

SharePoint Portal Server 2003: Good News, Bad News

Microsoft SharePoint Portal Server 2003 has improved significantly as a portal since the first version and is now a viable portal product. However, document management functionality has declined below acceptable levels.

Core Topic

Knowledge Support: Smart Enterprise Suites

Key Issue

What are the key product/vendor selection criteria for smart enterprise suites?

Strategic Planning Assumptions

Document management vendors will benefit from Microsoft's reduction in DM capabilities, giving them at least an incremental \$70 million opportunity in 2004 (0.8 probability).

Microsoft will offer a desktop portal that will reside on PCs by 2006, rather than use a traditional Web approach as SPS does (0.6 probability).

There is the risk that Microsoft will shift its attention and resources away from SPS within five years (0.6 probability).

Microsoft SharePoint Portal Server (SPS) 2003 has improved significantly as a portal since the first version and is now a viable portal product. However, enterprises needing document management (DM) should look elsewhere as the functionality has declined below acceptable levels. SPS 2003 is not a true DM system.

Microsoft Office SPS 2003 remedies most of the portal-related deficiencies of SPS 2001. In general, only Microsoft-centric enterprises adopted SPS 2001, mostly as a DM tool for Office documents. With SPS 2003, launched in October 2003, Microsoft offers a usable portal product — and, in many scenarios, a highly desirable one. Unfortunately, traditional DM is de-emphasized.

Microsoft has fixed many of the shortcomings of SPS 2001. User interest has skyrocketed since the launch of SPS 2003. It will inevitably be a successful product because:

- Microsoft has a strong industry presence and a loyal installed base.
- SPS works well in a variety of low-to-medium use scenarios (for example, content-centric portals, portals with straightforward integration requirements and portals with no advanced personalization), and is "good enough" for some high-end uses (for example, an enterprisewide portal for a Microsoft-centric enterprise).
- The pricing is attractive, compared to many alternatives.

Nevertheless, Microsoft's portal strategy will be heavily affected by its rich-client strategy, and customers should take this uncertainty into account before they buy SPS 2003.

Gartner

Product Positioning: Microsoft has positioned SPS 2003 as a critical component of its Office System. It works in tandem with Windows SharePoint Services (WSS), Exchange, Content Management Server, Live Communications Server and BizTalk Server to create smart working environments. WSS builds shared team environments, where enterprises can gather and organize documents for use. SPS provides the software that can connect users to these sites, their documents and other relevant people. SPS offers above-average portal functions, which will serve many enterprises well if they don't have huge amounts of documents to deal with and, particularly, if most of them are Office documents. Microsoft has made dramatic improvements in scalability, reliability, manageability, administration, personalization and integration. Because it is native to the Windows Server 2003 environment, SPS 2003 can work with Exchange Server and related offerings to support collaboration and team activities.

Sufficiently large, mission-critical deployments of SPS 2003 are pending. Until proof points are exhibited, users should remain cautious. Although SPS 2003 is a significant improvement over SPS 2001, it isn't as robust as many leading portal products.

Missteps Between SPS 2001 and SPS 2003: In delivering SPS 2003, Microsoft made some major changes that are problematic:

- Because the security and DM models have changed, most Web Parts (Microsoft's term for an SPS portlet) written for SPS 2001 will require recoding. This could turn into a significant amount of work for enterprises that built a large number of Web Parts.
- DM functionality, specifically the library services and version control, have been moved to WSS and refocused to address document sharing and team collaboration. Microsoft offers an optional backward-compatible document library. Users that choose the back-compatible mode will be unable to use a long list of enhanced features and will likely continue to miss out on most future document-related enhancements. Using the backward-compatible library with SPS 2003 requires use of two repositories, the older Exchange-based repository and a new one based in SQL Server.
- Changes to DM functionality also include reduced routing capabilities and the lack of document-level security.

No Longer a DM Product: With the new releases of SharePoint and WSS, Microsoft has clearly shifted its strategy. Microsoft has changed SPS from a tool with basic DM features to a less-functional collaborative document repository. Despite reports of Microsoft sales representatives stating that SPS can compete

with the best DM products in the market, be forewarned. SPS 2003 offers below-average DM functions, especially for Microsoft Office documents. This is a major step backward for Microsoft and a poor strategic move, counter to market demands.

Since 1992, Gartner has defined the core functions of DM as check-in, check-out, version control and document-level security. Because the DM provided by SPS 2003/WSS does not include document-level security, it does not meet Gartner's minimum criteria for a DM system. Although some of the functionality has been shifted to WSS and is, therefore, accessible as part of the required software stack, some features no longer exist in SPS or WSS.

Features that have been dropped from SPS 2001 or changed in SPS 2003 include:

- Support for serial and parallel task routing has been replaced with a simpler moderated approval process.
- The WSS document libraries do not support per user access controls at the file level. SPS 2003 supports one profile for each area or each document library.
- WSS and SPS 2003 support only major versions of documents.
- All documents are kept in nonhierarchical team rooms.
- Document categorization is changed from categories to topics.

SPS 2003/WSS provides sophisticated file-sharing capabilities and is, therefore, better than normal file sharing, which does not have version control or check-in/check-out. The DM functionality is rudimentary. Enterprises that want document-level security, compound DM, workflow or records management will need to buy another product. Because SPS lacks this functionality, which Gartner clients demand, it adds little value other than its low cost. For example, it cannot help enterprises respond to compliance needs. Vendors such as Teemplate, Ultimius and Meridio provide some of these features as add-on products, but why is Microsoft leaving so much to come from partners at added expense to its clients?

SPS is a modest offering in competitive terms, and the price point is a loss leader to sell additional Microsoft and partner products. DM vendors will benefit from Microsoft's reduction in DM capabilities, giving them at least an incremental \$70 million opportunity in 2004 (0.8 probability). We do not believe a majority of users will use the backward-compatible document library because it will introduce complexities into the architecture and,

since it is based on the older 2001 technology, will not offer any relief around the scalability issues that hurt the acceptance of SPS 2001.

Microsoft's focus on SPS as its primary portal platform is fuzzy.

- Microsoft does not have a portal track record because it entered the market late and with a substandard product (SPS 2001). Although more than 25 million people are licensed for SPS 2001 (as of February, 2004), Microsoft doesn't have a substantial base of portal customers.
- Microsoft is aggressively promoting its rich-client strategy. Examples are the integration of Microsoft Office 2003 and the Windows 2003 server platform, and the announcement that the client access into the future Jupiter product, rather than SPS, will be the Microsoft "rich client." Microsoft intends to provide access to portal-like functions without using true portal software. Microsoft will push the rich-client approach to customers as the preferred method of accessing portal functions.
- Microsoft will offer a desktop portal that will reside on PCs by 2006, rather than use a traditional Web approach as SPS does (0.6 probability). If Microsoft proceeds with the desktop portal, it will likely neglect SPS. Rich-client access to the Microsoft Office System services will provide a robust set of capabilities. However, enterprises should not assume that Microsoft will support SPS as its primary user interface strategy.

Rich clients aren't the issue here. Rich clients will provide the robust client-side platform of a fat client but provide the manageability and total cost of ownership of a thin client. Rich clients are good things. The issue is Microsoft's strategy vis-a-vis rich clients and portals. For example, IBM announced a rich-client strategy that is closely tied to its portal product, WebSphere Portal. Microsoft's rich-client strategy avoids this portal. This causes Gartner concern over the future of SPS.

Customers face little danger that Microsoft will phase out SPS in the near term. Although many enterprises could theoretically leverage the rich client for internal customers, many don't; and no enterprise controls the scope of client configurations for external audiences. The ubiquitous Web browser will be the preferred client for external customers, and a Web-based portal product, such as SPS, will provide portal functionality. Microsoft's rich client offers many robust features, and provides a nice complement to a portal, allowing users access to information and applications in context. However, there is a risk that Microsoft will shift its attention and resources away from SPS within five years (0.6 probability).

Product Strategy: As part of the Microsoft Office System, SPS 2003 provides traditional Web-based portal support and collaborative document functionality. Microsoft aims for the portal and DM functions to work closely with the traditional Office productivity tools, messaging, collaborative functions and the like to create a familiar, self-sufficient working environment. This environment would enable enterprises to implement SPS 2003 as a natural extension of the Office suites already running on most PCs. Microsoft hopes that this approach will give customers less reason to need knowledge workplace software from rival vendors.

Strengths:

- Works well in the Microsoft environment and with Microsoft Office documents
- Provides off-the-shelf portal and DM functions
- Offers rapid deployment
- Can be implemented with a low level of knowledge and support
- Presents an attractive price point (\$4,000 per server plus \$82 per user)

Challenges:

- Requires Windows Server 2003
- Increases the risk of becoming locked-in to Microsoft
- Allows interoperability with Java software stacks only via Web services
- Is no longer a DM product

Consider This Product When:

- You run a highly Microsoft-centric environment
- You rely heavily on Microsoft Office documents
- You use a .NET software stack
- You are a small or midsize business

Consider Alternatives When:

- You have significant applications in a Java platform
- You have high integration requirements
- You have large numbers of documents to manage

Microsoft

Headquarters: Redmond, Washington

Web Location: www.microsoft.com

Founded: 1975

Ownership: Public

SharePoint Portal Server 2003

Requires Windows 2003 server.

\$4,000 per server plus \$82 per user

Acronym Key

DM	document management
SPS	SharePoint Portal Server
WSS	Windows SharePoint Services

- You require a document/object level security; compound DM; multistep, serial and parallel routing (workflow); and records management

Bottom Line: Microsoft has made substantial improvements to its SharePoint Portal Server in terms of portal functionality. SharePoint Portal Server 2003 will provide above-average portal support and decent support for small and midsize businesses and enterprises with modest numbers of documents to manage (particularly if they're Microsoft Office documents). Unfortunately, Microsoft has regressed on several fronts, most notably reducing critical document management functionality. Enterprises with large numbers of documents to manage, high integration needs or a Java software stack should look elsewhere.