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Midmarket might: Zoho flexes its data management muscle for midsize firms

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Introduction

When it comes to business software functionality, most vendors seem to be in a race to the top – catering to the needs of the largest and most data-intensive organizations while neglecting the needs of smaller firms. A vacuum has formed in data management functionality; despite facing largely the same regulatory pressure and penalties as their larger peers, midsize organizations often lack the internal talent and infrastructure to operationalize their data management and governance efforts. Ad hoc solutions are available for very small organizations, but midsize firms are often left without cost-effective options.

Zoho, perhaps best known for its CRM capabilities and tightly integrated suite of business applications, has been gradually building out data management functionality – such as self-service data prep – into its vertically integrated IT stack. These capabilities, while not necessarily cutting-edge in the context of the entire enterprise software market, represent a highly opportunistic way to meet the needs of its midmarket client base.

The 451 Take

In a winner-take-all digital economy that rewards organizations on the sheer volume of data managed and leveraged, incentives for software providers have shifted. Today, there is a hollowing out of functionality designed for the midmarket, as software providers race to capture the very largest and most data-intensive organizations as clients. While a cottage industry exists to meet the relatively simple data management needs of small firms, the midmarket is often foregone, with the assumption that the needs of such firms are relatively complex, while their checkbooks are comparatively slim. Zoho, with its vertically integrated stack of technology, may be especially suited from an economic perspective to serve this midmarket. As the company fleshes out its data management functionality, it will begin to help 'middle child' organizations normalize data management practices and fortify against requirements such as regulatory compliance.

Details

Given Zoho's primary focus on and existing customer base in the midmarket, the company sees opportunities for data management capabilities as many household-name vendors continue to concentrate their efforts on the needs of the top-tier enterprise crowd. Midmarket firms are often disproportionately affected by regulatory pressure and the need to extract value from the data they have, since compliance requirements usually only make exemptions for small organizations, and midsize organizations frequently have large volumes of data but lack the talent and infrastructure to operationalize insight initiatives.

Amid these pressures, Zoho's full-stack approach offers simplicity and approachability for organizations that just 'need things to work.' So while Zoho is indeed fleshing out an upmarket strategy with offerings such as professional services to cater to its growing crowd of enterprise clients, particularly in markets such as India, the midmarket's needs continue to be an area for immense potential growth.

Data management

Zoho controls its entire stack from the datacenter all the way up to the application layer, so it is in a particularly good position to offer continuous controls for information, including for customers that need to honor laws related to data locality and sovereignty due to various regulations. The company's datacenters – 10 in total, as of late 2019 – have all been standardized on controls appropriate for GDPR and CCPA compliance, regardless of their physical location. The company's product development strategy, too, inherently underscores control of data from datacenter to data consumption. Because the company has only made one acquisition (more of an 'acquihire' geared toward gaining relevant talent), the Zoho stack and applications are engineered to be tightly integrated and operate on the same code base, increasing control for purposes such as data lineage and audit. For documents and unstructured files, the company's WorkDrive unified file drive and collaboration environment gives a single management and administration pane for content.

Data prep is another area of development for the firm, and currently, Zoho's self-service data preparation capabilities are essentially joined at the hip with the company's BI capabilities, representing a natural extension of the analytics workflow. However, this is an area of active development for Zoho, and roadmap plans hint at further development focused on automation and augmentation of guided functionality to further help less technical users shape data into usable sets ready for analysis. Using the existing Zia AI functionality, users can already derive insight from data using natural language queries. Potential use cases that would extend these abilities also include using Zia to help detect potentially sensitive data types so that they can be flagged for further controls, such as access rights, which are simple to centrally administer in the Zoho ecosystem.

Data privacy

Zoho has taken a public stance on data privacy and third-party tracking technology – again, in a way that is most relevant to its midmarket base that is often most susceptible to vendors' 'freemium' pricing models, which commonly collect and sell data in exchange for access to products. While Zoho offers a free version of nearly all of its existing products, it has committed to not selling that data or serving ads; the company maintains that customers are the sole owners of the data they put in the Zoho ecosystem. Because Zoho controls its entire stack and does not have to pay bills to public cloud vendors, it is confident in its ability to sustain its business model from an economic perspective without generating additional revenue from ads.

In keeping with a best practices 'gold standard' philosophy, Zoho additionally continues to roll out compliance and security capabilities for its datacenters that meet the most stringent requirements

of regional data privacy and data protection regulations, such as GDPR and CCPA, regardless of where those datacenters physically reside.

The Zoho web properties, too, have been purposefully stripped of third-party tracking and adjunct surveillance methods, including Google technology. While Zoho acknowledges that it, as a company, cannot stop customers from hosting their own websites – using Zoho apps – that use embedded third-party trackers, it intends to lead by example and minimize or eliminate all third-party data collection on its own properties.

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