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## Hot Companies To Watch In 2008

Profiles Of Emerging Companies And Technology Trends That Vendors Should Consider When Planning Their Strategy

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### EXECUTIVE SUMMARY

Technology vendors increasingly focus on using external sources to bolster their company's innovation. Driven by globalization trends — and a realization that they can't manage all of their innovation in-house — vendors are seeking to generate more innovation through small acquisitions, partnership programs, and venture investment. As a result, Forrester has seen a renewed focus on identifying the emerging trends and technologies that will affect technology markets over the next few years. To highlight some of these trends, we've identified several companies that we think are worth noting for their unique business model, their growth potential, or their relevance to broader tech markets. This report briefly describes companies in diverse emerging areas like Web 2.0, green IT, mobility, collaboration, and interactive marketing and explains why we think these companies will be noteworthy in 2008 and beyond.

### TO INNOVATE, TECH VENDORS MUST UNDERSTAND EMERGING TRENDS AND COMPANIES

Many of Forrester's clients have realized that they can no longer generate all of their innovation internally. They are instead tapping external sources of innovation — engaging small, emerging market players through corporate venture capital, partnerships, and acquisitions.<sup>1</sup> As innovation has become imperative in technology markets, finding and adapting to emerging technologies and trends is more critical than ever.

To help technology vendors stay on top of the changing technology marketplace, we've gathered a list of several small companies to watch in 2008 and beyond; we have listed them alphabetically. We believe they're worth noting for their unique business model, their growth potential, or their relevance to broader technology market trends. We should note that this is not meant to be a comprehensive list, nor are they recommendations. If you're operating in tech marketing or strategy, however, Forrester believes you should be aware of how these emerging players — and the trends they represent — affect your strategic planning.

### COMPANIES TO WATCH IN 2008

Forrester analysts have identified the following companies as ones to watch in 2008.



#### Headquarters

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## DiVitas Networks

DiVitas ([www.divitas.com](http://www.divitas.com)) allows its customers to take an important step toward enterprise mobility by enabling an enterprise to standardize on single voice and data devices. The vendor offers multiple layers of functionality — from simple single-number reach (allowing an employee's work number to ring on a mobile device) to more complex device-software-based PBX access (with internal directories, conferencing features, and short-digit dialing). It also allows dual-mode smartphones to switch seamlessly between wireless LAN (WLAN)-based VoIP and a carrier's network service. DiVitas offers these variants of fixed-mobile convergence (FMC) to support an organization's move to single voice devices for employees, fostering mobile communication while simultaneously reducing the organization's overall reliance on network carriers. The company claims that this will result in a reduction in carrier-related control, an increase in a company's level of control over its voice service, and more reliable voice services.

- **Why it's important.** While the use of voice services on WLANs has been limited primarily to organizations that have a "campus," such as educational institutions and hospitals, Forrester expects this to change in 2008 as companies recognize the benefits of ubiquitous network infrastructure. To date, FMC is taking hold in organizations, but confusion abounds around the major areas that DiVitas addresses. As a best-of-breed play, the DiVitas solution emerges as a complete answer to FMC — and one that larger vendors, which rely on partnerships, are not offering. The DiVitas solution pushes organizations closer to "ubiquitous mobility" — a state where IT organizations have access to a seamless combination of public and private networks providing cheap, fast bandwidth. In the future, expect IT organizations to recognize more of the benefits of managing voice services centrally, in the same way that IT has managed PCs for years.<sup>2</sup>

## Inkling Markets

Prediction marketplaces seek to harness the collective knowledge of crowds to understand the likelihood of future events. While prediction marketplaces have been used for years to predict Hollywood hits and political elections, Inkling ([www.inklingmarkets.com](http://www.inklingmarkets.com)) hopes to popularize its use within the enterprise.<sup>3</sup> The company provides a hosted platform and management tools for companies to create and run their own prediction marketplaces for business-related objectives. Companies are using Inkling to predict the success of products, forecast demand, and assess risks in IT project management. To create an economy in the speculative market, Inkling uses a fake currency called "inkles." The company can create private or publicly available markets. It claims that a successful prediction market can be created with as few as 12 participants.

- **Why it's important.** Forrester clients frequently ask about unique ways to unlock innovation within their organizations. Like Seriosity, Inkling provides one such platform, building on hot technology trends such as Web 2.0 and "serious gaming." The result is creative new ways for managers to assess opportunities and manage risk while also breaking down barriers to collaboration within the organization. While there are some limits to the power of prediction

marketing — crowds sometimes get it very wrong — creating a marketplace for ideas can provide managers with insights that haven't been available before. For technology companies willing to try something new, prediction markets are an interesting way to generate fresh ideas and forecast risk.

## Jive Software

Jive Software ([www.jivesoftware.com](http://www.jivesoftware.com)) enables companies and communities to build and manage their own private social networks. The company's Clearspace and Clearspace X products allow companies to create blogs, wikis, forums, and discussions in a single interface — enabling secure collaboration and freeing companies from reliance on more cumbersome corporate intranets. This allows project workteams to increase collaboration, share ideas, and evaluate the ideas of others in a more open virtual environment. The company also offers a business-class chat software/server platform called Openfire.

- **Why it's important.** Social networking will continue to dominate the technology headlines in 2008. But while Facebook was the story of the year in 2007, Forrester expects 2008 to be the year that more companies attempt enterprise-focused approaches to social networks.<sup>4</sup> They will use social networks to unlock the ideas and innovation of their employees, relying on collaboration vendors like Jive to help them. While larger companies offer similar services (most notably Microsoft's SharePoint), small players like Jive are distinguishing themselves through their lightweight, user-friendly solutions.<sup>5</sup>

## *magnify*<sup>360</sup>

*magnify*<sup>360</sup> ([www.magnify360.com](http://www.magnify360.com)) is an on-demand targeting platform that improves the quality of an organization's Web-based interaction with customers. The platform allows businesses to start profiling their end users as soon as they enter and navigate a Web site. The *magnify*<sup>360</sup> platform has built-in analytics, campaign management, and trigger marketing capabilities that allow its customers to create a customized Web site experience in real time. As the end user becomes more engaged in the Web site, *magnify*<sup>360</sup> can build detailed end user profiles by gathering demographic, psychographic, and lifestyle information. Its approach to multivariate testing and optimization through the use of microsites makes it unique in a crowded market of marketing services providers.

- **Why it's important.** For years, marketing organizations have sought to leverage interactive marketing as a way to personalize content and gather more meaningful data about prospective customers. Vendors like *magnify*<sup>360</sup> deliver on the meaning of "interactive," creating two-way relationships within an online experience that gathers information about a prospect, customizes content accordingly, and provides analytical reporting back to the Web site host. With these features, Web site interaction more closely resembles a personalized experience — a trend we think will continue for some time in the interactive marketing space.<sup>6</sup>

## Seriosity

Seriosity ([www.seriosity.com](http://www.seriosity.com)) is applying traditional gaming techniques to technology in an effort to make companies more collaborative, productive, and innovative. While the company has multiple “serious gaming” solutions planned, its first product — Attent — is designed to reduce overload in corporate email systems by creating an economy around a “virtual” currency called “Serios”. The product requires users to assign a monetary value in Serios to outgoing emails in order to signal their importance. The limited currency forces individual email users to consider the value of their outgoing email before they send it and makes it easier to prioritize and organize incoming mail. Seriosity believes the Attent product will reduce the amount of clutter in corporate email systems and will ultimately save organizations time and money. At the heart of the Attent product is the belief that users will enjoy the challenge of becoming more efficient and productive through gaming techniques.

- **Why it's important.** “Serious gaming” is still in its infancy, but the principle is captivating. For the Gen X and Gen Y generations, who were practically raised playing video games, creating more productivity through gaming is a promising way to address real corporate problems. Seriosity doesn't get hung up on cool graphics or virtual worlds. Instead, it rests its business model on the underlying psychological needs of game players: to compete, to interact, and to win. While it's likely that not all workers will want to participate in such games, we expect gaming principles to gain steam in corporate training programs, high-turnover jobs, and other areas where companies believe employee productivity needs a boost.<sup>7</sup>

## StrikeIron

StrikeIron's ([www.strikeiron.com](http://www.strikeiron.com)) online marketplace provides users with access to data and applications from third-party providers to use in their own mashups.<sup>8</sup> Users are able to access updated information from leading independent software vendors (ISVs) and data providers (such as Dun & Bradstreet, MapQuest, The Sports Network, and the US Census) and integrate them into their own applications. The data and services can be used to enhance a company's offering in areas like business intelligence, customer relationship management, eCommerce, finance, and sports-related services. In addition, the company has a catalog of desktop tools, integration solutions, and data cleansing services to simplify the integration process.

- **Why it's important.** It's not easy for individuals to access the full range of Web services, find trusted sources, distill the best information, and integrate services into custom applications. StrikeIron is taking a step forward in defining how Web services are accessed by positioning itself as a trusted broker of Web services and providing an easy way for users to find and integrate data into their own offerings. Services like StrikeIron enable their users to access and leverage content quickly and to innovate more efficiently than they would be able to by themselves. With time, expect other companies to adopt this broker model to help users navigate niche markets for Web services.<sup>9</sup>

## Verdiem

Customer organizations use Verdiem's (www.verdiem.com) SURVEYOR software to reduce the power consumption of their PC population when the PCs are not being used. The software optimizes power management, turning computers off or switching them to low-power settings, while still ensuring that critical functions like security upgrades take place. This can result in cost savings for IT organizations, particularly when power is effectively managed during peak energy use hours, when electricity costs are at their highest. The company claims it can save \$20 to \$60 per PC annually and that a customer's average payback period is 18 months.

- **Why it's important.** Environmental responsibility is emerging as an important topic for all parts of the organization, and IT is no exception. But while IT is not often thought of as the "green" center of a company, there are reasons why it could be. IT's overall power consumption in the US doubled between 2000 and 2006, and it accounts for roughly 3% of total electricity consumption.<sup>10</sup> Environmentally conscious IT organizations are realizing that they can meet environmental goals with the same activities that address long-standing operational mandates — reducing costs and driving efficiencies. And while most user companies are focusing on making their data centers more efficient, Verdiem helps tackle more distributed IT infrastructure outside of the data center.<sup>11</sup>

## RECOMMENDATIONS

### CONSIDER HOW THESE VENDORS AFFECT YOUR STRATEGIC PLANS

The companies in this report highlight a new wave of innovation that is likely to affect many technology vendors in the coming years. To better understand these market trends, we recommend that you:

- **Continue research on the trends.** If particular companies and trends outlined above seem particularly relevant to you or your organization, make sure you read the related Forrester reports and pay special attention to the other reports from those authors. Look for additional research on many of these subjects to continue in 2008 and beyond.
- **Prioritize their importance to your firm.** Not every one of these companies and trends will matter to every single technology company. Your company should not, however, be too quick to dismiss these trends as too niche or as irrelevant to current strategy. Forrester expects these emerging trends to have a growing effect on technology markets in coming years; organizations that have the patience to understand these trends and that know which ones are most relevant have much to gain.
- **Understand additional companies.** As noted, the firms listed do not comprise a comprehensive list of companies that tie into these trends. Each of the vendors mentioned has competitors, large and small, that are seeking to shape the market by riding similar technology trends. If you are interested in a particular trend, we highly recommend that you fully explore and begin tracking the additional companies in these market spaces.

- **Consider the impact on your long-term strategy.** Simply researching trends and companies and then placing your work on the back-burner is not enough. Think very carefully about how the trends listed relate to your company's strategic plans and then set your strategy accordingly. Do simple scenario planning for how these trends will shape your market and how your company can adopt, address, or defend itself against these trends.
- **Use emerging trends as a way to shape innovation.** Finally, do some creative work about how these trends will shape your company's innovation initiatives. Relating your company's strengths and weaknesses to the changing needs of customers is an ideal way for companies to begin the innovation process. Remember: The technology leaders of the future will be the companies that can quickly understand and adapt to changing customer needs, tie them to their own unique capabilities, and set their strategy accordingly.

## ENDNOTES

- <sup>1</sup> Innovation is increasingly an imperative for tech companies, and strategy professionals are looking to understand next steps in driving innovation by expanding into new markets. Companies are increasingly seeking innovation that is accessible and global — which involves understanding emerging markets and quickly adapting. The result is a new interest in acquisition and partnership. See the November 19, 2007, "[Tech Horizons: Sizing The Emerging Market For IT Process Automation Software](#)" report and see the March 19, 2008, "[Market Overview: The IT Management Software Market In 2008](#)" report.
- <sup>2</sup> For additional information about mobility trends, see the following Forrester reports. See the February 11, 2008, "[Key Device Trends That Will Shape Enterprise Mobility In 2008](#)" report and see the September 14, 2007, "[The Rise Of Ubiquitous Mobility Solutions](#)" report.
- <sup>3</sup> Commonly used prediction marketplaces are offered through companies like Hollywood Stock Exchange and InTrade.com. Visit Intrade (<http://www.intrade.com>) and Hollywood Stock Exchange (<http://www.hsx.com>) for more information.
- <sup>4</sup> The enterprise Web 2.0 market, which includes the deployment of tools like blogs, wikis, and social networking within the enterprise, was a growing force in enterprise software in 2007. While the market is still quite immature, it will continue to gain importance in 2008 as an increasing number of firms look to enterprise Web 2.0 tools to solve long-standing information worker problems. As a result, Forrester expects to see strong demand growth for tools like enterprise RSS and social networking, an increased role for IT departments in technology acquisition, and steadily growing revenue from current deployments. The market will remain volatile, but Forrester expects midtier software vendors, consultancies and systems integrators, and Microsoft to reap the biggest rewards in the coming year. See the January 25, 2008, "[Top Enterprise Web 2.0 Predictions For 2008](#)" report.
- <sup>5</sup> For additional information about social networks, see the following Forrester reports. See the January 25, 2008, "[Top Enterprise Web 2.0 Predictions For 2008](#)" report and see the February 6, 2008, "[The Web 2.0 Buyer Profile: 2008](#)" report.

- <sup>6</sup> For additional information about interactive marketing, see the following Forrester reports. See the June 5, 2007, “[Eight Marketing Technologies That Enable Customer Centricity](#)” report, see the October 17, 2007, “[Defining The Online Marketing Suite](#)” report, and see the November 26, 2007, “[The Seven Tenets Of The Information Workplace](#)” report.
- <sup>7</sup> For additional information about gaming trends, see the following Forrester reports. See the January 25, 2008, “[Understanding The US Video Game Player](#)” report and see the December 20, 2007, “[Technographics Insight: US Video Gaming Isn't Just for Kids](#)” report.
- <sup>8</sup> Mashups are a kind of rich Internet application that allows people to access information that may be stored in various back-end systems, as well as the logic of multiple applications, in a single user interface. See the November 26, 2007, “[The Seven Tenants Of The Information Workplace](#)” report.
- <sup>9</sup> For additional information about data services, see the following Forrester report. See the January 3, 2008, “[Information Managers: Deliver Trusted Data With A Focus On Data Quality](#)” report.
- <sup>10</sup> The paper more precisely estimates that “aggregate electricity use for servers doubled over the period 2000 to 2005 in the US and worldwide. Source: Jonathan Koomey, “Estimating Total Power Consumption by Servers in the US and the World,” Lawrence Berkeley National Laboratory, February 15, 2007 ([http://hightech.lbl.gov/documents/DATA\\_CENTERS/svrpwrusecompletefinal.pdf](http://hightech.lbl.gov/documents/DATA_CENTERS/svrpwrusecompletefinal.pdf)).
- <sup>11</sup> For additional information about “green IT” trends, see the following Forrester reports. See the April 19, 2007, “[The Greening Of IT](#)” report, see the October 19, 2007, “[Creating The Green IT Action Plan](#)” report, and see the March 4, 2008, “[The Dawn Of Green IT Services](#)” report.