

Response to the Radicati Group Study on the Corporate Messaging Market

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I've been an analyst, researcher and consultant in the messaging and collaboration market since 1994. During that time, I've watched Microsoft and Lotus closely, commenting on many of their respective moves directly to clients, and in publications via Ferris Research. This paper is a response to The Radicati Group's recent White Paper, "IBM Lotus & Microsoft--Corporate Messaging Market Analysis" (June 2004), available at <http://www.radicati.com/reports/single.shtml>.

My overall analysis of its White Paper is that it is a headline grabbing publication lacking analytical rigor, logic and appropriate follow-through. The paper is unbelievable in this respect, making me wonder whether it is really an independent publication, or marketing material sponsored by Microsoft. The author seeks to compare two platforms that are entirely different in terms of scope and imagination, and then recommends a path for clients. I strongly believe that the author entirely misses the point, is totally wrong in the commentary on Microsoft's messaging strategy, and therefore provides market share growth figures that are just plain wrong.

Michael's Opening Words

It has always been difficult, if not impossible, for an analyst to compare Microsoft Exchange and Lotus Domino. Whilst both products offer email and calendaring, Domino is also a very powerful collaborative application development platform. Until recently, Microsoft's had nothing on offer that could come close to what Lotus Notes and Domino could provide. Perhaps Office System 2003 offers a competitive platform, but there are multiple downfalls of that System -- no cross-platform support, the need for forklift upgrades, and multiple disparate servers to implement and support. Finally, some of the underlying capabilities -- and I'm thinking of Windows SharePoint Services here -- are weak and not ready for enterprise adoption.

Workplace is IBM Lotus' attempt to deliver an integrated suite of collaborative capabilities built on an open-standards foundation. Workplace encompasses a plethora of collaborative systems within an overall framework, and of which messaging is only one component. Please keep that in mind as you read.

Radicati on Microsoft Exchange

First, let's review -- and comment on -- what the author says about Microsoft's strategy for Exchange.

- p4. *"Microsoft ... focuses on the key concerns of today's corporations, including security, reliability and scalability."*

Yes, exactly, but it has to. Microsoft's products have delivered a very poor track record in the security space, leading to multiple vulnerabilities and problems for its business and consumer customers. Of course Exchange 2003 had to deal with these. Nothing earth-shattering here ... just Microsoft fixing problems *it* created.

- p9. *"Exchange Server 2003 ... [is] designed to encourage current customers to upgrade from legacy versions of the software"*

Disagree. A large percentage of Exchange customers have stayed on earlier versions, particularly Exchange 5.5, because of the huge hurdles that Microsoft constructed to migrating to Exchange 2000 or 2003, primarily the adoption of Active Directory.

- p9. *"Security was a top priority with Exchange Server 2003"*

Agree, but really, so what? Microsoft is fixing problems that it created.

- p9. *"Microsoft ... recently released Intelligent Message Filter, the company's first Exchange-based anti-spam product"*

Agree, but that's not revolutionary. So what?

- p9. *"In May 2004, Microsoft detailed the Exchange roadmap for the next few years [it] will introduce new features ... beginning with Exchange Edge Service, and will continue to issue Service Packs which provide security and other critical updates"*

That's an excuse for a product strategy if ever I heard one: the introduction of one add-on product (Edge Services), and Service Packs to fix problems as they arise. At least with Kodiak, the previous 'strategy' (which Microsoft didn't discuss much), customers had something of a roadmap to work towards, including a new SQL-based version of Exchange sometime in the future. Customers now have no roadmap, that is, a concrete list of features and functions that Microsoft will add to Exchange during the next 5 years. Exchange is a product without a defined future.

- p9. *"Microsoft ... announced that it will extend support for all business and development products ... from 7 to 10 years"*

After putting the hard word on Exchange 5.5 customers ... which made up 60-70% of the installed base of Exchange ... to upgrade to 2000 or 2003, Microsoft found that its customers wouldn't due to the cost and complexity of doing so. Since the hard line failed, it faced either (a) losing the customer base due to its hard line, or (b) extending support in the hope that customers would eventually move. Given the failure on the hard line, what would you choose? This was a retreat on Microsoft's side. Why does the author write about it in such glowing terms?

- p10. *"Microsoft provides customers with an efficient migration path, and the tools to make migrations to the new platform successful"*

A "migration path" ... to anti-spam capabilities? That's pathetic.

- p11. *"Microsoft stripped some extraneous functionality out of [Exchange], making these features available in complementary software products such as SharePoint Portal Server and Windows SharePoint Team Services"*

Disagree. Microsoft gave up on its strategy for turning Exchange into a "Notes-killer", and instead constructed a complex web of inter-related products to deliver an overall collaborative capability to its clients. The technology that Radicati says was 'stripped' out of Exchange was actually new teaming and portal functionality built originally into SharePoint Portal Server 2001 and SharePoint Team Services (the latter was hardly talked about in 2001), and currently in SharePoint Portal Server 2003 and Windows SharePoint Services (WSS). The latter is an integrated component of Windows Server 2003: it offers very elementary collaborative workspace functionality, has multiple problems, and is unsuitable for enterprise deployment at this stage. Actually, I have a paper coming out about this.

- p11. *"Microsoft's new roadmap for Exchange will likely convince users of legacy versions to finally upgrade"*

Disagree entirely. (a) There is no roadmap. (b) Active Directory still remains a huge hurdle to implementation. (c) Did I mention there was no roadmap ... no defined future that a customer can work towards?

Radicati on Lotus Domino and Workplace

Now let's shift to what Radicati says about IBM Lotus Domino and the new IBM Lotus Workplace strategy:

- p6. *"IBM Lotus' messaging software strategy focuses primarily on migrating users of legacy Domino/Notes platforms to Workplace"*

That's sort of true. From my perspective, IBM Lotus has taken the best of what it offered via the Notes/Domino world, re-architected it for a J2EE-world, and introduced it as a second product line. Domino customers can continue to utilize the Domino architecture and platform if that continues to meet their needs, or can migrate over time to the new architecture as the new architecture gains features and functions of value.

- p7. *"IBM Lotus has committed itself to an aggressive dual migration path"*

Agreed, it's very aggressive, but in recent times, IBM Lotus has been able to deliver on its aggressive release timeframes. Unlike ... Microsoft.

- p7. *"Workplace is still a new and untested platform, and much of the functionality promised by IBM Lotus is not available today"*

Agreed, it's an in-development platform, that even IBM Lotus say should be used for testing and evaluation purposes. I thought its strategy of releasing early versions of the software was wise and prudent -- it gives IT administrators an opportunity to see what's coming down the pike, up-skill to be ready to support it if necessary, and to start preparing migration scenarios and test cases.

- p8. *"When Domino reaches the end of IBM Lotus' migration path, it will be a radically different software platform it will feature a vastly different architecture"*

Agreed, and IBM has already pulled this off once in the late 1990s when it took a closed / proprietary system (Notes) and re-engineered it for the Web (Domino). New customer needs, and new technology options, were integrated into the platform to enable it to

continue offering collaborative capabilities as new technologies outside of IBM Lotus were introduced.

- p8. *"The regimen of on-going annual new releases of IBM Lotus software will place a significant strain on IT budgets"*

Yes, true, if the annual releases are discontinuous (like most of Microsoft's are) and break existing things. If they're not, and if, for example, the Notes client upgrades can be delivered seamlessly to end users via the SmartUpgrade capabilities of Notes 6, then it shouldn't be too much of a problem. And maybe IT won't upgrade every year ... there will be releases available on that frequency, but perhaps some IT shops will decide on a two-yearly upgrade cycle.

- p13. *"Over the next four years, many Domino users will migrate away from the platform due to IBM Lotus' end-of-life strategy. While some of these users will transition over to Workplace, we believe that many others will look to competing platforms from Microsoft and numerous other vendors in the messaging software market"*

I believe something different will happen. Firstly, I doubt that many Notes/Domino shops will migrate to Microsoft -- the migration cost is too high, the lifecycle cost of administering an ongoing complex of servers in the Office System is over-the-top, the lack of a roadmap from Microsoft on Exchange is hugely problematic, and the lack of a futures vision and concrete set of deliverables for collaborative elements like SharePoint is equally problematic. For all of those reasons, Microsoft is a bad choice.

Secondly, messaging software—email primarily—does not offer suitable capabilities in-and-of itself for enabling information and knowledge workers to deal with the onslaught of information on a daily basis. Whilst numerous other software vendors have reasonable messaging platforms, IBM has one of the best overall visions (and a set of deliverables to back it up) for delivering to the next generation of collaborative software ... that which integrates the plethora of collaborative tools for users on the front-end, and the set of servers and services to deliver it on the back-end. If you want more concrete evidence, then read Esther Dyson's latest "Release 1.0" paper on Meta-Mail, and in particular the new ideas that Irene Grief's team at IBM Lotus have been working on. If a Domino customer was to migrate away from IBM Lotus, then my take is that it would be due to an desire to embrace one of the alternative 'overall collaboration visions' available, such as that from a Documentum/eRoom, Vignette/Intraspect, or BEA. Microsoft doesn't play here.

The Radicati Conclusions

The Radicati paper fails to take into consideration the impact of other key enterprise IT drivers in its market share projections. Firstly, Microsoft's annoyed many enterprises with its hard line on licensing, and alternatives are under considerations. Secondly, there is a lot of passion in the market for Linux and other open source technologies, and Microsoft will be hit hardest. Finally, security issues -- many of them caused by Microsoft's lack of security consciousness -- will lead many organizations to consider non-Microsoft alternatives. Even CERN said recently that organizations should switch browsers away from Internet Explorer, given the plethora of security threats faced by that platform.

So where does that leave the numerical projections? While I'm unwilling to put precise figures on the market share of Exchange and Workplace through to 2008, I contend that

Microsoft's share will hold steady or decline and IBM's share will hold steady or grow. Again, it depends how we define the market ... if it is just "email seats", then that will be an uninteresting position to examine by 2008.

Michael's Finale

The Radicati paper is just the kind of resource that Microsoft would license and put on its Exchange web site -- it isn't there when I last looked today -- as "independent evidence" that it has a winning go-to-market strategy for Exchange. Since you now know that I *entirely* disagree with the white paper, from my perspective, it is an inappropriate resource for Microsoft to offer. There is no credibility in the analysis, and hence no credibility in the market share projections.

About Michael Sampson

Michael Sampson has been an active researcher, analyst and consultant in the messaging and collaboration market since 1994, working with an international client base in the United States, the United Kingdom, Europe, Australia, and New Zealand, his country of residence. Michael is passionate about helping businesses and government agencies leverage the power of collaborative technologies in the context of their day-to-day work processes for business success and outstanding government results.

Michael established Shared Spaces Research & Consulting to work closely with interesting businesses and government agencies working to develop an all-encompassing collaboration infrastructure by leveraging the power of shared spaces to overcome the limitations of today's inadequate individual communication technologies.

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About Shared Spaces Research & Consulting Ltd

Shared Spaces Research & Consulting fulfils two complementary objectives in the market: to publish thoughtful self-funded vendor-neutral independent research on how businesses and government agencies can leverage the power of shared spaces for enterprise collaboration, and to provide consulting services on shared spaces. Key technologies explored include:

- Collaborative Team Workspaces
- Real-Time Interaction Technologies
- Collaborative Business Portals
- Presence & Availability in Business Applications
- Wireless Collaboration & Messaging
- Collaboration Auto-Discovery.

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