

Market Share

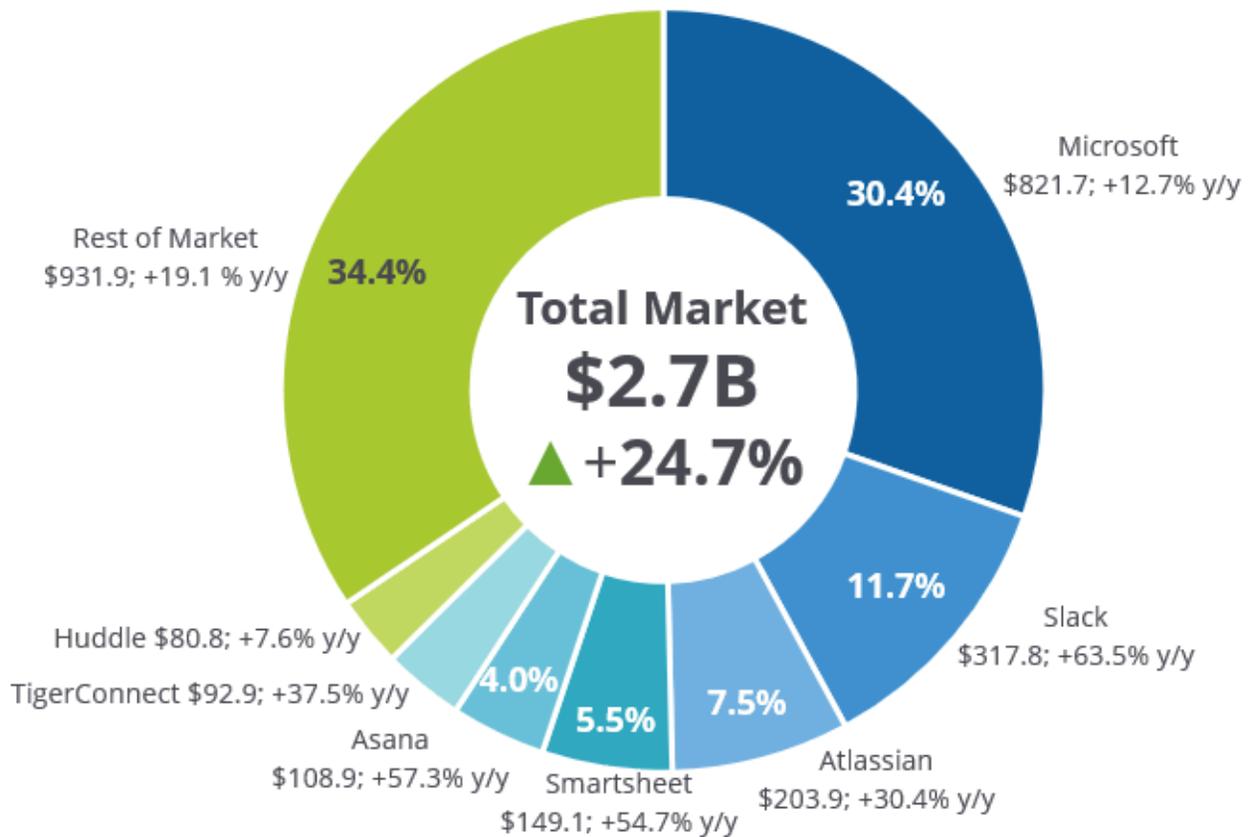
Worldwide Team Collaborative Applications Market Shares, 2018: The Battle for the Workspace Begins

Wayne Kurtzman

IDC MARKET SHARE FIGURE

FIGURE 1

Worldwide Team Collaborative Applications 2018 Share Snapshot



Note: 2018 Share (%), Revenue (\$M), and Growth (%)

Source: IDC, 2019

EXECUTIVE SUMMARY

The worldwide team collaborative applications market continues to accelerate as collaboration becomes a key component of the future of work in a digital enterprise. The market is growing in revenue, leveraging IT integrations to both bridge functions and the enterprise. The market continues to move to the cloud and emphasizes usage across devices.

The total worldwide team collaborative applications market grew at 24.7% year over year, up from 21.5% growth the previous year. Growth was powered by the adoption of solutions that made working together more agile and seamless and favored solutions with integrations that centralize work, assets, and communications, including messaging and chat. In short, applications that made it easier to get work done by bringing content, context, and communications in a single place.

Feeling the pinch to produce more with less, organizations have turned to collaborative applications to streamline workflow and engage employees, partners and, increasingly, customers. They are discovering new paths to productivity, a better digital user experience (UX), and loyalty. Companies are developing a new way to work together and across their workforce and the sales continuum. A more technology-savvy and digitally connected workforce is empowering and accelerating this trend. Artificial intelligence (AI) is more common across collaborative solutions and almost expected by employees to automate repetitive tasks. Increasingly, machine learning (ML) and AI will generate new forms of value from conversations, meetings, and other content assets.

Make no mistake, the majority of the lead vendors in this space are heavily invested in the future of work and want to be either your future workspace – where work actually is done – or an application that integrates to facilitate better and more productive results with a better engaged workforce.

New IDC research confirms the top benefits realized with collaboration applications include increased group productivity, saving time, increased personal productivity, and faster time to market/execute projects. Some data points from this research are impressive in demonstrating application's abilities to accomplish these goals. Often, there is a reduction in email and meetings as there is an increase in more real-time relevant communications with a wider group of cross-functional stakeholders and subject matter experts.

Big technology brands expanded their footprint in the collaboration market in 2018. This is helping raise the profile of the benefits of collaboration.

The top 5 vendors in 2018 based on worldwide revenue include Microsoft (30.4% of the market including Microsoft Teams and relevant functionality in SharePoint), Slack (11.7%), Atlassian (7.5%), Smartsheet (5.5%), and Asana (4.0%). This reflects 59.2% of the market.

Notable year-over-year growth in the market came from Slack (63.5%), Asana (57.3%), Smartsheet (54.7%), Wrike (46.3%), and Atlassian (30.4%).

This IDC study examines the vendor revenue performance in the overall team collaborative applications market for 2018.

Collaboration is becoming the key to the digital workplace, not just collaboration technology but the new way of working together that leverages conversations, meetings, and assets across platforms. Collaboration is a fundamental shift from siloed and individual-centric work to integrated team-centric work. AI and ML further enhance collaboration to create new and effective inroads to productivity.

"The rise of the collaborative workforce and workspace is underway. Increasingly, tech-savvy mobile users are ready for collaborative workspaces with deep integrations to the software they use daily. Collaboration is a key element that helps create the future of work," according to Wayne Kurtzman, IDC research director, Social and Collaboration Solutions. "True collaboration is more than just technology: It is refreshing the enterprise culture and willingness to share knowledge to win as a team, to be recognized for contributions, and leveraging people and technologies with agility and an implicit assumption that everyone can add value."

ADVICE FOR TECHNOLOGY SUPPLIERS

Technologies, new feature sets, and integrations are rapidly expanding in this market. Some guidance for vendors providing collaborative applications is as follows:

- **Security, regulatory compliance, and governance are a must.** New compliance certifications were sought by many collaboration vendors, and most are seeking more to grow their potential markets. Security, compliance, and governance are key elements in platform selection. The C-suite, CIOs, and compliance teams are asking about ediscovery, data encryption, data loss prevention (DLP) options, GDPR, employee privacy, and other related concerns. The easier vendors can share their story to prospects, the better the outcome will be.
- **Robust integrations are key – plug into or be plugged into.** Some solutions drive value when they plug into other applications. Yet other collaborative solutions are meant to be plugged into to generate value. At the time this document was written, only Microsoft and Google have the luxury of having it both ways. Neither is better or worse – they are just different sides of the same coin. After security, integrations are the most asked for feature in collaborative applications to "bring all my work in one place." With the API economy, it is more important to get the right content to the right person from the right application, seamlessly, in a way that drives more value from the content, regardless of which business tool is being used. Leverage the API economy to best serve the largest number of people with existing IT solutions. Focus on how AI/ML can augment work by raising the right application, content, and people into an individual's workstream as they need it.
- **The new knowledge workers including connected employees, partners, and customers are redesigning how work is done.** Knowledge workers today are anyone with a desk and company email address or without. More and more, partners and end-user customers are part of the collaboration process. This is true for B2B and B2C companies. The consumerization of collaboration and other mobile technologies has created a collaboration-ready workforce. Partners and customers are slowly moving from the buyer/seller relationship to a maker/partner relationship, where they are willing to help some businesses improve their offerings. Vendors must focus on the wider collaboration expectation, with an understanding that most programs start internally. There is also a need for ample head count, increased governance, and moderation for community success, just as there would be with an in-person community.
- **Artificial intelligence and machine learning scales (almost) everything.** Using AI or ML to reduce manual or repetitive tasks is the low-hanging fruit that users are coming to expect. Today, most of the U.S. households now talk to "cylinders" on tablets that answer back (think Alexa and Google Home) and people are starting to expect that same ease of access to information at work.
- **Make analytics new and relevant.** This is not a time for vanity metrics, but metrics that can help develop insights in a digital business. Executives need to consider that the metrics of the

1800s may not be as relevant in a digital world. Communities rarely have an ROI (or the measurements required to fill an ROI equation), but then again, conversations rarely have an ROI. Metrics are moving from data point measurements to outcomes to root causes to knowledge that drive predictive results. This increases the value of integrated systems content, collaboration, and problem-solving skills derived from the community platform. Vendors are starting to leverage integrations with the IT stack to change what metrics can be captured, and how they can be correlated to deliver new, meaningful data points. The future metrics will go beyond dollars and will focus on creativity, collaboration, problem-solving, team dynamics, causes, and outcomes at macro and micro levels.

- **Manage institutional knowledge.** The ability to capture, codify, and dynamically surface past knowledge available as it is relevant has been a holy grail for decades. AI/ML, a highly integrated IT stack, and a collaborative platform and workforce offer new possibilities to fulfill the promise of true knowledge management.
- **Vendors must scale global talent and user experience.** People around the globe are more connected and tech savvy, and they expect that new same frictionless ecommerce type of experience whether they are a customer, partner, or employee. Vendors must focus on user experience, and how it may differ by role and region. The best collaboration implementations take advantage of the opportunity to leverage global subject matter experts to make an impact, whether they are key team members or peripheral to a team. Vendors must make it easy to introduce different cultures, new ways of thinking, and problem-solving and facilitate rewarding the best teams and talent, while fostering emerging talent.
- **Collaboration is often learned.** Collaboration can be unlocked with mentoring, modeling, and the right platform. Not everyone is experienced at collaboration. Like every community, online or offline, active facilitation is critical to faster and deeper adoption and faster and sustained ROI.

MARKET SHARE

The worldwide team collaborative applications market grew 24.7% year over year to \$2.7 billion, increasing from previous year's 21.5% growth rate.

Refer back to Figure 1 for the top vendors by revenue share along with their respective growth. Table 1 provides this information for 2016-2018 for all the top vendors from the team collaborative applications markets.

The top 5 vendors measured by share of revenue were Microsoft (30.4% of the market including Microsoft Teams and relevant functionality in SharePoint), Slack (11.7%), Atlassian (7.5%), Smartsheet (5.5%), and Asana (4.0%). This reflects 59.2% of the market.

Notable year-over-year growth in the market came from Slack (63.5%), Asana (57.3%), Smartsheet (54.7%), Wrike (46.3%), and Atlassian (30.4%).

Table 1 displays 2016-2018 worldwide revenue and 2018 growth and market share for the team collaborative applications market.

TABLE 1**Worldwide Team Collaborative Applications Software Revenue by Vendor, 2016-2018 (\$M)**

Vendor	2016	2017	2018	2018 Share (%)	2017-2018 Growth (%)
Microsoft	702.2	729.2	821.7	30.4	12.7
Slack	101.8	194.3	317.8	11.7	63.5
Atlassian	109.1	156.4	203.9	7.5	30.4
Smartsheet	60.0	96.4	149.1	5.5	54.7
Asana	30.3	69.2	108.9	4.0	57.3
TigerConnect	50.0	67.6	92.9	3.4	37.5
Huddle	59.7	75.0	80.8	3.0	7.6
Wrike	40.7	50.2	73.4	2.7	46.3
Symphony	38.2	50.0	68.3	2.5	36.5
Cybozu	45.2	54.3	59.0	2.2	8.6
Weaver	37.4	42.1	48.6	1.8	15.2
Salesforce.com	29.5	32.3	36.1	1.3	12.1
Seeyon	23.0	27.6	32.6	1.2	18.2
D-Circle	28.6	30.7	32.5	1.2	5.9
Smartdot	17.5	22.2	26.2	1.0	18.3
BlackBerry	23.7	22.6	22.5	0.8	-0.7
Flock	-	7.4	21.0	0.8	185.4
Cisco	11.8	20.7	20.7	0.8	0.2
Interact Software	11.6	14.8	18.9	0.7	27.6
Dell Inc.	19.3	18.7	18.4	0.7	-1.7
PGi	8.9	10.5	12.2	0.5	16.6
Kingdee	-	6.9	11.2	0.4	62.2
IBM	9.3	9.9	10.6	0.4	6.7
Moxtra	5.2	7.3	10.1	0.4	38.0
Other	323.8	354.4	409.4	15.1	15.5
Total	1,786.9	2,170.8	2,706.9	100.0	24.7

Source: IDC's Worldwide Semiannual Software Tracker, April 2019

WHO SHAPED THE YEAR

This is a breakout year for the team collaborative applications market, with growth of 24.7%.

The growth in all segments of this market featured numerous companies that shaped the year.

Microsoft

Microsoft created its collaboration experience around its Office ecosystem. Microsoft became active in the collaboration market beyond SharePoint and Skype for Business with the more formal rollout of Microsoft Teams (Microsoft Teams and a portion of SharePoint are covered in this document). It is clear that Microsoft is serious about this market. Skype for Business will and arguably has already become part of Microsoft Teams and provides a better meetings experience than the standard Skype for Business. Leveraging its installed base created a lot of buzz quickly, and Microsoft Teams has grown to be a de facto challenger in the market. Just over two years old, there are still user experience and functional improvements that could help Microsoft Teams become a more significant option in this market, including developing greater deep integration to more of the IT stack, which appears to be underway.

Slack

Slack proved that it is feasible and necessary to bring people, applications, and information together in a new way and created a new class of software "where work happens." It rightfully claims, "Slack gets more valuable as companies use more software," as integrations are key to greater productivity in Slack. This will be a continuing focus for Slack. The adoption and expansion of enterprise features with Slack Enterprise Grid filled in a big gap and now demonstrates that it can better scale into larger enterprises. The additional compliance certifications, deeper integrations with some 1,500 products, and a growing list of companies that want to be associated with Slack have helped gain impressive global brands across very varied vertical markets. With a 2019 IPO, it is still the benchmark for comparison in this market.

Cisco

Despite low revenue volume in this document (as Webex Teams became part of the Webex offerings during 2018), Cisco created its collaboration experience around its conferencing products. The company wanted to "change how people expected to be connected" at work. New collaboration leadership at Cisco continued to upgrade its Webex Teams and Webex Meetings offerings with deeper third-party integrations, accelerating intelligence and ease of use. Now under its Cognitive Collaboration banner, the Webex graph cognitive intelligence is becoming central to the Webex meeting experience and progressively the work experience. The most impressive is delivering insights and relationship intelligence regarding who is joining you in a meeting, driven by AI-powered news and social aggregation. This is enhanced with Active Directory integration for internal employee insights. Cisco has covered a lot of ground in two years, including the simplification of pricing and continuous feature growth. It is moving to blend the cloud-based Webex Teams with the on-premise Jabber solution, making the company one of the few in the market to straddle both deployment types.

Smartsheet

Smartsheet found another successful year with a different take on team collaboration and adds an array of tools from workflow and grids to dashboards and portals. Strong integrations, including other collaboration applications, add depth and flexibility at user and admin levels. While integrations with

other collaboration platforms make Smartsheet more powerful, its outstanding growth signals that it has found a place in the enterprise market.

MARKET CONTEXT

The team collaborative applications market continues to accelerate, driven by the consumerization of mobile technologies. With Slack talking about going public (which it did in 2019), and Microsoft and Cisco, among others, focusing on a collaboration narrative, the C-suite is starting to realize the importance of this market to their success.

Feeling the pinch to produce more with less, organizations have turned to collaborative applications to leverage problem-solving skills, streamline workflow, and better engage employees, partners, and customers. They are also seeking new ways to accomplish work faster, better, and quicker. People in general have become more tech savvy with their mobile adoption: if you need to learn something, use a search engine; if you need to collaborate, download an app. The business challenge is providing a broad collaborative IT stack, so their employees don't use consumer-grade apps that lack compliance and governance.

Collaboration is not just the new "shiny" product on the market but has clear paths to significant business gains when team collaborative applications are deeply adopted.

The centralization of conversations and content (including video, calls, documents, and meetings) with context is a powerhouse of potential. The more robust the APIs available to a collaborative solution, the better is the chance that data from different silos can be leveraged together. Adding artificial intelligence will create a seamless work experience in the collaborative environment. This will effectively centralize workflows while making new insights more readily available.

AI is rapidly being deployed in collaborative applications, mostly to reduce repetitive tasks and, in some cases, transcribe meetings and call out important content. Best-in-breed solutions also identify workload and suggest key users based on their ability to execute the team mission, help work/life balance, automatically assist with deadline balance, and identify and leverage best practices found in other groups.

Other key market drivers include:

- **Automation and AI:** Automating workflows, repetitive, or mundane tasks through rules or AI is a time saver and a frequent use case. AI's impact will exponentially grow in automating tasks from conferencing to anticipating needs. It will also leverage content with new and existing data to deliver new insights at the user, team, and enterprise level.
- **We > Me. Make conversations scale:** Messaging is everywhere, and everyone uses it – so why not let your business persistent messaging scale? Solutions that add conversations along with relevant content and artifacts create very valuable *context* that accelerates onboarding and teamwork. Easy consumer-style user experience is a key to adoption.
- **The multiverse of devices:** Users frequently jump between connected devices, even in the office. Best-of-breed solutions bridge every device to support users wherever they are.
- **Video:** Video jumped from a nice-to-have feature to a must-have. A new generation of users are using video in chat and messaging by default, and emerging technologies will be able to leverage video into tangible, necessary data. It also opens the door for augmented reality (AR) in the not-to-distant future.

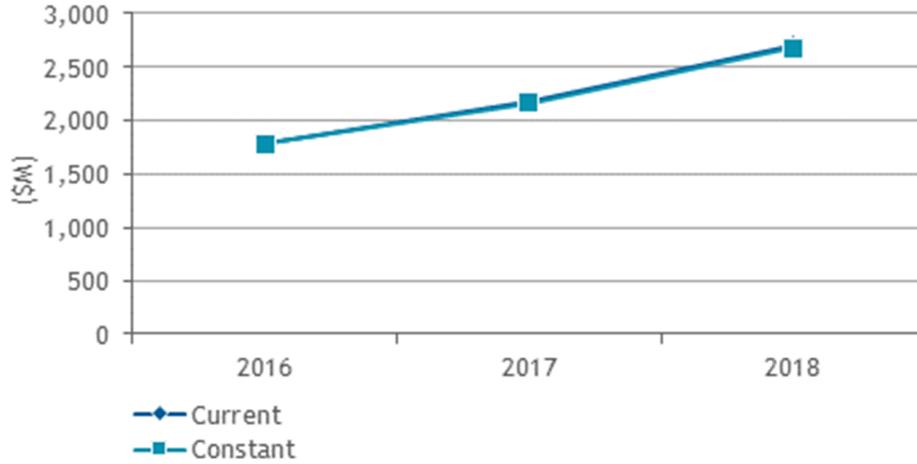
- **All workers are now knowledge workers:** Many leading companies in this market are turning to a frequently ignored class of workers: those that are remote, without company email or desks but are often with smartphones. They are also frequently customer facing. For the tech buyer, this creates an opportunity to seriously engage these workers, to add governance (because many are using commercial messaging apps to get work done), and to capture and leverage the knowledge they have. For the tech vendor, it creates a new revenue stream of workers who were not truly connected to the company. Early adopters of this strategy are reporting some impressive use cases.
- **Partner and customer collaboration:** Leading companies are adding partners and even customers to closed collaboration groups to reduce development time, be more responsive, and grow brand loyalty. These groups most often reach to all departments, not just sales or support. Your partners and customers are evolving into partners helping your company.
- **People first:** Collaboration is more about people than technology. The companies that see the biggest benefits from collaboration often roll the platform out globally, have trained mentors in each department (often not managers but peers can help mentor others), empower working across silos, and have clear rules when setting up a group with outside partners or agencies. Most of all, they are rewarding these behaviors that have both top-down and bottom-up support. (For more information, see *Nine Cultural Collaboration Accelerators*, IDC #US44662019, June 2019.)

IDC includes constant currency measures in our market share documents to provide an indication of overall market developments excluding the effects of fluctuating exchange rates. The valuation of the U.S. dollar was relatively stable over the course of 2016 and 2017 compared with most other currencies and continued to be stable in 2018. The valuation of the U.S. dollar compared with most other currencies dropped slightly in 2018 compared with 2017.

The 24.7% current currency or "as reported" growth in 2018 translates, when ignoring the impact of exchange rates, to a constant currency growth of 23.9%. This is an important distinction as readers of this document digest its content. Considering constant currencies, IDC is seeing slightly weaker growth in software revenue than what the current currency revenue estimates indicate (see Figure 2).

FIGURE 2

Worldwide Team Collaborative Applications Revenue, 2016-2018: Current and Constant Currency



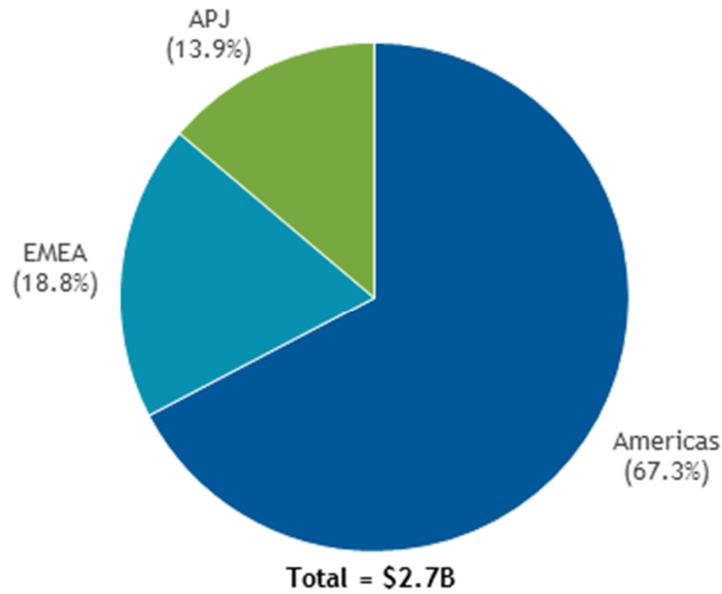
Source: IDC's Worldwide Semiannual Software Tracker, April 2019

The Americas represent the majority of collaborative applications revenue dollars. As a percentage, the Americas grew its slice of all revenue at 0.8 percentage point over last year. As compared with last year, EMEA growth slowed slightly and APJ growth increased slightly.

Revenue in this category is increasing in all geographies (see Figure 3).

FIGURE 3

Worldwide Team Collaborative Applications Revenue Share by Region, 2018

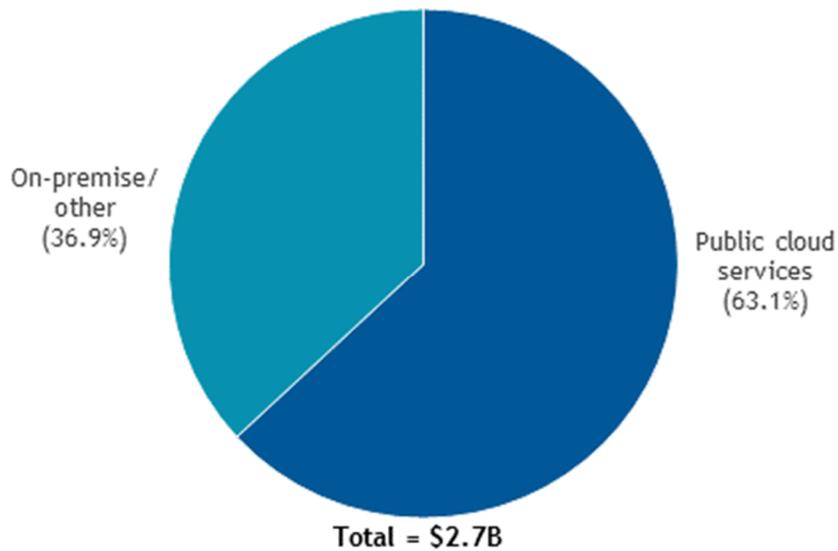


Source: IDC's Worldwide Semiannual Software Tracker, April 2019

Currently, 63.1% of collaborative applications are in the public cloud. This is an increase of 4.5 percentage points over last year (see Figure 4). The number is lower than expected because of on-premise SharePoint revenue, which brings team collaborative application functionality that is often onsite.

FIGURE 4

Worldwide Team Collaborative Applications Revenue Share by Deployment Type, 2018



Source: IDC's Worldwide Semiannual Software Tracker, April 2019

Significant Market Developments

The significant market developments this year include:

- **The collaboration imperative arrived.** The average connected consumer/workforce member had a smartphone and could collaborate easier at home than at work. This opened the door for an influx of consumer- and business-grade solutions as the consumer was technically ahead of the business. IDC research shows that nearly 80% of all collaboration programs start at the line-of-business level and 56% start as "unsanctioned" by IT.
- **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. The majority of vendors in this space are cloud only, with several using private cloud.
- **AI arrived.** As promised, artificial intelligence is becoming a norm in collaboration offerings. Some implementations are subtle but becoming more obvious. Expect the use of AI-powered chatbots and AI for a variety of use cases to appear in all the leading solutions for every submarket in this document.
- **Integrations.** Adding common functionality such as Office 365 and Google Suite and other business applications translates into greater collaboration and productivity in fewer steps. Some leaders in this market offer hundreds or thousands of seamless integrations that help solutions easily cross business functions. Also note, not all integrations are created equal: some applications leverage them better than others. Directionally, this feature – and its ease of use – will be key in creating the workspace of the future.

- **Collaboration 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, fewer meetings, greater data capture and quantification, and more effective machine learning-driven data reuse.
- **Realization – collaboration is more than a technology solution.** Perhaps the most important realization in collaboration and many digital solutions is that the rules are different. The same dynamics that make an offline (in real life [IRL]) organization successful, such as onboarding, shared purpose, and moderation, are also in play in enterprise or team collaboration. (For more information, see *Nine Cultural Collaboration Accelerators*, IDC #US44662019, June 2019.)

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, 2018: Update* (IDC #US44835319, February 2019).

Bottom-up/company-level data collection for calendar year 2018 began in January 2019 with in-depth vendor surveys and analysis to develop detailed 2018 company models by market, geographic region, and in some cases 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

Collaborative Applications

Collaborative applications enable groups of people to work together by sharing information and processes. Definitions of the market in this document are listed in the section that follows.

Team Collaborative Applications

Team collaborative applications (TCAs) provide a workspace and an integrated set of web-based tools for an ad hoc, unstructured, and document-centric collaboration between groups or individuals

between known domains. A TCA can be represented by secure "rooms" that contain documents, chat history, and transaction history to maintain a persistent auditable history or a more multipurpose shared workspace where users are able to store, access, and share files. Administration is primarily performed by a known user (that governs access rules), but IT administration controls/management may also be possible. TCA solutions may also allow directory integration, policy management, and integration with social collaboration tools (content shared within the social context of newsfeeds or groups). Communication within the TCA environment is mostly asynchronous, business to business (B2B), and closed to a specific set of eyes.

The following are representative vendors and products in this market:

- Slack
- Microsoft (Microsoft Teams)
- Huddle

Team collaborative applications designed for a particular vertical market such as manufacturing product design or life-cycle development (product data management [PDM] and product life-cycle management [PLM]) or application development code sharing are not included here.

RELATED RESEARCH

- *Worldwide Enterprise Social Network Applications Market Shares, 2018: Growing Need for Collaborative Communities* (IDC #US44663219, forthcoming)
- *Worldwide Enterprise Social Network Applications Forecast, 2019-2023: Conversations on Customer's Terms* (IDC #US44663119, forthcoming)
- *Worldwide Collaborative Applications Market Share, 2018: The Future Is Collaboration* (IDC #US44662719, June 2019)
- *Worldwide Collaborative Applications Forecast, 2019-2023: Accelerating Enterprise Collaboration* (IDC #US44662519, June 2019)
- *2019 Collaboration Study: The Collaborative Workforce* (IDC #US45306020, June 2019)
- *Nine Cultural Collaboration Accelerators* (IDC #US44662019, June 2019)
- *Worldwide Semiannual Software Tracker Methodology, 2H18* (IDC #US44834819, April 2019)
- *IDC's Forecast Scenario Assumptions for the ICT Markets and Historical Market Values and Exchange Rates, 4Q18* (IDC #US43652019, April 2019)
- *IDC's Worldwide Software Taxonomy, 2018: Update* (IDC #US44835319, February 2019)

About IDC

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