

Company Participants

- Wayne Kurtzman, Research Director, Social and Collaboration

Other Participants

- Mandeep Singh, Analyst, Bloomberg Intelligence

Presentation

Mandeep Singh {BIO 15014535 <GO>}

Good morning, and welcome to the Bloomberg Intelligence webinar on the outlook for collaboration software makers amid COVID-19. My name is Mandeep Singh, Senior Analyst, covering software and TV for the tech team here. Just want to start off by saying our thoughts go out to the people who have been affected by this challenging situation and we hope it's over soon.

Couple of housekeeping items. Our webinar will be recorded and a replay will be available later. Views expressed by the analysts are their own and I encourage everybody to send their questions in real time, which we'll take at the end.

Our guest speaker today is Wayne Kurtzman, who is the Research Director, Social and Collaboration at IDC. With that, I'll pass it on to Wayne, who will start off with the presentation and then will assist to a Q&A format. Wayne?

Wayne Kurtzman

Thank you very much. Mandeep. I hope everyone is well or get well soon, also looking forward to moving on from this. But we are here and in the words of Doug Adams, Hitchhiker's Guide to the Galaxy author, he penned and said "We are stuck with technology when what we really want is just stuff that works." This becomes important because about 10 years ago, as smartphone adoption started growing, every individual when they needed to learn something in real-time can search it. If they needed to communicate with someone, they downloaded an app. If they needed to collaborate with someone, they downloaded an app. And then, they started wondering why they could collaborate easier outside of work, communicate easier outside of work with their family, friends community organizations than they could at work. And in fact, 55% of all collaborative applications in an enterprise start as unsanctioned apps because they want stuff that works.

And often, that's what we hear around some of the key technologies that have been adopted over the last 10 years. It just works. This also changes who a knowledge worker is. Anyone that's connected, if they're recognized by the business is that potential knowledge worker and that creates a huge opportunity for enterprises that

they're realizing now and whether they wanted to digitally transform this quickly or not, it's what's happening.

And collaboration is a key area. It is one of the areas that are the huge beneficiary. It feels off to say beneficiary at a time like this, but these companies are doing well. The benefits and this research by the way is earlier this year of 253 collaboration leaders and enterprise. This is before COVID-19 really came into play, and we ask what are your top five benefits of using a team collaboration application and up top real-time information? This was much lower last year. So it's interesting to see, but it was tied into increased personal productivity and saving time and group productivity, but also scoring low last year and all of a sudden came up high is feel more informed and connected and better relationships with others. The field [ph] is more and remember this is prior to COVID-19 and we really want to feel connected now. But even prior to this, this was one of the key takeaways.

And when you start seeing fields and better, it under -- better relationships, it underscores that collaboration is not just technology, but it's culturally based, and that does create some challenges.

First core is right in the middle; security, governance and compliance. That's what we're doing to mitigate risk with a collaborative stacking culture. But as we look around, these are the areas that most companies have to deal with. Starting in the upper right, the communications layer, messaging, especially short-form messaging, conferencing and team collaboration applications. This is what people use outside of work. They're used to face-to-face video conferencing. They're used to messaging, but the team collab applications they need stuff together, then on the content layer office suites and file sharing.

What I want to point out is, on that comps layer and content layer, if you do not provide, if an enterprise does not provide of good version of this, most consumers, most people know where to get a good one. It's easy to use G Suite Docs to collaborate. It's easy to get a premium version of Slack that's robust. All type of messaging apps that are out there as well. You need to empower people to do people things and that sometimes is a little hard for some enterprises to grasp and others have really, really taken it in.

But then comes the secret sauce, that's the productivity layer where the integration of systems of record like CRM, HRIS. When you integrated into collaborative application, you're removing friction and barriers from getting work done. You're allowing data to share easier and that again comes back to security governance compliance. But beyond that, the next part is cultural. On the left upper side, we all want a safe place to work.

We're all trying to navigate our families in the house or just ourselves then the house. Either way, this is new. But we want a safe place when we go to work. A place where the ideas are engaging and it's a place for ideas to mature. The mentoring and modeling, this is another super power that really helps companies, not only do

better than what you saw in the previous slide as far as results, but really start connecting dollars and time into new results and transforming. When you empower your peers to mentor other and model behavior, then all of a sudden, it's much better than a boss thing, "Don't do it".

A peer does it and then the peer can also collect data and share back to the organizer of the collaborative platform to develop new features. This is what we need. So now the enterprise is growing collaboration assets in real-time and abilities in real-time and again that cross silo [ph] membership that becomes very important. If you just threw Slack or Microsoft Teams or at last any other solution into an enterprise, they're going to naturally form around the people they need that add value to that group. That's what we're talking about when we talk about encouraging subject matter experts from across the spectrum.

If we look at the market forecast that we had, please remember I did this in July that we published this in July 2019. This is the 2018 year. So 2018, the collaboration, the collaborated markets were \$14.8 billion. This consists of team collaboration applications that would be like Slack, Microsoft Teams, some of the Atlassian products, some of the work flow products like Smartsheet, like an Asana. Conferencing such as Zoom, Microsoft Meetings, Google Meetings. E-mail and enterprise social networks, enterprise communities, so Khoros community, Salesforce community, cloud and that.

If we look at each one of these, we were predicting a \$26.6 billion market in 2023. I did not have a pandemic in my forecast. I'm very sorry about that, but if we look at it right now and we're still developing the numbers, still looking at more data points, we were looking at a 12.4 CAGR over five years period ending 2023 and that was being held down by e-mail.

Right now, if I take a look at team collaboration applications, which we were looking to grow at 20.3% CAGR, winners, there are a lot of winners that are going to -- that are coming from this. Actually, the team collaboration applications market probably jumped two years, maybe a little more in just the first quarter and retention will probably be very, very strong because enterprises are rolling it out first and then building it out and I think that's what you're going to continue to see.

Microsoft is seeing some more adoption from their base. Slack is seeing tremendous growth, Atlassian growth. There is a lot in the market that is growing. Conferencing will be much bigger than 13.6% CAGR. Conferencing still trying to narrow down those numbers, but it wouldn't surprise me to see a CAGR with a very strong 2020 and a very strong retention rate, some of the consumers may fall off a little bit, but we are actually just looking at business revenue here, we're looking at enterprise revenue. We're not looking at the B2C revenue.

So still we're looking at a very healthy probably upper 20% CAGR growth over five years when this gets redone. Everything is indicating toward that, but I do want to see some more data points come in. Conferencing and team collaboration

applications won't go away because this is part of transformation. And if the transformation is already in place and you're seeing benefits, you can't pull that out, you can make it better, but can't pull it out.

E-mail, 4.3% CAGR that's going to show up closer to 10% and it's going to grow a little bit more as new features and integrations come in and enterprise social networks or enterprise communities, those are going to grow as well. We had them at 13.4% five-year CAGR, that's going to be a little higher because companies are starting to realize they have to be more social, they have to build trust and build trust at scale. And if they provide a well-moderated community, they will attract partners and customers within that, and it doesn't make a difference if you're B2B or B2C because if they don't provide that well-moderated community, people will go, and they are going to LinkedIn and Reddit. So you're going to see some stronger growth there that I think will lag behind just a little bit.

This is an offshoot of social media as well. If a company is responsive in social media and as well staff, they're going to do much better because in many cases, social media is also seeing some growth. It's not reflected in this chart, but people stuck at home, multitasking. They going to try getting through to whichever company it is on social channels if it will save them some time. And that's an interesting development. So again, those numbers growth with the comps layer, the content, productivity layer and the culture building altogether.

That's just a quick overview of what I see. It's a good time to be interested in collaboration. You won't probably build out your personal collaborative stack as well.

Mandeep?

Questions And Answers

Q - Mandeep Singh {BIO 15014535 <GO>}

Great. Thank you, Wayne. That was a perfect way to kick things off. So one of the things that I get from a lot of investors and folks that I talk to is look, conferencing or file sharing, these are features at the end of the day. So and there are lot of companies that are really doing this on a standalone basis. Zoom is a great example. On the conferencing side, Slack on the collaboration side, Atlassian on the DevOps side, and we have smaller players like Smartsheet, Box, Dropbox. How do you view this market? Long-term, is this just going to be a standalone product that makes these multi-billion dollar companies or you think they're going to be integrated into something? Just wanted to get a sense if you had a long-term view on these companies.

A - Wayne Kurtzman

Absolutely. And let's take a step back and look at the market itself. The collaboration market is very much entering its teenage years. And if we know anything about teenage years, they're totally unpredictable. What could go wrong? But what is also

happening is the longer game is starting to develop. Microsoft and Google are starting to talk about knowledge management. The ability to codify and reuse management and raise it to the people who need it, when they need it and it comes from so many different places.

As we also look forward toward 5G and more data being pushed to the edge, computing power and abilities to collaborate will be augmented greatly. Every one of the top players in the market are looking at that long game. Yes, collaboration is still human, but the augmentation to do more better in unique ways, develop things differently are really part of a larger knowledge management game and I think everyone's a little nervous to see how the business consumers and the consumers in general will be buying at -- as the COVID-19 epidemic starts, moving on to the next phases.

What's going to happen? One of the things that probably will not happen, in my mind, is that people will stop using collaboration. People, this will not happen. People will stop communicating in the way they're doing it. This will not happen. The reason is, it's now the way they communicate. It's like kind of rip out the phone from -- in 1990. It's not going to happen.

The way people have communicated has fundamentally changed and businesses can now leverage that and every piece of data as a Zoom call transcript. a Teams transcript, wherever it comes from because transcription and AI and ML will be very normal, all become assets that can be reused as part of knowledge management and that's the longer game. The difference, the two games that may be played in the long run is it a best-of-suite solution, Microsoft, Google, or a best-of-breed solution where you're literally integrating to get the custom stack you need and the early answer is, it's going to be both and there is plenty of market.

Q - Mandeep Singh {BIO 15014535 <GO>}

I guess coming back to what would large enterprises go with? At the end of the day, they don't want to deal with hundreds of vendors, they don't want to use point product that holds security with, and granted the integration is the value proposition around integration, the best-of-breed products is quite compelling. But at the end of the day, when Microsoft is offering Teams at a fraction of the price that Slack is charging, then I guess enterprises would want to move to that bundle level and solution where they are getting that security posture and dealing with just one vendor as opposed to multiple vendors. So I wanted to see if you had a view on anything like this that you have seen in the past or if this is so nuance that the large players can do it that well that Zoom and Slack are doing anything along those lines?

A - Wayne Kurtzman

I think that honestly there is a good comfort factor in working with Microsoft. But also there is -- what -- your needs may not come as soon as you need them. And that's true, that's not just a Microsoft thing, that's true with any large enterprise that has a suite of products. And I think the longer version, you have to watch out, and IT managers have contacted me and saying, is they are fine print? Does it stay free for six months, then this or is it just lower price? So there are a lot of dynamics and a lot

of IT managers are looking at that fine print and don't want to get sucked into a limited time only that's where some vendors that have a really generous freemium version are benefiting, and in fact many of those premium versions are being turned into paid versions, whether it is at the line of business or at the enterprise.

And one of the things that I keep on saying for years is that, a lot of the collaboration and communications products enter at the line of business because it's better than the enterprise. It's easier -- it just works. To go back to that first slide, people want things that just work and they need to look good from working at home, they need to be able to produce and that's something that now you have that balance.

Can I get something that just works? And it may mean opening up new ways of purchasing that are in fact not the way we've had it before. A good example, data I have from 2019 show that 57% of businesses surveyed went with who they have a contract with, that number is almost 50% this year, because they are finding out who they had a contract with did not always meet their needs. So it will be the evolving needs of the enterprise that drive this and it could mean a little bit of flexibility over time and multiple winners in this market.

Q - Mandeep Singh {BIO 15014535 <GO>}

Got it. And just a reminder for everyone, if you have a question for Wayne, you can type your question in the webinar window and submit it and we'll be sure to take it out towards the end of the webinar.

So going back to just the overall market opportunity, and one thing, I mean I know you think the CAGRs that you had on the slide are probably too conservative at this point given the demand surge we have seen for these tools. But do you think this is going to fade off once the situation normalizes and we are going to go back to low to mid-teens growth? Or is there some market share shift going on when it comes to the traditional vendors that were in this space be it Cisco Webex, LogMeIn, and there are a few other go to meet -- Citrix GoToMeeting that people they'll end up replacing those on premise tools or the traditional on premise tools with some of the newer tools like Zoom, like Slack, and there will be some acceleration in market share shifts here as a result of this whole virus situation?

A - Wayne Kurtzman

Every vendor I've talked to, they've wanted to move customers into the cloud. Even those that have a heavy presence on-prem, many of them are very happy to do a hybrid solution, but ultimately this will accelerate. And conferencing has been most successful in the movement to the cloud, partially because of Zoom success being fully in the cloud. But you're also seeing vendors like RingCentral and 8x8 that are very successful in that LogMeIn is doing very well. There are a lot of companies who are needless to say, Microsoft and Google, too, have to be included, but pretty much everyone is doing this and every vendor has always wanted to move to the cloud, because -- and this is a one thing I hear time and time again, is there a lot of vendors with on-prem solutions that don't want to upgrade because things are working. And unfortunately that creates issues that are rooted in user experience and often security and they need to be.

So the cloud solution really enables the customer to get the best user experience they can, so I do believe that with the exception of certain security, high security issues, you're going to see continued acceleration to the cloud. I'm quite sure I will have that late period CAGR floating around 90%, but I have to caution that in this market that we're looking at right now, this excludes telephony vendors where you have to buy telephony to get the software.

So some of AT&T, for example, is not in here. Traditional PBX that might have a cloud offering, but you have to buy. That is not in this forecast. That's why the -- that's why the cloud percentage is so high. This is the software market and this is where we're seeing jumping from traditional into the cloud, and a lot of vendors have made that jump. And they're starting to scale and a lot of them are basing it on some open source, which is very good. There is a lot of places where they can develop some really outstanding solutions and it's almost all video.

The WebRTC standard made it very easy for people to -- for companies to deliver high-quality solutions that they can wrap in their own way and that turns out to be a very big deal right now.

Q - Mandeep Singh {BIO 15014535 <GO>}

Got it. And you mentioned open source and freemium and for a lot of the CIOs, they are still reluctant or at least they were reluctant before this whole virus situation to deploy freemium or open source products. Do you think security will remain a big concern when it comes to the single point products deployed on cloud that may not have that secure framework that Google Suite or Microsoft Suite offers?

A - Wayne Kurtzman

Security will always be top and foremost number one. You have to protect. You have to protect. And that's why, IT -- and I've noticed a shift the last five years is that, CIOs and those who report to the CIOs have gone from "you shall do it this way to what do you bring in, why did you bring it in, what problem does it solve" And they're learning from people who probably got fired seven years ago for bringing in what they did into now working with the CIOs to teach them, while the CIOs then add their knowledge of security governance and compliance necessary and they're realizing that some of these newer products and this includes the Zooms, Slacks, Atlassians of the world, sometimes even the Cisco Webex and LogMeIn's all of these coming in really solve a larger business problem.

And most successful collaboration we see is, not only bottom up, but top down support. Nothing -- there was a piece of research I did and 90% saw amazing, amazing results. Some as much as 40, 50 hours additional a week retain, more than a full work week and then there are some people who saw 70-hour, 60-hour work weeks negative. And these people after some more research we found we're copying and pasting content from email to the collaboration solution because one or two people wouldn't move over to the collab solution.

So actually Slack and Microsoft when they integrate solve that problem, in a Slack Microsoft integration in a rather clever way, Google had it built in from day one, so

they really never had to face that problem with their integrations. But they're getting around that, so that over 10% who have to copy and paste between systems have a life, that's going to be a feature rolling out in Teams started to rollout as well where can also feed into outlook a little better.

So we're solving those problems one at a time. But the biggest problem and it also is a main issue in security, our people. Given the stuff that just works that meets the security requirements and people are going to be happy and much more productive. If you remove those barriers, they're going to be more productive.

And right now that's people need to feel that and they need to also -- and CIOs are also adapting to having non-business conversations because, and for many of us, the first five minutes of a call, 10 minutes of a call are how are you doing, how are you coping with this, what it's like by you? We have never been more people like in business than we are right now and that's something that's probably going to continue.

We're letting each other into our homes. So that's both connecting us deeper to our co-workers, to our clients, to our prospects in ways that we never were before, but also security is having to look a little bit differently at this and say, this is the new normal, and I think that's also going to play into the larger trust discussion about what's done with the data that businesses will have to face up to in the near future and a lot of them have already started that discussion.

Q - Mandeep Singh {BIO 15014535 <GO>}

Is there any way to quantify the feature, a gap between Slack and Microsoft Teams or Zoom and Google Hangouts like how should people who are looking at this market holistically get a sense of how far ahead is Slack from Teams and how far ahead is Zoom from Google Hangouts?

A - Wayne Kurtzman

I just consider, let's handle each one separately. Number one: Microsoft Teams and Slack, they do different things. Microsoft keeps documents together nicely, but they're not the best place to hold the conversation, where Slack basically takes conversations that would be an email and put it in channels and it integrates with Office or G Suite, they keep the documents in the conversations together.

They are different. They, I think, are better together because you can leverage more things together and ultimately, you'll be able to leverage, different types of ML and AI. Basically Slack's goal was to make any software that's attached to it work better and in fact it does remove layers of friction. So it does keep things together for the record, and Microsoft Teams, again brings science [ph] together in different ways. Now if -- but is not the best chat tool yet. I don't know if they want to get there, but there is -- they're both really good at what they do and they are both getting tremendously better, but I do believe they're better together.

If you take the Zoom and Google Hangouts meeting solutions, they are different as well. Personally, I do miss some of the augmented reality, a little crowns and other things that Google used to do that if they didn't put in the business thing, but we need that in the business tools now. We need those background that Zoom enables us. We need some things that are easy to use. Zoom added that security feature, changed the default, they reacted very quickly to a lot of this, and I think a lot of the negative hype is hype, a lot of the problems were user issues that they now have to take steps to fix.

For Google, they have the integration into the G Suite. But to be honest, Zoom won't integrate to either. It's really -- that's a closer game. If you really want to look at the different benefits that are available on the platform, where is the AI, the ML, open ML, for example, within Google Suite, G Suite allows you to do certain things that may be incredibly valuable as you start moving toward that goal of knowledge management and retaining every conversation in a way that it becomes data that is actually usable later.

One of the big problems we had in the '80s is, we had a ton of data, in the '90s more data, we don't know what to do with it. We have -- when we started looking at web logs and all the sudden, we got some insight on how things were being used now worked at the point of being able on the verge of doing that with AI and training ML to do it to really beef up the depth of knowledge we have around not only our individual work, but the collective body of work that we've done as teams.

So again, Slack and Microsoft Teams are different. I think they're better together. Zoom and G Suite Hangouts meetings, they're closer, but they do have differentiations that may appeal to an enterprise more than -- one more than another.

Q - Mandeep Singh {BIO 15014535 <GO>}

So is there any sector or you know, I can think of maybe BPO or any other market that inadvertently gets impacted because the conferences -- conferencing capabilities are so good now because collaboration tools can do what they weren't able to do before. Do you think there is a market that gets disrupted as a result of these tools being so effective at collaboration and communication?

A - Wayne Kurtzman

Absolutely. If you allow better collaboration and communication, first of all, the systems of record that slide from earlier on the productivity layer. It becomes a chain as like we have these conversations, where can they help? Well let's integrate the systems of record. Workflow and flow of work, work management becomes one of those that if you're process-oriented then that becomes the easy one to put in.

There were other ways marketing can definitely use products like that. And anything with a good kanban board and a flow and APIs to AI and ML become very, very easy to add. If you're in manufacturing, you may actually decide that some of the equipment you have needs to be smarter and it can integrate to this. If you're -- It really depends on the type of enterprise you're in. But as a generalization, I see work

management being very big. I see marketing and CRM integrating. I see communications to customers, partners and the like becoming huge. So I did say that enterprise communities would lag a little bit, but accelerate. In fact, they're accelerating a little more than I thought right now, but they will have a longer tail in their growth.

So really all of those and then it becomes very business unique and where businesses are going. As a result of COVID-19, companies that did certain things three years ago may be doing a different flavor of them three years from now. And a good example of that is if you take some of the largest companies, Walmart, Target, I can go down the full list, John Deere, they are -- they have developer portals, where they are making code and sharing code, they are essentially becoming developers and sharing the code with others, not just their partners, but beyond.

Full developer portals, so they're growing to a different level of digital transformation and I think you see the most aggressive companies in moving or growing toward being developers and powering citizen developers. There is a lot of low code, no code. That allows you to customize collaborative applications for your own use and it does not. And we're seeing developers come in not at IP level, but at the line of business level. And that's a significant change from three years ago that will accelerate right now because a number of the vendors are just making it easier to code and automate certain things.

Q - Mandeep Singh {BIO 15014535 <GO>}

Do you expect salesforce.com, SAP or Adobe to get into this market either with their own tools, because they want collaboration and conferencing capabilities from within their software or they are more likely to partner with the likes of Zoom and Slack?

A - Wayne Kurtzman

Both, actually. Adobe has been partnering more aggressively. Salesforce has a really nice solution called Quip. They purchased that a number of years ago, their former CEO is now, I just can't remember his position, in charge of product. He is significantly influencing the direction of Salesforce, but also the acquisition of MuleSoft was huge for Salesforce because it enabled Salesforce to become more of an open API software. They realize that the future comes with integration to whatever their customers need to work and have it integrated in the CRM and bringing their marketing to tightly integrate with the AI and ML (inaudible).

So Salesforce have -- they have a great developer portal to all those companies like you mentioned. But Salesforce is actually starting to use in my view, bringing Quip more front and center as a collaborative platform for many things and they've done some very clever work around that.

So yes, expect that collaboration will be there, will they play in it? I think Adobe has made an active decision to be something that you need in your business, but they don't have to be the collaborative tool. Salesforce is there, but I don't see them yet.

Shining the spotlight on Quip, I think they actually want to take that step ahead a few years ahead and say, "hey, this is a collaborative platform".

Q - Mandeep Singh {BIO 15014535 <GO>}

Got it. And we've talked at length about video conferencing and e-mail collaboration, but what about content management? So we have two or three vendors like Box, Dropbox who really focus on content management and this is one kind of segment within cloud software that hasn't taken off as well as you know the video conferencing and Slack collaboration we discussed. So, any thoughts around the prospects of Box and Dropbox?

A - Wayne Kurtzman

Yeah. Drop -- Box and Dropbox fall into that, it just works category. You plug it in, it just works. It doesn't take a long time for IT to properly provision the security governance and compliance that they need. Is very straightforward. There is a lot of promise. That is, I'm sorry I've left out from my earlier answer. Because with all -- with everything happening in the market with the discussion of knowledge management, all of this is based on content and the newer forms of content coming in including AR, user generated content becomes increasingly important as it has been.

So content, as a whole, becomes really important and a place to keep it becomes really important, and from that point of view, Box and Dropbox continue to have some features that others don't. And they're becoming preferred sources to integrate because they were made to be integrated. Many of the companies in the last 10 to 11 years, they are very focused on APIs that integrate and they're very focused on security.

Q - Mandeep Singh {BIO 15014535 <GO>}

Got it. Okay. So in terms of the deployment model, like you mentioned, a lot of these companies, started off as freemium products. But do you think they are going to look for ways to do more enterprise wide deployments. And if yes, then what do you think will be the tipping point for enterprises to deploy these tools company wide as opposed to certain lines of businesses that end up using a Zoom or Slack, while others are using something else and the whole organization is probably using some on-premise tool?

A - Wayne Kurtzman

Yeah, I don't see a lot of on-prem. I see some, but as we go down that there will be some consolidation around the likes of video collaborate -- video conferencing tools because people want to be able to use the same thing and it should just work. I'm going back to that first slide with almost every answer. People need things that just work and CIOs need things that aren't going to cause some problems. It's just that two ended sword and a lot of the products in here do just that. Yeah. Go on.

Q - Mandeep Singh {BIO 15014535 <GO>}

Is there -- I think people on this call look for numbers and they're trying to figure out, okay, what's the durability of growth? Once this virus situation is under control. I mean, and people will return back to offices. Is this more hype and or there is a demand that's going to last for a few years, simply because these -- and if there is a way to quantify, that's why I have that enterprise-wide deployment question because at the end of the day, that's what's going to drive adoption. You will always have certain lines of business who are using both for their teams, which will result in 10 to 15 people are using certain tool, but that's not what will drive the broader adoption.

And that's where I was trying to get to, is there a tipping point and if yes, how can people look for cues around? Okay, this is where you say, yeah, everyone realizes these tools are much better. And they will look into those places what they had and go for these enterprise-wide and here is how you can monitor that sort of activity?

A - Wayne Kurtzman

Yeah. Thank you for refreshing me on that. On the enterprise adoption, most of the companies that I've named have seen -- have had a growth rate within companies of about 20% a year. Some 14%, some a little more than that, but the land and expand has been very successful for a lot of these companies. Whether we're talking about a Slack, whether we're talking about a Zoom, whether the ability to go enterprise wide was accelerated because of COVID-19.

The tipping point, I do see growth in all of these markets for at least the next five years. The year-over-year growth isn't going to be hard to beat 2020, but as a percentage, but there will be continued growth, because not everyone jumped on their ideal solution yet.

So the tipping point is still coming. I think first, it's going to come, we already accept video conferencing, because we do FaceTime, we do Google Duo, we do Skype. We do all these things Zoom at home. And if you don't, most people do right now. And the adoption of video ranges depending on the solution from 40% increase to 200% increase. Everyone has seen an increase in video to help people do people things even extended meetings.

Team collaboration is going to come [ph] a little behind. It's something that is important and that chat layer becomes important too, and those are starting to deploy. The enterprise adoption. Yes, it's going to get pushed out wider. One of the big challenges is, if companies wanted to go, wall to wall as a solution sometimes had a little bit of a challenge internally doing it first. The easy part was getting the licenses sometimes. Well, I understand for the first week or two, phones where -- they try to reach people by phone and it was easier to do it online. So they started maneuvering to that.

The tipping point for collaboration is, you're going to see groups where managers become facilitators not just command and control, which is a core change in collaboration and in those groups, they are going to exceed production considerably a big trade is getting things done, getting to market earlier and getting projects done ahead of schedule, something we see time and time again where that

type of adoption happens whether it's done at line of business or enterprise. This will keep growing because people will be brought in. This is what we see normally, I want to use them too. It just works.

And if you don't have a good video system, you will see that. I need to use the same collab tool you're using or I need something different. Maybe I need a kanban board, maybe I need a Trello, Asana or Wrike to plug in. But I wanted to also communicate to you and you'll be able to communicate to me. So thus maybe a Slack or Teams integration become necessary. So you will see different things, but you will see an interoperability between several tools that enable that seamless work and more collaborative work because we are talking about the curation of data and how this is done and how we can do it better. And looking for new opportunities as an enterprise and some of that's going to come through citizen developers within the enterprise, but they're going to come around the products that support free and open APIs where the IT manager, where the CIO can say, this is not what I want getting to these people. This is what I do and manage the permissions at a whole things that support e-discovery.

We're seeing a lot of that and we're seeing a lot of the -- a lot of those certifications also haven't been gone over. So there are a lot of solutions out there and the question is, how many of them are going to be in the top five. And I think we could see a good five or six strong ones in the collaboration market. In less there is a sudden marching moment, but certainly Teams is seeing that increased adoption, Slack is seeing crazy strong adoption and many of the other players in the market are seeing very strong adoption, too, and they're integrating. They're integrating those tools. I've been getting a lot of questions about the security of the integrations and the integrations and I'm getting the feeling that the CIOs are happy.

Q - Mandeep Singh {BIO 15014535 <GO>}

And lastly, any sense of the installed base for these top three vendors, three or four vendors, you talked about today, Microsoft Teams, Google G Suite, Zoom and Slack?

A - Wayne Kurtzman

I'm sorry, I just missed the first part of that a little bit.

Q - Mandeep Singh {BIO 15014535 <GO>}

Yeah, so I was hoping if you can give our listeners a sense of the installed base for these four or five products like Microsoft Teams, how big is their installed base relative to Slack or you know --

A - Wayne Kurtzman

Let's handle them one at a time. I don't have new installed base numbers because those suddenly changed over the last two months, and they haven't been giving out. With Microsoft, I'm more interested in the adoption. Stewart Butterfield, CEO of Slack did mention yesterday that -- and the numbers look great that yes, Teams has about 20% adoption to the Microsoft Office stack, but I think as they announced

numbers, it will be higher, people will use Teams because they have it, it's not difficult to learn. They have some good videos out on that.

Slack has seen tremendous adoption. I -- they haven't given me numbers to indicate just how much they've grown, but one of the things of note is I think that they've done very -- in my opinion, they've done very well at maintaining that global growth.

One of the other things that are changing for all these players is, the percentage of revenue per country. Those dynamics are changing fairly substantially I would think over the last two months. So the question is where? Certainly, US makes up a majority. The Zoom installed base again, I'm more curious how many drop-offs they're going to have as things get better? Or are they going to retain it because prior to COVID-19, a number of folks, especially in their 20s and 30s were consumer purchasers of Zoom for family reasons and that number has gone up, but focused on business, I think they've had to go quickly to land and expand. And with some -- with the exception of one glitch did really well. I think in expanding Cisco Webex has done very well, but again they haven't been talking about numbers, they've been going between some of the numbers, and I'm not comfortable yet saying they have this many or will retain this many.

But I do think, as a rule, will see a, if you exclude consumer behavior, you will see probably an 80% or better retention rate at business. The longer this goes, the higher that number will go, and the reason is, you can't pluck something that works out of the workforce.

Q - Mandeep Singh {BIO 15014535 <GO>}

Got it. That's all I had. And I don't see any further questions in our queue. So that concludes our webinar. Thank you all for joining today. Hope this was useful. Reach out to us, if you have any further questions. Replay of the webinar will be available later. And let's hope this challenging situation is over soon. Everyone stay safe and healthy.

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