

A more secure Central Desktop adds \$7m in VC funding

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Sector: Enterprise Software

Event summary

- SaaS team collaboration play Central Desktop has taken its first round of institutional funding of \$7m from Open View Partners. Funds will be used to, among other things, grow the company beyond its current size of just seven employees.
- A new add-on security pack brings advanced password security, support for email encryption, IP address restriction and some single sign-on capabilities. Central Desktop aims to quell the security concerns of its SaaS customer base.
- Central Desktop continues to grow at a rapid pace. It now claims about 40,000 active users associated with some 2,000 paying customers. IT departments are getting more involved in Central Desktop's larger deals, a driver for the new security features.

The 451 take

Central Desktop already seems bigger than it actually is, so we'll watch with interest to see what the company is able to do with more funds. Its latest security enhancements could help it gain more enterprise credibility, though competition there, and in the midmarket where Central Desktop mostly plays today, is tough. There's SharePoint to contend with, and this could be more of an issue if Microsoft gets more serious about SharePoint Online. Google's addition of Google Sites could be competitive, and its tie-up with Salesforce.com will help it get in front of more businesses. These are challenges Central Desktop will deal with as it expands.

Details

We've outlined the capabilities of the **Central Desktop** SaaS collaboration offering – which organizes shared calendars, file sharing, blogs/wikis, and Web conferencing and discussions into group workspaces – in the past. The biggest change is a new security pack that brings more password controls (e.g., forced complexity, expiration/change dates) and trusted IP addresses to restrict access to a Central Desktop account to specific addresses or ranges. The security pack also adds support for email encryption for those customers using TLS (transport security layer) encryption service (the company doesn't provide this encryption but can set emails coming from Central Desktop to use it for customers that have and require it) and for single sign-on to internal services.

Central Desktop has been self-funded since its 2005 founding. It will use the new funds for R&D, marketing and sales efforts; sales in particular will get a boost as Central Desktop, which primarily serves the SMB market, has been mostly demand-driven until now. Its 2,000 paying customers have on average 25 users, though it claims 40,000 paid users in total, so some are smaller than that. Central Desktop is most often adopted by business users under the radar of IT. However, it is getting IT sanction more often these days in some of its larger deals, and this is where the new security features come into play.

Competitive landscape

There is no shortage of potential competitors for Central Desktop, and these include names both large and small. In SaaS, the free and paid versions of **Google** Apps are similarly attractive to SMBs, though they're not really very well tied together at this point for team collaboration. Google's new **Salesforce.com** relationship may well help the company get more of an enterprise focus, which could result in a more enterprise-ready offering. At the lower end, there are also the offerings from **37signals**, and then there's **Zoho**, which has a rapidly expanding portfolio of online apps.

Functionally, Central Desktop compares more to the WebEx WebOffice service that is now part of **Cisco Systems**. It's not clear where this sits on Cisco's priority list now, and WebEx itself seems mostly concerned with recruiting partners for the WebEx Connect platform. There are lots of on-premise products for team collaboration: from **Microsoft** SharePoint to **EMC's** eRoom to products from **IBM's Lotus** division (which has started to make some SaaS moves itself. These tend to be bigger products than Central Desktop's business-user customers can procure and manage on their own, but will likely be more of a competitive issue if Central Desktop moves upmarket.

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