Office 365 in Context

A review of drivers, needs and practicalities

Dale Vile, Freeform Dynamics Ltd, May 2013

Gone are the days when office productivity revolved around the word processing, spreadsheet and presentation suite running on your desktop PC. Users today are working in a highly connected manner, often across a range of different devices, and real-time collaboration mechanisms are now an integral part of many business environments. Against this background, we consider the context for Microsoft's latest strategic bet in the productivity arena?

Key Points

Mobile and remote working is important, but so too is supporting office based workers

During a recent study in which responses were gathered from 805 readers of The Register IT news and information site, feedback highlighted the need for an inclusive approach when looking at office productivity solutions. While mobile access is becoming commonplace for specific groups of workers in many environments, most knowledge-based workers still do their jobs at a fixed location.

Regardless of where they work, employees are now looking for a broader range of capability

Email and tools such as word processors, spreadsheet programs and presentation apps remain the core of office productivity, but more coordinated sharing of information and real time collaboration facilities are increasingly becoming the norm in progressive organisations.

The Windows PC is by far the most prevalent end user device

Looking across workforces as a whole, despite all the noise we hear about the 'Post PC Era', the reliance on tablets and smart phones in business is nothing compared to Windows-based desktops and notebooks. Mobile devices are, however, clearly being used by many as companions to their main machines.

Many are looking to alternative models for delivering office productivity solutions

The adoption of desktop virtualisation is now well underway in large organisations, and activity and interest in browser based delivery of office tools is growing in businesses of all sizes. Use of the cloud to deliver back-end email, document management and other collaboration capability is also gathering momentum. Opinions are mixed on the level of functionality required on mobile devices.

Microsoft Office 365 is proving the value of hybrid cloud solutions

Against the above background, early adopters of Microsoft's strategic play in the cloud-based productivity solutions arena have generally achieved positive results. The general consensus among those with a live environment is that Office 365 is pitched about right in costs terms, delivers an acceptable level of performance and reliability, and meets overall business expectations.

Proper evaluation of options is essential to understand the benefits and practicalities

Those who form a view on cloud options such as Office 365 based on a quick-and-dirty 'look-see' or reading about the solution tend to under-appreciate the positives and over-estimate the negatives. This suggests that proper, structured evaluation is necessary to understand the potential benefit as well as to make sure all bases are covered from a due diligence perspective.

The study upon which this report is based was designed, interpreted and reported by Freeform Dynamics, with data gathered from 805 respondents via an online survey hosted on www.theregister.co.uk. The study was sponsored by Microsoft (via The Register).

Introduction

Much has been written about the way in which working patterns have been changing over the past few years, and the role of technology as both a driving force and enabler in this. There's no doubt that we've seen some pretty big shifts in behaviour, and unless you've been living under a rock you will probably have heard all you ever want to about the information explosion, anytime/anywhere access, the social revolution, and the assertion that 'cloud changes everything'.

The question that often gets glossed over, however, is how best to take some of the trends and developments on board when making decisions of various kinds. In this report, we are going to tackle this question in relation to what we are calling 'Office Productivity Solutions'. By this we mean the mix of IT and communications capability that organisations of all sizes are increasingly using to support the day to day activities of business users beyond core systems like CRM, ERP and other process-centric applications.

The kind of functions we are concerned with here include:

- Email, calendar, contact and task management
- Content authoring/review tools, e.g. word processors, spreadsheets and presentations apps
- Document sharing and collaboration facilities. e.g. to support workgroups and virtual teams
- Real-time collaboration capability, such as instant messaging and web/video conferencing
- Advanced IP telephony and audio conferencing

Having looked at some of the generic trends, developments and considerations that are important to consider when making decisions in this area, we will then drill down into the practicalities of implementation using a specific solution, Microsoft Office 365, as an example. This will allow us to work through how some of the theory and principles play out in the real-world.

Office 365 is a pretty good reference point for this. At the time of writing it arguably provides the broadest scope of capability available in a single productivity suite, and is particularly interesting because it is based on the hybrid model, which research tells us is the preferred way forward for most IT departments considering cloud computing options. Furthermore, Office 365 obviously originates from the IT vendor responsible for the most widely used desktop office suite in western business markets. As Microsoft attempts to build on this incumbency, the chances are that if you work in IT you will be exposed to Office 365 at some point in the future, if you haven't been already, and our aim in this report is to arm you with at least some of what you need to know about it.

Let's be clear, however, that Office 365 is just one of many solutions in the productivity space, and nothing in this report should be construed as recommending it in preference to anything else.

In order to keep our discussion objective, we are going to base it largely on the results of an online survey in which feedback was gathered from over 800 readers of one of the most independently spirited publications in the IT arena. Given that we will be referring to the results of this study extensively, let's quickly take a look at how the work was done and who participated.

Research Methodology

The study was executed in collaboration with *The Register* IT news and information site (www.theregister.co.uk), and a Web-based questionnaire was used to collect the data.

The important characteristic to note about this kind of online research in which respondents 'self-select' themselves into the survey is that it tends to attract those who are more active in the area being investigated, or have more of an interest in it.

While this means the results cannot be used to make comments on things like the absolute level of awareness, interest or technology adoption that exists in the general population, it does mean that you end up with a higher proportion of experienced and knowledgeable participants, which is great for getting under the skin of the topic. Such early adopters also often provide an indication of how mainstream requirements and activity are likely to shape up over time.

In some of our analysis, we divide respondents by organisation size as follows:

- Larger Organisations — Greater than 250 employees
- SMBs (IT Skilled) — Up to 250 employees

These groups were of roughly equal size. The reason we have put the 'IT Skilled' qualifier on the SMB group is because the survey, being hosted on an IT news site, will not have reached the majority of small to medium businesses that have no internal IT professional resource. We will also have picked up a disproportionately high number of responses from small services companies who work in and around the IT industry. This group therefore represents the subset of SMBs that are more IT aware, hence the label.

Full details of the study sample are presented in Appendix A so you can see its precise composition if you want to know more.

With that, let's get to the meat of our discussion, starting out by reminding ourselves of the nature of the workforce and what goes on within it.

The Modern Workforce

Generally, one size doesn't fit all when it comes to IT capability, so the golden rule when looking at workforce enablement is to begin by segmenting employees into groups that have similar characteristics and requirements. This can obviously be done at quite a detailed level if necessary, e.g. looking at the difference between sales representatives in the field, administration staff working in the accounts department, roaming executives, and so on.

When it comes to office productivity solutions, however, two key parameters are important when trying to understand requirements at a high level. The first is the nature of the work carried out, and here we can divide employees into knowledge workers who produce or consume a diverse range of information as part of the job, and task workers who tend to produce or consume information in a much more prescriptive manner in the context of a structured business process. The second is where they work, and users here can be grouped into those that are predominantly office-based, and others that are more mobile or even permanently based in the field.

Organisations participating in our study vary quite a bit in terms of the mix of workers in place, and the data suggests that the IT industry is sometimes guilty of getting a bit carried away with its heavy emphasis on mobile working. The reality is that desk-based workers still remain the biggest target for productivity solutions (Figure 1).

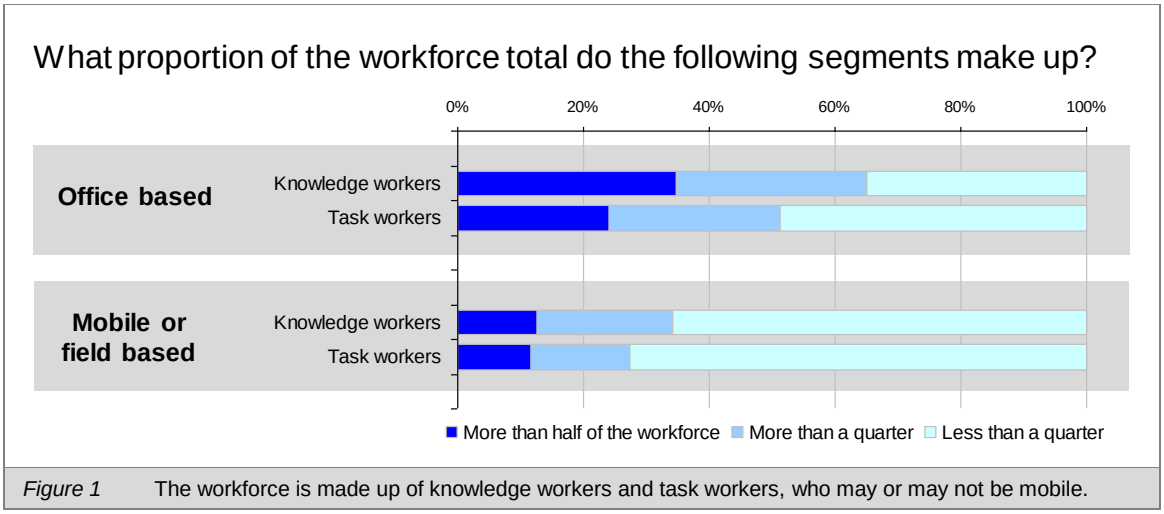


Figure 1 The workforce is made up of knowledge workers and task workers, who may or may not be mobile.

The picture we see here provides an important reminder that we need to take an inclusive approach when considering office productivity requirements. Even though mobile technology can liberate employees from their desks, this is simply not relevant to many given the nature of their jobs.

Scope of Requirements

When it comes to communication and productivity, requirements have generally broadened out from email and office applications. While these remain important across the board, our progressive sample illustrates the increasing role being played by various methods of information sharing, along with a range of real time collaboration facilities (Figure 2).

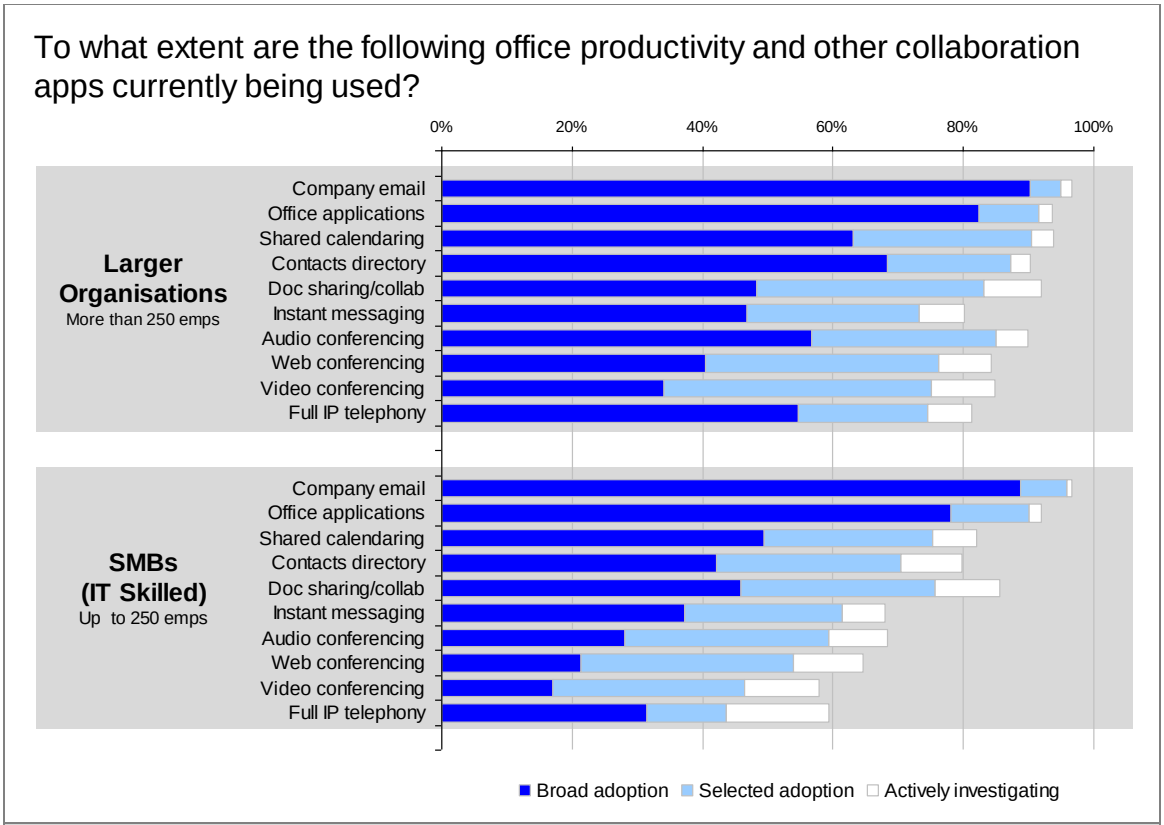


Figure 2 Gone are the days when it was just about email and office.

Notably, even in the relatively progressive and IT savvy SMB group participating in our study, the level of adoption of more advanced capability is less than in larger organisations.

A contributing factor here is arguably that larger organisations, with greater scale and more complex internal organisations, have a greater need. However, as most of the capabilities listed are equally applicable in a smaller business environment, and have historically had to be sourced from different suppliers, a more significant factor is likely to be the challenge of installing, integrating and operating the necessary hardware, software and services.

In the broader SMB population where IT skills and resources are limited or non-existent, we would expect the gap we see on the above chart between large and small organisations to be even wider.

Of course when the internal IT department doesn't provide what users think they need, they often act unilaterally and make use of consumer class internet services that are either ad-funded or can be paid for on an individual credit card for a nominal subscription fee. While we haven't looked at this phenomenon explicitly in our current study, other research suggests this is starting to happen more frequently, with potential ramifications in terms of security, compliance and support.

End User Devices

Beyond the core communication and collaboration capability itself, we have the important question of how users access systems and services. This is another area in which much of the noise in the IT industry can be misleading. Contrary to the message we often hear, organisations and their

employees are not universally abandoning desktops and notebooks in favour of tablets and smart phones. The x86 Windows PC is still the most pervasive end user device by far (Figure 3).

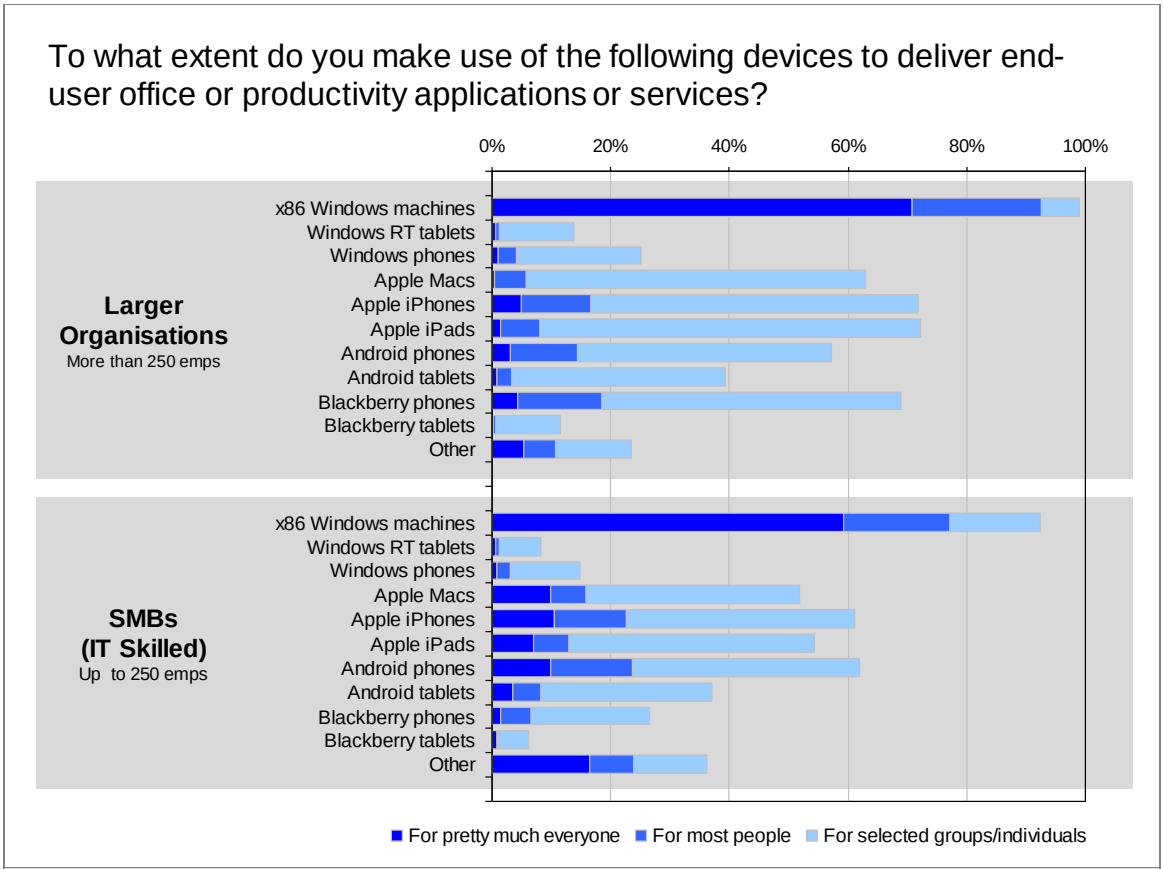


Figure 3 Today's reality means supporting a wide range of end user devices.

If the continued dominance of the Windows PC doesn't sound right against the backdrop of pundits talking about the 'Post PC Era', consider that tablets and smart phones are typically adopted as companion devices, and people rarely stop using desktop and notebook PCs when they acquire them. When reading news stories on device related trends, it is critical to understand that sales dynamics play out against the backdrop of a massive existing installed base, and that keyboards, mice and large displays are still extremely important in many business scenarios.

That said, it is clear that various forms of alternative devices are finding their way into organisations as we can see. And even if adoption is only taking place among selected groups or individuals, these are often the ones that have the greatest need to communicate, access information, and collaborate. Going forward, office productivity solutions therefore need to cater for an ever-changing diversity in terms of end user devices, and the latest 'Bring Your Own Device' (BYOD) phenomenon is only going to accentuate this requirement.

Delivery Mechanisms

Dealing with the increasingly complex three-dimensional matrix of user types, applications and devices can be difficult for IT professionals charged with looking after the infrastructure that supports office productivity solutions. We have not shown it here, but feedback from respondents in our study confirms a range of challenges to do with securing, maintaining and supporting a fragmented end user environment, and most readers of this report will be familiar with these.

Against this background, some organisations are looking at alternative delivery models that reduce the impact of increasing endpoint diversity. A significant number, for example, are exploiting various forms of desktop virtualisation, particularly in larger scale environments (Figure 4).

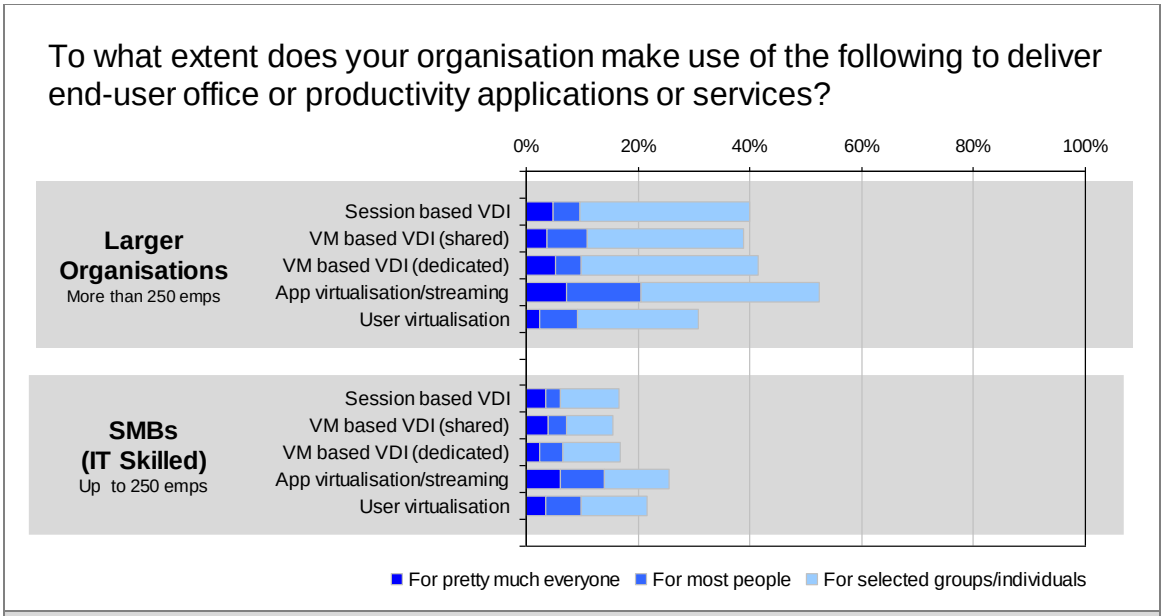


Figure 4 Desktop virtualisation is starting to be used to streamline operations and introduce flexibility.

If you are not familiar with desktop virtualisation, we would encourage you to read our Smart Guide primer on the topic which is downloadable as an e-book from the Freeform Dynamics website. Suffice it to say for now that desktop virtualisation is essentially about centralising the management and/or execution of desktop software, and can reduce the overhead of desktop delivery to office-based workers. Furthermore, knowledge workers utilising multiple devices can be offered increased flexibility and a much more consistent experience. They can access their Windows desktop on a non-Windows device, and their apps and settings can follow them as they move between compatible devices. Security and compliance is also enhanced across the board.

In addition to desktop virtualisation, deployment of browser-based alternatives to traditional desktop tools is another technique we see being used for managing end-point diversity (Figure 5).

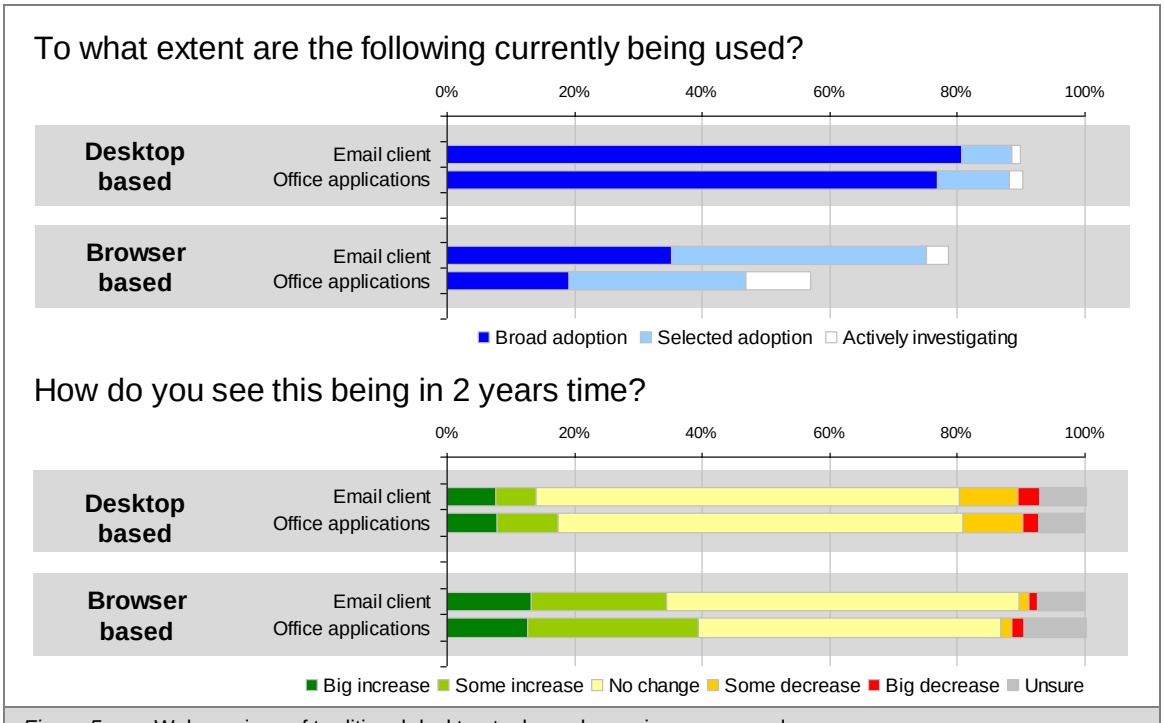


Figure 5 Web versions of traditional desktop tools are becoming more popular.

A key enabler here has been the emergence of rich Web interfaces capable of delivering a much better user experience than early browser-based word processors, spreadsheets, presentation apps and email clients that defined the market a few years ago. And this is important because many users don't want to compromise on the functionality available to them when using alternative front ends to traditional desktop software, such as browsers, tablets and smart phones (Figure 6).

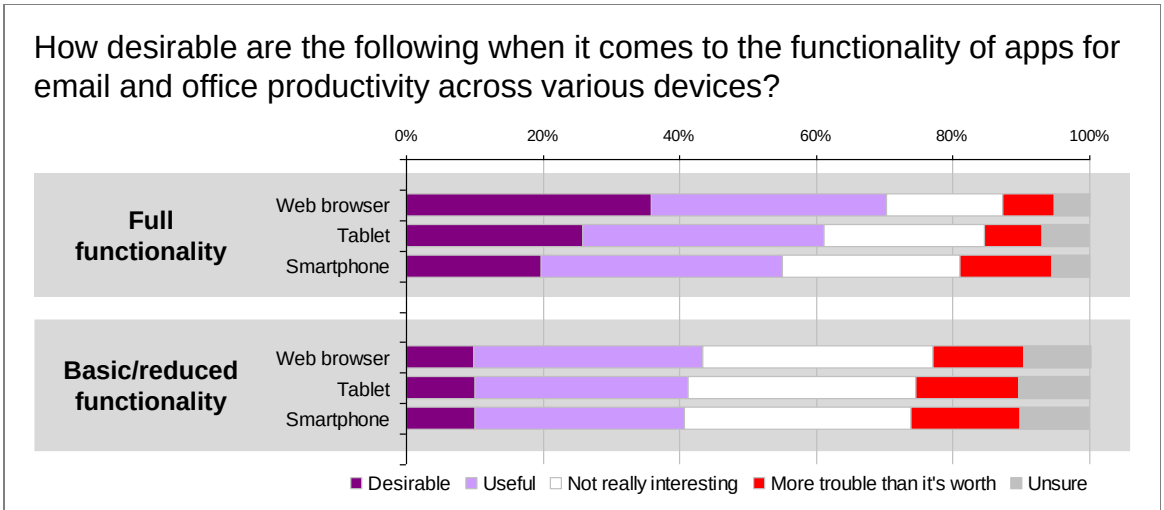


Figure 6 Many desire a full user experience across various end points, though it's not always strictly necessary.

Having said this, it is important to bear in mind something we mentioned earlier, i.e. that tablets and smart phones generally represent companion devices rather than total replacements for full desktop or notebook machines. In practice, it is therefore not always absolutely necessary to deliver the same range of functions to mobile devices. Users are unlikely, for example, to author lengthy documents, build sophisticated presentations, or construct complex spreadsheets on a touch-only device with limited screen real estate. Good email capability is important, but beyond this the emphasis is more on lightweight editing, viewing and reviewing of business content.

The main exception to the companion rule is when a user is employing Web based office tools as a total replacement for a desktop office suite. This can work well if the user is generally operating from locations with fast and reliable connectivity, but it is also a situation in which full functionality of the tools running in the browser is important.

The Emerging Role of Cloud Computing

Over the past few years, cloud computing, and particularly Software as a Service (SaaS), has found a place in many application areas. Offerings have matured in both commercial and practical terms and while due diligence is still required, affordable, easy to implement, and reliable solutions are now available to organisations of all sizes.

In the context of office productivity, a particularly good fit exists between the nature of the requirement and the cloud delivery model.

Much of what we have been discussing so far relies on secure connectivity between either browsers or front-end applications, and the capabilities that exist on the server side of the equation. Where mobile and remote working is involved, which is often the case as we have seen, this connectivity crosses the traditional organisational boundary. In addition, most of the back-end functionality required to support effective communication and collaboration is typically implemented with little or no customisation beyond capturing relevant policies and workflows.

Delivering against this set of attributes is very natural for a cloud service provider, in fact it could be argued that office productivity as we have defined it is one of the most natural cloud workloads that exists. It is therefore not surprising to find that some participants in our study are already turning to cloud options such as hosted Exchange or Domino, or full SaaS based office suites such as Microsoft Office 365, IBM SmartCloud for Social Business, or Google Apps for Business (Figure 7).

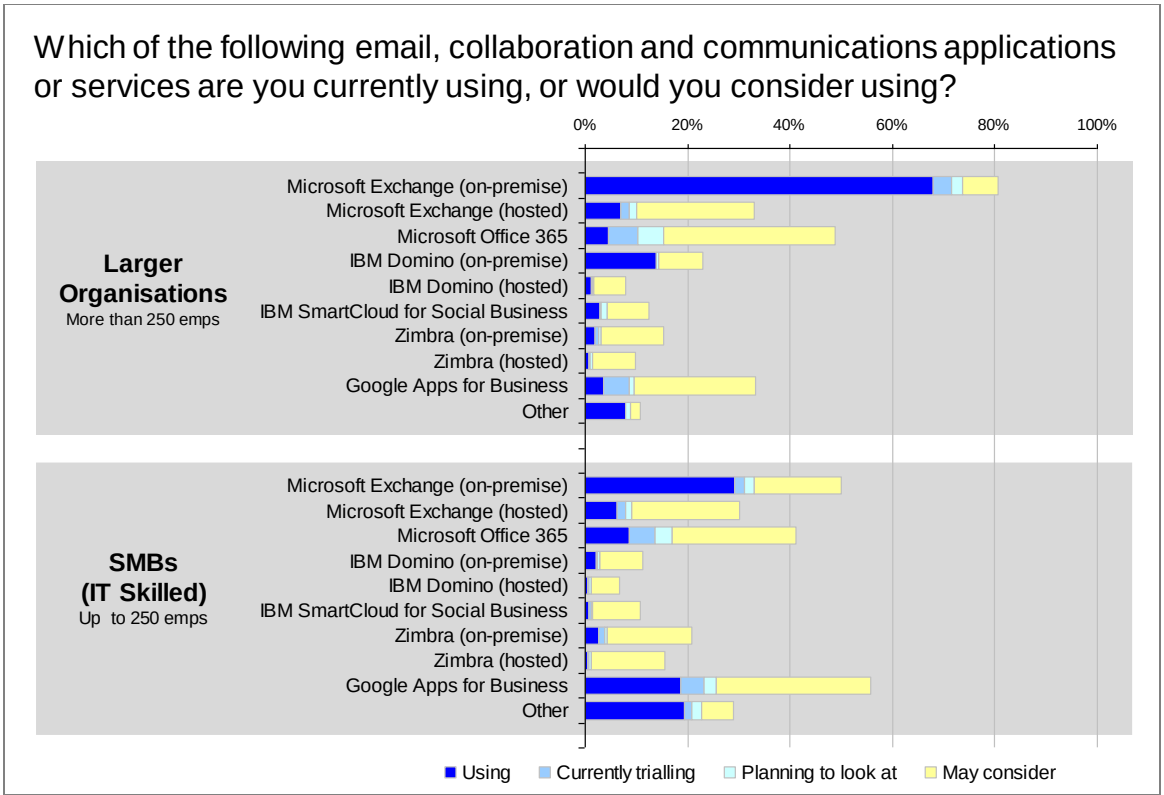


Figure 7 Use of cloud options is growing, and more organisations are becoming open to the idea.

At this stage, it is worth reminding ourselves that the data we are looking at is based on a progressive sample of organisations who are more likely on average to have prioritised office productivity compared to the general business population. We should also bear in mind that smaller IT savvy services companies are overrepresented in the SMB sample, so the activity we see here is not representative of the mainstream.

Nevertheless, the level of open-mindedness to cloud options, as indicated by the yellow bars on the chart, is highly noteworthy. We can read into this that many of those 'in the know' are waking up to the potential of SaaS in this space, and overcoming some of the cloud related concerns and prejudices that have emerged so often in past research studies.

With this in mind, the experiences of early adopters are particularly useful to shine a light on what can be expected if you decide to move in this direction.

In this respect, it is beyond the scope of a single research study to delve into all of the cloud options listed on the above chart, but to get a flavour of how well the cloud model works in practice in relation to office productivity, we did drill down on experiences with Microsoft Office 365 in particular.

Experiences with Office 365

Within our overall sample of 805 readers of The Register, 58 respondents answered a set of drill down questions on Microsoft Office 365 in particular. Of these, 34 were running live with the service (24 SMBs and 10 larger organisations), which provides us with enough input to get a flavour of what life is like operating and using Office 365 in the real world.

Getting off to the right start

Starting with the adoption phase the majority of those with a live Office 365 environment report a positive experience, with most of the rest providing a neutral response (Figure 8).

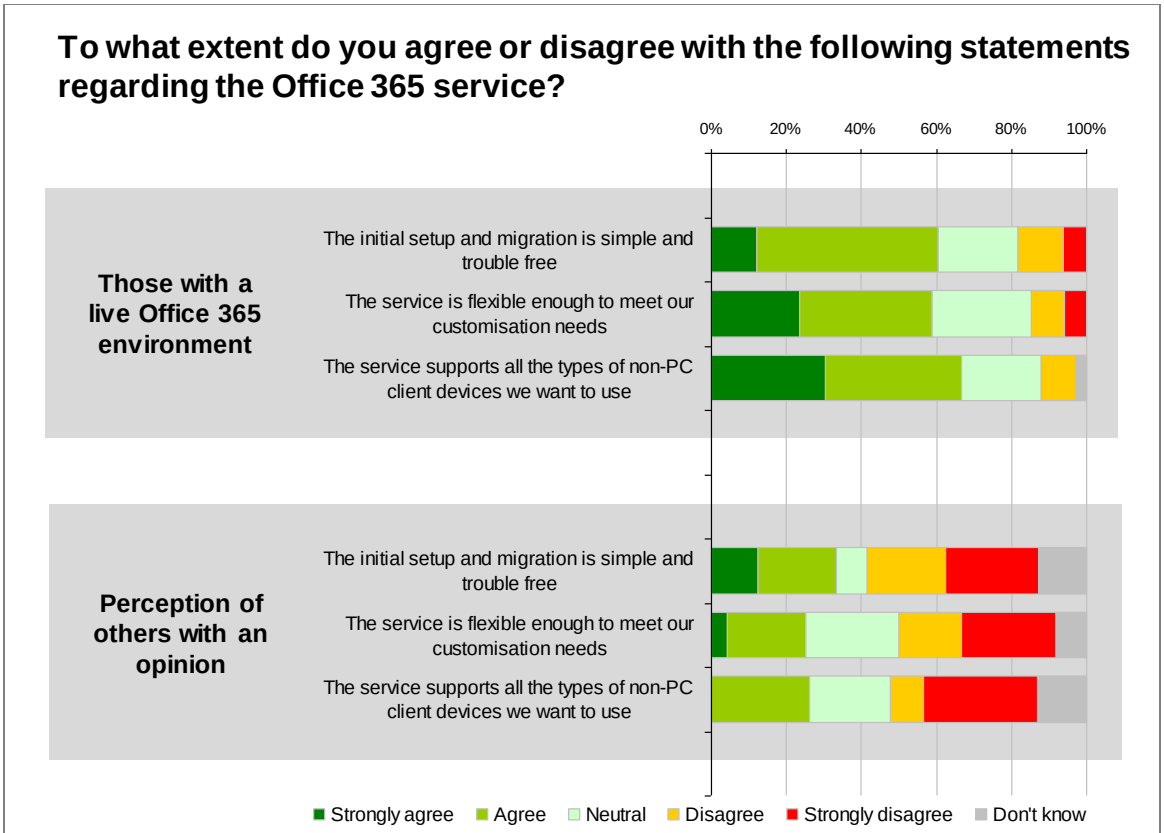


Figure 8 Initial experiences are generally positive, but those with little or no experience often fear the worst.

What is interesting here is that those with little or no experience, a group largely made up of respondents who had taken a quick look at the service or simply read about it, were much less positive. Perhaps we spoke too soon earlier in the report when we said that cloud related concerns and prejudices were diminishing, but there could be another explanation.

Thoughts on evaluation

The difference we see between the two groups above mostly underlines that the rapid provisioning often possible with cloud services is a double edged sword. While it's great to get up and running quickly, this can too often encourage quick and dirty evaluations based on 'having a play' with the service for an hour or two in an ad hoc manner, then forming an opinion. You would never evaluate traditional software aimed at meeting a serious business need on a casual and unstructured basis, but any of us can fall into this trap when it has been so easy to set up an evaluation environment.

With Office 365, and indeed similar offerings from the likes of IBM and Google, an organised approach to evaluation is essential as there is so much offered in terms of both functionality and configuration options. A lot of what you see is intuitive, but just because a function isn't obvious doesn't mean it isn't there. If you move too quickly, you'll also never find out if the assumptions you have made based on hearsay or past experience with traditional software and services are valid.

In the case of Office 365 in particular, one of the most common mistakes people make, for example, is assuming that everything has to run in a browser. While this is true if you are looking at the lowest subscription level, if you select the right option, your subscription will include access to the full suite of desktop office tools (i.e. the traditional version of Microsoft Office we are all familiar with), which at the time of writing, each individual employee can legitimately install on up to 5 machines.

In this sense, Office 365 is an example of what many are referring to nowadays as 'hybrid cloud', as the desktop software works in tandem with the back-end service. Of course the browser-based

versions of the email client and office applications are always available even if you routinely use the local desktop variants, which essentially gives you the best of both worlds.

Breadth of functionality

In terms of scope, Office 365 offers three main components on the server side - a cloud-based variant of Exchange, the SharePoint document management/collaboration back end, and Lync, which provides IP telephony, instant messaging, web conferencing, and other real time communication functions. Most early adopters participating in our study are taking advantage of the Exchange component, and at least one of the other two (Figure 9).

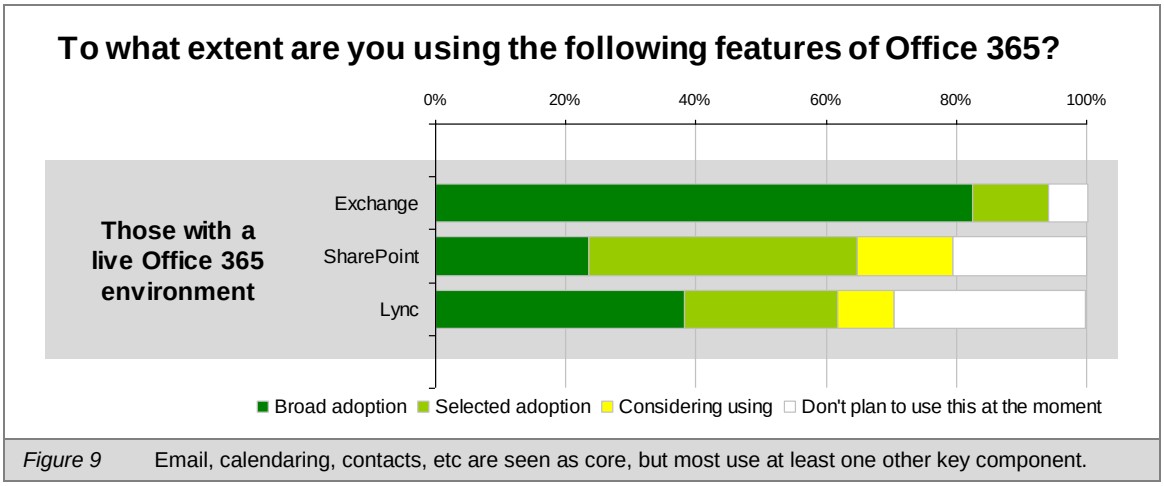


Figure 9 Email, calendaring, contacts, etc are seen as core, but most use at least one other key component.

All of this works well when using a standard Windows desktop, a Mac with Microsoft Office installed, and even via a desktop browser (as long as advanced features are avoided). But what about mobile devices such as tablets and smartphones that as we saw earlier are becoming more important?

Support for mobile devices

Office 365 enables native email client access via the ActiveSync protocol which keeps most users happy in this respect. Beyond this, requirements generally boil down to being able to access documents in SharePoint and to communicate via Lync. While most are satisfied with the native mobile facilities available, it is clear that some believe Microsoft could do more here, particularly when it comes to supporting non-Windows devices (Figure 10).

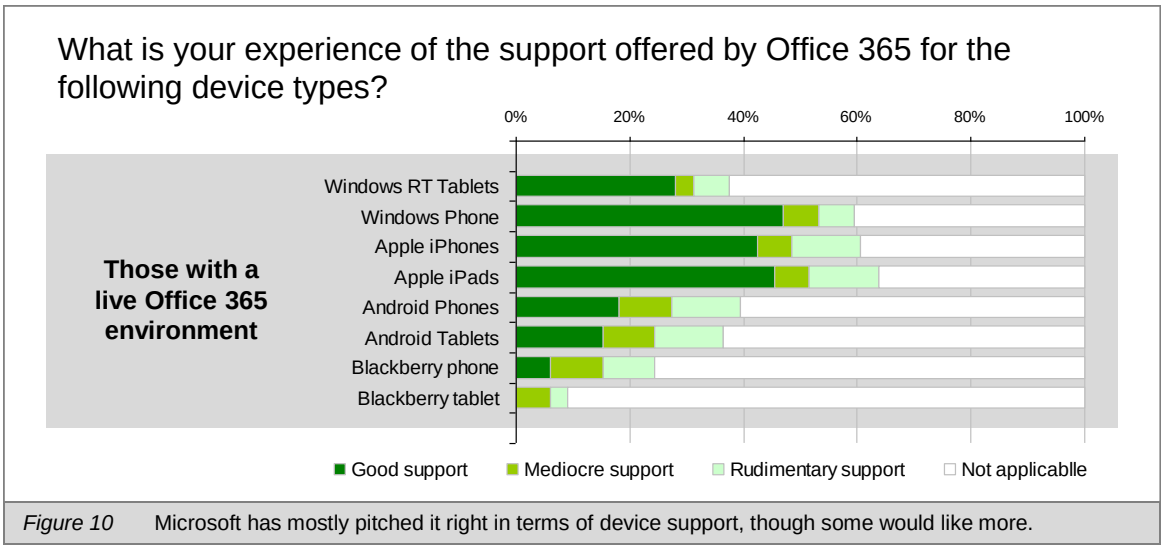


Figure 10 Microsoft has mostly pitched it right in terms of device support, though some would like more.

To be fair, Microsoft is developing its mobile capability against the backdrop of a very dynamic marketplace when it comes to handsets so before making any decisions, it is worth checking explicitly what is and isn't possible in terms of device support.

Of course related to this, the big discussion in the industry is whether client resident versions of Microsoft Office tools such as Word, PowerPoint and Excel will ever become available on non-Windows devices beyond the Apple Mac, but Microsoft itself remains tight-lipped on this topic.

Operation and management

Moving on to operational matters, we again see a big difference in responses between those with a live environment and others who express an opinion, with the latter again often fearing that things will be worse than they appear to be in practice (Figure 11).

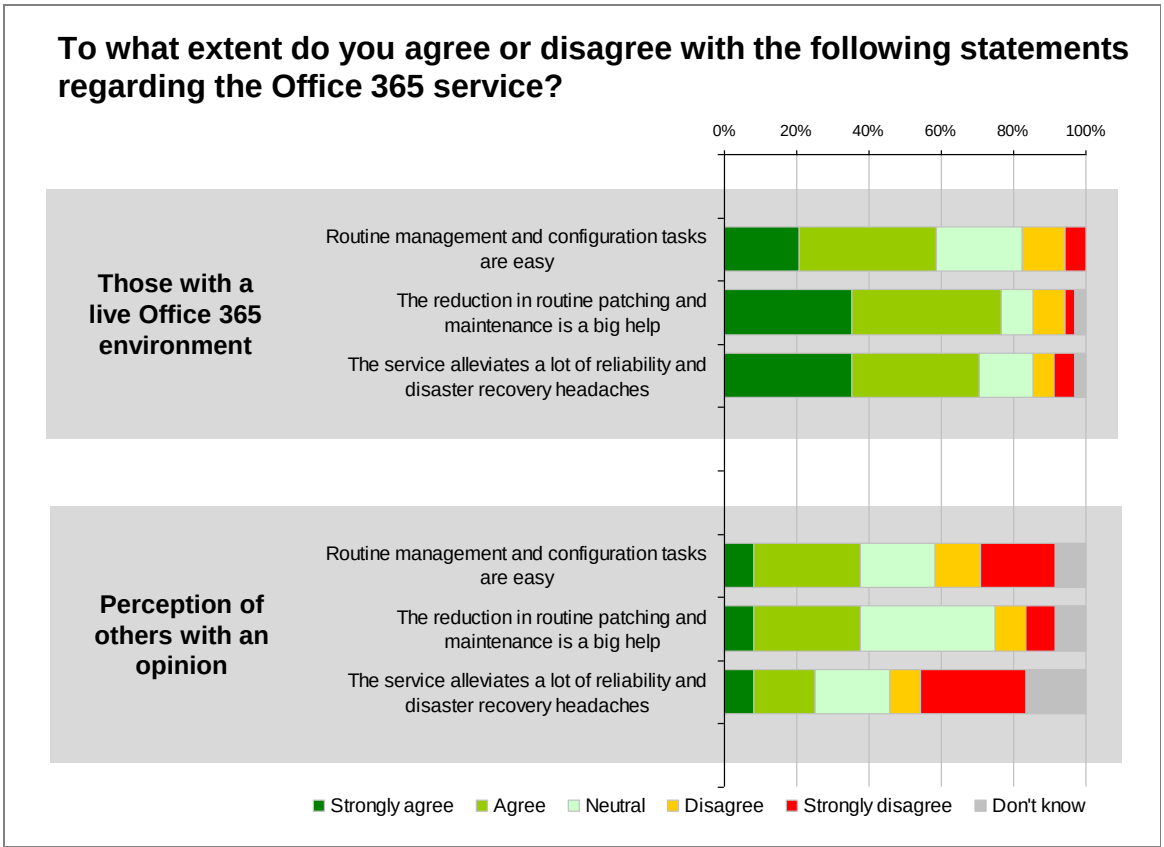


Figure 11 Mostly positive views from an operational perspective, though a few are not happy in this area.

Looking behind the first bar on the above chart specifically, it's mostly larger organisations that have run into issues with routine management and configuration.

Unlike the traditional native Exchange environment that many larger organisations are used to, admin functions in Office 365, while very comprehensive, are not as fine-grained. This is a function of the service being based on a multitenant hosted environment, in which Microsoft clearly has to control the consistency of the underlying platform. This means accepting a little less freedom from an operations perspective, and perhaps some new ways of doing things in terms of routine administration.

Another factor which tends to have a greater impact in larger organisations is keeping Office 365 in sync with systems and services also in use within the business. While the core functionality itself is very discrete, obvious touch points often exist with other applications (Figure 12)

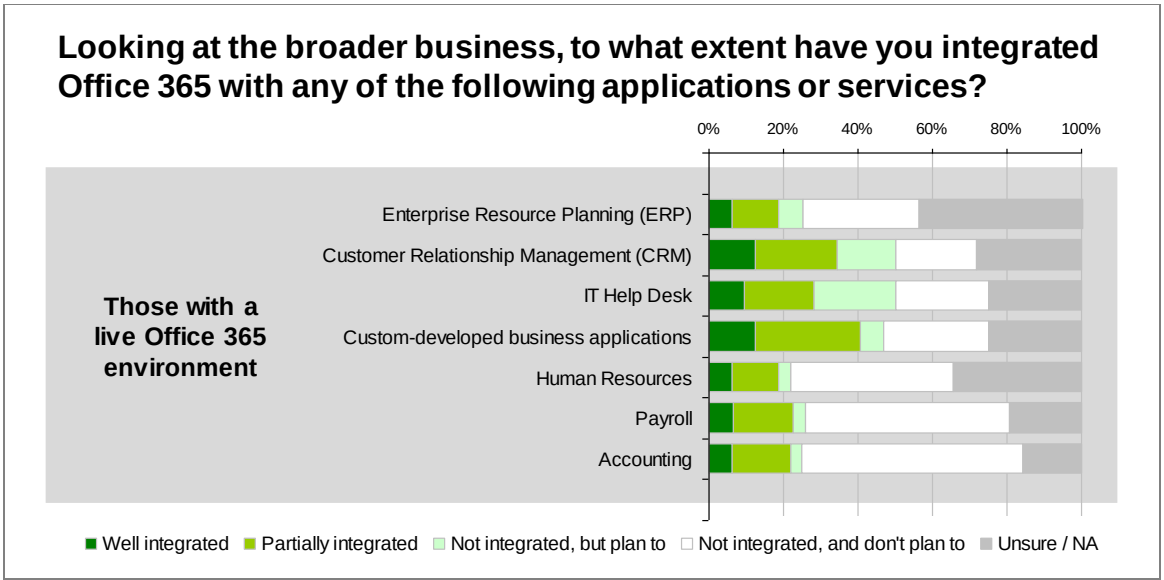


Figure 12 Integration with other systems is important to some, but not others.

Again, this is something to consider when evaluating the fit of Office 365 in your environment.

Commercial and legal

It is all too easy with SaaS to get yourself locked into long-term contracts with unfavourable terms that prevent you making adjustments when your requirements change. As with any other cloud-based service, it therefore important to understand what you are signing up to with Office 365, especially as Microsoft offers quite a few subscription options as we alluded to previously. However, bearing in mind that customers always ideally want more from suppliers, feedback from Office 365 subscribers is remarkably positive (Figure 13).

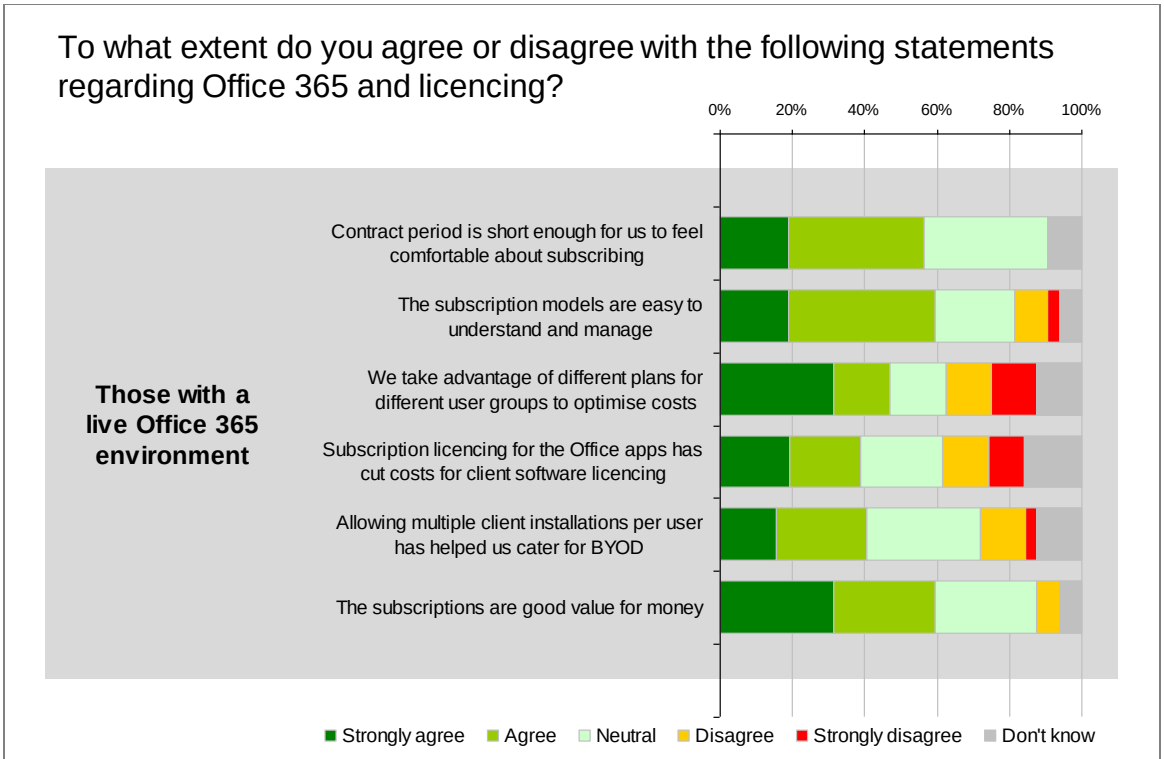


Figure 13 Licensing is pitched right for most, but some potential advantages are not yet being realised.

What's clear from this chart, though, is that not all customers are taking full advantage of the flexibility and potential cost savings offered. Only half of early adopters participating in our study are mixing and matching subscription options for different types of users to keep fees to a minimum. As an example, it is possible to provide mobile knowledge workers with a high level of functionality, including locally installed instances of Microsoft Office across multiple machines (including their own used on a BYOD basis), while at the same time providing simple browser-based access for occasional-use task workers who spend all of their time at the same desk in the office.

The bottom line

Despite the grumbles and reservations here and there, when it comes right down to essentials, the overwhelming view is that Office 365 delivers on its promise in terms of reliability, performance and the overall meeting of business expectations (Figure 14)

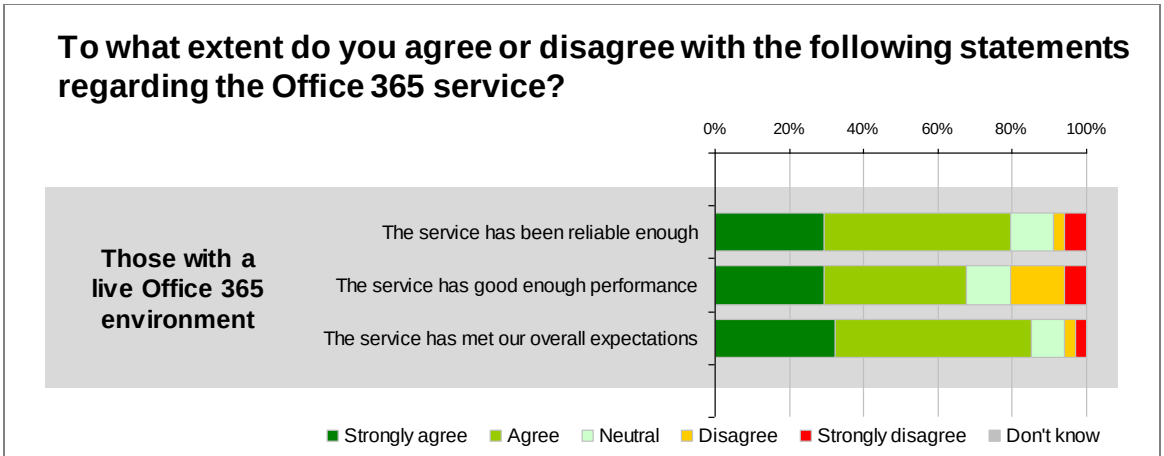


Figure 14 Overall, most existing users interviewed are pretty happy with the service.

Looking at the chart, it would be interesting to compare it with the responses you would get if you were to ask for feedback on how well key internal systems deliver in comparison.

Conclusions

Cloud computing is not a magic bullet that can be used to vanquish all IT-related ills, but the right service in the right context can deliver significant benefits to both users and IT professionals in the areas we have been looking at in this report. The use of SaaS based on the hybrid cloud model is particularly relevant to communications and collaboration because of the highly connected nature of the activity involved, and the value that stems from a centrally coordinated approach to information management and access.

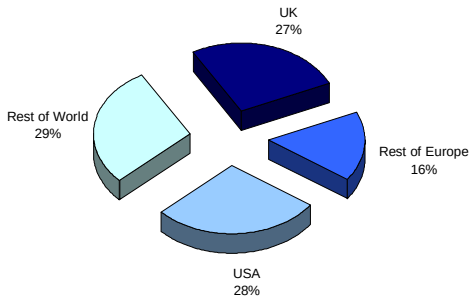
Against this background, a number of credible services have sprung up in this space, an example of which is Microsoft Office 365. Based on the feedback gathered in our research, early experiences with this confirm the fit and potential. Microsoft and other suppliers who are currently investing heavily in solutions of this kind seem to have hit on a formula that works in the real world. We would therefore encourage anyone looking to modernise their IT environment and enhance workforce productivity to consider the cloud option as part of their decision-making process.

Appendix A: Study sample

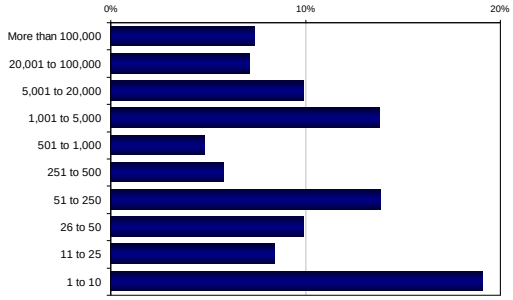
Feedback was gathered via an online questionnaire published on The Register news and information site (www.theregister.com). In total, 805 respondents participated in the study, and the work was completed in April 2013.

The sample distribution was as follows:

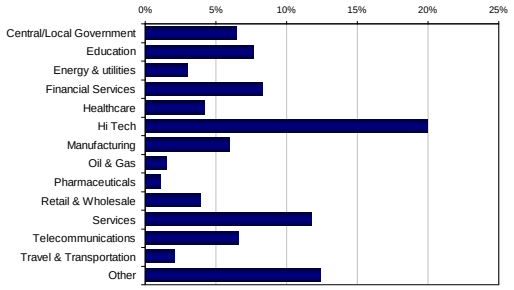
Which part of the world are you based in?



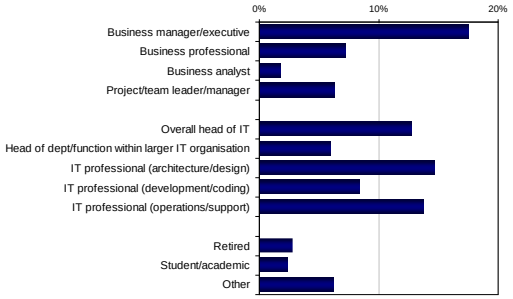
How many people work in your organisation?



Which of the following best describes your organisation's core business?



Which of the following best describes your role?



A note on methodology

The web survey approach used in this study is subject to the 'self-selection' principle, which basically means that people with a greater knowledge of or interest in the topic are more likely to have responded.

Such self-selection does not undermine the analysis we have presented in this report. It does, however, mean that it would be inappropriate to regard any of the statistics we have used as a representation of the mainstream business and IT community as a whole.

The study was completed in April 2013, and we would like to take this opportunity to thank all of those who took the time to participate. Your help is very much appreciated.

About Freeform Dynamics

Freeform Dynamics is a research and analysis firm. We track and report on the business impact of developments in the IT and communications sectors.

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