

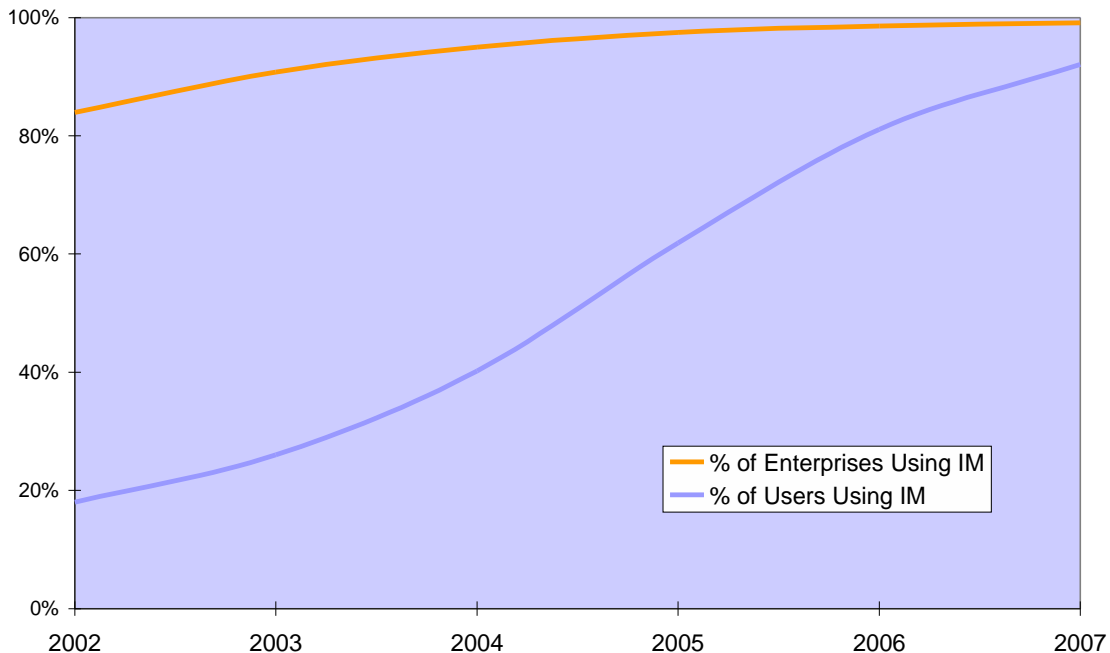
Osterman Research Executive Summary

Instant Messaging: Enterprise Market Needs and Trends

(published February 24, 2003)

Instant messaging (IM) is pervasive in the enterprise: in 2002, 84% of enterprises had at least some level of IM operating within the corporate network and 18% of enterprise email users also used IM. In 2003, Osterman Research forecasts that 91% of enterprises will use IM and that 24% of email users will also use IM by the end of the year. By 2007, we estimate that virtually all enterprises will employ IM and that the vast majority of email users will also employ IM, as shown in the figure below.

Forecasted Penetration of IM in the Enterprise, 2002-2007



Source: Osterman Research, Inc.

Despite the heavy and growing use of IM within the enterprise, the majority of this use is "unofficial": in other words, most of the use of IM in the enterprise has not been formally sanctioned by IT departments as part of a corporate deployment of IM. Instead, most use of IM involves individual users downloading and installing consumer-grade IM clients and using public IM networks for work-related and/or personal communications. Consequently, enterprises that have such deployments within their networks face three significant problems:

- **Security:** consumer-grade IM clients and the use of public IM networks can create significant security problems for an enterprise by using unauthorized ports in the corporate firewall, allowing an entry point for viruses or rogue protocols, bypassing corporate authentication systems, and so forth.

- A lack of auditing and logging: with few exceptions, consumer-grade IM clients do not provide a means of recording the content of IM conversations, meaning that this content is simply lost once the IM conversation has ended. This is a particularly significant shortcoming for firms that are required by statute or convention to retain a copy of communications with customers, business partners and others.
- A lack of integration with the corporate directory: consumer-grade IM clients do not natively integrate with corporate directory, meaning that users cannot be authenticated against the directory, nor can corporate naming conventions be enforced.

Our research demonstrated that these are the key problems that need to be addressed in order to satisfy the demand for IM in the enterprise, as shown in the following table.

Percentage of Enterprises That View Key Enterprise-Grade IM System Attributes as Very or Extremely Important

Attribute	%
Integration w/corporate directory for authentication purposes	77%
End-to-end security of instant messages sent and received	70%
Adherence of the IM system to industry standards	64%
Integration w/corporate directory to enforce naming conventions	61%
Interoperability with other enterprise-grade IM systems	52%
Auditing and logging capability	49%
Archiving capability	37%
Interoperability with consumer-grade IM systems	35%

Source: Osterman Research, Inc.

The Growth and Impact of IM in the Enterprise

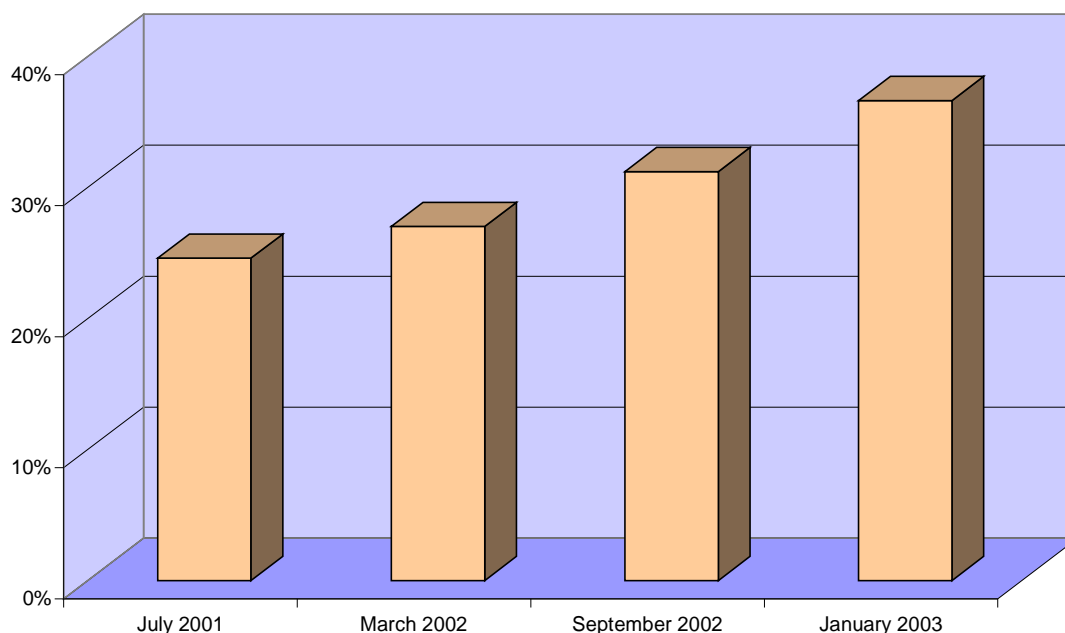
Despite the dominance of consumer-grade IM in the enterprise, enterprise-grade IM products, as well as third-party products that provide enterprise-grade features for an infrastructure of consumer-grade IM clients and public IM networks, are rapidly being adopted. As evidence of the rapid growth of IM in the enterprise (both consumer-grade and enterprise-grade), we offer the following examples from our research:

- In mid-2001, Osterman Research found that IM was used in 63% of enterprises; as of early 2003, the penetration of IM is estimated to be about 85% of enterprises.
- During the same period, penetration of IM usage climbed from 8% of email users to 22% of these users.
- In March 2002, 24% of enterprises had settled on one or more IM products as a corporate standard, while by September 2002, this figure had increased to 29%. (It is important to note, however, that the actual

deployment of enterprise-grade IM systems trails the adoption of corporate standards for these systems.)

- Lotus Sametime, the leading enterprise-grade IM product currently in use with more than eight million users¹, has seen significant growth during the past 18 months, as shown in the following figure.

Growth of Lotus Sametime as a Percentage of Total IM Use in the Enterprise



Source: Osterman Research, Inc.

As evidence of IM 's major impact on the corporate communication landscape, our research shows that IM has had a significant impact on "competing" methods of communicating with others, significantly reducing use of email and the telephone for the typical IM user, while reducing fax use and travel to a lesser extent, as shown in the following table.

Impact of IM Use on Other Communications Methods

Communications Method	% of Users for Whom IM Has Decreased Usage	% of Users for Whom IM Has Increased Usage	% of Users for Whom IM Has Made No Difference
Email	67%	13%	20%
Telephone	81%	6%	13%
Fax	43%	1%	56%
Travel	42%	1%	57%

Source: Osterman Research, Inc.

¹ IBM/Lotus data

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About Osterman Research

Osterman Research, Inc. provides market research, cost modeling, benchmarking and related services to vendors of technology-based products and services.

We help vendors, IT departments and other organizations make better decisions through the acquisition and application of relevant, accurate and timely data on markets, market trends, products and technologies. We also help vendors of technology-oriented products and services to understand the needs of their current and prospective customers.

Among the things that make us unique is our market research panel: a large and growing group of IT professionals and end-users around the world with whom we conduct our research surveys. This allows us to conduct surveys quickly and accurately.

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