

Jive attacks communication barriers in the office

July 13 2011, By Peter Delevett

Tony Zingale is in the corner office at Palo Alto's Jive software when his phone rings. It's the chief marketing officer of a major pharmaceutical corporation, who's just heard from his counterpart at News Corp. about how Jive's social-networking software is boosting her company's bottom line.

"You've gotta help us," the executive says, as Zingale recently recounted the story. "Calm down," Zingale replies. "How soon do you want to meet?"

"How soon can you get here?" comes the reply. Zingale, who can no longer contain himself, screams into the phone: "I LOVE YOU!"

Welcome to life inside one of Silicon Valley's hottest startups, brought to you by perhaps its most outsize character.

Zingale, 55, already had won his spurs as a turnaround artist - having resuscitated Mercury Interactive after a stock-backdating scandal and sold it to Hewlett-Packard Co. for \$4.5 billion - when Jive named him CEO last year. The startup simultaneously relocated from Oregon.

Now the company's venture backers, which include blue chips Sequoia Capital and Kleiner Perkins, are betting Zingale is the guy who can sell the "[Facebook](#) for the Enterprise" concept to Wall Street.

"Very few executives in the enterprise software world have had the

continuous number of successes that Tony Zingale has," said Kleiner partner Ted Schlein.

His firm and Sequoia teamed last fall on a \$30 million investment in Jive, roughly doubling the company's venture war chest. And earlier this year, Jive bolstered its board with top officials from [Google](#) Inc., McAfee Inc. and Facebook Inc. itself. The writing on the whiteboard is clearly "IPO or bust."

With [LinkedIn](#) having taken off in May, and social stalwarts Zynga and Groupon in the IPO queue, Zingale just as clearly hopes to get off the runway before Facebook, the mother of all social-media firms, goes public and perhaps closes the market window.

"Being a public company establishes legitimacy," he said. "Having a ticker symbol, with all of the analyst coverage, is essential to credibility when I'm competing with Microsoft or Salesforce."

Jive has its roots in Iowa. That's where two young coders in 2001 hit on the idea of using blogs and online forums to help companies better communicate with their customers.

With clients like Avon Products Inc. and Intel Corp., Jive was profitable almost from the start. But when the global economy tanked in 2008, founding CEO Dave Hersh had to lay off more than 15 percent of the staff. While that stabilized the company, last year Hersh said he was ready to yield to a more seasoned hand.

In came Zingale, who holds degrees in engineering and business from the University of Cincinnati and had sat on Jive's board for two years.

Burly, well-coiffed and impeccably dressed, he projects Old World for a guy who's been in [Silicon Valley](#) for decades. He's an investor in

Saratoga's Michelin-starred Plumed Horse restaurant and on a recent warm afternoon was sporting a black Barcelino suit inside Jive's well-appointed offices.

"People are excited working with him and around him," said former Cadence Design Systems CEO Joe Costello, who hired Zingale away from a competitor after watching him wow a crowd at a conference. Zingale ended up running corporate marketing for Cadence.

"He's able to articulate energy and intensity," Costello added. "And he's extraordinarily good at attracting great talent."

Under Zingale's watch, Jive has grown from five employees in downtown Palo Alto to 100; the company has more than 350 workers worldwide.

Jonathan Heiliger, vice president of technical operations at Facebook, joined the Jive board in March. "It was a different enough take on what everybody else in the market was doing that I wanted to get involved," he said. "It feels like there's a sea change coming, particularly in helping these bigger enterprises become more productive."

Of course, Jive is far from the only company trying to translate Facebook's runaway success to corporate settings.

Yammer, a San Francisco startup led and bankrolled by early employees of PayPal, boasts about 3 million users. Several steps up in weight class is Salesforce.com, which last year introduced a [social networking](#) tool called Chatter. Unlike Jive, both offer their products for free, charging a premium for added services.

Jive has been steadily growing revenues as part of its IPO ramp-up. Its 2009 haul was \$30 million, double the previous year. The startup won't

reveal more recent numbers but said it closed nearly three dozen big-brand customers in the first quarter of this year alone. Its clients represent a collective 15 million licensed users.

John Summers, online community manager at NetApp, said his company uses Jive to deploy its employee newsletter and blogs, train customers and even monitor what's being said about the Sunnyvale data storage maker in other social networks like Twitter. "It allows the consolidation of a lot of sites into one," he said. "Being a partner with Jive has been essential to our growth in the social space."

The head of a Jive rival, though, argues that Zingale's products are overpriced and outdated. "They are a big, expensive, very comprehensive product that was built and designed eight or nine years ago," said Tom Kelly. He worked with Zingale at Cadence and last year took over Mountain View, Calif.'s Moxie Software, which has 600 enterprise customers.

One thing he and Zingale do agree on is that social media represents "a fundamental shift in how we communicate," in Kelly's words.

Zingale himself recently watched his teenage son make Friday night plans in a matter of moments using social networks. Zingale remembered that in his day, it would have taken rounds of phone calls to get the gang together.

But, he said, people leave that kind of enhanced productivity behind when they show up at the office. "Admit it," Zingale said, "workplace technology sucks."

JIVE TALKIN':

Some facts and figures about Palo Alto's Jive Software:

-Founded: 2001, Iowa

-Moved to California: 2010

-Customers: 3,000

-Licensed users: 15 million

-Venture backing:

-\$60 million

-Client list: Includes Cisco Systems, SAP, NetApp, Nike, Toshiba

-CEO: Tony Zingale, previously head of Mercury Interactive (sold to HP for \$4.5 billion) and Clarify (sold to Nortel for \$2.1 billion)

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Distributed by McClatchy-Tribune Information Services.

Citation: Jive attacks communication barriers in the office (2011, July 13) retrieved 16 July 2024 from <https://phys.org/news/2011-07-jive-barriers-office.html>

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