Market Landscape
Report

Online File Sharing and Collaboration in the Enterprise

Enabling Workforce Mobility and Productivity

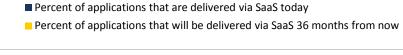*By Terri McClure and Kristine Kao*

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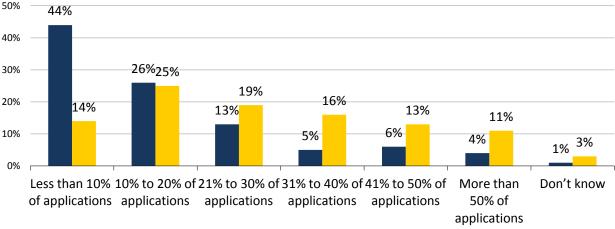# What is Online File Sharing and Collaboration?

The trend toward "consumerization" marches onward in IT; more and more end-users are choosing their own hardware platforms and software applications in lieu of the IT-sanctioned business tools provided by their companies. These end-users are looking to tackle issues like data sharing, portability, and access from multiple intelligent endpoint devices, creating a conundrum for IT as it needs to balance business enablement, ease of access, and collaborative capacity with the need to maintain control and security of information assets.

This need for balance is one of the drivers of the fast growing online file sharing and collaboration segment of the SaaS market. In fact, ESG research shows that three years from now, the majority of companies will deliver at least 20% of their applications via SaaS (see Figure 1).[1] Of the companies surveyed, 25% reported that they already use or plan to use SaaS to deliver collaboration and file sharing applications, ranking third behind the much more mature SaaS applications like CRM (35% use or plan to use SaaS for CRM) and e-mail (30% use or plan to use SaaS) (see Figure 2). Considering the head start that both CRM and e-mail have from a SaaS offering maturity standpoint, file sharing and collaboration plans have come a long way since Dropbox pioneered the concept of file synchronization in 2007, which seems to be one of the core adoption drivers for these services.

Figure 1. Extent of SaaS Usage, Now and 36 Months from Now

Of all the applications used by your organization, approximately what percentage is currently delivered via the SaaS model? How do you expect this to change over the next 36 months? (Percent of respondents, N=208)

■ Percent of applications that are delivered via SaaS today
■ Percent of applications that will be delivered via SaaS 36 months from now

Source: Enterprise Strategy Group, 2011.

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[1] Source: ESG Research Report, *Cloud Computing Adoption Trends*, May 2011.

Figure 2. Applications Organizations Have Deployed or Expect to Deploy via the SaaS Model

What specific applications has your organization currently deployed or does it expect to deploy via the SaaS model? (Percent of respondents, N=335, multiple responses accepted)

Application	Percent
CRM (Customer Relationship Management)	35%
E-mail	30%
Collaboration / file sharing	25%
Project management	24%
Data protection (backup and recovery, data archive, etc.)	24%
Sales force automation	23%
Security (anti-spam, anti-virus, etc.)	22%
Human resources	22%
Internet / e-mail marketing	21%
Accounting / financial	21%
Business analytics	20%
Industry-specific applications	18%
Content management / document management	18%
Legal (e-discovery, case management, etc.)	9%

Source: Enterprise Strategy Group, 2011.

Interestingly enough, a significant portion (about 40%) of decisions regarding the use of alternative application delivery models are being made or influenced by non-IT executives or business unit owners as opposed to IT,[2] and the online file sharing and collaboration space is the poster child for this adoption model. IT is getting pulled into this space whether it likes it or not. This report examines the online file sharing and collaboration market, which ESG defines as follows:

> *The online file sharing and collaboration market includes Software-as-a-Service offerings that help customers share and access documents and other files in the cloud, and allow for easy access by and collaboration across multiple endpoint devices.*

This report looks at SaaS offerings focused on sharing and collaboration and purposely excludes those services focused primarily on data protection and backup.

The Impact of Consumerization

ESG has observed a significant shift in the acceptance of alternative endpoint devices by corporate IT staffs. What are the forces compelling these changes? As shown in Figure 3, end-user demand tops the list of drivers for alternative endpoint device usage, identified by nearly three-quarters (71%) of respondent organizations. The trend is more evident in larger IT shops with more than 1,000 people in the overall organization. With the continued mass market adoption of sophisticated devices like smartphones and tablets in the consumer space, it simply follows that these users would push to utilize those devices for both personal and work purposes. The second most commonly cited factor causing a shift in endpoint computing also involves employee influence, specifically mobile or remote end-users requiring application access from a variety of devices.
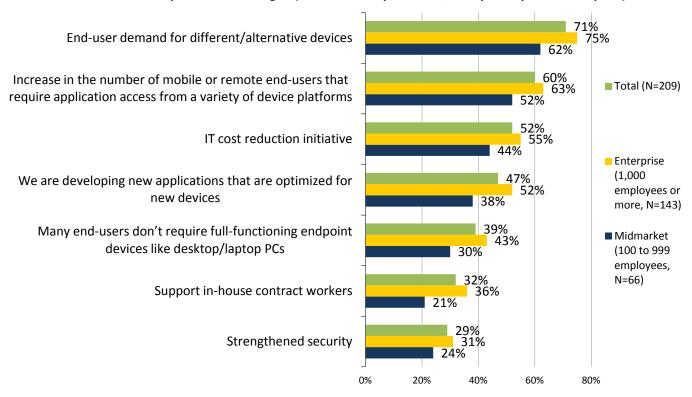
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[2] Ibid.

Figure 3. Factors Responsible for Change in Endpoint Device Usage, by Company Size

Which of the following factors would you say are most responsible for the change in your end-users' endpoint device usage? (Percent of respondents, multiple responses accepted)

End-user demand for different/alternative devices: 71% / 75% / 62%

Increase in the number of mobile or remote end-users that require application access from a variety of device platforms: 60% / 63% / 52%

IT cost reduction initiative: 52% / 55% / 44%

We are developing new applications that are optimized for new devices: 47% / 52% / 38%

Many end-users don't require full-functioning endpoint devices like desktop/laptop PCs: 39% / 43% / 30%

Support in-house contract workers: 32% / 36% / 21%

Strengthened security: 29% / 31% / 24%

Legend: Total (N=209); Enterprise (1,000 employees or more, N=143); Midmarket (100 to 999 employees, N=66)

Source: Enterprise Strategy Group, 2011.

As a result of these changes, many organizations are also modifying their policies to accommodate the influx of employee-owned and -provided PCs, tablets, and other endpoint computing devices. For example, of companies that allow end-users to bring their own PC or equivalent device, 83% allow employees to use the device for both personal and business use. In addition, 54% of companies currently provide a stipend to pay for devices while another 27% plan to in the future.[3]

Ultimately, consumerization can be a "win-win"—corporate IT staffs pass on the cost of device acquisition and service plans while maintaining control over their organization's information, and employees have the freedom to use devices of their own choosing. However, there are critical issues that IT managers must consider, such as providing application and workspace deployment options that enable IT to manage and maintain user identity, device independence, security, and predictable productivity. As we will soon discuss, these considerations will be paramount for enterprise IT organizations who not only are facing end-users that want to use popular online file sharing and collaboration solutions, but that want to do so from the endpoint device(s) of their choosing.

Market Structure

The providers of enterprise (or "business-ready") online file sharing and collaborations services can be categorized into two major segments: Companies that developed and evolved enterprise services from a predominantly consumer-focused service offering and those designed and built for enterprise use from inception. Due to the nature of these beginnings, comparative service offerings and features differ slightly in both categories.

Services offered by companies that started with a consumer customer base in mind tend to be intuitive, easy to use, and rely on conversion from a free "starter kit" to drive business sales. Most of these companies have service

[3] Source: ESG Research Brief, *Corporate Endpoint Device Policies Evolve*, June 2011.

models geared toward consumer support—such as e-mail-based problem resolution—which could leave enterprise IT, used to 24x7x365 phone support, wanting.

Companies with services built from inception for enterprise use typically have more sophisticated administrative capabilities, better integration with enterprise applications and tools such as Microsoft Active Directory, more robust SLAs, and more comprehensive security and data protection features. They also have enhanced support options that enterprise IT may find more palatable.

These two areas are quickly coming together as consumerization continues to push its way into IT. End-users demand simplicity and mobility. Services built with a consumer focus are quickly evolving to include enterprise feature sets, but are still at varying stages of market readiness in terms of enterprise focus, ability to execute and investment.

Market Participants

In conducting research for this report, ESG sought to interview the leading vendors in this space including the most well-known vendors in the industry as well as some enjoying less brand recognition (see Table 5 for a complete list of vendors interviewed). This latter group is likely to garner increasing attention over the next 12-18 months as the market continues to surge. Based on the market structure described previously, the current market landscape in ESG's view is depicted in Figure 4.

Figure 4. The Online File Storage and Collaboration Market Landscape

Source: Enterprise Strategy Group, 2011.

*YouSendIt install base includes primary use case of Send (basically advanced FTP integrated with Yahoo or Outlook). ESG estimates the broader file sharing and collaboration usage is much lower but there are no numbers.

** As reported by the service providers or based on ESG estimates. Neither Nomadesk nor Sugarsync disclose actual user counts

This is clearly a point-in-time snapshot of the market. ESG expects the sizes and positions of the vendor's "bubbles" to shift significantly over the next few years. Even as of the writing of this report, the most well known vendor, Dropbox, announced it received a $250M funding round and plans to invest in business acceleration initiatives. You can bet that building better enterprise offerings is fairly high on the priority list. It also announced a new, business

focused solution called Dropbox for Teams offering centralized administrative controls. Box announced receipt of $81M in funding and has launched an entire division focused on building its enterprise presence, and product and support capabilities. It held its first ever user conference and drew attendees from many big name brick and mortar companies known for more conservative approaches to IT. These organizations, like many others, are being forced to contend with supporting end-user demand for these types of solutions. A representative of one company in attendance (a well known consumer brand) stated that their organization has moved more than 70% of its unstructured file data to Box, replacing Linux-based file servers and NAS appliances from storage vendors such as EMC and NetApp.

All of the companies on the chart recognize the potential for enterprise IT adoption and are making a serious play for the market—it will be interesting to revisit this chart in a year and see who has successfully shifted "up and to the right" in terms of their business market focus and capabilities.
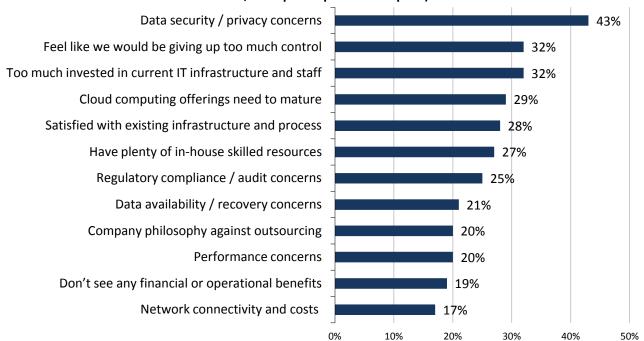
Online File Sharing Market Trends

In speaking to both end-users and vendors, one thing is clear: while IT *departments* are not necessarily proactively shopping for new online file sharing and collaboration solutions, IT's *customers*, actual end-users, have adopted these applications in droves for both personal and business use. With cloud applications becoming ubiquitous thanks to their ease of use, fast and easy installation, data protection and portability features, more employees are "going rogue" by using SaaS offerings for both personal *and* business requirements, bypassing their organizations' IT departments at least temporarily, forcing IT to take a look at these applications to "catch up" to users.

This, of course, has huge implications for IT. Many IT executives remain reluctant to embrace SaaS and other public cloud computing services. Indeed, in a survey of senior IT professionals, ESG asked about factors preventing companies from adopting cloud computing services.[4] Figure 5 shows their responses, including the top two inhibitors: security/privacy concerns and loss of control.

Figure 5. Factors Preventing Wide Scale Adoption of Public Cloud Computing

Why do you believe that public cloud computing services will have little or no impact on your organization's IT strategy over the next five years? (Percent of respondents, N=256, multiple responses accepted)

Data security / privacy concerns	43%
Feel like we would be giving up too much control	32%
Too much invested in current IT infrastructure and staff	32%
Cloud computing offerings need to mature	29%
Satisfied with existing infrastructure and process	28%
Have plenty of in-house skilled resources	27%
Regulatory compliance / audit concerns	25%
Data availability / recovery concerns	21%
Company philosophy against outsourcing	20%
Performance concerns	20%
Don't see any financial or operational benefits	19%
Network connectivity and costs	17%

Source: Enterprise Strategy Group, 2011.

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[4] Source: ESG Research Report, *Cloud Computing Adoption Trends*, May 2011.

As a result of their end-users' "rogue" activity with respect to adopting externally-hosted cloud apps, IT organizations are put in a reactive position and have to address security (plus a host of other) concerns to ensure employees are using a secure service and corporate information assets are not placed at risk. Whether they like it or not, IT is ultimately being forced to do their due diligence on new cloud applications so that they can support their end-users' requirements while making an investment in secure, enterprise-ready platforms.

It is no wonder that data security and privacy concerns are top of mind for IT professionals when it comes to evaluating cloud services. Employees have access to all types of confidential information including employee data, customer data, and intellectual property. IT departments do their best to harden networks in efforts to protect this data, but their work is negated if they can't protect or access company data employees are storing in the cloud.

What's more, online file sharing and collaboration applications introduce new challenges as they typically allow users to store and access data via many different devices: desktops, laptops, tablets, smartphones, and any other device with Internet connectivity. IT departments will realize quickly that there needs to be an endpoint device security discussion. What happens when data can walk away with a tablet or cell phone? What policies need to be in place to protect data? Is password protection enough, or does IT need to be able to remotely wipe data from a lost device?

When it comes to traditional file sharing and collaboration solutions, IT generally configures and manages policies that dictate which employees have read/write access to certain files, how often files are backed up/synced, and where files can be accessed from. SaaS applications shift that control to end-users, which can cause issues and headaches for IT in the long run.

Interestingly enough, while cost savings is often cited by cloud vendors as a driver for cloud adoption, ease-of-use and business enablement seem to be bigger drivers for the adoption of online file sharing and collaboration services. ESG talked to a number of end-users who've done head-to-head cost analysis and determined that, for their use cases, buying a dense storage system with high capacity SATA drives and keeping everything in house would actually be cheaper for them. But ease-of-use, the ability to support any endpoint device (with tablets being cited most often) and avoidance of the need for logging into a VPN to even get to a shared drive far outweigh the extra cost of going to the cloud. Additionally, users cited the business agility enabled by capacity on demand as another major benefit that just can't be weighed in a one-to-one cost analysis.

This SaaS revolution is driven by users and IT departments are being dragged in. It may have a big impact on the IT industry in general. End-users indicate that they are moving toward new applications and IT service delivery models and away from storing data on classic fixtures like systems from NetApp and EMC or Linux or Windows file servers. As such, expect to see some level of share shift from file servers to SaaS over time, though the biggest near-term impact is likely to be on laptop and desktop drives as more devices with wi-fi, 3G, and 4G support become available. This may trigger users to shift working data that they would normally keep on their PC to the cloud.

Making an Educated Investment: Current Service Offerings

Given the "horizontal" nature of file sharing and collaboration (i.e., effectively every knowledge worker with an Internet-connected device is a potential user), the increasing number of remote and mobile workers in most organizations, and the proliferation of alternative endpoint devices, online file sharing and collaboration represents a natural cloud-based application. Consequently, ESG recommends corporate IT departments get in front of the coming wave of end-users using or demanding use of these services, and endorse a single offering that best balances collaboration and file sharing needs with IT's security and control requirements. With a smart and educated investment, companies stand to satisfy their users while enjoying better security and control over company information, better administrative capabilities, and ultimately, peace of mind.

With this in mind, ESG interviewed and conducted secondary research on the top online file sharing and collaboration vendors. While there was quite a bit of overlap in features and functions for end-user support, ESG found that each vendor was in a different stage of development in terms of security, SLAs, and administrative controls. Indeed, some, like Nomadesk, started out with an enterprise lens and have an offering that is quite robust in terms of administration, control, and security—in fact, it gives IT all of the controls it is used to seeing in a NAS

environment with the portability and accessibility that come with a cloud environment. Others, like YouSendIt, started out by offering an FTP-like service with lots of security and control and are just beginning to offer file sharing and collaboration, but they have a solid enterprise foundation to build on. At the other end of the spectrum is Dropbox, which has a huge presence in the consumer space, but is only just beginning to recalibrate its offering for enterprise IT.

Here is a quick summary of ESG's findings:

- **Box.** In late 2007, Box made a big bet on attacking the business user space and started investing in administrative controls, security features ,and a support structure more akin to what business users (corporate IT) would expect. It hired a management team with experience in selling enterprise IT software and solutions. It is well along the path. Box's advantages are that it is compatible with a variety of mobile devices, has robust content and collaboration features, and it is enterprise ready—it integrates with 150 different business applications like Microsoft SharePoint, EMC Documentum, Salesforce, NetSuite, and LiveOffice and has partnered for security with Ping, Okta, Mobile Iron, and Good Technology among others. Proctor and Gamble is its largest customer in production and is well on its way to implementing the 20,000 seats it bought. While Box will provide dedicated account managers for enterprise accounts, it still has some work to do in fully rounding out its service and support—but is squarely focused on continued growth of its enterprise business while maintaining (and growing) its consumer presence.

- **Dropbox.** Widely regarded as the dominant vendor in this market, due to its well known file synchronization capability (which allows users to have files stored in the cloud and synchronized onto multiple other devices) Dropbox users can quickly and easily install Dropbox on almost any device and get a consistent view of their files. It is exceptionally easy to use and has a huge user base of over 50 million users. It claims that, every 3 days, *one billion* files are saved to its service. The challenge for Dropbox is that most other vendors now have file synchronization capabilities—to continue on its red hot growth path, it will need to keep its current install base happy and leverage its name recognition for growth while simultaneously adding features and support focused on business users.

- **Egnyte.** One of the few companies (along with Nomadesk, and Citrix ShareFile) that started out with a business use case focus. Egnyte calls its solution "HybridCloud" and is one of the only companies that syncs the cloud with *both* servers and desktops. Because the adoption model in the online file storage and collaboration market is strongly driven by individual users pulling IT into the picture, vendors like Egnyte that do not offer a consumer-focused "freemium" model tend to lose out. They don't have the huge consumer adoption numbers that Dropbox, Box, and YouSendIt can brag about, nor do they have a base of incumbents hounding IT to hold on to their chosen solution. But Egnyte has a well rounded enterprise offering and boasts both HIPAA and FINRA compliance, and offers an option for customers to have n+4 data redundancy, expanding its use cases beyond those that its bigger consumer-space competitors can fully address.

- **Nomadesk.** This company is still an emerging player in the market, but, like Egnyte, is starting with an enterprise focus. It gives administrators the experience of managing a more conventional NAS system with lots of security and administrative controls, but it also has broad endpoint device support and sync capabilities, so it is a bit of the best of both worlds. Users can install the same software in which the Nomadesk service is based on, but within an in-house data center or in the Nomadesk data center. Partners can resell and custom brand the platform as well. It is HIPAA compliant and takes the extra step of having regular third-party audits and penetration testing. The challenge for Nomadesk will be to capture enterprise share while the consumer brands are still building enterprise capabilities, but it has a solid foundation to build on.

- **Citrix ShareFile.** ShareFile was one of the lesser known companies in this space until October of 2011, when it was acquired by Citrix. The company was completely bootstrapped by its founders, yet in the six years since it was founded has managed to sign 18,000 corporate accounts with over 3 million users. Like Egnyte and Nomadesk, ShareFile does not have a consumer offering and is instead focused on building a business

solution. It is both PCI and HIPAA compliant, so it can address a wide variety of use cases. Because it is designed for enterprise use, it has strong administrative functionality, broad policy support, and a focus on availability. In fact, while some vendors rely on Amazon S3 and its undisclosed remote mirroring policies for data protection (Amazon refuses to disclose its remote copy policies and functionality), ShareFile mirrors its Amazon instances to a third-party facility that has a fully RAID protected storage back end to ensure availability. ShareFile may not have the name recognition of the brands that come from the consumer space, but with Citrix behind it, it has potential to get in front of many corporate customers that it would not have reached on its own.

- **Syncplicity.** Another of the smaller, newer vendors on the scene, Syncplicity has managed to get to more than 25,000 business customers and that is before investing in sales and marketing. According to the company, it is in various stages of deployments with companies ranging in size from as small as two people to over 20,000—it is seeing uptake across the board. Unlike many sync applications, Syncplicity does not force users to create a new folder and to drag and drop files into the service—users can choose which existing files/folders they want synced/shared from the existing directory structure by just checking them off. It integrates with a number of enterprise applications such as Google Docs, Salesforce, and Microsoft SharePoint and supports sync of files between those cloud and server-based applications. Syncplicity has also announced in December of 2011 new enterprise features such as SAML / Active Directory SSO, policy- and Administrator-driven remote wipe of shared folders, and "client download restrictions" which prohibit users from accessing Syncplicity from outside the business domain in addition to existing controls on access of shared files inside and outside the business.

- **SugarSync.** SugarSync has a strong consumer presence. On the business front, it is focused on small and medium-sized businesses and, according to the company, about 25% of its "millions" of users are business customers. It has strong adoption with over 6 PB of data in their cloud. And those that use SugarSync really make use of it—the company claims that the average user stores 29 GB. SugarSync does secure, online backup (put a copy in the cloud), plus sync (put copies on all my devices), plus online sharing and collaboration. One of its advantages is that it allows file sync *between* users. It is SMB focused: compatible with 96% of mobile devices and a good fit for collaboration as well as personal usage (share photos, music, etc.).

- **YouSendIt.** Thanks to its roots as an FTP replacement, YouSendIt has expansive integration with traditional business applications and tools (for example Active Directory and Outlook). YouSendIt is relatively new to the online file sharing and collaboration space having just launched their version of content collaboration tools, but it would make sense to keep an eye on it as it has the integration points and technology expertise to attack this market more broadly. It is seeing early traction with the new collaboration platform and has signed some big deals, including 11,000 seats across the global offices of one of the largest advertising agencies in the US (the fourth-largest in the world) and has 10,000 seats at a US-based manufacturer of food and chemical products headquartered in California.

Online File Sharing and Collaboration Service Offering Basics

Pricing and offerings differ based on the amount of storage, number of users, levels of support, and availability of data on mobile devices. Table 1 provides a detailed view into the business offerings of each vendor (consumer-focused offerings could vary significantly). IT departments should pay particular attention to scalability (licensing structures and how easy it is to add users) and SLAs (whether there is an uptime guarantee). In addition, those making the shift from traditional storage vendors to the online space should be warned: chances are they are used to a certain level of support and while some vendors offer "premium" or "dedicated" support options, others only offer FAQs and online help. Box, Syncplicity, and YouSendIt stand out in this area as they provide dedicated account managers for enterprise accounts.

Users need to be careful—it can be difficult to do an apples-to-apples pricing comparison because some charge per seat, some have capacity limits or charge by capacity, and some custom quote pricing for business users. This is,

indeed, a nascent market and offerings will likely continue to evolve as vendors evaluate pricing models and make land grabs with attractive pricing options designed to lure users.

Table 1. Service Offering

	Core Features	**Advanced Features**	**Enterprise Pricing & Licensing Structure***	**Trial Period**
Box	Sharing and collaboration Auto sync Access anywhere via web/apps (including offline) Custom branding	• Content Preview of 100+ file types directly within the browser • Full-text search • Automatic version control • Upload by e-mail • Folder level discussions and comments • Assign tasks and due dates • Device tracking • Shared Links set for specific domains only • On mobile, offline access to entire folders. • Billing codes for chargebacks • Ability to set bandwidth limits	Business: $15/user/month with 1TB (+) Enterprise: $35/user/month with unlimited storage	14 day free trial
Dropbox	Sharing and collaboration Auto sync Access anywhere including offline	• Ability to set bandwidth limits • LAN sync (If two computers are on the same local network, files are synced using a proprietary peer-to-peer protocol)	$795/yr, 5 users, 1000GB shared (+) user licenses $125/yr with 200GB per license	30 day free trial
Egnyte	Sharing and collaboration Auto sync Access anywhere including offline Custom branding	• Hybrid Cloud: Cloud File Server and Local Cloud • Full text search • Ability to use company mail server to send notifications (as opposed to Egynte mail server) • HybridCloud, support for continuous syncing between PC/Mac, NAS, Virtual Appliance and the public cloud • Sync with Servers	$124.99/month*, 25 power users , 1TB shared (+) $150/month*, 1TB, 30 power users, 1TB shared (+)	15 day free trial
Nomadesk	Sharing and collaboration Auto sync Access anywhere including offline Custom branding**	• Encrypted local drive • File Tracking	$10 /month /user (+) with unlimited storage Also available as a white label software solution for enterprises to build private file sharing and collaboration clouds	14 day free trial

ShareFile	Sharing and collaboration Auto sync Anywhere access via web/apps Custom branding	• File Tracking • Highly customizable branding • Sync for servers • Remote upload form	$99/month, 20 users, 20GB shared (+) $499.99/month, 150 employees, 150GB shared (+)	30 day free trial
SugarSync	Sharing and collaboration Auto sync Access anywhere including offline	• 2-way sync technology for active syncing of all files (even to mobile devices) • Sync ANY folder/sub-folder/files on your computer – not restricted to a special sync folder • User-to-user sync • Shared documents/folders only count against one account not both accounts. • Mobile support includes iOS, Android, BlackBerry, Symbian and Windows Mobile (Windows Phone coming soon) • Stream music to any mobile device • AutoSync of photos from mobile devices to computers	$299.99/yr, 3 users, 100GB shared (+) user licenses $99.99/yr (+) storage $299.99.yr for 100GB/yr	30 day free trial
Syncplicity	Sharing and collaboration Auto sync and backup Access anywhere including offline	• Users keep existing hierarchy (no need to move into folders) • Automatic version control - No need to check in/out • Supports sync of files between cloud and server-based applications	$45/month, 3 users, 50GB shared (+) user licenses $15/month (+) storage $10/month for 10GB	30 day free trial
YouSendIt	Sharing and collaboration Sync capability Access anywhere via web/apps Custom branding	Offline E-signature	$15/user/month with unlimited storage (Team product, enterprise pricing not disclosed)	14 day free trial

Source: Enterprise Strategy Group, 2011.

*Most vendors offer volume discounts, see websites for details.

There are four levels of infrastructure commonly found. These are:

1. The service provider owns the data center and all the technologies and people, like the Amazon, Google, IBM and Oracle models.
2. A co-location model where the service provider rents the physical space from a Tier A Data Center provider but owns hardware, storage, software and its own people manage the data center operations.
3. A lease model where the service provider rents the physical space and hardware but runs its own software on it.
4. Use Amazon and outsource everything.

With varying ownership models we also see varying service levels available. Some vendors, like Dropbox, just pass through Amazon SLAs, while others, like ShareFile, augment Amazon services with broader business continuity services and leverage third party data centers for additional redundancy.

Table 2. Infrastructure and Support

	Infrastructure	SLA	Support	Desktop & Laptop Support	Endpoint Device Support
Box	Co-Lo from 3rd party Box runs its own data center with its own data center architecture optimized for Box service on the West Coast, East Coast in three different locations to build in redundancy, back up and disaster recovery strategies	99.9% Uptime SLA	24/7 support Enterprise: Dedicated support options	Windows, Mac	Apps for iPhone, iPad, Android, Android Tablet, Touchpad, Blackberry, Playbook Others access via web browser
Dropbox	Hybrid of Amazon S3 and Co-Lo	No. Inherited from Amazon	Phone Support (PST hours) Knowledge base/FAQs Online Ticket support	Windows, Mac, Linux	Apps for iPhone, iPad, Android, Android Tablet, Blackberry Others access via web browser
Egnyte	Co-Lo from 3rd party data centers (Equinix for Amsterdam) Office local cloud: NetGear RediNAS Enterprise local cloud: VMware virtual machine	99.97% Uptime SLA (upgrade option)	Knowledge base/FAQs 24/7 e-mail, 10/5 phone Premium option (12/5 phone, 1 hr response time)	Windows, Mac, Unix	Apps for iPhone, iPad, TouchPad, Android Others access via web browser
Nomadesk	3rd party Can install private cloud in company's data center or local MSP provider	99.9% uptime SLA	Knowledge base/FAQs chat, e-mail, phone, (CET and PST office hours)	Windows, Mac	Apps for iPhone, iPad, Android, Blackberry, WinPhone7 Others access via web browser
ShareFile	Amazon EC2 and S3 (US, EU, AP) Co-Lo from 3rd party data center in Chicago	Negotiable	Dedicated account manager for setup and support 12/5 phone, 24/7 e-mail) Offer free training	Windows, Mac, Linux	Apps for iPhone, iPad, Android, Android Tablet, Blackberry, WinPhone7 Others access via web browser
SugarSync	Co-Lo from 3rd party data centers (US east and west coast and Korea)	No. Offered "As-Is"	Knowledgebase/FAQs 11/5 phone support included in business subscription	Windows, Mac	Apps for iPhone, iPad, iPod Touch, Android, Android Tablet, Blackberry, Windows Mobile, Symbian Others access via web browser

Syncplicity	Co-Lo from 3rd party data centers and Amazon EC2 and S3	No - Inherited from Amazon EC2	Dedicated account manager Knowledge base/FAQs Priority support (e-mail, priority response time) Premium option (phone, same day response)	Native clients integrated with file browser for Windows, Mac	Apps for iPhone, iPad, Android Others access via web browser
YouSendIt	Run own DC in San Jose (lease) and UK (MSP) 7 layer DCs	99.9% Uptime SLA	24 x 7 x 365 support Dedicated account manager Site admin, training, professional services for implementation	Windows and Mac (beta for sync)	Apps for iPhone, iPad, Android, Blackberry Others access via web browser

At first glance, some of these offerings may seem similar. However, there are differences in terms of which vendors/service offerings are better suited to enterprises and which are better tailored for SME companies. For example, all vendors listed provide sharing and collaboration capabilities and, generally speaking, all files stored on these solutions are accessible with an Internet connection. Box and YouSendit however, offer easy scalability—IT doesn't need to determine how much storage it will need because they charge by the user, not by storage. They also offer custom branding, extensive mobile device support, and, in addition to the dedicated account manager, peace of mind with a 99.9% SLA and 24/7 phone support. Box is unique in that it offers a preview feature where users can preview almost any file type within the web browser (no need to install/download other applications). Box also provides features that IT appreciates—such as the ability to restrict sharing to specific domains, device tracking, user-specific custom terms of service, and the ability to chargeback to business units based on usage.

SugarSync, on the other hand, is an ideal option for SMEs that need an easy-to-implement service and the option to scale without the need for 24/7 support or guaranteed uptime. The service works without requiring users to move files into new folders, and allows them to keep their existing folder hierarchy, so IT doesn't need to implement a behavior change within the company. Also, in addition to offering great business functionality like offline access to files, sync across users, and support for multiple mobile devices, SugarSync offers personal features (e.g., music streaming to mobile devices) as well, which would fit well with companies that allow personal use of endpoint devices.

Administration and Control Capabilities

In addition to basic file sharing functionality, IT shops looking to roll out online file sharing and collaboration solutions across the enterprise need central administration capabilities for configuration and management tasks. Since this is not a requirement for consumer solutions, ESG finds that most vendors are still building out their capabilities in this area. These are critical requirements however, and the service providers that make it easy for end-users to implement and manage their solutions will have a natural edge over the competition.

Among the key administration and control questions that enterprise customers should ask are: Can group policies be set from a central dashboard, or does each account need to be set individually? Is there integration with Active Directory for not just Single Sign-On to the service but also, leveraging Active Directory Groups for fast and easy provisioning, de-provisioning, and policy management? Does the offering allow for administrator visibility into account usage through audit reports and provide data for chargebacks to business units? These questions need to be addressed in order for to maintain control over company data and information. Table 3 illustrates management features offered by each vendor, as well as data protection capabilities such as versioning and redundancy.

Table 3. Administration and Control Capabilities

	Admin Setup	Integration with existing IT tools	Data protection/ availability management
Box	Central configuration/support Collaboration policies Audit reports	Integration with LDAP, Active Directory (not just for SSO but also using Active Directory Groups for automatic provisioning and deprovisioning), Ping, Okta, Mobile Iron, Good Technology, Google Docs, Salesforce, SharePoint, Outlook, Office,,Jive, Chatter, Yammer and over 40+ ECM systems including EMC Documentum. Also integrated with Cloud SSO from VMWare, Citrix and Intel.	n+1 or better resiliency within each data center Encrypted data on transfer and at rest (sent offsite for redundant backup To main DCs mirrored and geographically dispersed Own DR site Unlimited version history
Dropbox	Central configuration Collaboration policies		Redundant backups of all data over multiple locations to prevent the remote possibility of data loss Unlimited version history
Egnyte	Central configuration/support Collaboration policies Audit reports	Integration to LDAP, Active Directory, Outlook, Google Docs, Salesforce, SAML, Quickoffice and unifiedFTP for FTP server replacement	N+2 up to n+4 data storage RAID6 storage.Desktop and Server Sync for Power users: all files stored locally and in the cloud Changes are immediately synced Standard users: unlimited version history
Nomadesk	Currently for Resellers only - GA 2012	limited integration to LDAP, Active Directory	Version history (14 versions, customizable for resellers)
ShareFile	Central configuration/support Collaboration policies Audit reports	Integration with LDAP, Active Directory, Outlook, FTP	RAID storage in Amazon, data is also mirrored in a third-party DR site Unlimited version history EU and APAC data centers for faster upload speeds and support for customers who want to keep their data in the EU
SugarSync	Central configuration/support Collaboration policies	Integration with mobile doc editing, Outlook	Data stored redundantly in carrier-grade (SAS 70, Type II) Version history (5_+ current) Disaster recovery
Syncplicity	Central configuration/support Collaboration policies Audit reports	Integration with Google Docs, Salesforce, SharePoint, LDAP, Active Directory	Two data center policy Data and keys in separate data centers All files stored in online Syncplicity account Changes are immediately synced Unlimited version history
YouSendIt	Central configuration/support Collaboration policies Audit reports	Integration with Active Directory, LDAP, and plugins to Acrobat and Photoshop	Multiple redundant copies of files Geo-distributed queuing system Distributed storage architecture

Source: Enterprise Strategy Group, 2011.

Box, Egnyte, and Syncplicity all impressed ESG with their administration and control capabilities—each offered robust central administration, configuration, audit reports, high availability, and unlimited version history.

Another point to consider is the file sharing service's integration with existing applications and tools. ESG believes Box and YouSendIt have made the most progress in terms of integration with common enterprise applications. Dropbox boasts thousands of integrations, but those are mostly with consumer applications—it is still building out capabilities with enterprise apps and management tools. Overall, the depth of integration varies widely across current service providers and offerings. Enterprises need to ask their potential online file sharing service providers about how tightly and seamlessly they can integrate with their business applications and evaluate those providers accordingly.

The third key area to consider from a management standpoint is the vendor's data protection and redundancy. Just how safe is user data in the event of a hardware failure? A site failure? How many versions are available for recovery? Service provider offerings run the gamut, with some having limited or no real disaster recovery capability and just local hardware redundancy and others supporting multiple remote disaster recovery sites as well as local redundancy. Users need to consider business continuity when they standardize on a service provider – if data in inaccessible for a period of time, how much will that impact the business? If the answer is "it won't," any solution will meet the need, but if there are big time business costs associated with data inaccessibility, then users need to consider a service with multi-site redundancy and DR, like Box, Dropbox, Syncplicity, and ShareFile. Most also have unlimited version history so older versions of documents can be recovered, but with varying degrees of difficulty to get at older versions. If version history and tracking are important, it is worth evaluating these systems for ease-of-use in recovering versions.

Security and Availability Features

As previously mentioned, security is the number one concern when it comes enterprise IT's adoption of cloud services. Based on its interviews with current online file sharing and collaboration service providers, ESG believes that these companies hear customers' concerns loud and clear. Seeking to reassure IT professionals and provide peace of mind, each vendor represented in this report uses SAS 70 Type II certified data centers, and implements varying degrees of encryption and password protection safeguards (see Table 4).

Table 4. Security and Availability Features

	Data Availability	Encryption	Remote Wipe	Password Protection	Other
Box	99.9% uptime	Transmission 256 bit encrypted SSL and storage 256 bit AES	Y (Apple devices, Android to come)	Y	SAS-70 Type II certification Safe Harbor compliant, Protection against networking security issues such as Distributed Denial of Service (DDoS) attacks, Man in the Middle (MITM) attacks, and packet sniffing.
Dropbox	Not posted	Transmission and storage 256-bit AES encryption	N	Y	TRUSTe compliant Safe Harbor compliance coming soon
Egnyte	99.97% uptime	Transmission and storage 256-bit AES encryption over SSL	N (to come)	Y	SAS-70 Type II certification SSAE 16, FINRA, HIPAA, Safe Harbor compliant
Nomadesk	99.9% uptime	Transmission 128 bit encrypted SSL Storage 256 bit AES	Y (Theftguard remote shred)	Y	SAS70 Type II Data Centers HIPAA Compliant 3rd party audits/penetration testing
ShareFile	99.9% uptime (including scheduled maintenance)	Transmission 256 bit SSL Storage RC4, 128 bit	Y (Apple devices, Android to come)	Y	HIPAA, PCI, Safe Harbor, Primary data center SAS70 Type II certification inherited McAfee SECURE
SugarSync	Not posted	Transmission and storage 128 bit encrypted SSL	N	Y	SAS70 Type II Certification 3rd party security audited (for partnerships) Safe Harbor compliant TRUSTe compliant
Syncplicity	Amazon offers 99.99% Data durability: 99.999999999 uptime	Transmission and storage	Y	Y	SAS70 Type II Data Centers, DoD 5220.22M/NIST 800-88 data destruction Have controls in place to help customers who are subject to HIPAA compliance

| YouSendIt | 99.9% uptime | 128-bit SSL transmission AES256 encryption on disk Mobile apps encrypt content when not accessed through app | Y | Y | SAS70 Type II (entire company not just audit) Credentials stay onsite PCI compliant TRUSTe compliant Have controls in place to help customers who are subject to HIPAA or GLBA compliance |

Source: Enterprise Strategy Group, 2011.

Clearly, there are many security considerations when it comes to sharing and accessing company data via online file sharing services. For example, where employees have access to sensitive data through consumer devices, the risk of a data breach increases and could result in the loss or theft of intellectual property, compliance violations, and costly disclosure and remediation payments. In addition, companies within regulated verticals need to weigh requirements such as HIPAA compliance or Safe Harbor certification (see figure 4 for details) more heavily when considering a solution.

Companies with a high number of remote workers or employees that use mobile devices for business need to be aware that compromised consumer devices could be used to launch a broader attack. Since devices are often owned by employees, they may not have security software installed, putting both the data and the company at risk. Box, Nomadesk, Syncplicity, and YouSendit offer a remote wipe feature that prevents unwanted access to data via mobile devices.

Outsider attacks can also target the service provider's data centers as well. Nomadesk, SugarSync, and YouSendit consistently enlist third-party audits and undergo penetration testing to ensure that the service is secure and to reassure prospects considering their solutions. Enterprise customers considering any online file sharing and collaboration service should ask service providers detailed questions regarding their information security and physical security controls and processes, including the degree to which they adhere to a secure software development methodology.

In addition to protecting data from external attacks, users—especially enterprise IT groups—need to be able to access their data. That is where availability capabilities and SLAs (service level agreements) come into play. Egnyte guarantees 99.97% uptime, the highest default SLA of all Vendors ESG spoke to, while Box, Nomadesk, and YouSendit guarantee 99.9%. Keep in mind that these are the guarantees—these vendors may operate at higher availability. Others don't offer SLAs, but understand the need for data to be available and can also post generally high uptimes. IT professionals should remember, however, that aside from regulated or IP data, there is a huge amount of unstructured data that is not sensitive or suitable to be heavily guarded under lock and key. One of the biggest issues will be determining what types of data are okay for mobility.

The Bigger Truth

Consumerization is not going away. IT can't continue demanding that everyone have a Windows-based laptop or PC, log into a VPN, and deal with the resulting latency and connectivity issues of remotely logging into a shared file system. This market will only get bigger.

In many respects, it is hard to measure how far along the online file sharing and collaboration market is in terms of enterprise adoption— even many of the vendors in this space don't really know how many of their users, either paid or free, are using their solutions for "business" purposes. Some vendors claim that having three users or more registered within a single corporate domain is an "enterprise account" and thus count that organization as a business customer, while others only count paid licenses to corporate domains as business customers. The best ESG can do today is look at the total install base—consumer, "freemium," and paid—as well as the service provider's current feature set, to determine how strong a current and potential business customer base each company has. It is not ideal, but it does reflect the reality of this situation: Consumerization is driving these solutions, and consumers are driving business adoption. IT is in a defensive position as it needs to try to get back in front of this situation and address security and administration requirements.

Among those service providers that started from more of a consumer perspective, Dropbox has a massive install base, major name recognition, and users just seem to love its ease of use. For "file sharing and protection 101," there is arguably nothing easier. But Dropbox has had several high profile security breaches this year, which could stall or slow corporate adoption no matter how easy it is to use. The situation is being addressed aggressively by management, but it will take some time for Dropbox to earn back trust among corporate IT decision makers. If it is going to make a serious run at the enterprise IT space, it needs to build out more enterprise features and functionality. With the infusion of cash it got from a late 2011 funding round, it certainly has the resources to invest in this area should it choose to do so.

Of the remaining companies that started with a consumer focus, Box seems to be the one to beat in the business market. When it comes to more sophisticated collaboration features, enterprise focus, security, administration, and application integration, Box currently has an advantage over its peers. With its recent round of funding and deep-pocketed investors like Salesforce in its corner, it has an opportunity to slingshot past Dropbox and make a land grab while Dropbox fights the aforementioned perceived security issues. That said, Box will need to ensure it has a bulletproof security story to take advantage of the opportunity at hand.

As stated previously, other online file storage and collaboration services have been built from the ground up with a pure business use case in mind. The disadvantage for these firms is that they do not have the name recognition that comes with aggressively courting consumers. For the likes of Nomadesk, Citrix ShareFile, Egnyte, and Syncplicity, the challenge will be to get the enterprise to see the value of their services without IT's actual customers, the end-users, pulling them into it. It may be time to even revert to good old scare tactics to convince IT that if they don't do something, they will completely lose control (which is not far from the truth for some of these situations). These vendors need to find a way to get the type of groundswell of support and adoption that consumer solutions have because they just don't have the breadth and reach to get to enterprise IT on their own. Merely a month ago, the picture would have looked brightest for Egnyte, which has the broadest name recognition in this space, but the focus may turn to ShareFile. ShareFile was certainly a dark horse despite its 18,000 corporate customers and three million users—and, indeed, has been largely flying below the radar until it was acquired by Citrix. With the Citrix acquisition, ShareFile has an opportunity to change the competitive landscape—it has some application integration work to do and needs to invest in marketing, but this should be a very interesting company (and space) to watch for the next few years.

No matter how things shape out from a vendor landscape perspective, consumerization and mobility are driving a growing need for online file sharing and collaboration solutions. IT would be well served to get in front of this trend proactively rather than waiting to get dragged in once its users have made their own personal bets on preferred services. Judging by the number of corporate board members that are sitting in board meetings with tablets in front of them using (or needing) these types of solutions, IT will need to have a good solution for secure, enterprise-ready, device-agnostic file sharing and collaboration services sooner rather than later.

ESG Online File Sharing and Collaboration Segment Coverage

The following is a representation of vendors that have briefed ESG analysts over the past 6 months.   It is not intended to represent an exhaustive listing of all solution providers in this particular segment.

Table 5. ESG Online File Sharing and Collaboration Segment Coverage

Vendor	Service	Website
Box	Business, Enterprise	www.box.com
Dropbox	Teams	www.dropbox.com
Egnyte	Company, Corporate	www.egnyte.com
Nomadesk	Business, Enterprise	www.nomadesk.com
ShareFile	Enterprise Gold	www.sharefile.com
SugarSync	Business	www.sugarsync.com
Syncplicity	Business	www.syncplicity.com
YouSendIt	Teams, Enterprise	www.yousendit.com

Source: Enterprise Strategy Group, 2011.

Table 6. Glossary

Term	Definition
Access anywhere via web/apps	Access to stored documents using application or web browser.
Access anywhere including offline	Access to stored documents via web/apps and offline.
Audit reports	Ability to track and produce audit reports (user/file usage, upload/download activity, etc.) Reports vary by vendor - see vendor website for specifics on what they offer.
Auto sync and backup	Auto sync: Requires a desktop application that syncs immediately with web for the latest version of files. This feature typically allows for offline access. Auto backup: Offers continuous automatic file backup.
Central configuration/support	Ability for IT to manage users, support, and billing.
Collaboration policies	Ability for IT and users to set collaboration permissions.
Sharing and Collaboration	Ability to share files with other users (via links, e-mail, etc.).