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Telligent Buys Leverage To Speed Its Cloud And Mobile Future

Summary: Telligent acquired Leverage Software, and has accelerated the needed cloud and mobile efforts for its social software products.

Event: Telligent announced on December 19th that it has acquired competing social software company Leverage Software. Leverage CTO Joe Kleinschmidt will stay on as VP of Cloud Products.

Analysis: In buying Leverage, Telligent is getting cloud talent and a customer base with some big names. Although an effort to create cloud functionality was already underway, that was early stage work and the Leverage acquisition provides Telligent immediate SaaS presence.

Telligent has carved out a strong reputation with broad functionality for social networking and analytics for both internal and external facing communities. Their products are based on a Microsoft stack using .NET and SQL Server, and come in an on-premise flavor as well as a single-tenant cloud offering. This has served them well to date, but it is a limiting factor as cloud growth accelerates.

Leverage brings a number of assets into the Telligent fold in addition to its cloud offering. Both Telligent and Leverage use the Microsoft stack based on .NET and SQL Server, creating synergy and a stronger overall team when combined. Leverage's experience with a multi-tenant SaaS offering brings much needed cloud skills to Telligent as they move to expand their products into a multi-tenant model.

The customer and revenue base are also valuable additions. Leverage claims 15% of the Fortune 100; combined with Telligent's customers and strong services and partner programs, Telligent has the potential to accelerate acceptance of enterprise social software. This growth will be critical in 2012 as social software becomes mainstream.

Mobile capability is another area Leverage brings to Telligent. While Telligent does enable access for mobile environments including iOS, Android, and Blackberry devices, it is through WebKit-based browsers and not an app strategy. Leverage brings needed iOS and mobile app experience that will be an essential ingredient for social software providers in 2012.

One of Telligent's strengths is its strategy to integrate with other business applications. The company has adopted the emerging concept of a social layer and evolving social platform (see the Research Note titled *The Social Layer Is Coming: Does Every App Need It?).* Telligent maintains a strong commitment to its platform strategy, and it will be important to monitor how this is executed as Leverage is integrated into the architecture.

With this acquisition, Telligent is taking some of the right steps. Having a cloud offering and

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an iOS mobile client will help keep Telligent on selection short lists. By appointing Leverage CTO Joe Kleinschmidt as VP of Cloud Products they appear committed to making cloud-based solutions an important part of future products.

Overall, the ingredients of this acquisition combine to strengthen Telligent's business, product portfolio and strategy. The integration of organization, architectures and product are likely to create some disruption, but Telligent's aim is to improve the Leverage customer experience by utilizing its well-received support and services, and its partner ecosystem

Aragon Advisory: Existing customers of both Leverage and Telligent need to get updates regarding product rationalization and integration.

Those considering Telligent products, as well as existing customers, should assess a product roadmap that addresses functionality and user experience, and rationalizes the on-premise and SaaS offerings.

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