



A Whitepaper for Leading SaaS Providers

Delivering Better Collaboration Solutions via the WebEx Connect Ecosystem

An Independent analysis published on behalf of WebEx.



Executive Summary

This whitepaper will examine how globalization and mobility, as well as escalating competitive forces and corporate productivity requirements, are driving businesses to seek new ways of encouraging stronger collaboration within their workforce and with their customers and partners.

These trends are driving a growing number of organizations to adopt a new generation of web-based, on-demand services which enable workers to better coordinate their work remotely and communicate with their customer and partners externally.

This document will specifically discuss how WebEx's new Connect initiative is uniquely positioned to allow corporations to more fully leverage on-demand services, as well as on-premise software, to better collaborate internally and externally. It will also describe how third-party solution providers can leverage the WebEx Connect platform to better serve their existing customers and gain access to WebEx's worldwide customer base to increase their market penetration.

Introduction

It should be the goal of every corporate executive to create a new level of multidimensional 'collaboration' between employees, customers and business partners to gain this competitive advantage.

In a world where global competition is growing and customer loyalty is declining, corporations of all sizes must re-think how they operate. At the same time, a combination of rapidly changing customer expectations and radically different technological advancements is driving a new generation of on-demand services which are transforming the way organizations operate and innovate.

In order to survive and succeed in this changing business climate, corporations of all sizes must develop new mechanisms to get closer to their customers and business partners to establish a stronger position in the market.

This means they must create new work environments in which geographically dispersed employees can be more productive. And, they must create an atmosphere in which closer working relationships, internally and externally, can generate greater innovation and competitive advantage.

It should be the goal of every corporate executive to create a new level of multidimensional 'collaboration' between employees, customers and business partners to gain this competitive advantage. And, being a part of a multi-directional 'ecosystem' in which this form of collaboration can prosper should be a pivotal component of a successful action plan for independent software vendors (ISVs).

On-demand services and Software-as-a-Service (SaaS) solutions have become the preferred mechanisms for organizations to better leverage the power of technology.

Rather than contend with the endless hassles and escalating costs historically associated with traditional, on-premise, hardware and software products, today's on-demand services and SaaS solutions enable organizations to more quickly and cost-effectively harness technology to achieve their business objectives.

On-demand services and SaaS solutions capitalize on the ubiquity and real-time availability of the web to deliver a new breed of business applications that offer greater collaboration and productivity features via a 'pay-as-you-go' subscription fee structure.

On-demand, SaaS solutions also eliminate the infrastructure, installation, maintenance and support costs of the past. Organizations no longer have to acquire additional hardware or hire additional staff to support their business requirements. Instead, the SaaS provider assumes this responsibility as a part of guaranteeing the availability and performance of its solutions.

With the rapid evolution of the SaaS movement, the primary focus of individual SaaS providers has been on developing specific point solutions which can be combined into broader, transaction-oriented packages.

Market Forces Changing the Nature of Collaboration

Companies of all sizes are contending with a combination of market trends which are forcing them to seriously reevaluate how they do business. These forces include growing globalization, lower customer loyalty and widening dispersion of today's workforce.

As Thomas Friedman clearly articulated in his book, The World is Flat, globalization has created a new level of competition unseen in the past. This trend has led to the commodization of a wider array of products and the offshoring of a wider range of jobs. Globalization is also lowering the barriers to customer defection, especially in markets in which customers can access goods and services via the web. On the positive side, globalization and the web has also opened new market opportunities for organizations of all sizes, and given them access to a larger pool of workers.

Yet, as the pool of workers dramatically expands, the challenges of effectively coordinating their efforts are also escalating. Whether the workers are located remotely or they are performing functions which require them to be mobile, the reality is that there are fewer circumstances in which they can interact face-to-face with their peers or partners, let alone their customers.

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These demands are driving corporate executives to encourage greater innovation within their organizations to produce a stronger competitive advantage. It has also fueled the growing interest and demand in collaboration solutions, which enable workers and organizations to better coordinate their efforts to achieve their objectives.

While technology has been a key enabler of the globalization process and the dispersion of today's workforce, many corporate executives have been disappointed with the return on investment (ROI) they achieved from traditional hardware and software. And, end-users have grown frustrated with the inability of today's technology to fully meet their daily productivity needs.

Rather than enabling organizations to create closer relationships with their customers or generate greater productivity from their employees, traditional technology has too often become an obstacle to corporate success. As a result, companies of all sizes are seeking new mechanisms to tighten their customer bonds and better coordinate their workers.

The rapid acceptance of on-demand services in the consumer market is opening the door for comparable solutions in the commercial sector to better meet the competitive and productivity needs of corporate executives and end-users alike. Consumers of all ages are becoming more adept with on-demand services like Amazon and Apple iTunes, as well as social networking sites such as MySpace and YouTube. They are also searching for similar services which can be leveraged in the work-world.

These trends are pushing corporations to seek solutions which can create a more collaborative and productive work environment internally, and build stronger working relationships externally with customers and partners. Rather than invest in traditional hardware systems and software applications, organizations are looking for on-demand solutions which can more quickly and cost-effectively meet their needs.

And, in today's increasingly competitive environment, organizations are seeking collaboration solutions which can help be more innovative by encouraging better communications and quicker actions between workers, customers and partners.

How Web Services Are Changing the Nature of Software

Today's highly dispersed workplace and rapidly changing global marketplace is not only changing the definition of collaboration, it is also forcing organizations to rethink their traditional computing architectures.

Just as traditional methods of collaboration are no longer enough to meet organizations' business needs, so too are client-server hardware platforms and software programs falling short of meeting their needs.

Today, workers must interact with their peers from remote locations and often away from traditional office settings. They must also communicate with customers and partners in a highly interactive fashion without the benefit of traditional face-to-face meetings.

While a growing number of organizations and individual workers have become adept at using simple collaboration tools, such as web conferencing, they have not historically been able to integrate these with other productivity tools and business applications. Instead, these 'point' products have been aimed at addressing specific tasks.

This approach has been adequate, but does not fully leverage the rapidly evolving, technological advancements surrounding web services. Web services are a set of web-oriented software elements designed to permit interoperable, machine-to-machine interaction over the Internet.

These services use SOAP-formatted XML envelopes and Web Services Description Language (WSDL). They also leverage Asynchronous JavaScript and XML (AJAX), a web development technique which permit more interactive web applications by allowing web pages to exchange data more quickly.

SaaS vendors can also capitalize on a rapidly expanding assortment of application programming interfaces (APIs) which allow them to tie their software functionality together with other SaaS solutions and exchange data between them seamlessly.

These technological advancements have enabled a rapidly expanding array of SaaS vendors to link their individual solutions together into a new set of on-demand capabilities. Their joint efforts are producing *composite applications* which bring together functionality from several different sources to create new software capabilities.

The components can be drawn from legacy applications or web services. These composite applications, or "mash-ups," can be assembled and integrated to create a new set of workflow-oriented capabilities that leverage the web to deliver greater business benefits.

For instance, an instant messaging client can be used to open additional workspaces in a common user interface to permit greater collaborative and productivity-oriented functions to be available.

It can also permit asynchronous storage areas which can be shared by multiple users, as well as synchronized workspaces where data can be shared with backend security authentication.

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Leveraging Partner Ecosystems to Create and Deliver SaaS Solutions

While today's technological advancements are enabling tremendous innovation from a software functionality perspective, it is the emergence of partner 'ecosystems' which has enabled on-demand, SaaS solutions to flourish and be pushed into the market.

Partner ecosystems are built on a common set of business objectives, go-to-market strategies, technology standards, and operating policies and procedures.

Just as enabling technologies, from AJAX to WSDL, have allowed leading SaaS providers to create integrated on-demand solutions, partner ecosystems have established the parameters for SaaS providers to work effectively together.

Partner ecosystems are built on a common set of business objectives, go-to-market strategies, technology standards, and operating policies and procedures.

One of the most prominent partner ecosystems in the on-demand, SaaS market is Salesforce.com's AppExchange. Since its inception in 2005, the AppExchange has attracted over 150 certified partners who have integrated more than 400 applications together that have generated over 150,000 test drives and 14,000 customer installations.

Other companies are also building partner ecosystems to promote their complementary software capabilities and serve their mutual customers. IBM has established a Software-as-a-Service (SaaS) Showcase to support independent software vendors (ISVs) seeking to deliver on-demand services. OpSource has created an Optimal On-Demand ecosystem of enabling technology vendors. And, NetSuite recently unveiled its "Service as Software" ecosystem of SaaS providers delivering vertical market solutions.

A critical component of each of these ecosystems is a common platform on which all of the partners can build their integrated solutions. These platforms include application interfaces and integration tools, packaging and pricing parameters, and marketing and distribution mechanisms.

WebEx Connect Ecosystem for Collaboration Solutions

WebEx Connect will enable an ecosystem of ISVs to create new, composite applications that can be delivered on-demand via the web to support collaboration across multiple organizations.

The combination of escalating customer demands for more powerful collaborative solutions, the availability of more dynamic web services and the success of partner ecosystems have inspired WebEx to create the Connect platform for multi-dimensional and cross-organizational collaboration.

WebEx Connect will enable an ecosystem of ISVs to create new, composite applications that can be delivered on-demand via the web to support collaboration across multiple organizations.

The applications will reside on a shared network, leverage common APIs, utilize a standard user interface, permit business process integration and allow secure data access.

WebEx Connect will enable ISVs and developers to leverage rich development services to create a comprehensive set of on-demand collaboration, workflow integration and cross-organizational data access services.

WebEx also plans to encourage ISVs and developers to develop application 'connectors' which will leverage WebEx's "Connect Grid" global service delivery network. WebEx will also leverage its provisioning and billing mechanisms to distribute and charge for Connect solutions.

Connect partners and developers will gain access to the WebEx customer base of over 25,000 companies and nearly 2 million registered users, and approximately 3.5 million people who use WebEx services every month.

An important differentiator of the WebEx Connect ecosystem is that it will not confine the targets or sources of data, nor require that all applications are “on-demand”, unlike other platforms that require data migration to a proprietary source.

It will also extract relevant data and content from existing on-demand or on-premises applications, such as CRM and ERP, to allow workers to collaborate across departments and organizations.

In addition to leveraging the WebEx global service delivery network, applications and development platform, Connect partners and developers will gain access to the WebEx customer base of over 25,000 companies and nearly 2 million registered users, as well as the approximately 3.5 million people who use WebEx services every month.

The timeliness and attractive attributes of WebEx Connect have been clearly demonstrated by the initial endorsement of the charter members of the new ecosystem, including BMC, Business Objects, DreamFactory, Genius.com, Mindjet, NetSuite, OpSource, SoonR, SugarCRM and Zoho.

How the Connect Ecosystem Leverages WebEx Service Delivery Capabilities

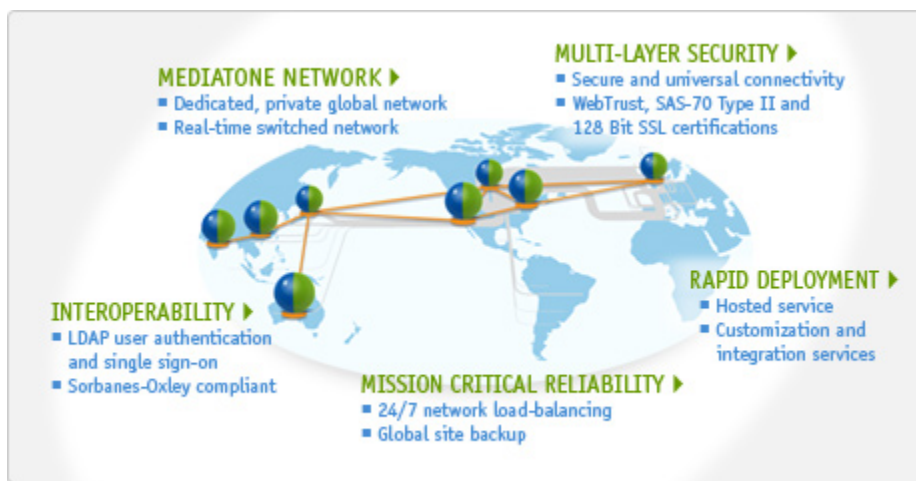
The new WebEx Connect ecosystem has been designed to capitalize on two key competitive advantages—the WebEx global service delivery infrastructure and proven web conferencing capabilities.

Over the past ten years, WebEx has built its success on a secure and scalable, global service delivery infrastructure and versatile web conferencing capabilities which have been adapted to address a variety of business requirements. It also provides provisioning and billing capabilities which can be leveraged by partners.

The key components and attributes of WebEx global delivery capabilities are illustrated in Figure 1 below.

Figure 1

WebEx Global Service Delivery Capabilities



The foundation of WebEx service delivery capabilities is its MediaTone Network which ensures always-on reliability for global multimedia web communications. The MediaTone Network has been architected to provide fault tolerance and transparent fail-over. It leverages a hierarchical topology and global redundant fiber, IP

infrastructure. The WebEx dedicated global network connects 'clusters' worldwide via a WAN and Extranet IP switched grid.

The data centers house leading-edge switches, databases, and web-facing servers which support WebEx and customer-branded portals and API interfaces.

In addition, WebEx has developed a multi-layer security model to protect customer data and partner applications. The security model extends over the following operational levels,

- **Site security** controls password protection, branded-site access, and visibility to scheduled meetings set by meeting administrators.
- **Meeting security** controls attendee privileges, feature access, communication and host/presenter regulated access levels, document usage rights, chat, and other options.
- **Network security** controls document encryption, Secure-Socket Layer (SSL), intrusion control, and admission rights.
- **Physical security** controls access to the data center facilities.

The WebEx security model has been designed to reduce security breaches and thefts of customers' private data and partners' applications, and has received both WebTrust and SAS70 certification.

WebEx global service delivery infrastructure has enabled the company to achieve 99.99% up-time across the MediaTone network. The company's sophisticated load-balancing systems support thousands of concurrent users and can handle sudden peaks in usage. WebEx also employs performance management systems and staff to monitor usage patterns and anticipate demand to minimize service disruptions or latency. WebEx has also engineered its network to support the high bandwidth and availability of its largest global customers.

WebEx service delivery infrastructure and application program interfaces (APIs) have also been designed to support multiple operating systems, including all major versions of Windows, Linux, Solaris/Unix and Macintosh, as well as the majority of browsers, including IE, Firefox and Netscape.

WebEx has also built a flexible billing and chargeback system that supports multiple pricing models, including concurrent ports, per-minute, and named hosts, and can also chargeback departments and apply tracking codes to various meetings. The e-commerce and provisioning back-end has been designed for multi-tenancy from the outset.

In sum, WebEx has created over the past ten years a highly scalable and secure on-demand service delivery infrastructure and administration capabilities which it is now making available to partners. WebEx Connect will support a new set of integrated, web-based collaboration solutions that enable people to work together on tasks and share data in ways not possible in the past.

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Summary and Conclusions

Creating more collaborative work environments and customer/partner relationships is a key to generating greater innovation and building a stronger competitive advantage... WebEx was founded to foster collaboration.

Escalating competitive pressures and accelerating globalization are forcing organizations of all sizes to seek better ways of doing business. They are specifically seeking new methods to build closer bonds with their customers and further differentiate themselves from their competitors.

Creating more collaborative work environments and customer/partner relationships is a key to generating greater innovation and building a stronger competitive advantage.

WebEx was founded to foster collaboration via its web conferencing solutions. It has built a highly reliable and secure, global service delivery network which is, along with development tools and service management systems, which have enabled WebEx to become a leading provider of on-demand services aimed at helping organizations leverage the Internet to improve their collaboration and productivity capabilities.

The new WebEx Connect ecosystem not only provides partners a powerful, worldwide service distribution and application development mechanism, it also offers a very attractive ready-made market of potential customers.

By taking advantage of the Connect ecosystem partners will be able to leverage the WebEx carrier-class service delivery network, they will also gain access to over 25,000 companies and nearly 2 million registered users of existing WebEx services.

This independent analysis was sponsored by WebEx.

About WebEx

WebEx Communications, Inc. is the leading provider of on-demand collaborative applications and services. WebEx applications are used across the enterprise in sales, support, training, marketing, engineering and product design. WebEx delivers its suite of collaborative applications over the WebEx MediaTone Network, a global network specifically designed for secure delivery of on-demand applications. WebEx Communications is based in Santa Clara, California and has regional headquarters in Europe, Asia and Australia. Please call toll free 877-509-3239 or visit www.webex.com for more information.

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THINKstrategies is a strategic consulting services company formed specifically to address the unprecedented business challenges facing IT managers, solutions providers and investors today as the technology industry shifts toward a services orientation. The company's mission is to help our clients re-THINK their corporate strategies, and refocus their limited resources to achieve their business objectives. We help enterprise decision-makers with their sourcing strategies, IT solutions providers with their marketing strategies, and VCs with their investment strategies. For more information regarding our unique services, visit www.thinkstrategies.com, or contact us at info@thinkstrategies.com.