IDC MarketScape

IDC MarketScape: Worldwide Online Communities 2016 Vendor Assessment

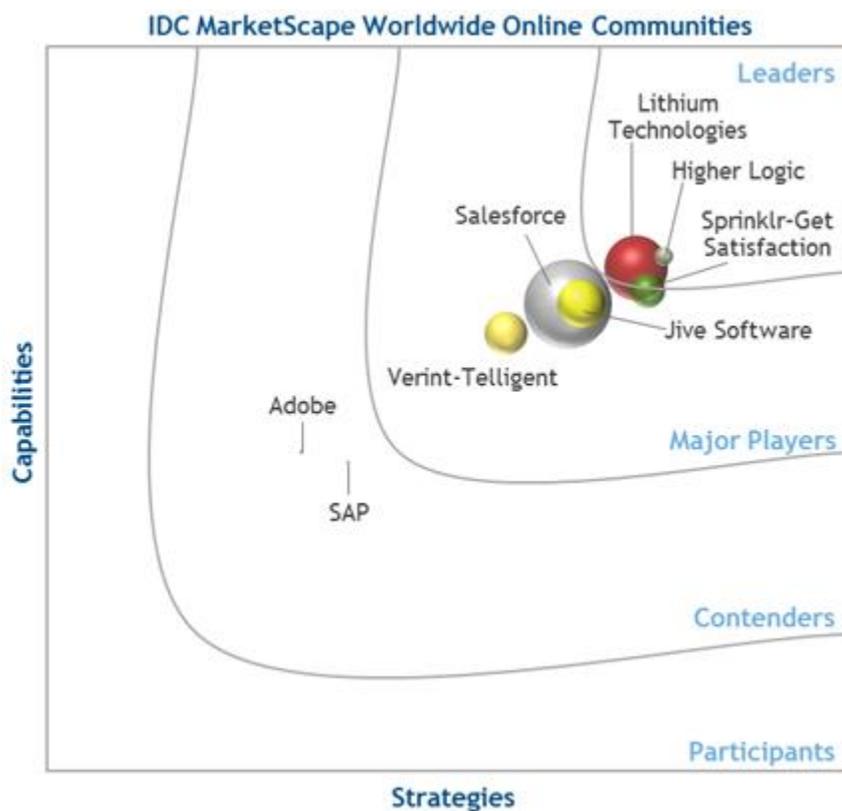Vanessa Thompson   Mary Wardley

THIS IDC MARKETSCAPE EXCERPT FEATURES: HIGHER LOGIC

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Online Communities Vendor Assessment

Source: IDC, 2016

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Online Communities 2016 Vendor Assessment (Doc # US41686916). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Organizations have become laser focused on meeting (and/or exceeding) the increasingly challenging expectations of their customers. At the same time, they are aiming to deliver ongoing conversations with customers. These ongoing conversations are particularly suited to online communities where brands can quickly build a trust relationship with customers, employees, partners, and suppliers. Beyond this, there is an opportunity for online communities to become marketplaces of their own where partners and suppliers are able to start transacting in the community to help solve other customer or partner questions. Currently, communities sit between multiple internal systems, including service, commerce, and marketing automation systems. At a minimum, community solutions should offer some basic integration between these key business systems so that an organization can get a broader view of interactions across the business. In addition:

- Supporting early stage relationships with a streamlined mode of communication, like a community solution, will create the difference between a simple connection and an ongoing engagement with a customer, partner, or supplier.

- With the increasing volume of information and data coming from new channels, a single consolidated community is able to become the backbone of brand communication. Information from across all new and existing marketing, sales, and service channels can be fed into the community to create an aggregated dashboard and to enable cohesive collaboration of employees, customers, partners, and suppliers.

- Measuring operational effectiveness is becoming increasingly complex and will quickly become even more so. For a brand to deliver assets into these new channels and manage continuous and incremental investment, a flexible community platform needs to be in place to grow and extend with business needs and to meet granular requirements.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This IDC MarketScape looks at online communities vendors. The criteria for inclusion of vendors in this IDC MarketScape analysis are as follows:

- Vendors must offer proprietary online communities that have threaded comments as the core solution feature. Any delivery model is acceptable (e.g., on-premises, software as a service [SaaS], and hosted).

- Annual revenue from online communities (or the parent company) must exceed $10 million in sales.

- Vendors must have a presence in the United States.

The online communities in this study were reviewed as they were in general availability as of July 2016.

ESSENTIAL BUYER GUIDANCE

The vendors in this analysis are all worthy of consideration and bring varying strengths and challenges to the fore. Communities buyers should consider the following to help them make a decision that best meets their organizational needs:

- **Sophisticated platform analytics.** Vendors like Lithium Technologies have data scientists working on anonymized interaction data across all of their communities. That means they are able to provide extremely detailed benchmarking data for industries and specific business functions.

- **Automating tasks of the community manager.** Many community managers have another job. In other words, they don't have a lot of time to dedicate to managing and maintaining a vibrant community. Higher Logic has created detailed triggers that enable community managers to take quick action on certain behaviors they see in the community. Some basic examples may be that an email can be sent to community members who have signed up within 30 days but not logged back in or added a profile picture. Automating these basic activities can create great efficiencies for time-poor community mangers.

- **User interface (UI)/user experience.** Are you looking to deeply integrate your community solution into your digital assets or your commerce experience? If this is the case, you could look at solutions like Adobe Experience Manger (AEM) Communities (direct integration with Sites) or SAP Jam Communities (direct integration with Hybris Commerce). User contexts that persist across an organization's online presence (commerce, community, mobile, support) are essential in enabling customers to complete the task at hand and in creating a consistent customer experience.

- **Connecting directly to customer data.** Solutions like Salesforce Communities and SAP Jam Communities are built on platforms that have originated from customer information systems. This inherent relationship with customer data and other common objects like reporting are an advantage if you are looking for a community that you can package with other investments.

- **Internal versus external communities.** It's increasingly important to think about the relationship between the employees and how they connect alongside the vision for the customer community. Enabling employees to connect directly with customers and other employees on the same platform is beneficial. Jive Software announced the Work Hub in March 2016, which brings together both community assets in the same platform where a user could switch log-ins between employee and customer sites. A benefit of this approach may be where there is additional workflow or action required by an employee based on interaction in the community.

- **Open APIs driving community as a service.** Telligent, a Verint company, has made the deliberate decision to be open with platform architecture posting product samples and product extensions to GitHub. The company has exposed internal API and core services, things like membership, email, comment, like, and mention via a set of webhooks, RESTful APIs, widget APIs and in-process APIs. This microservices-driven approach means a customer can connect his or her own customer experience touch points to the product but also develop additional functionality alongside the existing product construct. SAP Jam communities have a similar microservices-driven architecture being built upon the Hybris YaaS platform. Both companies have fully grasped the extensibility required in the next wave of evolution for the communities market where communities become a fully connected extension of a brand presence.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Higher Logic

Higher Logic is positioned as a Leader in this IDC MarketScape. Higher Logic, based in Arlington, Virginia, is a private company founded in 2008. Higher Logic is one of the smaller community providers included in this IDC MarketScape with approximately 100 employees; many of the other smaller providers have been purchased as a means to enter the communities marketplace quickly. Higher Logic has found resonance among customers that are member based as an entity and, with its focus on proving ROI outcomes and integration, is attracting customers in larger organizations.

From an integration standpoint, Higher Logic offers a fundamental perspective toward integration with existing corporate databases (i.e., CRM software applications and the ecosystem around those applications and the core data stores in those systems). To Higher Logic, these are databases of customer information to read from/write to so that a customer profile and record of activity can be created and maintained. Integration options include connectors and integrations developed by Higher Logic, open APIs, and web services. Through the use of its rules capabilities, over 60 integrations to other products, and approximately 110 tracked activities within the platform, automation for recording and acting on certain member behaviors can be prescribed by community managers, making their jobs far more automated.

The Higher Logic platform supports threaded comments and a methodology for surfacing the right answer to the top. In addition, the conversation thread can be executed through email. While most communities advocate an "email" or "community" philosophy of communication, Higher Logic supports the conversation and its thread, whether natively in the platform or through email.

Higher Logic's analytics capabilities are used to populate dashboards, fuel KPIs and reports, and kick off automation rules. Using standard query logic against stored values, administrators can automate processes that had previously been performed manually or could not be performed at all. The product supports the use of badges and ribbons earned by the profile owner.

Mobility functionality includes responsive web pages, HTML5, HTML5-compliant design and experiences through the Bootstrap front-end framework, and native apps for iOS, Android, and Windows Phone. In addition, because the core Higher Logic communications product, Discussions, allows all user functionality to occur through email as well as a browser, functionality to support reading, posting, and other features within email allows these functions to be accomplished within wearable and nontraditional platforms.

Strengths

Higher Logic's attention and focus on easing the community manager's life come through in the company's feature set, product organization, and customer base. The abilities to manage the paywall and control and expose content based on membership levels, help a community manager through automation rules, and use groups and reporting and analytics give the company strong marks for usability and providing the needed capabilities to community managers. Its integrations, wide range of

mobility options, and email support provide a flexible platform that is focused on user adoption and engagement.

Challenges

The biggest challenges for Higher Logic relate to its size and the dynamics of the community market. The long-term outlook for Higher Logic is that it could be purchased by another company seeking to enter the community space. However, even if this were to occur, given Higher Logic's integration focus, users should not worry about the product being discontinued or subsumed. This is too good a product to shelve, and the purchasing company would be buying it to get a strong foothold in the community space. Despite Higher Logic's focus on surfacing KPIs and integration, some organizations might find the need to move data out of the product into a visualization tool an added complexity. Higher Logic integrates to Tableau for this purpose.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Online Communities

Online communities enable the collection and incorporation of user-generated feedback and ideas (content can include files and rich media) and may also include capabilities such as blogs, discussion

forms, profiles, tagging, comments, and ratings/ranking. Communities operate on owned digital properties and can be customer, employee, or partner/supplier based and serve a specific member/community-based organization. Solutions may enable aggregation of external social data sources into owned sites through social log-in and social plug-ins (including proprietary connectors, web services, or iFrames).

The online communities market definition excludes:

- Social analytics functionality included in any of the CRM segments of sales automation, marketing automation, customer service, or contact center
- Social media publishing capabilities; this also includes social media ad placement

Strategies and Capabilities Criteria

The importance of a firm's characteristics to project success and relevance of the particular issue combined with IDC's opinion about the impact those elements have on the selection of firms implies a unique weighting of these elements when evaluating a firm's overall strategies and capabilities to address market opportunity and realize market success (see Tables 1 and 2).

LEARN MORE

Related Research

- *Worldwide Enterprise Social Networks, Online Communities, and Innovation Management Market Shares, 2015: Innovation at Scale* (IDC #US41576016, August 2016)

Synopsis

This IDC study presents a vendor assessment of the online communities market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate the vendor's ascendancy. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and one another and highlights the factors expected to be the most influential to success in the market, both in the short and the long term.

"IDC's 2016 *Workforce Transformation Survey* shows that building relationships with customers will be the most important business priority over the next 12 months," says Vanessa Thompson, research vice president, Communities and Collaboration for IDC. "Communities are a critical part of managing and maintaining those relationships and the rise in importance of relationships underscores the growing maturity and depth of online communities solutions."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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