

## MARKET ANALYSIS

### Worldwide Enterprise Social Software 2013–2017 Forecast and 2012 Vendor Shares: From ESS to ESN

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#### IDC OPINION

IDC expects deployment of standalone enterprise social software (ESS) to slow significantly compared with the previous forecast as companies seek to integrate and embed social into other primary enterprise solutions to support business-critical decisions and more social workflow. As this process of convergence continues, enterprise social software will grow into enterprise social networks (ESNs) and may not even be called out as a separate market toward the end of the forecast period. In addition:

- ☒ IDC expects the worldwide enterprise social software applications market revenue to grow from \$1.0 billion in 2012 to \$2.7 billion by 2017. This represents an aggressive compound annual growth rate (CAGR) of 22.3%.
- ☒ As a more informal method of communication penetrates organizations, companies will increasingly look to social solutions as decision support and ad hoc work facilitators to support current workflow and enterprise application tasks as well as an alternate to existing communication channels.
- ☒ To enable the core features of enterprise social software to be surfaced inside enterprise workflow, open APIs need to be provided to enable information assets to become productized, syndicated, and distributed as callable IP assets via an API.



## IN THIS STUDY

This study examines the enterprise social software market for the period from 2008 to 2017, with vendor revenue trends and market growth forecasts. Worldwide market sizing is provided for 2012, with trends from 2011. A five-year growth forecast for this market is shown for 2013–2017. Revenue and market share of the leading vendors is provided for 2012.

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## Methodology

See the Methodology in the Learn More section for a description of the forecasting and analysis methodology employed in this study.

In addition, please note the following:

- The information contained in this study was derived from IDC's Worldwide Semiannual Software Tracker database as of May 10, 2013.
- All numbers in this document may not be exact due to rounding.
- For more information on IDC's software definitions and methodology, see *IDC's Software Taxonomy, 2012* (IDC #235401, June 2012).

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## Enterprise Social Software Market Definition

Enterprise social software offerings bring enhanced social collaboration capabilities to users who are either inside or outside an organization's firewall. Those users primarily in non–customer-facing roles are the focus of these solutions, but customer-facing interactions may also occur. Common Enterprise 2.0 functionality offered in enterprise social software solutions include, but are not limited to, activity streams, blogs, communities, discussion forums, groups (public or private), ideas, microblogging, profiles, recommendation engines (content or people), tagging, bookmarking, and wikis. Vendors tracked in the enterprise social software market can offer discrete solutions supporting one type of social functionality (such as community management, ideation, innovation management, or activity streams) or a broad-based platform that encompasses many functionality traits. A variety of deployment options (on-premise, SaaS, hosted application management, or software appliance) are made available.

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## SITUATION OVERVIEW

### The Worldwide Enterprise Social Software Market in 2012

Adoption of enterprise social software has continued to accelerate through 2012, with 79% of respondents to IDC's February 2013 *Social Business Survey* having deployed a corporate-sponsored enterprise social network. In addition, 28% of those respondents noted that they had more than one active network within the company.

Growth has accelerated significantly across almost all industry verticals, with the social workflow, primarily from the activity stream, now being embedded in an increasing set of business processes.

### **Performance of Leading Vendors in 2012**

Table 1 displays 2010–2012 worldwide revenue and 2012 growth and market share for enterprise social software vendors. Year-over-year (YoY) growth for almost all vendors in the market was double digit, with the top 2 vendors IBM and Jive Software exhibiting healthy growth rates at 35.4% and 53.5%, respectively. The fastest-growing vendor in the top 20 was salesforce.com, with a growth rate of 1,118.5%. This astronomical growth was due to the focus of the company on evangelism of Chatter from late 2011 and throughout 2012 and conversion of Chatter Free customers to Chatter Plus, the premium offering, and growth was on a small base.

Figure 1 shows the 2012 revenue share for enterprise social software vendors.

**TABLE 1**

Worldwide Enterprise Social Software Revenue by Vendor, 2010–2012 (\$M)

	2010	2011	2012	2012 Share (%)	2011–2012 Growth (%)
IBM	60.2	105.4	142.7	14.2	35.4
Jive Software	38.6	66.6	102.3	10.2	53.5
Communispace	45.1	59.9	70.8	7.1	18.3
Microsoft	9.6	22.3	44.0	4.4	97.4
Telligent	32.1	38.7	39.1	3.9	1.2
Mzinga	24.0	31.7	38.8	3.9	22.4
Lithium	22.2	29.5	36.3	3.6	23.0
Socialtext	25.9	34.4	35.3	3.5	2.7
NewsGator	12.0	18.5	22.0	2.2	18.9
Spigit	10.0	14.9	17.6	1.8	18.7
INgage Networks	9.7	12.9	15.7	1.6	22.1
Salesforce.com	–	1.0	12.3	1.2	1,118.5
Igloo Software	4.7	6.9	10.4	1.0	51.2
Awareness	7.1	9.5	8.8	0.9	-7.3
Moxie	–	7.3	8.1	0.8	11.3
Atos	2.5	4.2	7.9	0.8	89.2
Brightidea	1.9	4.0	5.8	0.6	44.9
TIBCO	–	1.1	5.0	0.5	361.3

**TABLE 1**

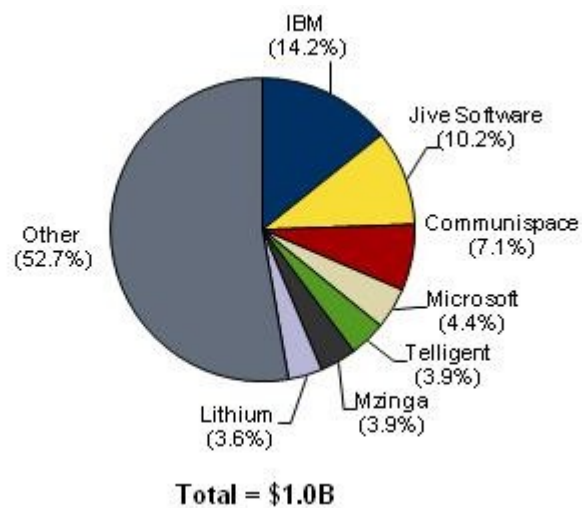
## Worldwide Enterprise Social Software Revenue by Vendor, 2010–2012 (\$M)

	2010	2011	2012	2012 Share (%)	2011–2012 Growth (%)
HYPE Idea Management	2.9	4.3	4.7	0.5	11.1
VMware	1.8	3.3	4.7	0.5	44.9
Mavenlink	–	–	3.2	0.3	NA
harmon.ie	1.7	1.9	2.2	0.2	18.5
Attachmate Group	1.0	1.3	2.1	0.2	55.8
Cisco	1.5	2.0	2.0	0.2	2.7
EPIserver	–	0.9	2.0	0.2	115.9
Saba Software Inc.	0.3	0.8	1.1	0.1	39.4
Kindling	–	0.3	0.6	0.1	119.9
Zoho	0.4	–	–	–	NA
Oracle	1.0	1.3	–	–	NA
Other	251.3	319.2	357.3	35.6	11.9
<b>Total</b>	<b>567.2</b>	<b>803.8</b>	<b>1,003.0</b>	<b>100.0</b>	<b>24.8</b>

Source: IDC, May 2013

**FIGURE 1**

## Worldwide Enterprise Social Software Revenue Share by Vendor, 2012



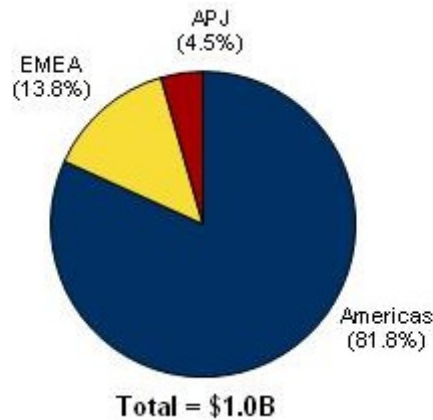
Source: IDC, May 2013

### **Performance by Geographic Region in 2012**

The Americas region (United States, Canada, and Latin America) makes up the lion's share of revenue in the enterprise social software market. However, EMEA (Western Europe and CEEMEA) experienced good growth through 2012, in line with the deployment of cloud-based services in the region. Asia/Pacific (including Japan) (APJ) still represents a small portion of revenue in enterprise social software as the market is still immature in relation to the Americas (see Figure 2).

### **FIGURE 2**

Worldwide Enterprise Social Software Revenue Share by Region, 2012



Source: IDC, May 2013

## **FUTURE OUTLOOK**

### **Forecast and Assumptions**

The following factors are likely to drive revenue growth in the enterprise social software market during the forecast period:

- ☒ As companies strive to meet the changing communication needs of all business constituents, they will seek to integrate social workflow with existing content collaboration and enterprise applications.
- ☒ As the impact of social workflow penetrates through organizations, it will become inextricably linked to where end users are getting work done. This enables decisions to be made via new outputs that integrate analytics and data with people and systems.

- ☒ Enabling social workflow doesn't explicitly mean a set of new applications but enhanced social capabilities that allow an organization to evaluate market factors, social outcomes, and social outputs that are driving business change.

The following factors are likely to inhibit revenue growth in the enterprise social software market during the forecast period:

- ☒ The level of deployment of enterprise social software (the Americas in particular) means that many companies have already deployed and the incremental increase in revenue is nominal.
- ☒ The IT department will be increasingly involved in deployment and integration to ensure social solutions meet enterprise requirements for security, compliance, and IP protection.

### ***Worldwide Enterprise Social Software Forecast, 2013–2017***

IDC's estimate of growth of the enterprise social software market through 2017 is presented in Table 2. This market should reach \$2.7 billion by 2017, with a compound annual growth rate of 22.3%.

IDC analysts around the globe supplied regional input and insight into the enterprise social software forecast. The worldwide forecast is the aggregation of this regional data (see Figure 2). The forecast is for the Americas region to retain a good growth rate throughout the forecast period, although EMEA and APJ are expected to grow more aggressively. IDC expects enterprise social software to become enterprise social networks, where the network would operate as a communication and collaboration backbone that is embedded inside other collaboration and communication applications and technologies. To date, the Americas represent a disproportionately high share of revenue, as the EMEA and Asia/Pacific (including Japan) regions can expect a longer time frame for change with respect to standalone enterprise social software. However, the transition to enterprise social networks will take many years. Table 2 shows the regional share breakdown for 2012 and 2017 and revenue forecast for 2011–2017. Figure 3 shows the regional revenue data for 2012 and 2017 in graphical form.

**TABLE 2**

## Worldwide Enterprise Social Software Revenue by Region, 2011–2017 (\$M)

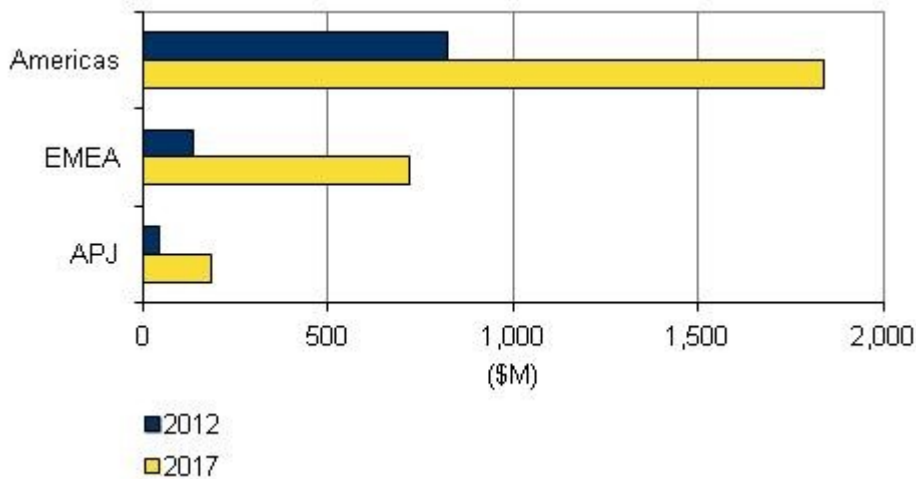
	2011	2012	2013	2014	2015	2016	2017	2012 Share (%)	2012–2017 CAGR (%)	2017 Share (%)
Americas	675.5	820.0	975.0	1,154.2	1,363.3	1,594.1	1,840.9	81.8	17.6	67.0
EMEA	95.9	138.3	207.7	301.3	426.4	568.5	721.3	13.8	39.2	26.2
Asia/Pacific (including Japan)	32.4	44.7	59.1	79.2	106.4	141.8	187.2	4.5	33.2	6.8
Total	803.8	1,003.0	1,241.7	1,534.7	1,896.1	2,304.5	2,749.3	100.0	22.3	100.0
Growth (%)	NA	24.8	23.8	23.6	23.5	21.5	19.3			

Note: See Table 3 for top 3 assumptions and Table 4 for key forecast assumptions.

Source: IDC, May 2013

**FIGURE 3**

## Worldwide Enterprise Social Software Revenue by Region, 2012 and 2017



Source: IDC, May 2013



**Assumptions**

Table 3 shows the top 3 assumptions and Table 4 shows the key forecast assumptions underlying this forecast.

**TABLE 3**

Top 3 Assumptions for the Worldwide Enterprise Social Software Market, 2013–2017

Market Force	IDC Assumption	Significance	Changes to This Assumption That Could Affect Current Forecast	Comments
The digital marketplace	Growth in digital commerce will impact the nature of social software deployments, particularly through customer experience management and social commerce. The digital marketplace will affect content delivery, commerce, datacenter architectures, advertising, marketing, telecommunications, and social interactions. It may also accelerate the consumption of information and communication technologies (ICT) in emerging geographies, where more and more online populations reside.	Increased competition in social media marketing and social ad placement will be strong growth drivers. Companies will look to automate solutions to accelerate social listening and reflect the rapid automation required to integrate solutions into existing enterprise applications, particularly CRM integration.	<p><b>Upside:</b> Increasing consumer demand for Internet advertising and social commerce will accelerate growth across the digital marketplace, creating a downstream social workflow impact.</p> <p><b>Downside:</b> The burden of self-service applications and the increasing volume of social marketing activities create a strain on marketing resources, with IT being sought to deliver a consistent and optimized solution.</p>	Companies face an increasing number of digital commerce channels and will continue to look for manageable and scalable solutions that maximize returns.

**TABLE 3**

Top 3 Assumptions for the Worldwide Enterprise Social Software Market,  
2013–2017

Market Force	IDC Assumption	Significance	Changes to This Assumption That Could Affect Current Forecast	Comments
Information assets as APIs	Increasingly, information assets will be productized, syndicated, and distributed as "callable" IP assets via an API. The API will be the means to unlock production data that may currently be in silos to ensure a single version of truth for employees, partners, and commercial developers. By enabling this approach with regard to the application portfolio, companies will no longer need to build application integrations and will look to callable services via API syndication over "finished" software services.	As enterprise organizations look to burgeoning application portfolios and the increasing mix of on-premises, virtualized and cloud-based software and applications, there will be an increasing focus on "architecting" for the future. Increasingly, companies will look to augment existing application portfolios with open and extensible API-based applications that are able to syndicate a number of application services. Best-of-breed applications will be those architected upon an API, meaning that users are able to share single items (tasks, updates, rich media, etc.) as APIs with other users or integrate these with other applications and services.	<p><b>Upside:</b> Applications are now able to be quickly and readily commoditized, and customization of business processes is able to occur with very limited effort from IT.</p> <p><b>Downside:</b> The business application portfolio becomes dispersed and distributed with users holding more power through individual processes and applications.</p>	Challenges of enterprise information silos still exist today, and the commoditization of information assets is powerful from an individual user productivity perspective, but a consolidated information management strategy needs to be in place to manage the transition to this new asset model.

**TABLE 3**

Top 3 Assumptions for the Worldwide Enterprise Social Software Market,  
2013–2017

Market Force	IDC Assumption	Significance	Changes to This Assumption That Could Affect Current Forecast	Comments
User centricity	Consumerization of the enterprise continues with consumer devices and Web applications brought into the workplace as well as vendors positioning products/solutions to increasingly suit user needs, not IT.	Initiatives from vendors to launch social workflow features as a complement to existing collaboration applications and business workflow will continue. For instance, content repositories and enterprise social networks will become accessible from inside other applications. A number of enterprise social software vendors have launched mobile OS SDKs in support of this trend.	<p><b>Upside:</b> Increasing business pressures and the change in user workstyles have created the opportunity to build and architect applications and processes directly from user behavior rather than delivering mobile versions of current enterprise business applications.</p> <p><b>Downside:</b> Many organizations do not yet have clarity around an enterprise mobility strategy and are investing in both mobile device management and mobile application management. This creates a significant spending increase to manage both devices and applications.</p>	User expectations will continue to change rapidly, but often this is not in step with the enterprise IT buying cycle; so organizations will need to become more agile and deliver experiences to users that they expect outside of the work context.

Source: IDC, May 2013

**TABLE 4**

Key Forecast Assumptions for the Worldwide Enterprise Social Software Market, 2013–2017

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
<b>Macroeconomics</b>				
Economy	The global economy will be subdued in 2013, with weak growth in mature economies. Emerging markets will improve, with faster expansion than in 2012, driving worldwide GDP to real growth of 2.6% (on a par with last year's growth). Western Europe, with some countries plunging back into recession in 2012, will be the main drag on the global economy.	<b>High.</b> A down economy affects business and consumer confidence, the availability of credit and private investment, and internal funding. A global recession would cause businesses to delay IT upgrades and some new projects; a rising economy does the opposite. A crisis (likely triggered by events in Europe or political wild cards in the United States) could create a level of impact similar to the financial crisis of 2008.	↔	★★★★☆
Vertical industries	While most industries have generally recovered from the depths of the financial crisis, momentum has slowed in several key sectors. In particular, trends have weakened in the government sector (where austerity measures have often triggered direct cutbacks in IT spending) and the financial services industry (which is still the largest vertical contributor to global IT industry revenue). As a result, overall pressure on IT spending is weighted toward the downside. On the upside, though, are pockets of opportunity such as the healthcare sector in the United States.	<b>High.</b> A downturn in major contributors to IT revenue (e.g., the financial services sector) can have a major impact on IT spending. Momentum in vertical sectors (e.g., healthcare) can drive overall IT spending.	↔	★★★★☆

**TABLE 4**

Key Forecast Assumptions for the Worldwide Enterprise Social Software Market, 2013–2017

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
<b>Megatrends</b>				
The digital marketplace	Growth in digital commerce will impact the nature of social software deployments, particularly through customer experience management and social commerce. The digital marketplace will affect content delivery, commerce, datacenter architectures, advertising, marketing, telecommunications, and social interactions. It may also accelerate the consumption of information and communication technologies (ICT) in emerging geographies, where more and more online populations reside.	<b>High.</b> Increased competition in social media marketing and social ad placement will be strong growth drivers. Companies will look to automate solutions to accelerate social listening and reflect the rapid automation required to integrate solutions into existing enterprise applications, particularly CRM integration.	↑	★★★★★
Information assets as APIs	Increasingly, information assets will be productized, syndicated, and distributed as "callable" IP assets via an API. The API will be the means to unlock production data that may currently be in silos to ensure a single version of truth for employees, partners, and commercial developers. By enabling this approach with regard to the application portfolio, companies will no longer need to build application integrations and will look to callable services via API syndication over "finished" software services.	<b>Moderate.</b> As enterprise organizations look to burgeoning application portfolios and the increasing mix of on-premises, virtualized and cloud-based software and applications, there will be an increasing focus on "architecting" for the future. Increasingly, companies will look to augment existing application portfolios with open and extensible API-based applications that are able to syndicate a number of application services. Best-of-breed applications will be those architected upon an API, meaning that users are able to share single items (tasks, updates, rich media, etc.) as APIs with other users or integrate these with other applications and services.	↑	★★★★★

**TABLE 4**

Key Forecast Assumptions for the Worldwide Enterprise Social Software Market, 2013–2017

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
<b>Specific market trends</b>				
Social decision making	Companies will look to social interaction data to improve enterprise decision making from both operational and strategic perspectives. Enterprise decision systems will assume social workflow as they integrate with other enterprise applications, operational databases, and data stores and enable actionable insights from data that is currently held inside the organization. Linking this data to social interactions that take place inside and outside the business enables current customer information to be tied to customer-to-customer interactions, providing a platform to predict future customer causality and employee response behavior.	<b>Moderate.</b> Integration of current data sources and information assets is extremely complex. As companies capture more data in social interactions, they will need to take a scientific approach to managing interactions, including measuring levels of user engagement and areas of user or member contribution. Linking this data with currently held customer records to predict customer data will be a consistent challenge.	↔	★★★★☆☆
User centricity	Consumerization of the enterprise continues with consumer devices and Web applications brought into the workplace as well as vendors positioning products/solutions to increasingly suit user needs, not IT.	<b>Moderate.</b> Initiatives from vendors to launch social workflow features as a complement to existing collaboration applications and business workflow will continue. For instance, content repositories and enterprise social networks will become accessible from inside other applications. A number of enterprise social software vendors have launched mobile OS SDKs in support of this trend.	↑	★★★★☆☆

**TABLE 4**

Key Forecast Assumptions for the Worldwide Enterprise Social Software Market, 2013–2017

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
<b>Consumption</b>				
Buying sentiment	Buying sentiment, as measured in IDC's <i>FutureScan</i> monthly polls of CIOs and line-of-business managers, has fluctuated in recent months. In U.S. polls, buyer confidence showed positive momentum until 2Q12, when it began to soften again. Buyer confidence seemed to be improving at the beginning of 2013, however, perhaps foreshadowing an uptick in project-based spending. CIOs are currently projecting that budgets will increase by around 5% in the next 12 months, which is broadly in line with our projections. In the past 12 months, CIOs have consistently underforecast their own IT spending, so the improvement in confidence was overdue.	<b>Moderate.</b> Buyer sentiment has long-term consequences for the approval of IT projects. Confidence can be volatile from month to month, however, and CIOs have often misjudged their own IT spending. The decentralization of IT budgets makes it more difficult to rely on individual polls of buyer intent.	↑	★★★★☆
<b>Capitalization</b>				
Venture	During the past 12 months, venture capital investments have been relatively stable in spite of economic uncertainty. Current funds still have money in them and were successfully raising new rounds in 2012, buoyed by a returning trend of successful exit strategies. Venture funding is currently no impediment to innovation or IT investment.	<b>Moderate.</b> There doesn't seem to be a funding limitation to ICT innovation that would alter ICT forecasts.	↔	★★★★☆

Legend: ★☆☆☆☆ very low, ★★☆☆☆ low, ★★★☆☆ moderate, ★★★★☆ high, ★★★★★ very high

Source: IDC, May 2013

## Market Context

A five-year forecast update (2012–2016) was last published for the enterprise social software market in *Worldwide Enterprise Social Software 2012–2016 Forecast* (IDC #235471, June 2012). Table 5 compares the forecast published in that document with the current forecast in terms of regional revenue and worldwide annual growth rates. Historical data (2008–2012) is also included in Table 5 for comparison purposes. Figure 4 displays the same data in graphical form.

IDC expects revenue of standalone social software to slow significantly, particularly in the Americas, compared with the previous forecast. This is aligned to the social workflow processes that are enabled by activity streams and the nature of interactions that this generates inside organizations. As the nature of communications in business changes because of the impact of online social interactions, these new dynamics create an increased level of automation in decision support systems through ad hoc workflow and increasing urgency from businesses looking to capture market opportunities created by these new dynamics. This means that the processes inherent in enterprise social software, primarily activity streams, messaging, and document repositories, will become embedded in other applications rather than being provided explicitly by enterprise social software.

**TABLE 5**

Worldwide Enterprise Social Software Revenue, 2008–2017: Comparison of June 2012 and June 2013 Forecasts (\$M)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
June 2013 forecast	233.5	414.8	567.2	803.8	1,003.0	1,241.7	1,534.7	1,896.1	2,304.5	2,749.3
Growth (%)	NA	77.6	36.7	41.7	24.8	23.8	23.6	23.5	21.5	19.3
June 2012 forecast	230.5	406.5	549.1	767.4	1,070.3	1,474.2	2,099.4	3,068.2	4,495.8	NA
Growth (%)	94.2	76.4	35.1	39.8	39.5	37.7	42.4	46.1	46.5	NA

**Notes:**

See *Worldwide Enterprise Social Software 2012–2016 Forecast* (IDC #235471, June 2012) for prior forecast.

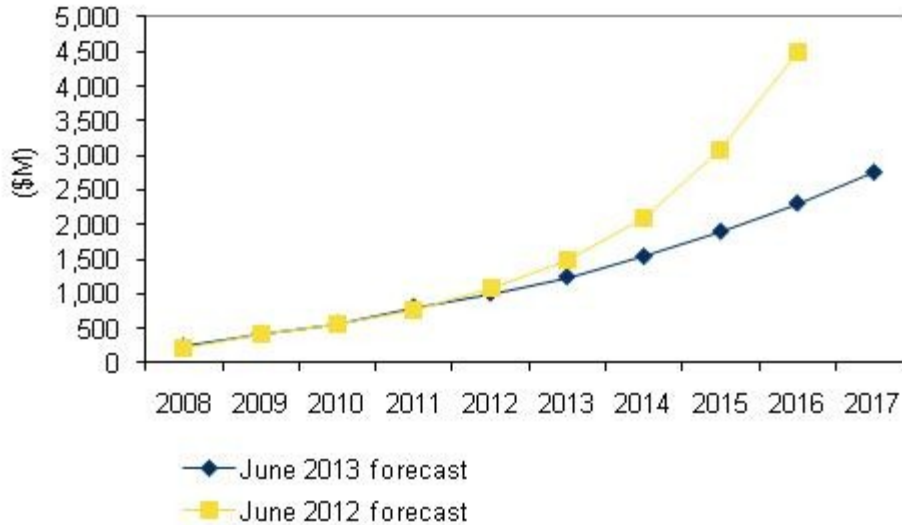
Historical market values presented here are as published in prior IDC documents based on the market taxonomies and current U.S. dollar exchange rates existing at the time the data was originally published. For more details, see the Methodology in the Learn More section.

Source: IDC, May 2013



**FIGURE 4**

Worldwide Enterprise Social Software Revenue, 2008–2017:  
Comparison of June 2012 and June 2013 Forecasts



Source: IDC, May 2013

## ESSENTIAL GUIDANCE

IDC expects deployment of standalone enterprise social software to slow significantly compared with the previous forecast, with a strong convergence of processes associated with enterprise social software being put directly into workflow processes and communications applications. Enterprise social software will eventually become enterprise social networks and may not even be called out as a separate market toward the end of the forecast period. In addition:

- ☒ Enterprise social software is growing into enterprise social networks that include key functionality like profiles, activity streams, blogs, and wikis. Companies will require a set of services that offer the integration of these internal capabilities to structured and ad hoc business processes as well as to external customer-facing solutions.
- ☒ Social software can operate as a distinct layer, but companies will increasingly look to social solutions as decision support and ad hoc work facilitators to support current workflow and enterprise application tasks.
- ☒ To enable the core features of enterprise social software to be surfaced inside enterprise workflow, open APIs need to be provided to enable information assets to become productized, syndicated, and distributed as callable IP assets via an API.

- ☒ A wide skills gap exists between maintaining existing enterprise social software solutions and the ability for companies to integrate existing solutions with other social solutions or other enterprise applications. This is causing de-prioritization of social workflow integration projects from an investment perspective as well as a strain on existing resources.

## LEARN MORE

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### Related Research

- ☒ *Market Analysis Perspective: Worldwide Enterprise Social Networks and Collaborative Technologies, 2012* (IDC #238368, December 2012)
  - ☒ *IDC MarketScape: Worldwide Enterprise Social Software 2012 Vendor Analysis* (IDC #237336, October 2012)
  - ☒ *The State of Enterprise Social Software Adoption in 2012* (IDC #236637, September 2012)
  - ☒ *IDC's Software Taxonomy, 2012* (IDC #235401, June 2012)
  - ☒ *Worldwide Enterprise Social Software 2012–2016 Forecast* (IDC #235471, June 2012)
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### 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. All of the above 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 operating environments. The worldwide software market includes all commercial software revenue across all functional markets or market aggregations. For further details, see *IDC's Software Taxonomy, 2012* (IDC #235401, June 2012).

The software revenue forecasts presented in this study represent IDC's best estimates and projections based on the following:

- ☒ Top-down forecast growth rates by IDC worldwide market analysts
- ☒ Current U.S. dollar exchange rates as of 4Q12

Bottom-up/company-level data collection for calendar year 2012 began in January 2013, with in-depth vendor surveys and analysis to develop detailed 2012 company models by market, geographic region, and operating environment. This activity will form the basis of vendor share, updated forecast, and competitive analysis studies that will be published later in the year.

### ***Historical Market Values and Exchange Rates***

Historical market values presented here are as published in prior IDC documents based on the market taxonomies and current U.S. dollar exchange rates existing at the time the data was originally published. For markets other than the United States, these as-published values are therefore based on a different exchange rate each year.

Because many individual countries contribute to regional totals, it is difficult to give precise differences between current and constant currency values in this document. However, the scale of the difference can be understood from the movement of the U.S. dollar against major regional currencies. Customers should consider multiplying regional historical market values for each year by the change in value of the U.S. dollar against representative currencies in the region as shown in Table 6. This will provide a better approximation of local market growth. For example, to restate 2011 eurozone values into 2012 dollars, one would adjust the 2011 value downward by 8% (because the dollar strengthened against the euro in 2012).

Please refer to IDC's regional research studies containing historical forecasts for multiple countries for more accurate regional growth in local currencies. Note that this discussion applies only to historical values prior to 2012. 2012 and all future years are forecast at a constant exchange rate.

**TABLE 6**

Exchange Rates, 2003–2012 (%)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Euro	114	103	103	102	94	88	92	97	92	100
Pound	97	87	87	86	79	86	102	103	99	100
Yen	145	136	138	146	148	130	117	110	100	100
Canadian dollar	140	130	121	113	107	107	114	103	99	100
Mexico peso	82	86	83	83	83	85	103	96	95	100
Brazilian real	159	150	124	111	100	94	103	90	86	100

Note: To restate prior-year U.S. dollars, multiply historical market values by the percentage indicated in the table.

Source: IDC, January 2013

## Synopsis

This IDC study examines vendor revenue performance in the enterprise social software market for 2010–2012 and presents a forecast of the market for 2013–2017.

"Connecting people to people and people to information and supporting users to surface information in real time is the ultimate goal of enterprise social software," says Vanessa Thompson, research manager for IDC's Enterprise Social Networks and Collaborative Technologies. "As enterprise social software hastily grows into enterprise social networks (ESNs), customers will continue to demand broader and more specific collaboration and communication scenarios that can be augmented by social workflow to enhance employee productivity and increase connectivity with business constituents."

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