).
- Personnel in other internal support organizations (such as program managers and business architects) involved in specific strategic initiatives (such as innovation, social responsibility and special projects).
- External agency personnel (such as account managers in advertising and marketing agencies) and various support organizations from which those agencies subcontract services.
- IT professionals working in the IT organization or in various other support or business functions.

## Inclusion and Exclusion Criteria

We used three sets of criteria to decide which vendors to include in, and exclude from, the EFSS Magic Quadrant:

- Audience.
- Market presence.
- Functions.

**Audience:** Vendors included in this Magic Quadrant offer generally-available products that:

- Support collaboration and social interaction with large groups of users outside the enterprise’s workforce. This must be a specific intended use of the product, as advertised in marketing material and as demonstrated in actual use. Products that are designed and marketed primarily for internal use but that can also be used externally by configuring firewalls or other technical settings are excluded if significant numbers of customers do not use the product in this way.
- Aim at general use, not use within a specific industry or to serve a narrow use case. Vendors focusing exclusively on extending CRM processes into external communities are excluded.

**Market presence:** Products from vendors included in this Magic Quadrant have:

- At least 250,000 users (seats) in total in production and at least five named reference customers, each with 5,000 or more users (seats).
- At least \$3 million revenue from licenses and support for EFSS products. This criterion does not apply to open-source projects.

**Functions:** Products from vendors included in this Magic Quadrant have the following functions, at minimum:

- Moderation: Capabilities or services to manage and control large numbers of comments and postings.
- Social profiles: Information about each user accessible by other users.
- Roles and access control: Support for multiple roles (for example, editor, facilitator, community manager and moderator) with associated access controls.
- Discussion forums: Support for a persistent, moderated environment in which to post questions and answers or to have general discussions.
- Blogs: Instant publishing functions for users that display entries in reverse chronological order and permit comments from others.
- User management: Ability to create, modify or retire user accounts and to manage anonymous or “guest” users.

In addition, products must support at least five of the following optional features:

- OpenSocial support.
- Multiplatform widget support.

- Support for OpenID-based user authentication.
- Ratings: Users can evaluate content posted to the site.
- Recommendations: Content or people suggestions on the basis of preferences or behavior.
- Social tagging or bookmarking: Users can assign tags to content items, and share those tags with other users.
- Subscribe/follow: Users can elect to receive updates automatically about content, people, issues or other objects in which they are interested.
- Deployment models: The vendor must offer at least two of the following: on premises, SaaS, remotely managed appliance.
- Document sharing: Ability to upload, store, organize and share documents.
- Wikis: Group authoring of collections of pages with support for “click to edit,” change tracking and internal linking.

### Added

This is the first Magic Quadrant on this topic, so all the vendors have been added.

### Dropped

This is the first Magic Quadrant on this topic, so no vendors have been dropped.

## Evaluation Criteria

### Ability to Execute

**Product/Service:** We evaluated specific functions that are already available and, in particular, the extent to which the product goes beyond the basic functions required for inclusion. Functions we looked for included social network analysis, integration with consumer social networking services, analytics and reporting, and people and content recommendations. We also took into account the maturity of the product (the number of versions released and how long it has been available) and any evidence of large deployments.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** We evaluated the vendor’s financial health, including funding, who is investing in and backing its activities, its profitability, the overall size of its collaboration and social software business (in particular, dedicated employee numbers), and the degree to which the organization is committed to this part of its business.

**Sales Execution/Pricing:** We evaluated the vendor’s ability to sell to large organizations, its price transparency, the straightforwardness of its sales process, the consistency of its revenue growth during the past 12 to 24 months, and its opportunity to convert existing customers into users of products with new or additional capabilities.

**Market Responsiveness and Track Record:** We evaluated the vendor's ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. Specifically, we looked at the history of the product (acquisitions, partnerships, development and updates, for example) and the actions and comments of the product management team.

**Marketing Execution:** We looked for evidence of "mind share," thought leadership and brand recognition, and for any specific marketing initiatives (such as white papers, events and microsites) that promote them. One particularly effective approach is for senior executives to be active participants in ongoing online conversations via their blogs or comments. We also took into account the size of the marketing organization.

**Customer Experience:** We looked for customer feedback from vendor-supplied references, Gartner inquiries and other customer-facing interactions, such as Gartner conferences. Customer experiences are rated based on the vendor's ability to help customers achieve positive business value, as well as sustained user adoption, and quality implementation and ongoing support. We also took into account the percentage of users still under maintenance, the mix of customers (large as well as smaller organizations), overall customer numbers, and evidence of outstanding customer successes.

**Operations:** We evaluated the quality of the organizational structure — skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis. We also looked at technology and service partners, training and certification programs, R&D resources, the presence of any independent activities adding value to the core product (for example, open-source add-on modules), the size of the support organization and the presence of active customer communities for peer support, for input into R&D.

Table 1 shows weightings for our evaluation criteria.

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product/Service	High
Overall Viability (Business Unit, Financial, Strategy, Organization)	High
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	Standard
Marketing Execution	Standard
Customer Experience	High
Operations	High
Source: Gartner (June 2010)	

## Completeness of Vision

**Market Understanding:** We evaluated the vendor's strategic understanding of social software opportunities, such as the business value of social interaction support, the complementarity of related capabilities (for example, social CRM, advertising and social software for the workplace), an urgency to pre-integrate them, a tolerance and acknowledgement of related technologies from other vendors, and an overall vision of the space that focuses more on supporting people-centric activities than a formal process-centric view of collaboration.

**Marketing Strategy:** The degree to which the vendor's marketing approach aligns with (and/or leverages) emerging trends and the overall direction of the market. In particular, we looked at the use cases promoted in the vendor's marketing messages, its online activities and any programs for educating and priming the market around social interaction support (for example, "try before you buy," open-source versions and hosted versions).

**Sales Strategy:** We looked at the level of channel activity and for any strategy for marketing add-on modules or services and converting large numbers of early adopters to high-end or broader deployments.

**Offering (Product) Strategy:** We evaluated the degree to which the vendor's product road map reflects demand trends and opportunities to create demand in the market and to fill gaps or weaknesses. We also looked at how the vendor develops relationships and partnerships with other vendors providing complementary products or services (market analysis, moderation, community development, syndication and content sharing).

**Business Model:** We looked at the levels of investment needed to achieve profitability and revenue growth, the balance of service and license revenue, evidence of success with repeatable revenue (subscription licensing, for example) and low-cost distribution, development and support (for example, using open-source licensing). We also looked for exploration of innovative licensing and pricing models.

**Vertical/Industry Strategy:** We considered whether a vendor has specific functions, modules or additions that provide specialized support for specific industries.

**Innovation:** We looked at the degree to which the vendor invests in R&D directed toward the tools and at the vendor's "creative energy" — for example:

- A commitment to new browser-based client technologies (in particular, Ajax).
- Adoption of not just a service-oriented architecture but one with a strong Web-oriented architecture flavor.
- Movement toward full access to internal data via representational state transfer (REST) interfaces and XML data streams.

- Social network analysis.
- Participation metrics and analysis.
- Activity tracking.
- Adaptive people and content recommendations.

**Geographic Strategy:** We examined the vendor's strategy to direct resources, skills and offerings to meet the specific needs of regions outside the corporate headquarters' location, directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

Table 2 shows weightings for our evaluation criteria.

## Leaders

The Magic Quadrant features only two Leaders: Jive Software and Lithium Technologies. The small number of Leaders indicates that this market is at an early stage of development. These vendors have established themselves in the market with widely-used social software and collaboration offerings. They have recognized user needs in this market early, have significant market presence, and have succeeded in delivering attractive suites with broad capabilities in offerings that include both services and software.

## Challengers

There is only one vendor in the Challengers quadrant: Microsoft. Its offerings are potentially poised to move into leadership. Microsoft's overall market position in the enterprise software market and wide reach through its channels and partners makes it a potential Leader in most markets where it chooses to compete. In this case, its Completeness of Vision lags behind its Ability to Execute.

**Table 2. Completeness of Vision Evaluation Criteria**

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Standard
Sales Strategy	Standard
Offering (Product) Strategy	High
Business Model	Standard
Vertical/Industry Strategy	Low
Innovation	High
Geographic Strategy	Low
Source: Gartner (June 2010)	

## Visionaries

The three Visionaries — Drupal-Acquia, KickApps and Telligent — demonstrate strong understanding of current and future market trends, such as the importance of a flexible, transparent user experience, as well as the value of mutual reinforcement between tools that encourage user contribution and tools that facilitate bottom-up formation of groups and organizational structures. Their products and product road maps exhibit innovation, especially in architecture and lightweight integration, while their marketing and R&D efforts align with the open-source ecosystem. Visionaries have not exhibited the scope of delivery of Challengers or Leaders, but they have demonstrated vision across a range of capabilities.

## Niche Players

The nine Niche Players are Day Software, Ektron, EPiServer, INgage Networks, Leverage Software, Liferay, Mzinga, Open Text and Sparta Social Networks. The Niche Players provide useful, focused technology, understand changing market dynamics, and work toward evolving their product capabilities. However, they are held back by narrow functions, a product road map that lacks urgency, or the absence of an innovative growth strategy. Many of these smaller vendors may enjoy success relative to their size, but they must exploit every opportunity to grow and establish their positions before their competitive advantage erodes. As the social software market continues to mature, pockets of specialization may solidify. Therefore, some smaller vendors may focus on niche markets serving specific industries or supporting specific activities. Many of these vendors will be unlikely to break out of the Niche Players quadrant, even though they may continue to have a viable business.

## Vendor Strengths and Cautions

### Day Software

Day's CQ5 Social Collaboration product is tightly coupled with the company's overall Web experience platform. Day differentiates itself by supporting alternative devices such as mobile phones and tablets.

### Strengths

- Day's products make extensive use of standards such as OpenID, OpenSocial, Shindig and JSR 286.
- The architecture is highly scalable, designed to support Web-class use cases either on the premises or via cloud deployment.
- Day offers a long list of features, including shared and published calendars, multiple moderation modes, rich media and document sharing, ratings and reviews, gadgets and user profiles.

## Cautions

- Customers use Day's EFSS product primarily to add social facilities to the vendor's flagship CQ5 Web Content Management product. It appeals less to customers who do not use Day to manage their Web content.
- Day's scalable architecture can make it too complex and expensive for smaller deployments.
- The vendor primarily focuses on Web content management, rather than social software.

## Drupal-Acquia

Acquia complements the popular Drupal open-source Web content management platform with commercial support and enterprise services.

## Strengths

- Drupal is proven in large high-profile deployments. It has an active 600,000-member developer community around the open-source core, a track record of community support, and a growing ecosystem of service providers.
- Acquia Drupal, the commercially supported version of Drupal from Acquia — a venture-capital-funded organization — is headed by the founder of the Drupal open-source project, putting it very close to the open-source project's activities.
- Drupal's strong content-centric, community and Web application foundation is enhanced by hundreds of modules, including many for social interaction support.

## Cautions

- Modules from third parties are a source of strength, but quality can be variable. Their use requires careful evaluation and ongoing support by engaging directly with the developer community or through the services of consulting and support organizations such as Acquia.
- The breadth of the platform functions is an advantage, but it also contributes to deployment complexity (though "install profiles" such as Open Atrium, Drupal Commons and services such as Drupal Gardens can help to reduce this complexity).
- Acquia is growing in terms of employees (60 in 2010) and revenue, but as a relatively small vendor it has limited abilities to meet the requirements of large or particularly demanding projects.

## Ektron

Ektron built its social software suite as an extension to its Web content management platform and does not license it separately. Most of its deployments serve communities of fewer than 5,000 participants, with a few larger implementations of over 100,000. Ektron prices its EFSS offering by enterprise or community, a scheme that differs from the named-user pricing model frequently encountered in this market.

## Strengths

- Since the Ektron social software suite is built on a Web content management foundation, it allows companies to manage their corporate website and customer communities in a single platform. It offers services for managing documents and content in a shared work space. Documents can be "dragged and dropped" into a shared work space or saved into the work space directly from Microsoft Office.
- Ektron ships with many third-party widgets, including YouTube, salesforce.com, Flickr, Brightcove and Facebook. Ektron also offers bidirectional integration with social media sites such as Facebook.
- Ektron Exchange is a code- and widget-sharing site where Ektron employees, partners and customers share add-ons. It has over 7,000 registered users, half of whom have been active in the community in the past three months.

## Cautions

- Customers use Ektron's EFSS product primarily to add social facilities to the company's flagship Web content management product. It appeals less to customers that do not use Ektron to manage their Web content.
- The vendor primarily focuses on Web content management, rather than social software.

## EPiServer

EPiServer's Relate+ product focuses on managing user-generated content. It can be used to create and manage stand-alone communities, and can add social facilities to public-facing websites.

## Strengths

- The product's gadget architecture allows quick introduction of new features based on the underlying platform. Standard gadgets include moderation, abuse reporting and community activities.
- The developer community among implementation partners, particularly in Europe, shares new developments in an open-source model.
- Features appeal to marketers, community managers and website developers.

### Cautions

- EPiServer is primarily marketed through consulting companies and system integrators. It will be less appealing to users who want to implement the package themselves.
- Combining the social features of Relate+ with the company's flagship Web content management product is a large part of EPiServer's strategy. It will be less appealing to customers looking to combine social media with other Web content management products.
- Some features common in competitors' products are not available, though they may be planned for upcoming releases. For example, OpenSocial is not supported and OpenID is in beta testing.

### INGage Networks

The core strength of INGage Networks lies in externally facing customer communities, but the company also has competency in broader solutions for connecting employees and partners.

### Strengths

- INGage's product has strong analytics with an underlying data warehouse, reporting and online analytical processing engine.
- It offers services for designing and implementing a community strategy.
- It offers robust support for mobile computing.

### Cautions

- INGage has limited experience with very large deployments of over 100,000 users.
- Its offering is available only via SaaS.
- It lacks presence outside North America.

### Jive Software

Jive has won several large corporate customers, some of which have multimillion-dollar investments in its software and services. The core Jive Social Business Software (SBS) platform can be deployed either on-premises or as a hosted single-tenant SaaS option. The low-end Jive Express product is available as a cloud deployment.

Jive recently announced several technology relationships, including with Google and Twitter; plans for its own Apps Market; and reaffirmed its support for the OpenSocial framework.

### Strengths

- Jive is one of the largest social software vendors, with 250 employees, 15 million active internal and external users, revenue of \$30 million in 2009 (Gartner's estimate) and 85% growth in revenue from 2008 to 2009.
- The company has a strong and experienced management team that has had success in scaling software companies, and a focused go-to-market strategy and perspective on social software and social business processes.
- Jive delivers integrated blogs, wikis, ranking and voting, user profiles and a broad range of social capabilities that enable it to serve both internal and external users. Jive has integrated social media monitoring and can connect to content repositories and enterprise applications. It can also bridge conversations between internal and external communities. In addition, Jive has announced plans for its own Apps Market, a Jive developer community and an agreement with Twitter to license Twitter's Firehose for use in its analytics product.
- Jive actively promotes OpenSocial standards and the development of interoperability standards between social software vendors.

### Cautions

- Jive may find it a challenge to expand its sales and support organization, as well as its technology and integration partnerships, sufficiently to support its growth. Jive has only an emerging sales and support presence in the markets of Europe, the Middle East and Africa and Asia/Pacific. Jive may be at a competitive disadvantage to larger vendors that lack its social software capabilities but have a broader and deeper IT presence in global enterprises.
- Jive has not yet developed a multitenant architecture for its core SBS platform (although some components, such as its Engage social monitoring module, do have multitenancy).

## KickApps

KickApps offers a highly configurable, quick-to-implement and flexible approach to business-to-consumer community hosting.

### Strengths

- Gartner estimates that KickApps generated revenue of \$6 million to \$7 million in 2009, double the prior year. KickApps aims to become profitable by the end of 2010. It has 90 employees and claims over 10 million active community members.
- KickApps's social media platform includes flexible, configurable functions, including a community platform, user-generated content (photos, blogging, video and audio uploads), contests, polls, games, widgets and event management. The App Studio allows customers to package this media into shareable, embeddable Flash widgets, which can be shared on Facebook, MySpace and other blogs and websites that accept HTML embedding. KickApps also offers a highly configurable dashboard for community management and insight into engagement.
- KickApps's strategy is to provide a highly flexible, quick-to-implement community platform. Its road map for 2010 includes the ability to add Facebook "container" code so that KickApps can act as a Facebook app container and enable users to create widgets and applications that can be published within Facebook.
- Reference customers mentioned KickApps's support and pricing as strengths.

### Cautions

- KickApps supports a wide variety of applications, with many configuration options, but it is a small company with a limited number of channel partners.
- Reference customers mentioned that KickApps requires time to set up and configure, rather than running straight out-of-the-box.

## Leverage Software

Leverage Software provides a variety of SaaS components for social networks, such as blogs, wikis, ratings and status updates. Its offering targets both workplace (employee) and external (customer) applications in a variety of industries.

### Strengths

- Leverage has a broad range of functionality but is still relatively small, making it a potential acquisition target for a larger vendor seeking to quickly establish a presence or expanded capabilities in this market.
- Reference customers indicate that Leverage has provided extensive suggestions about, and best practices for, driving user engagement with the social platform.
- Ease of use and SaaS enable customers to get up and running quickly.
- Reference customers give positive feedback about support for both business and technical issues. Leverage shows considerable interest in their suggestions and ideas for product enhancements.

### Cautions

- Reference customers indicate that out-of-the-box reporting and analysis are weak, particularly for customer networks where analytics is important. A June 2010 release of Leverage v.7.4 that focuses on analytics may address this, but it has not yet been evaluated by Gartner.
- Reference customers have voiced concerns about Leverage's search capabilities in its wiki functions.

## Liferay

Liferay uses the popularity of its open-source Liferay Portal as a Web platform through which to deliver social software.

### Strengths

- Liferay offers a portal-centric platform for those looking to develop and integrate social interaction and community support in a flexible environment.
- Liferay has a healthy developer and partner ecosystem.
- Liferay's origin as an open-source project makes its product very flexible and easy to extend.

### Cautions

- Liferay needs to work harder to build its reputation as a vendor of products, rather than of a technology platform.
- Liferay's Social Office product, which is aimed at workplace deployments, can confuse prospective customers. Liferay's EFSS functionality is included in the core product.
- Liferay's strategy is to add EFSS functionality to its flagship portal-centric product. Users who are not in the market for a portal product, or who have chosen a different portal platform, will be less interested.

## Lithium Technologies

Lithium provides a hosted community and associated applications primarily to host private-label social networks for an equal mix of business-to-business and business-to-consumer organizations.

### Strengths

- Lithium grew by over 100% in 2009, compared with 2008, and Gartner estimates its annual revenue to be \$20 million. It is attracting new management talent.
- Lithium has strengths in the video game industry and in community-based customer service for the high-tech industry. It is expanding into consumer goods, telecommunications, industrial manufacturing and other sectors. Lithium has expanded its range of processes into idea capture for new products, community moderation and social media monitoring, partly through the acquisitions of Keibi Technologies and Scout Labs.
- Lithium has been the strongest at measuring return on investment (ROI) and the health of a social network or community. Its case studies and reference customers show measurable business results.

### Cautions

- Lithium has acquired strong moderation capabilities and social monitoring capabilities, but is still in the process of integrating these into its main community platform.
- Lithium has lagged behind several competitors in interoperating with public social networks such as Facebook and Twitter. It launched a Facebook application in June 2010, but Gartner has not yet done reference checks to verify its capabilities.

## Microsoft

Microsoft is building a single collaboration platform for both internal users and external communities, and links that platform with Exchange, Office and Office Communications Server. SharePoint 2010 is a broad collaboration platform with which enterprises can facilitate social interactions and manage the growth of informal communities consisting primarily of people beyond the boundaries of the enterprise.

### Strengths

- SharePoint has the broadest market penetration, in terms of the number of companies adopting it, of any product in this Magic Quadrant.
- Microsoft's platform focus and the presence of a broad and deep ecosystem of developers and system integrators around SharePoint strengthens its position in the EFSS market.
- Many EFSS customers value the integration of SharePoint when used in the workplace and with other Microsoft products.

### Cautions

- Meeting requirements with SharePoint often demands customized programming, which creates a long-term burden for customers.
- Providing functionality to support externally facing situations has been a lower priority for Microsoft, compared with its provision of functionality for workplace use cases.

## Mzinga

Mzinga provides a platform and applications to host and manage a community through internal and external-facing communities, in sectors such as consumer goods, retail, healthcare and high technology.

### Strengths

- Mzinga's OmniSocial product is used by 40 million users across 15,000 communities in 160 countries. Over 60% of use cases are for sales, marketing and customer service roles.
- OmniSocial enables mid-market and enterprise businesses to engage with multiple constituents (employees, customers, consumers and partners). Mzinga has a wider range of discrete capabilities than any other similar provider, including 30 applications, 40 widgets, and multiple dashboard reports and benchmarks. The applications cover discussions, blogs, comments, ratings, polls, surveys, events, chat, social profiles, mobile support, video and event management.
- Mzinga is starting to invest in interoperation between private-label and public social networks such as Facebook — for example, in integrating its blogs and discussions with Facebook and Microsoft SharePoint.

### Cautions

- Gartner estimates that Mzinga's revenue came to \$30 million to \$35 million in 2009, up by 15% on 2008 but substantially below the average of its direct competitors. Gartner believes this was due to the combined effect of rapidly growing social software revenue and declining e-learning social software revenue.
- Mzinga's interoperability with public social networks lags behind that of the market leaders.
- Mzinga has proven the ROI of its applications less than its direct competitors.

## Open Text

Open Text has capabilities around Web campaign management, Web optimization and content analytics. Open Text primarily enables social applications by making digital media content available to external and internal users.

### Strengths

- Open Text has a well-established enterprise content management (ECM) suite, which can play an important role in enabling EFSS applications. Open Text can make content more useful and accessible through its tagging, rating, review and search recommendation capabilities.
- Open Text has a large installed base that may want to extend their investments in corporate digital assets into EFSS applications.
- The Vignette platform includes a wide range of social media capabilities. Although Vignette is a stand-alone product, Open Text is integrating it with the digital content managed by its ECM systems to support regulatory compliance. Open Text is a large, stable software vendor.

### Cautions

- Although Open Text has been improving its capability for building enterprise social applications, its core expertise and focus are in ECM.
- Open Text is still building its EFSS vision. It is also in the process of integrating assets acquired from Vignette.
- A large majority of Open Text's revenues and customers come from ECM, not social software. The company has a limited number of social networking reference customers.

## Sparta Social Networks

Sparta differs from other EFSS vendors in that it provides social networking widgets that can be incorporated easily into existing websites. These widgets add features such as surveys, private messaging, reviews and ratings. The underlying infrastructure can provide wider community features, but customers choose which ones to expose through Sparta's widgets.

### Strengths

- The widgets provide an easy, non-intrusive way to add externally facing social features to websites.
- Sparta concentrates on developing technology for clients, rather than establishing a widely recognized social media product brand.
- Sparta can provide a wide range of discrete widgets, supported by an underlying community platform.

### Cautions

- Sparta is a small company (15 employees) with a consulting-type business model that will be difficult to scale.
- Sparta has not focused on developing sales and marketing channels.
- Sparta products are not designed for very large or Web-scale communities. Typical communities range from 10,000 to 100,000 users.

## Telligent

Telligent has focused on building communities both inside and outside enterprises.

### Strengths

- The company has succeeded with externally facing customer community sites, offering a comprehensive set of capabilities including strong social analytics.
- Telligent has social technology products directed at externally facing communities (Telligent Community) and at workforce implementations (Telligent Enterprise).
- Telligent offers flexible licensing options.

### Cautions

- Telligent must continue to expand its presence in the high end of the market in order to consolidate its position.
- The company's strong ties to Microsoft technologies may limit its appeal to some organizations.

## Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by the vendor.

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.