

## RightNow to Acquire HiveLive to Extend Social CRM Ability

Michael Maoz

RightNow Technologies will expand into social software with the planned acquisition of HiveLive, following RightNow's strategy that a CRM suite tied to online communities will positively impact consumer-centric businesses.

## NEWS ANALYSIS

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### Event

On 8 September 2009, RightNow signed a definitive agreement to acquire HiveLive for approximately \$6 million. The deal is expected to close next week. HiveLive is a social platform provider with fewer than 30 employees based in Boulder, Colorado.

### Analysis

As RightNow branches into areas such as social software platforms, it is betting that organizations want to build online communities (requiring components such as dialogues, forums, ideation, media sharing and blogs) with tight integration into other CRM processes. It had partnered with Lithium Technologies to deliver a social software offering. The HiveLive deal effectively ends that relationship.

With the HiveLive acquisition, RightNow will have the opportunity to differentiate itself by delivering an integrated offering including e-service, a customer service contact center and a social platform. The risks to this direction are twofold: This is a new and evolving area; and the market for social software is highly fragmented. HiveLive does not offer all the prepackaged components of a complete social software suite, and will be used by RightNow as a configurable social platform.

Businesses hoping to tightly integrate contact centers and CRM systems with online communities could benefit from a combined solution. However, HiveLive did not meet the minimum inclusion criteria for Gartner's most recent Magic Quadrant for Social Software. As the RightNow/HiveLive deal is one of the first consolidations of this type, Gartner will monitor the synergy of an integrated offering.

HiveLive has approximately 25 customers in production. HiveLive's deals are estimated at approximately \$100,000 and the company was creating \$4 million annually in expenses. As such, the deal will not add to RightNow's accretive revenue until the end of 2010.

With proper sales and marketing execution, HiveLive will fit into RightNow's Cloud Monitor product, which watches third-party social networks and connects conversations happening on social media such as Twitter or YouTube to individuals in a business. The social-software market is highly fragmented and users currently have dozens of choices, but few from a CRM provider with broader sales, marketing and service capabilities.

### RECOMMENDATIONS

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- **RightNow customers:** Evaluate the new offering as integration and pricing details become clear during the next three months.
- **Joint RightNow and Lithium prospects and customers:** Until the acquisition announcement, Lithium Technologies had been listed as a RightNow partner with a fully integrated social software offering. Prospects for this combined RightNow/Lithium offering, as well as current customers using the combined offerings, should inquire about the go-forward strategy and technology road map.
- **HiveLive customers:** Ask for clarification regarding contract terms and conditions and the impact of the acquisition.

## RECOMMENDED READING

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- “Magic Quadrant for Social Software” — The social-software market continues to be fueled by increasing interest from buyers looking for social interaction support as well as from vendors looking to establish a foothold in a growing market. **By Nikos Drakos, Anthony Bradley and Jeffrey Mann**
- “Magic Quadrant for CRM Customer Service Contact Centers” — Leading vendors are showing how their solutions can lower costs while driving customer loyalty. **By Michael Maoz**

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