

Computing – Social networking and systems management - an unlikely combination?

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Can social networking actually be useful? There are plenty of claims made about Twitter's usefulness for getting concise messages to a broad audience or using LinkedIn to track down old colleagues who may be able to make an introduction to a new prospect. But what about direct benefits – such as finding quick solutions to problems or getting better deals on products?

It seems that the lesson from systems management vendor Spiceworks is - yes it can. Spiceworks has a business model that sounds very bubble 2.0. It provides a set of systems management tools for free and makes its cash by other means. But can Spiceworks actually return a profit where Facebook, Twitter and many others have not? Spiceworks is a private company with VC backing and does not disclose its profitability, but having gone through two rounds of capital raising, it says it has no need for a third.

Spiceworks helps small businesses manage their IT systems - its target market is organisations with 20-500 employees. Some 700,000 users have installed the product and registered as users - as opposed to having just downloaded it - so there seems to be something in it. A browse through some of the customer reviews at the Spiceworks Community supports this.

Spiceworks is a hybrid deployment. Much of the functionality for actual systems management, which, to be clear, is carried out by the users themselves, comes from software installed on-premise. Spiceworks claims users can get the product up and running in 20 minutes or so. The online component is about providing the community support. It is with the latter bit that "IT gets social", as Spiceworks likes to put it. The Spiceworks Community allows users to help

each other solve problems, see what products others are relying on for their IT needs and share reviews and best practices.

Spiceworks makes its money in three ways:

1. Advertising IT products to its online community – its current advertising customers include HP, IBM, Avaya and RIM
2. Selling access to the community for online surveys, with the obvious caveat that this is only useful for surveying systems managers. Spiceworks can muster a few thousand responses on a given product or issue and the value of this service has been recognised by customers that have paid for the service, including Microsoft.
3. Buyers' clubs which allow users to share their buying experiences and aggregate their purchasing power to get better deals on hardware and software. Spiceworks then helps to broker the deal and takes a cut from the vendor. This is targeted at \$1,000+ value products such as email servers, backup suites rather than cheap commodities. There are 15 vendors participating in the backup Buyers Club including Dell, EMC, HP, Seagate, and Symantec.

Spiceworks is not unique; there are many other systems management tools including some that are fully online such as NTRadmin, which have the same potential, but as this is a paid-for service so there is less pressure to use the community itself to make money.

We have all got used to advertising and other intrusions from online service providers in return for free online services. Spiceworks is making it work for IT management, what next? Perhaps we will see accounting get social? Watch this space.

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at

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