

Instant Messaging: The Sleeping Giant

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Instant messaging represents a largely untapped communication technology for enterprises. In this Spotlight, we get close to this intimate form of e-communication and size up the hurdles to enterprise adoption.

ANALYSIS

Instant messaging (IM), the ability to spontaneously communicate with friends and co-workers in a conversational manner, has grown to become a heavily used and highly useful business tool. This has occurred because — and in spite of — the fact that *free* IM services, such as AOL Instant Messenger, MSN Messenger, ICQ and Yahoo Messenger, provide most of the IM software people use and carry most of the IM traffic being sent.

The benefits of IM as a business productivity enhancer (and replacement for the water cooler hangout) are largely anecdotal. Yet, the suggestion of turning off or blocking free IM system use in the workplace because of bona fide security and business policy risks would likely trigger an office revolt. Nevertheless, Gartner strongly recommends that enterprises begin right away to objectively assess the positive and negative impact that IM system use can have. In "Free Instant Messaging: Taming the Wild Beast," E-14-1378, we offer a compelling rationale for this advice.

The "Sleeping Giant" of the Internet

Enterprises are likely to find that IM is the "sleeping giant" of the Internet. Some 200 million users worldwide have signed up for IM IDs on the major free services. Conservatively, a quarter of those users have signed up with more than one service. A large fraction of IM users are outside the United States.

IM is used routinely by millions of workers to expedite or facilitate all sorts of business transactions. Properly managed and integrated into business workflows, IM has the potential to dramatically increase a company's ability to operate as a real-time enterprise. As an adjunct to traditional customer relationship management (CRM) systems, IM can lend a sense of immediacy and intimacy to customer interactions that e-mail cannot. In this setting, IM is a natural supplement to, or replacement for, a phone call. In many software development environments, IM is the collaborative communication tool of choice while coding. During conference calls, IM serves as a useful back channel for remote participants. And the list goes on.

However, no one, from senior IT management on down really knows:

- How much IM is being used within the enterprise
- How much network traffic IM is generating
- The degree to which IM can be used to infiltrate firewall systems and infect networks with viruses
- Which essential or sensitive business processes are being transacted over free, unsecure networks. Such channels are often devoid of quality-of-service guarantees and customer support.

In other words, "When did you hire AOL, MSN or Yahoo to be your company's Internet service provider?" A sobering question.

Enterprise Impact

In light of these and other issues, Gartner assesses the impact, risks and potential of IM on the enterprise and enterprise worker in "Love It or Hate It, Instant Messaging Invades the Enterprise," COM-14-2658. Here, we explore the enterprise impact of IM, by looking at the strategic rationale for its use, the benefits it can offer, and how to develop IM best practices to minimize risks such as unending and unproductive dialogues.

Security Concerns

Free IM systems also introduce a host of security concerns to the enterprise. Instant messages are transmitted as clear text, using simplistic, proprietary and unsecure protocols. Furthermore, messages enter corporate networks through nonstandard TCP ports. Unlike e-mail systems, IM attachments cannot be easily scanned for viruses. These are but a few of the security issues IT managers should care about. Enterprise-class IM systems address many of these concerns. Gartner discusses these in detail in "What May Lurk in Your IM Session," COM-14-2666.

But No Standards Yet

Enterprise-class IM systems will introduce a level of reliability and maintainability that free systems cannot offer. Even so, there are no standards for IM system interoperability. Regrettably, the founding thinkers of the Internet did not perceive the importance of IM in the same light as other standardization efforts. Begun much later, the process of standardizing IM protocols, security and presence has become politicized and polarized — largely due to technical infighting and the lack of cooperation of AOL, the dominant market share leader. The machinations behind those efforts, and the impact that the lack of IM standards is having is explored in "IM System Interoperability: No SIMPLE Answer," T-14-2917.

The State of the IM Market

Although IM is clearly entering the enterprise and is already well-established in the consumer market, nobody has figured out how to make money from it. As we pointed out in "The Identity Vessel: The Real Power of Instant Messaging," COM-12-8821, focusing only on the immediate revenue potential of IM is short-sighted. IM user identities will serve as important, ubiquitous, universally readable formats for recognition of and communication with other individuals. The technology's prominence in this regard is based on the nature of IM — i.e., that it can be turned on whenever a user wants it to be available, that it can be activated in a variety of environments that are not necessarily limited to a single PC, and that it inherently requires authentication and security to reach its potential.

Users who do establish identities through IM face substantial hurdles in abandoning one identity for another, due to the difficulty of informing all their peers of the change. We believe that IM will be a critical technology for identity portability. IM screen names will be important far beyond today's IM clients. Vendors that require rich and easy authentication must prepare for IM screen names to bear the token of identity. AOL's large but dwindling lead in IM gives it an advantage in identity and a resultant temporary lead in presence and locality. However, Microsoft's Windows XP and its integrated Messenger and Passport services will likely close that gap within 12 months of shipment.

The strategic importance of identity is inextricably linked to other important issues, which brings us to locality and presence:

Presence Wars

Presence, simply defined, is the electronic equivalent of an Internet "in/out board." It enables users to create online identities for themselves, build convenient lists of parties with whom they regularly interact and to let those parties know when others are online. As simple as this capability is, when fully implemented, presence has the potential to act as personal online "safe deposit boxes" for all types of electronic information (e.g., passwords, address lists, bookmarks and credit card numbers). Having thought through this potential, Microsoft has launched its "HailStorm" initiative — a series of technologies and services intended to provide global presence services for all Internet users. AOL is the world's de facto presence provider. HailStorm has put

these two Internet titans on a collision course. The dimensions of this conflict (and its impact on IM) are explored in "MS HailStorm Puts a Dent in AOL's IM Leadership Position," T-14-1170.

IM Everywhere

The success of NTT DoCoMo as an interpersonal messaging service has shown other mobile players the potential of IM and other spontaneous messaging technologies. An important outgrowth of this awareness is the rapidly emerging field of event notification services, which will employ IM technologies to issue all types of real-time messages to businesses and consumers. Even before that occurs, IM on mobile devices continues to grow in usefulness and popularity. Developments on this front are discussed in "IM Sparks Under-the-Table Messaging," COM-14-2837.

E-Commerce Impact

Earlier, we alluded to the role IM can play in CRM applications. There's probably no relationship that business would like to manage better than e-commerce transactions. In this regard, IM has unique potential to add a sense of immediacy and intimacy to what can be an impersonal experience. However, before this can happen, some ancillary technologies need to emerge and mature. In "Not So Fast: IM's Evolution Needs Auxiliary Technologies," SPA-14-2757, we provide guidance for enterprises hoping to use IM to smooth out some of the rough spots in e-commerce transactions.

Who's Who?

The IM field is exploding, and providers are flooding into the marketplace. Some are names familiar to us; most are not. To provide a sense of the range of emerging technology solutions, we offer "New IM Vendors on the Radar Screen," M-14-2822. Here, Gartner presents a brief compilation of IM vendors that have caught our attention for one reason or another. Over time, many of these vendors will receive more in-depth Gartner analysis.

Stay Tuned

This Spotlight touches on some of the key topics an enterprise should care about as it wades into the IM weed patch. Look for Gartner to expand its research to include the impact of IM in the consumer space, as IM makes its presence felt in the next generation of set-top and game systems. There's also more to be said about event notification systems, especially in hard-core commercial and industrial applications. Web services also will feel the impact of IM, as the need arises to "put the human into the loop" to facilitate Web-services-type transactions. And IM and presence are the threads from which next-generation, peer-to-peer (P2P) collaborative and file-sharing networks will be woven. Gartner will have valuable perspectives on these developments in the future.

In the meantime, consider the following: By 2005, instant messaging will surpass e-mail as the primary way in which consumers interact with each other electronically (0.7 probability). By 2005, IM will be integrated into 50 percent of the applications that businesses use to directly interact with their customers (0.7 probability).

So, what's your screen name? er, identity?

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