

# SWOT: Google G Suite, Worldwide

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**Analyst(s):** Craig Roth, Joe Mariano, Steve Crawford, Jeffrey Mann, Michael Woodbridge

Google G Suite offers a cloud- and collaboration-native take on the productivity suite. Despite innovations in this easy-to-use package, upsetting Microsoft's dominant position will be difficult. Technology strategic planners interested in digital workplace strategies should review Google's efforts.

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## Analysis

### SWOT Analysis

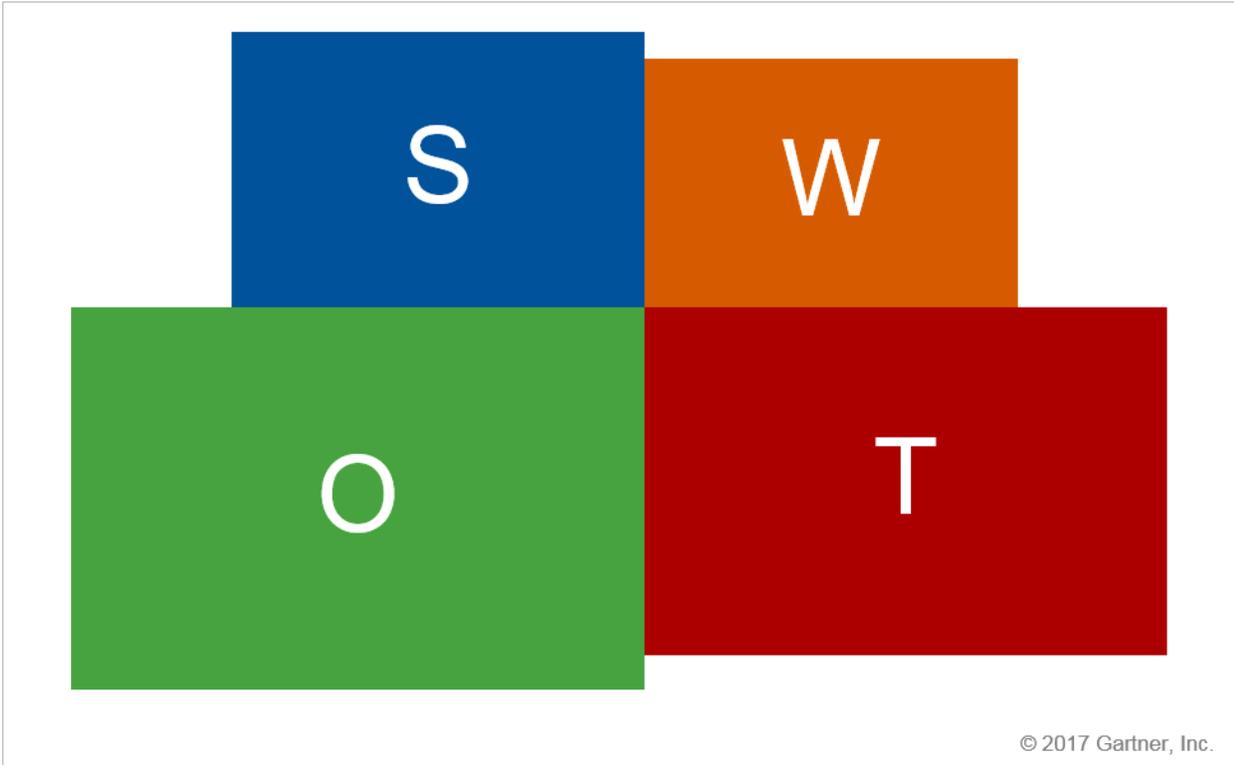
How do you take territory from an 800-pound gorilla? You don't — you find a new habitat. This is what Google is trying to do with G Suite, which competes in the same ecosystem — the cloud office market — as Microsoft, the proverbial 800-pound gorilla of productivity. But Google has staked out an adjacent habitat related to "new ways of work" (NWOW) where it is a native and Microsoft is the relative newcomer.

This isn't the usual strength, weakness, opportunity and threat (SWOT) analysis, where strengths and weaknesses are paramount. The unusual market dynamics have led to opportunities and threats looming larger in importance than the current strengths and weaknesses of the product and channel (see Figure 1). Betting on G Suite is a bet on the future, not the current ways of work (CWOW) that are dominated by Microsoft Office. Google — or any software partner, service provider or end user investing in G Suite — is betting that a new way of working will win out. They are betting that an easy-to-use, cloud-first, collaboration-first office productivity approach will win out over ingrained habits, risk avoidance, decades of legacy files and functionality that is deeper and wider in the niche areas that Microsoft relies on.

Although NWOW is on the rise, as exemplified by the interest in digital workplace strategies, will it provide a thriving habitat quickly enough to sustain investment? Also, Microsoft is not resting on its laurels. In fact, Microsoft has invested heavily in next-generation technologies, such as Delve, Microsoft Graph, Teams, Planner, Flow and Office Web Apps. In addition, Microsoft can offer a more attractive bridge from current ways of work to new ones.

Whether the opportunities shape up in Google's favor or whether the pitfalls prove to be fatal (see Figure 2) will determine who rules this jungle in the future.

Figure 1. Graphical Representation of SWOT: Google G Suite, Worldwide



Source: Gartner (May 2017)

Figure 2. Figure 2. SWOT: Google G Suite, Worldwide

| Strengths  | Weaknesses  |
|--|---|
| <ul style="list-style-type: none"> <li>▪ Direct tie to new ways of work</li> <li>▪ Strong global brand identity and distinctive corporate culture</li> <li>▪ Google's business model offers a financial advantage</li> <li>▪ Low and simple pricing</li> <li>▪ Compelling user experience</li> <li>▪ Streamlined developer experience</li> </ul> | <ul style="list-style-type: none"> <li>▪ Information controls need further refinement</li> <li>▪ Not all user types will adopt given a different feature set</li> <li>▪ New ways of working can be a tough sell</li> <li>▪ No content services story</li> <li>▪ Weak hybrid and offline model</li> <li>▪ Low market share hurts growth efforts</li> </ul> |
| Opportunities  | Threats   |
| <ul style="list-style-type: none"> <li>▪ New ways of work are on the rise</li> <li>▪ Work in emerging regions will be ruled by mobile devices</li> <li>▪ Applying advanced technology assets</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Microsoft Office holds and adapts</li> <li>▪ Competition will boom if Microsoft's dominance is unseated</li> <li>▪ Traditional enterprises may be slow to transition to new ways of work</li> </ul>  |

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Source: Gartner (May 2017)

## Strengths

### Direct Tie to New Ways of Work

Competition in the cloud office space is not so much a battle for market share in the existing market as it is a battle to stake out territory in NWOW. Google entered this territory early and has evolved with it, building its brand based on a better way to work.

The alternative to NWOW, current ways of work (CWOW), doesn't mean stuck in the past — it means working the way most information workers do to get their jobs done. And they may be very successful using these traditional methods. CWOW is anchored in a long history of:

- IT-dictated tooling meant for solo work
- A well-defined subset of the organizational knowledge and information available in digital form
- File-based containers
- Email for communication
- Fairly rigid organizational structures
- Compiling and presenting information for human analysis
- Algorithms codified by programmers

- PCs in office buildings with a keyboard, mouse and landline next to them

By contrast, NWOW is born of the age of digital business. This means a much larger and more fluid amount of the organization's knowledge and information is kept and used in digital form than before. For example, social relationships, digitized paper forms, audio and video information, peer-to-peer communications, and data from "things" can now be digitally captured and used in ways that were unheard of by most organizations five scant years ago. The tooling is more consumerized and user-driven. Also, the tools have been adjusted for:

- Collaborative work
- More granular information bits that can be reassembled
- A large array of communication channels
- Device diversity
- Machine-driven analytics
- Machine learning
- Ever-changing teams and workgroups (both formal and virtual)

Google, as a company, and G Suite, as a product, have always represented a younger, more nimble alternative to Microsoft. Long before Microsoft was on board with NWOW, Google Apps Premier Edition (released in 2007) offered a SaaS productivity suite based on a browser, real-time collaboration, a cloud model and a simple interface. Google has a lead among fast adopters of NWOW and, more than any other cloud office vendor, it represents NWOW as its *raison d'être*, not a new option.

### **Strong Global Brand Identity and Distinctive Corporate Culture**

Google was ranked No. 2 in [Interbrand's Best Global Brand](#) ranking for 2016, increasing its brand value by 11% over 2015. Much of the company's impact is attributed to the strong personalities of its founders — Sergey Brin and Larry Page — and their aspirations and overarching principles, reflecting a mix of leadership and forward-thinking. The company's corporate culture is a source of inspiration for both its employees and those in the outside worlds of business, academia and entrepreneurship.

Google values data, encourages bold investments in long-term horizons, pivots plans based on results in near real time and reveres user-oriented engineering excellence. Its employees are part of a culture that perpetuates the universal and global usefulness of information as a guiding principle.

However, the Google brand has mostly been associated with consumer services and advertising, although it is now working hard to gain enterprise credibility.

## Google's Business Model Offers a Financial Advantage

Google has made huge capital investments into the elastic infrastructure that underpins its core search and advertising businesses. Hence, it can deliver the cloud-only G Suite services at relatively low incremental costs. G Suite offers an opportunity to push additional enterprise content into the cloud, further leveraging and lowering the cost of its cloud services.

Google's revenue model relies heavily on its dominant search-related advertising and marketing services, making its core revenue streams radically different from its competitors'. The high income generated by Google's revenue model provides it with a unique competitive advantage when it comes to cash. It also frees up resources to reinvest in other innovative businesses, such as bioengineering, automotive data, fiber and broadband internet.

Debt comprises only 5.6% of the company's total capital. With cash and short-term investments of over \$73 billion, Alphabet, the new holding company, is in a strong position to continue funding growth via internal innovation and acquisitions. Alphabet had a "Positive" financial rating as of 31 March 2016 based on Gartner's methodology, which measures growth, financial strength, liquidity and profitability (see "Understanding Gartner's Financial Ratings of IT Vendors").

Google reorganized in 2015 to consolidate its enterprise products, along with its marketing and sales efforts. As part of this enterprise alignment, Google hired VMware co-founder, Diane Greene, built a go-to-market team with recognized leadership talent and promised a billion-dollar investment to bring serverless computing to mainstream CIOs. The sweeping reorganization of 2015 — in which Google became the main business arm of Alphabet — is starting to pay off.

## Low and Simple Pricing

Google G Suite Basic is priced at \$5 per user per month (PUPM), Business is priced at \$10 PUPM, and Enterprise at \$25 PUPM. Thus, G Suite provides a simple, three-tier pricing structure, while Microsoft Office 365 has more than eight service levels and many individual product add-ons. Google's middle tier — G Suite Business — is half the price of Microsoft's middle tier (the Enterprise E3 license). However, G Suite cannot be compared one-to-one with Office 365; both provide varying features. With its Basic and Business editions, Google takes a "what you see is what you get" approach, with little to no negotiations because the price is set so low. However, Google is known to incentivize enterprise clients making the move to G Suite through migration credits.

Over the last five years, G Suite pricing for Basic and Business has stayed the same, making operation expense forecasting predictable over the life of several G Suite contracts. Google announced G Suite Enterprise on 31 January 2017 as its newest service level (see "Google G Suite's New Pricing Plans Reflect Renewed Enterprise Focus"). This service level adds both advanced security and compliance enhancements, such as data loss prevention (DLP) technology and security key management. It also adds other features, such as eDiscovery for email and audit reports to track user activity. Moving DLP services from G Suite Business to Enterprise may alienate some current G Suite Business subscribers. However, current subscribers and those that signed up for Business prior to 31 March 2017 will keep DLP services until the end of their current contract. At list price, G Suite Enterprise is more expensive than Microsoft Office 365's E3 plan, which is

Microsoft's most popular service level. However, Google has stated that it is willing to negotiate Enterprise pricing to help close the gap.

## Compelling User Experience

Google has created a stable, easy-to-use product built from a strong consumer pedigree of web and mobile-first services. An intuitive, interconnected set of services offers an end-user user experience (UX) that blends collaboration into the G Suite services. The administrative client is also very straight forward, to the point where an individual with rudimentary IT experience may be self-sufficient in certain situations, such as nonregulated and midsize organizations.

While some feature trade-offs exist between G Suite and Office 365, specifically around the areas of productivity and unified communications (UC), Google has begun to close the gap. At the Google Cloud Next event in March 2017, several new and updated services were announced. Team Drive offers a more group-centric way of sharing files than My Drive, which is optimized for syncing personal business files. Hangouts has been split into two separate (but integrated) tools: Hangouts Meet and Hangouts Chat. Meet provides a more traditional meeting and conferencing tool. Chat takes a more conversational approach to collaboration by connecting employees through virtual rooms and embedding content directly in Chat.

## Streamlined Developer Experience

Google has a simple-to-understand extension model for G Suite, which is broken up into four main types of extension points:

- **APIs:** Typically REST-based APIs provide access to underlying services for integration into other business applications.
- **Scripting:** Utilizing Google's Apps Script, a JavaScript-based scripting language is used to automate or extend functions within instances of the G Suite applications.
- **Add-ons:** Embedded client-side "gadgets" extend the user interfaces.
- **Integration:** A limited set of prebuilt examples utilize the above mechanisms.

These capabilities are provided for developers to access within an online framework that is simple to navigate and understand. Documentation and examples are extensive. Also, the open-standards nature of all of Google's extension points means that developers are free to select their own development tooling without being tied to proprietary integrated development environments (IDEs). Google also has no on-premises legacy of server-side, full-trust code. However, this is often a challenging starting point for many developers building business applications for Office 365 and migrating from on-premises SharePoint implementations.

In addition, Google recently released App Maker to its early adopter program. App Maker is a "low code/no code" application builder aimed at enabling a citizen-developer approach and reducing the time needed to build simple applications that run on G Suite.

## Weaknesses

### Information Controls Need Further Refinement

Mid-to-large-size organizations, particularly in regulated industries, require enterprisewide information controls. Enterprises need governance that can limit viewing and modification for mass amounts of existing or future content based on categories such as content types, organizational units or user types. Information controls are achieved either through administration controls or by stating policies.

Information management at an enterprise level is a weakness for G Suite in comparison to alternative platforms. Two areas with significant gaps are:

- **E-Discovery, Records and Retention Management, and Information Governance** — Within G Suite, there are limitations that inhibit the flexibility of information management throughout the platform. Google Vault provides archiving, retention and litigation hold capabilities, and Vault is integrated into Gmail, Google Drive, Google Groups and Hangout chats. This provides a simple method for applying retention and exercising e-discovery activities. However, this method also has a number of limitations when compared with competitors' cloud-based platforms and even more when compared against traditional content and data governance platforms, which include rich records management controls. For example:
  - Retention rules are rudimentary, applied to entire collections regardless of data type.
  - The capabilities of legal hold rules and the way they are applied are simplistic.
  - Legal holds cannot be placed on information stored in Sites or Google Plus.
- **Administration/Management** — From an administration perspective, G Suite's capabilities have positives and negatives. On the positive side, the G Suite administration experience offers a consistent and well-integrated UX, whereas the competitions' admin controls are commonly buried in detailed settings relating to individual applications. However, when it comes to the functionality to address enterprise levels of control and management, limitations include:
  - IT administrators must enable offline access to Drive.
  - The reporting regarding sharing in Drive is very limited.
  - Controls and ongoing reporting around the creation and usage of Team Drives are extremely limited.
  - Controls and ongoing reporting around the creation and usage of Sites is extremely limited. There is a devolved model of sorts, but the limited controls, combined with the limited reporting and auditing functions, complicate design and maintenance activities.
  - The admin controls in Google Plus for sharing posts externally can be overridden by users.

Further information governance features, such as DLP, are only available in the G Suite Enterprise package, which is the top-level price point for the platform. However, the same is also true of Office 365.

Organizations considering G Suite should evaluate the current limitations of the platform from an enterprise governance perspective, and determine whether it provides sufficient levels of control to meet requirements. Organizations with a longer buying cycle should monitor this space as it matures, and as Google regularly invests in expanding and adding features to the platform. It is also possible to add additional capabilities via third-party applications.

### **Not All User Types Will Adopt Given a Different Feature Set**

Google continues to add advanced functionality to its G Suite services. However, it is still most attractive to users who only need the most common productivity functions or who value the highlights of G Suite's feature set (such as simplicity and content collaboration). Both Google and Microsoft products have features that the other lacks. But users from the Microsoft environment have, over time, become adept at stretching the boundaries of their tools, using a presentation program or word processor as a page layout tool, a spreadsheet as a database application, or email as a personal content management system. These advanced users may resist migrating to G Suite due to missing functionality or the assumption that what they need will not be there.

Microsoft Office has a "long tail" of functions that are rarely used. Yet, it is difficult to predict which sets of users depend on those rarely used functions. This makes it difficult for a service like G Suite, which emphasizes usability and simplicity, to eliminate all of the stumbling blocks that would allow users to switch. As a general rule, about 15% to 20% of the employees in an organization using G Suite will still use an Office application for job-related tasks. For example, lawyers will make contract changes in Word and financial analysts will leverage Excel macros.

Some use G Suite for the initial phases of content creation, which require raw content creation (without style concerns) and collaboration. Then, they complete the content in Office to provide the final polish. This usage pattern means dual licenses for such users, which diminishes the cost and simplicity argument.

G Suite's unified communications and collaboration (UCC) functionality is also missing services that Microsoft shops have gotten used to. G Suite partially addresses enterprise UCC via two products, Hangouts Meet and Hangouts Chat. Hangouts can be used by themselves or via integrations with Drive to start meetings or to attach conversations to files. Traditional enterprises can take advantage of the ability to dial into meetings via a public switched telephone network (PSTN) using Google's infrastructure. However, competitors offer more complete communications packages that include PBX functionality. Google customers must add services from UC as a service (UCaaS) providers, such as Dialpad or RingCentral, for similar capabilities. Enterprises with video endpoints that are incompatible with Google must either deploy Chromebox for meetings or invest in middleware solutions from vendors such as Vidyo or BlueJeans. Also, as live video streaming for internal, secure enterprise broadcasts becomes more common, enterprises cannot take advantage of Google's YouTube, which is suitable only for public streams.

### **New Ways of Working Can Be a Tough Sell**

G Suite is best for organizations that are willing and able to absorb a new way of working. Hence, G Suite may be unattractive to organizations that have decades of legacy Office documents. G Suite's

fidelity to all aspects of Microsoft Office formatting is very good, but it is not perfect. It is also a tough sell for the many organizations that don't value spiffy collaboration tools, or that don't care to enable web and mobile working. And this is quite a few organizations.

Gartner has spoken with many organizations that have adopted or piloted G Suite (or its predecessor Google Apps for Work), thinking it would be just like Microsoft Office, but cheaper. The result has been disappointment. Google does things differently from Microsoft, in terms of how it develops products and its message of simplicity in all things. Users expecting an Office-like experience in the cloud need Office 365. Organizations that understand and appreciate how Google approaches this market are far more likely to be successful with G Suite. Microsoft's approach to productivity tools is so ingrained in how people work that forcing a change can be an uphill battle.

### **No Content Services Story**

Google does not yet have a coherent message to address the needs of organizations looking for a content services platform (CSP), the evolution of enterprise content management (ECM). That does not mean that Google needs to build all of the functionality of a mature ECM product into G Suite. However, it does need to have a story to tell prospective buyers about which content service functions users will have (which may require translating to Google's nomenclature), and what they should do if they need functions not available in the suite. Thus, Google can anticipate these needs and work with partners to make sure they are addressed.

A CSP provides the following set of capabilities (detailed in "Evaluation Criteria for Enterprise Content"):

- Library services
- Record services management
- Content creation and capture
- Metadata management
- Workflow and business process management (BPM)
- Navigation and search
- Security and access control
- Architecture and integration

Of course, Google is not promoting G Suite as a CSP. Nor does it try to compete with traditional ones, such as IBM's set of CSP products (including Content Foundation and Content Manager OnDemand) or OpenText's Content Suite 16. In fact, Google argues the CSP market is an ill-defined fit for what organizations really need. Gartner agrees that the ECM market has evolved. To reflect the market's move to more of a content-ecosystem approach, Gartner retired the term "ECM" at the end of 2016 and now uses the term "content services" in its place (see "Reinventing ECM: Introducing Content Services Platforms and Applications").

G Suite's primary focus has been on document creation and collaboration. Until the relatively recent addition of Team Drives, personal "file" (as opposed to "content") management made it more of a content collaboration platform (the next evolution of enterprise file synching and sharing [EFSS]). This focus on collaborative, nonroutine ways of working is a good fit where use cases are unstructured and require only lightweight governance and traceability.

However, many organizations need more extensive levels of functionality when it comes to classification, process and information governance. This certainly applies to organizations in industries with significant regulatory burdens, for example, life sciences, financial services, energy and government. Yet, any mid-to-large-size organization may need litigation holds. Organizations also have high expectations based on legacy capabilities that they are looking to modernize or replace. Where such requirements are prevalent, selecting G Suite to fulfill these demands will be a difficult choice. The introduction of Team Drives now provides a capability that goes beyond the individual and enables lightweight document management at a team, department and organization level. However, significant gaps still exist in features for more robust forms of content management including:

- Rich metadata modelling
- Records management
- Document workflow
- Fine grained access control
- Information governance

Third-party applications partially fill this functionality gap. One of the forerunners is AODocs, which provides content service features, such as workflow, versioning and fine-grained security control. However, more often than not, alternative solutions are considered by organizations seeking structured content services. On-premises "traditional" ECM vendors are often a consideration, but cloud providers are also increasing in prevalence. Box has introduced many content service features, such as metadata, retention and workflow. These are lightweight capabilities that will not satisfy all enterprises, but Box articulates a coherent message about how to manage and exploit content beyond its creation. Within Office 365, Microsoft's SharePoint has been used by many organizations to fulfill content services for years. Moving from the on-premises to the online version of SharePoint presents some challenges. Therefore, hybrid is a popular option and resonates strongly where Microsoft is a strategic partner for content services.

Google has acknowledged the importance of content services — particularly around workflow, approvals, and publishing — and is planning improvements in 2H17 that may provide a happy ending to its content services story.

### **Weak Hybrid and Offline Model**

Low-cost PCs (with minimal storage and processing), real-time collaboration, data integrity, and application deployment would all be simpler if only all workers were always connected to the internet. Alas, that is not yet a business reality, and it never may be. Network dead zones, outages,

performance slowdowns and a desire to sometimes work disconnected (for example, to avoid distraction) all conspire to make disconnected usage a necessary planning consideration.

G Suite's offline capabilities, which were initially lacking, are now much improved. If Microsoft maintains the legacy of being built for solo work, Google's legacy is being built for connected users. For example, Google provides offline access via a Gmail Offline add-in, but it requires the Chrome browser. However, browser-based offline applications are not as familiar and reliable as installed applications. Gartner clients typically give Microsoft the edge for offline experience, due to the rich clients that come with Office 365 ProPlus.

The same architectural choices that make hybrid difficult for Google also provide benefits in the form of greater control over the security and performance of its tenants. For some organizations, simultaneous operation of cloud and on-premises productivity services is not a requirement. For others, hybrid computing is a model they need to support.

Hybrid can mean combining Google's cloud services with either local infrastructure (such as directory, mail or content repositories) or local applications (for example, a non-Google email solution). The needs for hybrid computing may arise if only part of an organization is on G Suite. Alternatively, organizations' security and sensitivity concerns regarding portions of their content may prompt the use of hybrid solutions, such as keeping CxO mailboxes or regulatory content on-premises. However, G Suite does not support hybrid email, unlike Microsoft, which provides single console management for both in-house and cloud mailboxes.

### **Low Market Share Hurts Growth Efforts**

Bootstrapping is a difficult way to build a market. It is hard to gain momentum when market share is so low. G Suite had a 9% share of the \$17.1 billion enterprise office suite market in 2016, compared to 90% for Microsoft. Google has wisely decided to build from a foundation of free consumer and educational usage to get past network effects. Indeed, the comparison would be more favorable if it were based on seats (including free ones). To sustain research and development on the product, those free seats will need to be converted to revenue at some point — for example, counting on free users to convince their employers to buy licenses or accepting G Suite as a loss leader to drive Google Cloud Platform revenue.

Accordingly, this impacts evaluations of vendor viability in the space and the prevalence of "in the wild" (that is, not hand delivered by Google) or trusted references when buyers perform due diligence. Low market share also impacts the size of the value-added reseller (VAR) channel and independent software vendor (ISV) partner ecosystem, as partners need a certain size of customer base to make their efforts worthwhile. Clearly being No. 1 doesn't guarantee Microsoft the top spot forever, but usurping the company is a longshot.

## Opportunities

### **New Ways of Work Are on the Rise**

Google's focus on a more modern, cloud-first approach to productivity puts it on the right side of many trends involving NWOW. Based on its solutions, Google competes on similar grounds with Microsoft, but the Google brand is perceived as more innovative by some, including next-generation workers. These workers are already being exposed to multiple application choices and changing work environments that distance them from the office workers of previous generations.

As the market shifts, Google has an opportunity to meet this next generation's software requirements. It can provide these workers with tools that allow them to work at real-time speeds and with improved transparency for business transactions on a global scale.

### **Work in Emerging Regions Will Be Ruled by Mobile Devices**

Google is already targeting the growth potential of mobile work in emerging economies, aiming for a new generation of workers on a global scale. The increased use of mobile devices, particularly smartphones, to wirelessly access the internet and carry out online work is a visible trend in many regions of the world. More importantly, mobility is expanding steadily in the largest countries of Asia and Africa. Growth in emerging economies is higher than in the developed world, saturation of existing solutions is lower, and the proportion of small and medium businesses (SMBs) is greater. All of these characteristics favor Google. G Suite has mobility in its DNA, and Windows is less of a driving factor in decision-making on mobile devices. However, these countries are far from being fully digitized and their paths involve sociopolitical and economic considerations.

As emerging countries go digital, they will attract global companies and offer opportunities to local ones that will eventually progress and internationalize. Lessons from past internationalization strategies indicate that success comes from executing and positioning at the local level, while streamlining operations centrally. However, the truth may be that more work-related contextualization, more professional geolocalization and broader language for business support are needed.

### **Applying Advanced Technology Assets**

Google has an extensive technology portfolio beyond the G Suite platform. Many advanced technology initiatives, projects and solutions deliver experiences and intelligence in a way that could be highly disruptive if integrated into G Suite. The [Research at Google](#) page lists 717 publications on machine intelligence, 342 publications on natural-language processing and 210 on speech processing.

Google is included in 11 Gartner markets (many of which it ranks as a leader). Some — such as analytics and enterprise application development — directly relate to employee experience and insight. The company is a market leader in artificial intelligence (AI) where technologies, such as TensorFlow and DeepMind, have been leading the way in demonstrating how machine learning can be practically applied. Google also has access to large datasets covering behavior, text and rich

media that can be utilized to provide training data for machine learning algorithms. Online consumer services, such as Google Translate, and forays into physical innovations, such as Google Glass, also provide innovations that have relevance for integration into G Suite. Currently, Google brings only a small proportion of this capability to the G Suite experience. Google primarily slipstreams AI-based new capabilities into G Suite instead of spawning new applications that users often ignore. Note, where extended services are included (such as Google Translate and Google Photos), they are not covered under the G Suite SLA, thereby limiting support for such services.

Additional disruption to the cloud office market could be brought about by incorporating additional features with full enterprise support. Synergies are waiting to be exploited by combining these types of assets for general-purpose productivity:

- Conversational interfaces (the @meet bot for meeting scheduling shows the foundation is there to build on)
- Meeting management, combining Jamboard with Google Plus, Hangouts and an Internet of Things (IoT) smart workplace effort
- Automated tagging and classification of text and rich media image sources
- Voice recognition and text-to-speech services
- Integrated automated translation services
- Integration into virtual/augmented reality experiences

Google's advanced technology assets could gain further traction if the company applied business development efforts to expose the assets to smaller ISVs. These ISVs have innovative solutions, but neither the resources nor expertise to sprinkle technologies, such as AI and machine learning, into them.

Productivity analytics is the most active research space for cloud office vendors. These products scan the vast array of textual, metadata and usage information scattered across many productivity systems to enable proactive insights to related information and people. Google's analytics and search experience will serve the company well in competing against Microsoft's Graph, MyAnalytics and Delve. Google's Cloud Search, which provides proactive suggestions as well as search, will provide a base for innovation.

## Threats

### Microsoft Office Holds and Adapts

Microsoft's dominant position in the office automation market continues to be the primary threat to G Suite's progress and growth. Microsoft is a formidable competitor which inserts itself into virtually every G Suite sales situation in some form or other. In many cases, Microsoft has already inserted Office 365 into a company's Enterprise Agreement, so a company thinking about moving may be dissuaded from paying extra for G Suite. Many enterprise users are accustomed to spending a large part of their days in Microsoft products such as Outlook, Word, Excel and PowerPoint. While some

might balk at their complexity, they are familiar and generally popular. The prospect of having to give up these products makes a move to G Suite far less popular in many situations. G Suite can read most Office documents, but complex documents may not always convert cleanly and macros require conversion.

Microsoft is going through a fundamental shift as it moves its customers and flagship products to its cloud-based Office 365 platform. If Microsoft can extend its position with customers as it makes this transition, it will become even more formidable. Present indications reveal that customers are accepting and even embracing Microsoft's Office 365 strategy (see "Survey Analysis: Microsoft Grows Its Share of Public Cloud Email Among Public Companies Faster Than Google").

Gartner's analysis of social media mentions from 2012 to 2016 found that Office 365 grew about 15.5% (measured half yearly) in user conversations. Meanwhile, social media mentions for G Suite over the same period dipped by 2.3% (see the Evidence section for methodology). Clearly Microsoft is working to stay relevant as the market shifts to NWOW.

### **Competition Will Boom If Microsoft's Dominance Is Unseated**

If Google can become a serious contender for the top spot in enterprise office suites (that is 25% to 30% market share by revenue, up from 9% today), other players on the sideline may be emboldened to enter the competition. Google's success could breed more competition, turning this two-way battle into three- or four-way skirmish.

Possibilities include:

- Current cloud office competitors to Microsoft and Google include small players, such as Kingsoft and Zoho. Each have less than 1% worldwide market share and are unlikely to threaten dominance. However, vendors with comparable size, market presence or channel could disrupt this balance.
- Amazon Web Services (AWS) has been quietly building a set of business productivity services. Services include WorkDocs for storage, sharing and collaboration; and WorkMail, which provides both email and calendaring. On 14 February 2017, Amazon introduced Chime, which can provide some levels of audioconferencing and videoconferencing. WorkDocs and WorkMail can be combined for the price of \$72 per user per year (PUPY). Chime is free for basic one-to-one audio and video calls. Amazon also offers Chime Plus Edition (\$30 PUPY) and Pro (\$180 PUPY), with each level providing stronger security and functionality.
- Workplace by Facebook is well-aligned to NWOW and comes from a powerful brand.
- Apple has mostly stayed out of the enterprise arena. However, its full suite of productivity applications and communication services, along with a powerful brand and huge cash reserves, could make for a very big splash if it decided to jump in.
- Salesforce acquired Quip in 2016, which has a new take on collaborative content creation. While Quip is being repurposed as a way to deliver Salesforce-specific content, its technology does not limit its use cases. Salesforce could purchase additional capabilities to round out a suite.

- Component players that handle stand-alone use cases could also band together or expand to tackle the entire suite. Their desire for growth could take them into new territory. This includes offers such as:
  - Box for lightweight content management and content collaboration
  - Workstream collaboration from Slack
  - Site creation from Wix
  - Conversational agents from x.ai

### **Traditional Enterprises May Be Slow to Transition to New Ways of Work**

Gartner clients indicate growing interest in digital workplace strategy. But growth and interest are not a guarantee of future change. Real-world demands have a nasty habit of dampening plans for transforming the workplace. More than Microsoft, Google depends on enterprises adopting more clever ways of working. This could result in a losing gamble that the business world will change to conform to the company's way of thinking.

### Recommendations for Partners and/or Competitors

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#### Partners

The large enterprise market will become increasingly difficult for G Suite to penetrate, given the rising juggernaut of Office 365. So why should anyone partner with Google to resell and/or to develop value-added services with G Suite? Here are a few reasons to consider:

- G Suite will continue to hold its own in the small business market for some time. Microsoft is aggressively targeting this segment with its Cloud Solution Provider channel program (to resell Office 365 and other Microsoft cloud services). However, G Suite will continue to be a viable offering for resellers, boutique system integrators and consultants who target the SMB productivity market.
- G Suite can serve as a good platform to build on in terms of offering customized services for certain verticals (such as real estate brokers), where collaboration and sharing documents with internal and external constituents is a way of life.
- By definition, NWOW is the future of the increasingly digital workplace. G Suite was arguably a pioneer in this space and continues to be. Even if you believe the future is Office 365, G Suite may help pave the way to building your expertise in offering NWOW solutions.
- There is a great opportunity to help with the cultural change management aspects around adopting G Suite. Larger and older companies need help changing the ways they work to take advantage of G Suite.
- While Google has partnerships with Slack and Atlassian, its internal, nondocument collaboration capabilities are thin. ISVs with clever social engagement technologies should find a way to close this gap.

As with any opportunity, partners should assess their role regarding the value that Google creates through G Suite. They must determine whether it makes sense for them to leverage G Suite as a gateway to NWOW.

## Competitors

As previously stated in the "Threats" section, Office 365 is the predominant cloud office service. Microsoft continues to show strong growth through its quarterly releases of new functions for Office 365, making it the only true competitor in the cloud office space with Google. Beyond these two players, there isn't a lot of room left for a No. 3 player. Prospective contenders have three options:

- Wait to see if Google cracks the door open to more competition. If so, ramp up efforts to become a third vendor on shortlists.
- Embrace co-opetition. Compete on areas of comparative strength, such as more modern presentation or workflow capabilities, and cooperate on the rest.
- Leverage a strong existing brand and channel. Only the largest companies can attempt this, such as Facebook, Apple or Amazon. They could treat this area as a loss leader to make revenue elsewhere, such as in cloud services.

## Implication for Google

G Suite has the potential to act as a secondary driver for Google's Cloud business (driving down per unit costs by increasing economies of scale). It can also act as a conduit to utilize the company's vast advanced technologies (such as natural-language processing and machine learning), a way to perpetuate student's loyalty as they enter the working world, and a demonstration of Google's values of simplicity and innovation in an everyday environment. If the company manages to pick up a chunk of the \$20-billion market along the way, so much the better.

## Press the Advantage

Given Microsoft's head start, Google can only gain ground with an insurgent strategy, attacking weak points, not with head-on apples-to-apples comparisons on the same features and target market. Luckily, Google has some unique advantages it can leverage.

Google is unencumbered by the Office legacy. It does not have to weigh the cost of two decades of backward compatibility with every improvement it makes. Moreover, Google has cultivated an audience that is more accepting of clever innovation. Its buyers have selected G Suite because they either don't have an existing preference (such as students and startups) or they actually want new ways of doing things. This gives Google more freedom to improve interfaces and introduce new capabilities.

Also, Google has a pricing advantage that may widen as Microsoft applies upward pressure during renewals. Google must resist the urge to increase pricing during this expansionary stage. Not only does this narrow the pricing advantage, but it eliminates its relative advantage in terms of simplicity and consistency of pricing.

## Bring Advanced Technology to the Digital Workplace

If Google can make cloud office a battleground of advanced technology rather than legacy support, it is on more equal footing with Microsoft. Google needs to present new and innovative ways of working using its products rather than simply playing catch up. As Google redefines the knowledge worker experience, it has an opportunity to build in advanced technologies natively, instead of relegating them to a sidebar or plugin.

A good place to start would be the virtual personal assistant (VPA). It is telling that in 2013 a movie was released with a VPA as a lead character. What is the first task the VPA does for the protagonist in the movie to prove value and earn trust? Clean out his email. "Her" earned \$47 million worldwide at the box office.

Office workers yearn for a digital secretary. Like secretaries of the mid-20th century, such a secretary can recognize and communicate through conversational speech and understand the worker's business enough to screen callers, letters and visitors. Your secretary is trusted to interrupt meetings based on their judgment of importance, can prioritize and anticipate needs, executes routine tasks, and handles polite replies to basic communications automatically. Perhaps most importantly, they keep you out of trouble by making sure nothing important (personal or professional) slips by. The VPA is a touchpoint that combines practically all the advanced technologies that can be brought to bear for personal productivity.

## Significantly Strengthen and Align the User Experience for Online, Offline, Hybrid and Mobile Scenarios

Until the "always connected" world is a reality, Google needs to ensure G Suite users have as frictionless an experience as possible, moving between time spent connected in an office, connected via a mobile device or offline. Fixing the related gaps mentioned in the "Weaknesses" section will help Google compare more favorably to suite and best-of-breed component competitors.

## Create a Content Services Story, If Not Technology

All but the smallest organizations need content services. Google needs to develop a content services story to ensure G Suite is considered in organizations that need the functionality provided by traditional CSPs. Organizations have a desire to modernize their CSPs and SharePoint Online is a common consideration. Team Drive provides capabilities to manage content on more than a purely personal level. Building on this and adding additional capabilities in terms of workflow, metadata and content governance would help ensure G Suite is considered alongside the competition more often for such requirements.

This means Google needs to own the problem. It can find ISVs that offer capabilities to fill these gaps, validate their quality and then promote them. ISVs can be a ready-answer for solutions requiring a CSP. If ISVs don't exist for some functions, Google can find related ISVs that support other platforms and incentivize them to add G Suite support. Or, Google can offer bounties to ISVs willing to create new products that fill these gaps, encouraging them with free co-development resources.

Google is planning to add functionality such as workflow in 2H17, which will help to fill some CSP needs. To stay on shortlists, Google will need to provide (on its own or through partners) enough content service functionality to fill all the needs of a platform.

### Target Marketing

Technological wizardry can only go so far in selling cloud office suites and NWOW. Lists of features will only convince a minority of those holding the purse strings. Making a big splash and changing the face of productivity will require moving beyond viral and technology-based marketing.

Google has industry-based marketing experience, for example, in retail, healthcare and government. Working through other types of marketing strategies in a similar fashion could help increase penetration and provide feedback to product design. For example:

- **Use cases:** Google can create use cases that follow end-to-end processes, such as creating a set of marketing brochures translated into five languages or designing a conference. G Suite can demonstrate how all the pieces fit together with new work styles, including integrating with non-Google products to complete tasks.
- **Persona-based:** Google should develop personas for its far-off target market (not twenty-something hipsters working for a mountain bike company). It can show how these personas would use the product (for example, through "day in the life" videos). It should align brand, communication and application development strategies to these personas.

Google has vastly increased its commitment to enterprise computing, starting with putting Diane Green at the helm of Google Cloud in 2015. Still, the company is associated with consumer products in the minds of many buyers due to years of consumer orientation. Google needs to redouble its efforts to build the enterprise aspect of the G Suite brand. This needs to be echoed from the Google brand as a whole. It also needs to improve its product management, release and marketing practices to better address enterprise requirements.

One aspect of being enterprise-ready is providing roadmaps to customers. At its Google Cloud Next conference in March 2017, the G Suite product manager ran a roadmap session, introducing it with "for the first time ever ..." However, the session was more about feature tweaks ("domain-level usage metrics" and "walled garden") than transparency into the near- and long-term vision of the product. Google — and all vendors — provides more detailed roadmaps under nondisclosure agreements (NDAs), but public roadmaps are a way to show commitment to direction and vision. Google needs to get better about regularly updating its roadmaps and creating processes for obtaining customer input into them.

The efforts taken to address enterprise expectations can help bootstrap other Google products, such as Google Cloud Platform and Android (formerly Android for Work).

### Enhance the ISV Strategy

One of the hottest tickets in town for developers is Kubernetes, which provides Google credibility with developers who are on the cutting edge of building applications utilizing container (e.g.,

Docker) technologies. Google's hands-off approach to nurturing the growth of the Kubernetes open-source community is admirable. While AWS and Microsoft Azure are increasingly battling for supremacy with enterprise IT, Google Cloud has been steadily growing mind and market share with developers.

But what does this have to do with G Suite? Google could improve its business development efforts and make its platform more attractive for small ISVs to build on top of Google infrastructure. Google should think of ways to link G Suite with Google Cloud. In other words, it should further expose the individual offerings that comprise G Suite via APIs as Google Cloud services. Connecting some of these dots — Google Cloud, G Suite and Android — could be a powerful strategy to establish Google as the platform that will power the next big thing(s).

## Company Overview

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Google started as a clever internet search engine that ranked pages based on the number of links they had to and from other websites rather than the number of visitors. It is now one of the biggest tech companies on the planet. The huge revenue generated by Google's online advertising business has allowed it to broaden its horizons to a vast range of projects and products, both real and imagined, some which barely see the light of day.

Alphabet, the parent company of Google, ranked 36 in the [Fortune 500](#) in 2017. It employed over 72,000 people (16.6% growth since 2015), and generated close to \$19.5 billion in net income with a 21.8% profit margin for year-end 31 December 2016. Its market cap was \$580 billion as of 4 April 2017.

## Methodology

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The vendor analyzed in this SWOT report was selected as Google is generally considered one of the most influential web companies worldwide. Positions and analysis expressed herein are based on ongoing evidence collected during regular inquiry calls with Gartner clients, in-depth analysis of the vendor's products, and is consistent with other Gartner research published on the company and its offering. Comprehensive secondary research was conducted on publicly available information, social media postings, and on the company's website and official blog posts. For a third-party view on the company's financials, Gartner used its access to the Factiva information database. The ratings that were given to support the SWOT graphic are qualitative. They reflect the analysts' informed opinions and are the result of a simple mathematical expression between the overall relative importance to the industry of the identified strengths, weaknesses, opportunities and threats, and how the company is assessed relative to that.

The product analyzed in this SWOT report — G Suite — is a worldwide contender to Microsoft's Office 365. This SWOT report provides our customers an opportunity to learn how to break into a market oligopoly by understanding specific competitive strengths and weaknesses, as well as external opportunities and threats.

The Gartner vendor SWOT analysis is designed for the use of providers as well as individuals in strategic planning, marketing and competitive analysis roles as a supplement to their planning processes. Its primary value is as an independent analysis of the provider's competitive situation.

The SWOT analysis provides a unique independent view of the strengths, weaknesses, opportunities and threats for a specific part of a provider's business in a specific market and geography.

## Definitions

- **Digital Workplace:** A business strategy to boost employee engagement and agility through a more consumerized work environment.
- **Productivity Software:** Collections of general-purpose content creation and communication applications for tasks such as word processing, email, spreadsheet manipulation and presentation graphics. This category is also known as "productivity suites" and "office suites."
- **Cloud Office:** The functions of productivity software provided using a subscription-based, SaaS delivery model.
- **Information Workers:** This term has been used and abused to indicate everything from content centrality to social class distinctions. For the purposes of this report, information workers refers to workers that have some autonomy and agency, use digital devices to accomplish core job functions, and use general-purpose tools on those devices for nonroutine work.

## Gartner Recommended Reading

*Some documents may not be available as part of your current Gartner subscription.*

"Understanding Alphabet and Google, 2017"

"Vendor Rating: Google"

"Willful Disruption: The Many Ways Google Disrupts"

### Evidence

**Methodology for the Analysis of Social Media Conversations:** We used automated social media listening tools to track users' responses (both positive and negative) on social media and public discussion forums, as a leading indicator for consumer sentiment, preferences and activities. The analysis of overall mention count was conducted from 1 January 2012 through 31 December 2016. "Social media mentions" denote the inclusion of a monitored keyword in a textual post on a social media platform. High counts of mentions should not be considered an indication of positive sentiment by default. Social media sources considered for this analysis included Twitter, Facebook (publicly available information only), aggregator websites, blogs, news, mainstream media, forums and videos (comments only). All regions and major world languages were covered for the study.

Social media research contributions: Anjali Grover and Ayush Saxena

**GARTNER HEADQUARTERS****Corporate Headquarters**

56 Top Gallant Road  
Stamford, CT 06902-7700  
USA  
+1 203 964 0096

**Regional Headquarters**

AUSTRALIA  
BRAZIL  
JAPAN  
UNITED KINGDOM

For a complete list of worldwide locations,  
visit <http://www.gartner.com/technology/about.jsp>

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