Business Collaboration in the Cloud

Why companies are turning to SaaS solutions to drive productivity across global workforces
Competing in Today’s Complex Business Environment

In today’s increasingly global business climate, companies are expanding operations to many parts of the world in order to secure and optimize talent where it lives. This trend is leading to an explosion of geographically distributed virtual teams.

Global teams face distinct obstacles to collaborating and working together productively. Employees can’t simply walk down to the next meeting room to plan projects, discuss goals, or troubleshoot an IT problem if they are physically located in Palo Alto, Bangalore and Shanghai. Without critical communication skills and supportive tools, virtual teams will fail to collaborate effectively and end up being classified as “low performance” teams.

Companies have turned to technology to improve collaborative efforts. While traditional, pre-Internet technologies were cumbersome, expensive and complex, today’s cloud computing technologies, on-demand applications, ubiquitous broadband access, and mobile technologies have revolutionized the inter-connected workforce. Cloud solutions have proven convenient, powerful, and cost-effective in bringing diverse and distributed teams together.

This whitepaper presents findings from Sand Hill Group’s “Leaders in the Cloud” study to explore the market drivers of cloud computing and on-demand Software-as-a-Service technologies and better understand the benefits of deploying these technologies to solve the complex challenges of a globalized markets, virtual teams, and ever-changing business climate.
Market Drivers:

Global Business and the Cloud Collide

The trend towards virtual offices has been accelerating for the past several years as companies seek new ways to reduce costs of facilities, travel and other overhead expenses. Small and mid-sized companies are driving this trend as they propel the economic growth and recovery of the economy overall.

On the global economic front, emerging markets have recovered faster and emerged stronger from recent economic woes and they continue to drive new growth for established and new companies alike. As these markets mature, they bring more experienced and skilled people to the global workforce causing an increase in outsourcing. Organizations will not only outsource routine management and maintenance work but will also increasingly outsource strategic R&D and other high-value projects that required highly skilled workers.

As the world shrinks and global markets expand, businesses need new ways of connecting and collaborating with each other. Cloud computing promises to enable this future in ways that would have been unimaginable just a few years ago. With cloud-based applications today, companies conduct inexpensive high-definition video conferences with multiple people from around the globe. It’s therefore no exaggeration to call cloud computing the biggest IT transformational wave since the client-server and PC revolution.

Over the past ten years, massively parallel computing and high-bandwidth Internet were commoditized to such a degree that computing resources and applications are today ubiquitously accessible in a variety of ways to everyone on the street - with near instantaneous scalability.

Experts have noted the similarities to the “old” days of centralized time-sharing computing. However, that era never boasted today’s level of democratization and commoditization of massive-scale computing resources and high-speed Internet access at any time in the history of computing.

A perfect storm is forming to push cloud computing forward. First, enabling technologies such as virtualization, open-source, massive-scale automation, and multi-tenancy have matured to the point of widespread adoption. Second, successful vendors and their offerings are filling the market with positive customer experiences. Third, the global recession continues to wring funds from IT budgets and prompt CIOs to look for more ways to save money. Pioneering cloud companies such as Google, Amazon, Citrix, and Salesforce have taken massive scale and automation to unprecedented levels, accelerating the trend towards the industrialization of IT and the utility consumption model.

Many early adopter companies and their IT leaders—particularly in the

“It is a jarring contrast - today’s office is very likely to involve mobile technology in a car, or a VoIP call from a home office, but with the continued popularity of Dilbert comics and the TV hit “The Office,” the old world of cubicles, monitors, fax machines, and water coolers seems to be frozen in time.” – Oliver Marks, Collaboration 2.0 blog on ZDNet
small and medium enterprise space—have experienced some ground-breaking business value from their investment in cloud solutions. A 2010 Sand Hill Group study conducted 40 in-depth interviews with enterprise and vendor executives and surveyed 511 technology decision makers. The resulting “Leaders in the Cloud” report describes cloud computing’s ability to increase ROI, decrease TCO, speed development, improve reliability and renovate the perception of IT in their companies. The result? A more agile, competitive business.

These are but a few of the real-world examples of bottom-line business benefits already being realized by cloud leaders.

The study also found that a whopping 60% of the participants in the survey have implemented cloud solutions. A small portion of small and mid-sized enterprises (SMEs) surveyed have more than 80 percent of their businesses running in the cloud.

“Leaders in the Cloud” also found that SMEs are twice as likely to move their core business-critical services to the cloud as large enterprises (25 percent versus 12 percent). The following chart illustrates the differences between large and small companies. Also, note the very small percentage (4 percent to 6 percent) of companies who have no plans for implementing cloud solutions.

“...Realizing multi-fold decreases in cost compared to traditional solutions...
Developing applications on cloud platforms in 15 minutes.... Creating applications over a weekend...
Consolidating server investments from 13 machines to 1... Reallocating IT budgets from 80 percent maintenance to 80 percent innovation...”
Business Challenges:

**The Obstacles to Distributed Collaboration**

There are three primary challenges associated with a workforce distributed around the world:

1. Poor meeting management and collaboration
2. Lost productivity due to downtime
3. Lack of timely access to information

**Poor Meeting Management and Collaboration**

Distributed and/or remote employees don’t often get the benefit of high bandwidth communication that comes from face-to-face meetings. Some collaborative situations require not just teams from different locations but also teams from different departments such as product management, marketing, engineering, and support to work together to solve their customer problems or design new products and services. Email, telephone, and instant messaging go only so far—they don’t provide a rich communication medium required by people to work collaboratively on presentations, documents, or designs. The high cost of complex collaboration products and low employee adoption have discouraged many businesses from justifying the purchase of such solutions.

The problem is further exacerbated for employees who are on the move—such as sales people—who need to work with their colleagues in other departments or to give presentations or demos to their customers around the world from any location.

Lacking good solutions, companies end up paying more for travel costs and lose considerable productivity and competitive advantage.

**Lost Productivity Due to Downtime**

IT teams are often challenged with providing high-quality support to all employees distributed around the globe. When an end-user’s desktop is down, the remote user often spends upwards of 45 minutes with an IT technician on the phone explaining the problem and trying out solutions proposed by the technician.

Because the end-users may not be technically savvy and because the technicians do not have visual access to the end-users machine, the technicians can take an average of 40 percent to 50 percent longer to troubleshoot a problem than when they have physical access to the machine. Moreover, many employees who work from home have a variety of Internet connections, routers, and firewalls that require more work to troubleshoot. This

“We have very little software running on in-house infrastructure today. We had 55 physical servers and I have a road map to get that down to 6 servers. I have got it down to the 20’s. Overall, I would say, we have 80% of our processes running in the cloud.” — CIO, SME Electrical Engineering Company.

“The challenge was making sure our distributed workforce was able to work effectively and productively with each other. We needed to find technology solutions that allow employees to work with others across the organization just as if they were there in person.” — Eugene Alfaro, Director of Global ITS Services, BigBand Networks.
results in productivity losses for both the end user who is unable to get any work done due to the downtime and for the technician whose overall response time and efficiency goes down.

This challenge has a ripple effect on lost productivity across the organization because other users now have to wait for the technician to be available to solve their problem. Several other business issues emerge out of these challenges, including:

• Increased travel and shipping costs
• Lowered customer satisfaction scores
• Multiple calls to resolve the issue
• Increased overall incident-handling times

“The minute we introduced home users — who are behind a router or firewall — into the equation, we were unable to access their machines to help them, we needed the ability to remotely control machines anywhere on demand, and help users if they’re having trouble with their local computer.” — Ed Erenberg Manager of Technical Development, March of Dimes

Lack of Timely Access to Information

Home-based or travelling employees often need to access their desktops and other network resources from any location whether it be a coffee shop or a hotel room. It is often advantageous for these users to get to these resources from their mobile devices when they don’t have network connectivity at a client site, for example. When such access is not easily available when needed, a number of business implications emerge, including the following:

• Lost business opportunities
• Reduced customer satisfaction
• Lowered productivity
Technology Benefits:

Cloud Computing Improves Productivity

Companies are turning to cloud solutions to overcome the productivity and continuity challenges of distributed workforces. In particular Software-as-a-Service (SaaS) applications which are hosted by the vendor and provided as a service to the end user have made the virtual workplace a reality.

The most popular of these applications enable the following functions:

• Virtual team members can conduct face-to-face meetings in real-time (often with video) and collaborate on projects and share, discuss, and edit project documents, project plans, presentations, and more.
• Users can gain access to their PCs, Macs, documents, presentations, and spreadsheets remotely from any location.
• IT services personnel can remotely investigate and resolve problems with users’ laptops, desktops and mobile devices.

Business Benefits of the SaaS Model

The SaaS model delivers a number of business benefits both from the perspective of both strategic agility as well as cost-efficiency:

“If you look at it over a five- to seven-year time frame and compare the TCO of the SaaS application to the on-premise application, it was more than 25 percent less expensive. It is a much flatter cost line in that your costs are spread out over the seven-year time frame, whereas in your packaged app you pay 60 to 90 percent of it in the first three years. You have to license in one lump sum, you pay for hardware in one lump sum, you pay consultants over the first one or two years to configure it and get it up and running, and you have to hire an internal team.”

—CIO, manufacturing company

• Lower capital costs and flexible pricing models: When using SaaS applications, companies don’t need to make large capital investments on servers and storage nor do they have to pay large up-front license fees and ongoing maintenance fees for the software. SaaS applications are typically paid for on a per-user subscription basis so that companies pay for what they use and increase or reduce their usage allowing them to rapidly respond to business needs. The pricing model also helps companies amortize their costs during trying economic conditions which are forcing businesses of all sizes to cut back on unnecessary capital investments.

• Anytime/anywhere access: Importantly, SaaS applications are accessible from any location with an Internet connection and serve a central location from virtual teams to collaborate and maintain productivity on-the-go.
• **Ease of use, maintenance, and integration:** Companies building these SaaS applications bring a fresh and agile mentality to application design. SaaS vendors are developing applications that are cheaper, easier-to-use, easier-to-configure, and easier-to-integrate with other applications in the ecosystem. All this is adding up to a rich functionality and a far better user experience than traditional on-premise applications.

• **Mature, reliable, and secure:** Companies today have deployed many SaaS applications to do their work. These applications range from e-mail and collaboration products to business systems and Web 2.0 applications. Many of these applications have matured over the years as SaaS vendors took advantage of many new technology innovations of the past decade in multi-tenant application architectures, Web/data architectures, and security architectures. It’s these new multi-tenant technologies that have enabled economies of scale, segmentation and isolation of customers, and operational efficiencies.

• **Seamless software upgrades:** SaaS solutions allow for seamless and frequent upgrades of the application and provide more features at no additional cost to the end users.

The "Leaders in the Cloud" study found SaaS is currently the strategic leader with 70 percent of companies reporting they use SaaS more than the other service models (see chart).

![Cloud Service Model Used Most](chart)

<table>
<thead>
<tr>
<th>Cloud Service Model Used Most</th>
<th>Currently</th>
<th>In 3 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software as a Service</td>
<td>56%</td>
<td>70%</td>
</tr>
<tr>
<td>Infrastructure as a Service</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>Platform as a Service</td>
<td>12%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Sand Hill Group Cloud Computing Survey 2010

At their core, mature SaaS collaboration and virtual team management solutions provide everything from virtual meeting applications to remote trouble shooting of user desktops to secure remote access to desktops and IT resources.

To gain all of these benefits, however, it’s important that the technologies are easy to use, deploy, and administer. Importantly, they should be secure, reliable, and highly available to serve the 24/7 needs of team members working in different time zones and world locations. Finally, they should
have minimum impact on the administration time and effort on IT personnel. This is especially important for companies with limited budgets and small IT teams that need to be extremely productive and respond to their end user needs efficiently.

**Characteristics of an Effective Solution Provider**

When looking for a SaaS vendor, IT leaders must ensure that the vendor provides all of the business benefits outlined above, as well as the core end-user benefits listed below:

**Productive virtual meetings:** SaaS applications must enable faster and more productive virtual meetings that include sharing of documents, project plans, and designs.

**Reduced downtime:** SaaS vendors must provide fast and remote IT assistance to troubleshoot issues by allowing IT to visually see what the user is experiencing and remotely debug and resolve the issue.

**Improved access to information:** Enable employees to securely and remotely connect to the desktops, data, and other IT resources from anywhere. Such flexible access improves employee productivity and satisfaction.

Enterprises of all sizes looking to grow rapidly will need to maximize the productivity of their workforce while reducing the cost and overhead of IT systems. Using cloud-based collaboration systems can help businesses meet the competing demands of global business today.

**The Citrix Online Advantage**

Citrix Online offers a suite of products that solve the collaborative challenges faced by businesses today while also delivering the benefits of cloud computing.

**GoToMeeting®, GoToWebinar® and GoToTraining®**

GotoMeeting, GoToWebinar and GoToTraining provide the sales, marketing, and management teams an easy way to collaborate at a distance, whether it be for a sales presentation or a marketing or training event. This product line offers the following benefits:

- Increased productivity by improving your presentation and collaboration capability
- Significantly reduced travel and operational costs
- Higher sales by enhancing interactions with customers and prospects
- Expanded access to prospects, partners and subject matter experts
- Realized a faster and greater return on investment

---

**SaaS Solution Checklist**

**Business Benefits**
- Lower capital costs/flexible pricing
- Ease of use, maintenance & integration
- Mature, reliable & secure
- Seamless upgrades

**User Benefits**
- Productive virtual meetings
- Anytime/anywhere access
- Reduced downtime
- Improved access to information
GoToAssist®
GoToAssist is a SaaS service that provides IT organizations an easy-to-use way to remotely provide support to their users distributed at various locations. GoToAssist allows a user to request support from a support representative and then allows that representative to view and optionally control the end user’s PC remotely. Because the IT representative has visual access and control of the remote user’s PC, they are able to resolve the problem much faster and transfer basic knowledge of fixing simple problems to the end-users in the process.

GoToAssist customers consistently report the following benefits:

• Increased first-call resolution rates by as much as 70 percent
• Reduced overall incident-handling times by up to 95 percent for more complex cases
• Lower total call volumes due to fewer repeat calls
• Thousands of dollars saved in travel costs
• Customer satisfaction ratings that are consistently in the 90 percent or higher range

GoToMyPC®
GoToMyPC gives employees throughout the organization a secure way to access remote desktops, files and servers from home or while traveling. Consider the following advantages:

• Increased flexibility with access from any Internet connection
• Protection of private data streams – even on a public network
• Ease of set-up and use – no instructions needed
About Sand Hill Group

Sand Hill Group http://www.sandhill.com provides strategic management, investment and marketing services to emerging market leaders. Sand Hill Group is best known for its work in the $600-billion software and services market. As founder of the “Enterprise” and “Software” conference series, Sand Hill Group has been credited with uniting the software business ecosystem of executives, entrepreneurs, investors and professionals. The firm is also the publisher of SandHill.com, the premier online destination for strategic information on the software business. The site and its newsletters are read by thousands of top software industry executives every week. Sand Hill Group also funds primary research into key technology and business model trends that impact the software business.

Report editorial and design by Point by Point Publishing

About Citrix Online

Citrix Online provides secure, easy-to-use online solutions that enable people to work from anywhere with anyone. Whether using GoToMyPC® to access and work on a remote PC, GoToAssist® to support customers or GoToMeeting® to hold online meetings and webinars, our customers – more than 35,000 businesses and hundreds of thousands of individuals – are increasing productivity, decreasing travel costs and improving sales, training and service on a global basis. A division of Citrix Systems, Inc. (NASDAQ: CTXS), the company is based in Santa Barbara, California. For more information, visit www.citrixonline.com.

For a free evaluation of GoToMeeting Corporate, please visit:
www.GoToMeeting.com/s/WReval

For a free evaluation of GoToMyPC Corporate, please visit:
www.GoToMyPC.com/compete

For a free evaluation of GoToAssist, please visit:
www.GoToAssist.com

Copyright 2011 Sand Hill Group

The information contained herein has been obtained from sources believed to be reliable. Sand Hill Group disclaims all warranties as to the accuracy, completeness or adequacy of such information. The Sand Hill Group shall have no liability for errors, omissions or inadequacies in the information contained herein or for interpretations thereof. The reader assumes sole responsibility for the selection of these materials to achieve its intended results. The opinions expressed herein are subject to change without notice. Reproduction of this report in print or electronic form is strictly prohibited without written permission from Sand Hill Group.