



## VENDOR PROFILE

### Syncplicity Private Vendor Watchlist Profile: SaaS Offering for Business File Management Across Content Stores

Laura DuBois                      Bharath Regula  
Ryan Patterson

## IDC OPINION

Syncplicity is a leading provider of file management solutions in the cloud, offering instant synchronization, backup, file sharing, and collaboration in one integrated solution. Unlike alternative offerings, the Syncplicity service does not make users take actions to move data into a virtual folder, cloud space, and so forth. Syncplicity does not require users to move their data to a new place or change how and where they work with their files. With Syncplicity, both individuals and organizations are able to manage, sync, back up, share, and collaborate across devices and on-premise information sources (i.e., SharePoint servers, file servers, and S:/drives) as well as Web content stores (i.e., Google Docs and salesforce.com) within a single cloud-based solution. We believe Syncplicity is a company to watch because of the company's:

- Centralized orchestration layer and management controls (sharing, sync, backup, permissions, auditing, versioning, etc.) for data and files that live in a mix of corporate on-premise and off-premise locations
- Ability to capitalize on the opportunity for connecting mobile business users and a growing universe of smart devices with centralized IT services, file access, sharing, and collaboration while providing centralized IT controls over the devices and how users access file content
- Participation in several market categories (mobility, file sharing/access, collaboration, etc.) where public cloud services are disrupting traditional on-premise file management and storage offerings

## IN THIS VENDOR PROFILE

This IDC Vendor Profile analyzes Syncplicity, a company playing in the IDC-defined market of public cloud advanced storage services, and reviews key success factors: market potential, technology/solution, corporate strategy, force multipliers, and customers. Leveraging IDC's expert understanding of the competitive landscape and future outlook, this document highlights company and market information tailored to the investment professional's needs.

## SITUATION OVERVIEW

---

### **Company Overview**

Syncplicity, based in San Francisco, California, positions itself as playing in the overall file management market, which according to the company includes components such as SharePoint, generic file servers, Citrix file servers, and NAS. Syncplicity asserts, and IDC agrees with the assertion, that a conservative 10–20% of the on-premise file management market will move to public cloud-based solutions over the next five years.

Syncplicity is one of several SaaS suppliers offering functions such as file sharing, file synchronization, backup, and collaboration. However, one of the unique components of Syncplicity's service offering, both the personal and the business edition, is the management schema it uses. Unlike other SaaS offerings that make users take actions to move data into a virtual folder, cloud space, and so forth, Syncplicity does not require users to move their data to a new place or change how and where they work with their files. With Syncplicity, both individuals and organizations are able to seamlessly manage, sync, back up, share, and collaborate across devices and on-premise information sources (i.e., SharePoint servers, file servers, and S:/drives) as well as Web content stores (i.e., Google Docs and salesforce.com) within a single cloud-based solution.

Company details are provided in Table 1.

**TABLE 1**

## Syncplicity Company Snapshot

Category	Details
Functional and secondary markets	Public cloud advanced storage services (or, according to Syncplicity, the file management market)
Founding year	2008
Number of employees	Under 50
Number of customers	25,000 businesses and 155,000 active users
Company location	Menlo Park, California, with some offshore development
Web site	<b>www.syncplicity.com</b>
Funding initiatives	A round of \$2.35 million led by True Ventures and other private investors (Additional information not disclosed)
Investors	True Ventures and other private investors
Sales channels	Selling 100% indirect
Revenue estimate	IDC estimates annual revenue to be between \$5 million and 10 million
Supplier info — Is this a minority-owned business?	No
Supplier info — Is this a woman-owned business?	No

Note: The terms *minority-owned business* and *woman-owned business* are defined in the Definitions section of the Learn More section.

Source: IDC, 2011

**IDC Watch Factor Scores**

IDC Watch Factor scores measure private companies based on a set of five defined success factors. Each of the five key success factors is made up of detailed subquestions, which are assigned a value from 1 (weak) to 4 (strong). The average of the subcategories is then applied as the overall score for each category:

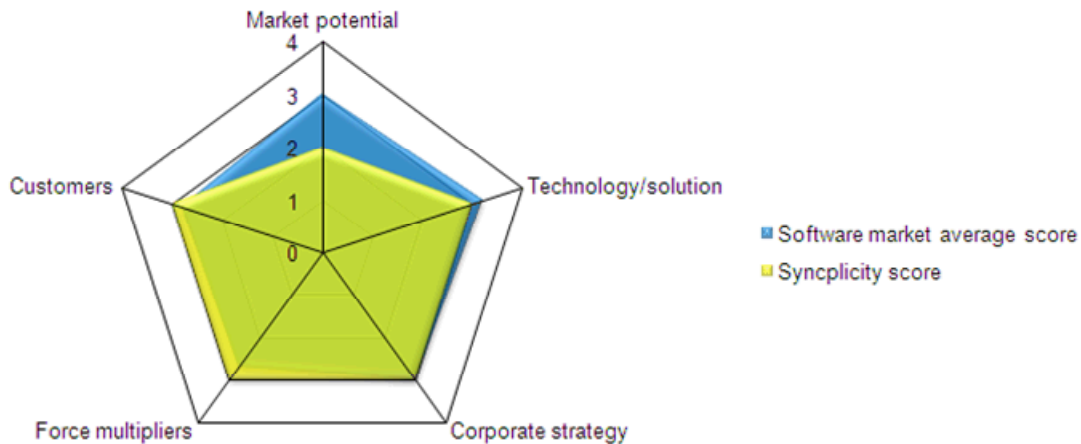
- Market potential:** Market growth potential, strength of competition, and current stage of market (early adopters versus late majority)
- Technology/solution:** Level of differentiation, disruptive capability, and scalability

- ☒ **Corporate strategy:** Go-to-market strategy, management pedigree, and financial status (running on venture capital with insignificant revenue versus self-sustaining and not seeking additional rounds of funding)
- ☒ **Force multipliers:** Current partnerships/certifications, additional partnerships likely within the next two years, and channel/sales strategy
- ☒ **Customers:** Number of existing customers, quality of existing customer base, geographic reach, and size of addressable market in the coming years given the vendor's current capabilities

Figure 1 shows the Watch Factor scores for Syncplicity versus the Watch Factor average scores for all companies ranked by the Private Vendor Watch Service in the applicable market at the time of publication. The sections that follow detail the reasons for those scores.

**FIGURE 1**

Syncplicity Watch Factor Score Versus Watch Factor Average Score



Notes:  
 The Watch Factor average score reflects the average score for all private companies scored by the Private Vendor Watch Service at the time of publication.  
 Scores are based on a scale of 1 to 4, where 1 = weak and 4 = strong.  
 Source: IDC, 2011

**Market Potential**

**Market**

Based on an IDC market taxonomy, Syncplicity competes in the public cloud advanced storage services market segment and specifically the file sharing, file

synchronization, and backup services segment, which IDC has sized to be a \$724 million market in 2009 and growing to \$2.5 billion by 2014, representing a 28.2% CAGR. This market is still in an early and nascent state and is predominantly being capitalized on by small innovative start-ups. IDC estimates Syncplicity has an annual run rate of between \$5 million and \$10 million in revenue.

However, Syncplicity positions itself as playing in the overall file management market, which according to the company includes components such as SharePoint, generic file servers, Citrix file servers, and NAS. Syncplicity asserts, and IDC agrees with the assertion, that a conservative 10–20% of the on-premise file management market will move to public cloud-based solutions over the next five years.

Syncplicity currently derives its revenue from offering public cloud services via its personal and business editions. The personal edition was launched in November 2008 and has both paid and free version, with over 155,000 individuals using the service. The business edition was launched in November 2009 and has 25,000 organizations using the service, both small business and larger enterprise accounts. Strategically, the business edition is the focus and future direction of the company.

### ***Market Disruption***

Advanced public services including backup, file sharing, file synchronization, file collaboration, archiving, and replication services all are cannibalizing or impacting traditional storage software license sales. IDC research suggests firms will continue to shift spending to public and private cloud offerings over the next five years.

### ***Competitive Landscape***

Current competitive offerings include offerings from Egnyte, Dropbox, and SugarSync as well as potential offerings from EMC Mozy and Symantec. Dropbox is the company with the largest mindshare at present. However, all these companies are start-ups. Potential development and offerings by EMC Mozy and Symantec would shake up the market.

### ***M&A***

This market space is still very nascent and there has not been any material M&A activity in the core market, although adjacent markets of SaaS-based backup and collaboration have seen M&A activity. However, traditional technology suppliers are likely to make build or buy decisions that could drive future M&A activity, in particular those with material user adoption.

Table 2 displays recent M&A deals in the SaaS market.

**TABLE 2****SaaS M&A Deals**

Date	Acquirer	Target Company	Deal Value (\$M)	Specific Market/Solution Type
September 2007	EMC	Mozy	76	SaaS backup
April 2010	Salesforce.com	Jigsaw	142	SaaS sales
May 2010	SuccessFactors	CubeTree	20–30	SaaS collaboration
May 2011	Limelight Networks	Clickability	Unknown	SaaS Web content management

Source: IDC, 2011

**Technology / Solution*****Syncplicity Business Edition***

Syncplicity Business Edition is a public cloud file sharing, backup synchronization, and collaboration solution delivered in a software-as-a-service model. The value proposition with Syncplicity Business Edition is twofold, serving both business workers and the centralized IT function.

Syncplicity allows users, groups, or a company at large to manage their files within the context of a virtual private cloud, which automatically maps to files on a number of the users' devices and content locations. Rather than moving files into a cloud folder, users tell the Syncplicity service what devices they want included, and Syncplicity discovers the content and puts in under Syncplicity management constructs. Users do not have to reorganize their data into a set file hierarchy. The Syncplicity service will look across all devices and content locations and sync, back up, and access files across all workspaces that the user works. In addition to keeping everything backed up, the service also provides restore instant, conflict resolution, versioning, and collaboration. For IT administrators, Syncplicity allows them to put controls over policy, permissions, settings, reporting, auditing, and visibility to content across the spaces where employees work, including local and remote devices. This allows IT to help keep the workforce in compliance with legal, regulatory, and security mandates.

The Syncplicity service addresses some constraints with traditional on-premise file storage and access to it. Traditional NAS or file server storage requires users be on the corporate network to access their files and file capacity. However, an increasingly distributed workforce, sometimes offline and sometimes connected, using a broader set of work devices has challenged this traditional model. Virtual private networks (VPNs) while providing a private tunnel into a corporate network and thus providing access to network drives are the bane of most remote workers' existence. VPNs are

unreliable, slow, and do not support access for new devices such as iPhones and iPads. These new content consumption devices cannot mount a networked file system at all. Syncplicity has the opportunity of replacing a series of on-premise technology including file servers, VPNs, and SharePoint sites.

Syncplicity is differentiated from alternatives in the market because it works seamlessly with users' existing content repositories and devices and does not require user action to move their content into a folder or workspace. It is also somewhat differentiated in offering enterprise-focused centralized IT management controls for content under control of the Syncplicity service. Other services require users to create a workspace and move files into that workspace before a cloud service can manage them. Additionally, other services are more focused on consumers or individuals and do not have a centralized orchestration and IT controls such as permissions, provisioning, access controls, and versioning critical for business deployments. Last, Syncplicity is a 100% SaaS model without on-premise appliances or gateways.

### ***Cloud Configurations***

Syncplicity's product supports the following storage layer options, depending on customer requirements:

- ☒ **Public cloud, multitenant solution.** This is the standard Syncplicity configuration. For public cloud configurations, Amazon EC2 and S3 are leveraged for the storage/compute, while Syncplicity orchestration services (including encryption and key management) are run on dedicated hardware provided by SoftLayer.
- ☒ **Public cloud, single-tenant solution.** Customers with a need (often due to a risk management or security department mandate) can deploy in a single-tenancy configuration, with physical separation of their data from other customers.
- ☒ **Private cloud.** Customers may host the storage layer in their own datacenter. Syncplicity can work with virtually any storage with basic put/get/delete functionality. In this deployment, Syncplicity's simple compute layer is also hosted in the customer datacenter (this option is for larger customers). No customer has yet chosen to deploy in this configuration, though we have currently large enterprises and in one case a military prospective customer interested in deploying with this option. In these cases, it is because the organization has mandated that its synced data not be stored in the public cloud, for the time being.

With all these scenarios, the Syncplicity orchestration layer is hosted in a SaaS model, and Syncplicity provides native clients for PC, Mac, and iOS, with additional mobile clients coming. Today, on the storage layer, 100% of Syncplicity's customers are running in a public cloud configuration: using S3 for the storage layer and EC2 for the compute layer (in AWS datacenters, with data replicated in quadruplicate across three geographically disbursed datacenters for 11-9s of resiliency). Syncplicity is also a development partner for Google's storage layer, and Syncplicity announced a working integration June 2010, where Syncplicity integrates with Google storage (though no customers have asked the company for a Google storage-based solution to date).

Syncplicity does not require any customers to have any premise appliances or gateways, and the application is delivered 100% SaaS, despite where the storage layer resides. Some customers have strict policies around vendors having "no knowledge" of their data. These customers have the option of hosting and controlling their encryption key server in the Syncplicity datacenter, or they may deploy the encryption key server in their own datacenter along with their storage layer. Either of these meets the "no knowledge" criteria of some larger customers. Syncplicity does advocate that the encryption key server be in a separate facility than the data itself for security architecture reasons.

---

## **Corporate Strategy**

### ***Leadership***

Clearly, Syncplicity has strong technical talent in its founders and more recently has been adding business talent to the executive team. CEO Karen White has spent more than 25 years in the technology industry as a successful operating executive and investor. She has been serving as CEO of Syncplicity since April 2011. She has been associated with the company since 2009, first as an advisor and later as executive chairman. Previously, White held executive positions at SolarWinds (SWI). Before SolarWinds, White served as managing director at Pequot Ventures. Her board roles as lead investor included Scalent (acquired by Dell), Securify (acquired by Secure Computing, now McAfee), Kavado (acquired by Protegrity), and privately held Blazent and Klocwork.

Leonard Chung is cofounder and chief product strategist of Syncplicity. He has spent 15 years in the computer industry, with development and technology roles at Microsoft and IBM. Ondrej Hrebicek is cofounder and chief technology officer at Syncplicity. Hrebicek is a strong technologist with a record of delivering innovative and quality products to market. Before cofounding Syncplicity, Hrebicek was at Microsoft. At a summary level, Syncplicity has added the business leadership needed to round out its technical talent and has a range of executives with prior big company experience ... no exit experience.

### ***Go-to-Market Strategy***

Syncplicity is focused on a combination of direct (Web channel, telesales) and indirect (VAR, IT service provider) selling. However, the technology partnerships with Google and salesforce.com have aided in Syncplicity's go-to-market strategy. As Syncplicity itself points out, it is a velocity business and thus must continue to scale its partner channel to drive increased volumes at lower, although recurring, price points. Gaining a leading technology provider (Symantec, McAfee, Microsoft, Google, etc.) as a route to market would provide Syncplicity with further credibility and validation.

### ***Exit Strategy***

Syncplicity is still in a very early stage of development and needs to demonstrate revenue and customer traction. The company is focused on developing an in-place business cloud file management strategy enabling it to connect a broader set of users, apps, and devices to its service. This decision is a smart one as in the

foreseeable future no single location, folder, device, or Web site will house all file content for business information. This centralized file management strategy for a mix of in-place data makes Syncplicity interesting from a security, governance, and compliance perspective for IT organizations. This approach is likely to lead to more strategic partnerships for Syncplicity and possibly an exit.

**Key Acquisitions**

Syncplicity has not made any acquisitions.

**Current Investors**

Syncplicity is not currently looking for funding.

Table 3 displays a detailed funding history for Syncplicity.

**TABLE 3**

Syncplicity Detailed Funding History

Round	Date	Amount	Investors
A	October 2008	\$2.35M	True Ventures and other private investors
B	Not disclosed	Not disclosed	Not disclosed
C	Late 2011–2012	To be determined	To be determined

Source: IDC, 2011

**Force Multipliers**

**Partners**

Key partners of Syncplicity include Google, salesforce.com, and Amazon. Syncplicity is integrated with Google Docs and Google Apps. Google Docs serves not only as a file type but also as a place where users leave their file content, and Syncplicity can sync with content there and provide an offline experience for content that lives in Google Docs. Syncplicity is integrated with Google Apps to allow for a single sign-on experience for users that use both Syncplicity and Google Apps. Syncplicity is also a development partner for Google cloud storage. Another Syncplicity partner is salesforce.com where file content managed by Syncplicity (contracts, Web links, presentations, etc.) is mapped to specific accounts and available for browsing for corporate salesforce.com users. Last, Amazon is a storage partner, and Syncplicity is ISV integrated with S3.

### ***Partnership Opportunities***

Future partnership opportunities include other Web sites where users go to perform work-related activities such as LinkedIn, Yahoo!, Twitter, Microsoft SkyDrive, and Office 365. Other future partnerships are IT suppliers (Symantec, Autonomy, etc.) that seek to cultivate and control file content that lives on a mix of public, private, and hybrid locations across centralized and distributed devices. Partnerships may also emerge with other storage service providers outside of Amazon S3. In 2011, Syncplicity will be formalizing its ISV program to offer a robust set of APIs to other SaaS application providers that want to benefit from having folders and files available and synchronized within it.

### ***Channel/Sales Strategy***

Given Syncplicity is still in the early stages of its evolution, it must continue to sell and promote direct. However, given its focus on velocity and volume, the company must continue to expand its reach and access to customers through technology partnerships as well as routes to market.

---

## **Customers**

### ***Key Customers***

Syncplicity has over 25,000 companies using its service today. Approximately 800 of them are educational institutions. Other verticals include consulting, legal, and financial services and technology and manufacturing sectors. No key client names have been provided.

### ***Key Audiences***

The target market for Syncplicity is SMB and enterprise environments across a range of vertical sectors. Key sectors include education and financial services — for example, a financial services organization with 10 branch offices and 250 employees. This customer deployed Syncplicity primarily to give remote users a better file sharing experience and was able to shut down file servers in branch offices.

### ***Geographic Reach***

Syncplicity is currently selling its services in North America predominantly, although a large percentage of its users are outside of this region.

---

## **FUTURE OUTLOOK**

### **Challenges and Opportunities**

#### ***Challenges***

In the short run, Syncplicity must build out both its brand awareness and its go to market. Market alternative Dropbox has more mindshare among the Web 2.0 community. If Syncplicity as a velocity play is going to gain access to a larger universe of SMBs, it needs to do this through technical partnerships and possible

OEM agreements as well as building out indirect selling channels. Second, brand leaders in security, storage, and information management — Symantec, EMC, and Autonomy — are interested in participating in the market in which Syncplicity currently competes. Should these suppliers develop or acquire technology that is an alternative to Syncplicity's, the company will be in a defensive position. Hence it's critical that Syncplicity develop some more strategic partnerships with some of the larger software companies that are attempting to enter or have already entered the cloud storage or SaaS storage markets.

### **Opportunities**

Syncplicity has the opportunity to OEM or license its technology to service providers, SaaS providers, and ISVs alike. In many ways, the functions Syncplicity is offering are an extension to on-premise file storage, security, and information management offerings. Hence partnerships in these areas make sense.

## **ESSENTIAL GUIDANCE**

---

### **Reason to Watch**

The reason to watch Syncplicity is for its centralized management controls (sharing, sync, backup, versioning, etc.) for data and file that live in a mix of corporate locations.

Syncplicity is tied into two IT megatrends: mobility and cloud. Syncplicity is an early participant in the emerging opportunity for connecting mobile users and a growing universe of smart devices with centralized IT services, data access, and cloud storage services. Increasingly, mobile devices are being brought into the corporate workplace for increased user productivity. This introduces a challenge for IT organizations that must provide centralized IT controls over the devices and how users access data on cloud storage. In the storage market, SaaS is seeing adoption among SMBs. Syncplicity is participating in a range of public cloud storage offerings, which are disruptive to on-premise storage functions.

### **Differentiators**

Syncplicity is differentiated in the market by the following capabilities:

- ☒ Centralized management schema including controls over policy and permissions (including reporting, auditing, and visibility). Using these management features allows IT to keep the workforce in compliance.
- ☒ Ability to work with data on user devices (Mac, PC, and mobile) as well as on-premise servers (SharePoint servers, file servers, etc.) and cloud stores like Google Docs and salesforce.com without requiring the user to move content into the Syncplicity store in order to manage it.
- ☒ Support for both private and public cloud storage based on customer requirements that differentiates Syncplicity from SugarSync, Dropbox, Egnyte, and all others in the cloud-based file management space. The vast majority of

customers will end up in Syncplicity's public cloud, but the option and flexibility is there.

- ☒ Robust offline experience where a service outage does not result in loss of file access. The service has synced files to local devices or in some cases servers, which users utilize, as well as to the cloud. Many cloud companies offer only online access to files and folders or offer only offline access if a folder is manually "moved" on a folder-by-folder basis.

---

## Advice for IT Managers and End Users

IT organizations that face limited or no dedicated IT resources and constrained IT budgets would be well served to evaluate solutions like Syncplicity's. Syncplicity's solution enables collaboration, file sharing, and file access in the way on-premise solutions do not and eliminates the need for file servers, SharePoint, VPN services, on-premise storage, and so forth.

However, when evaluating any public cloud storage service, firms should vet the supplier's data privacy, security, and SLA terms. With recent publicly known security attacks and unplanned downtime events, firms must place the highest levels of scrutiny on public cloud services to ensure they are not introducing unnecessary risk to their organizations.

## LEARN MORE

---

### Related Research

- ☒ *U.S. Public IT Cloud Services by Industry Sector: More Details on the Opportunity* (IDC #226222, December 2010)
- ☒ *Cloud Storage Impacted by Datacenter Transformations and the Changing Role of IT* (IDC #226214, December 2010)
- ☒ *Public Cloud Business Continuity Services Remain an Underserved Opportunity* (IDC #224792, September 2010)
- ☒ *Adoption and Spending Intentions on Public Cloud Backup Services* (IDC #224265, August 2010)
- ☒ *Storage in the Cloud: Overview of Key Players and Service Offerings* (IDC #224244, July 2010)
- ☒ *Worldwide Storage in the Cloud 2010–2014 Forecast: Growth in Public Cloud Storage Services Continues as Firms Decapitalize IT* (IDC #223396, June 2010)
- ☒ *IDC's Worldwide Storage and the Cloud Taxonomy, 2009: Assessing the Opportunity from All Angles* (IDC #221293, December 2009)

---

## **Definitions**

- ☒ A minority-owned business is a proprietorship, partnership, corporation, or joint venture that is 51% owned, operated, and controlled by U.S. citizens who are members of the following racial groups: African American, Asian American, Hispanic American, and Native American.
  
- ☒ A woman-owned business is a proprietorship, partnership, corporation, or joint venture that is 51% owned, operated, and controlled by U.S. citizens who are female.

---

## **Copyright Notice**

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit [www.idc.com](http://www.idc.com) to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit [www.idc.com/offices](http://www.idc.com/offices). Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or [sales@idc.com](mailto:sales@idc.com) for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2011 IDC. Reproduction is forbidden unless authorized. All rights reserved.