

Speeding the Adoption of Enterprise 2.0

A White Paper in Cooperation with Early Strategies Consulting¹

Executive Summary

In this, the second paper in this series, the drivers for Social Networking and Enterprise 2.0² tools are investigated in an attempt to identify what causes some businesses to be so much more successful in their deployment of these solutions than others.

Primary research coupled with anecdotal inputs from some of the corporate pace setters and leaders in this area are combined to produce a new model to describe how Social Networking can be used in a corporate environment and what factors need to be addressed in order to ensure early and rapid success.



The Business Impacts of Social Networking

In the previous paper we developed 10 predictions on how Social Networking will impact the corporate world as follows:

1. Corporations will change the way they communicate
2. Corporations will change their vision
3. Corporations will change their organization
4. Collective intelligence and customer experience will lead innovation
5. Networking will be key to employee excellence
6. Employee mobility will increase
7. Corporations will adapt their motivation and career path systems
8. IT/telecoms applications will mutate.
9. Corporate adoption will happen at different speeds
10. Social Networking may allow increased revenue

The paper went on to expand points 1, 2 & 3 investigating some of the implications for corporate change and communication.

In this paper, we focus on item 9: 'Corporate adoption will happen at different speeds' and endeavor to build a model which explains how different companies adopt Social Networking in a way that will allow others to speed adoption within their own organizations, based on an understanding of why companies do this and what works best for each of them.

The previous paper also identified 10 challenges that would need to be overcome, and as we focus on 'speed of adoption' addressing these challenges effectively is imperative.

The challenges are:

1. Adopt new ROI concept
2. Security
3. Intellectual property
4. Adoption
5. Storage
6. Interoperability
7. Speed: will the corporate world ever keep up?
8. Indirect Benefits of Social Networking not appreciated
9. Risk of loss of employees, losing human and intellectual capital
10. Capturing the value

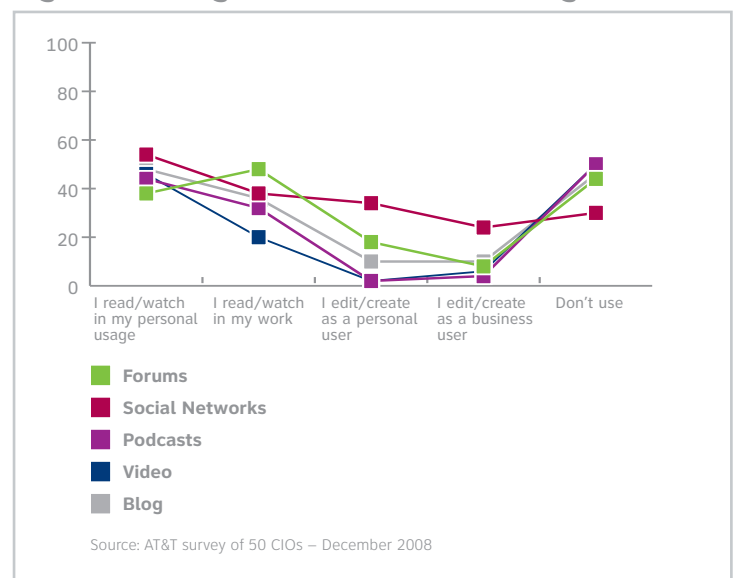
Subsequent papers will dive more deeply into some of the technical issues to be addressed, such as ensuring security issues and well managed and intellectual property is retained. This paper focuses on the business strategic issues that need to be faced.

Corporate Adoption Will Happen at Different Speeds

Social Networking was born in the race to imagine and test new frameworks during the second Internet bubble³, and exploded into common usage as it responded to the needs of a new generation, its lifestyle, workstyle and its concerns. Its success through applications such as MySpace, Facebook or LinkedIn has made it compelling although the business models and thus possible longevity of these tools are still evolving. The corporate world follows closely behind the consumer space: several companies (those classified as "innovators" in Figure 3: Social Networking Corporate Adoption Life Cycle) already communicate on their experiments and a large and fast changing portfolio of solutions is being made available. This corporate use of Web 2.0 is also known as the Enterprise 2.0 space and encompasses a deep change in work habits, together with the introduction of new tools. Although in the end all companies are likely to adopt some form of social networking, adoption will happen at different speeds in each organization: however in the corporate world, availability of the technology should be seen as an accelerator rather than a binary 'have it' or 'do not have it' situation.

AT&T's new research in this area focused on the 'personal' usage of 50 senior CIO staff and IT/Network Directors within 24 large, multinational corporations – all customers of AT&T – from industries as diverse as finance, media, retail, manufacturing, logistics, pharmaceuticals, software and services. Statistically the sample is not significant – especially given that these 50 respondents were 40% from the Americas, 40% from Europe and 20% from Asia Pacific and Australasia. However, as an indicator of how company employees become familiar with these tools and how usage grows this sample has proved very enlightening. See Figure 1: Usage of Social Networking Tools below which summarizes in one picture the split between personal use and business use for a range of tools from blogs and forums to podcasts and webcasts/videos.

Figure 1: Usage of Social Networking Tools



We can see that many respondents use blogs in their social lives and a third actually create and write their own in this capacity. This compares to 10% who use or create/edit blogs in their business lives.

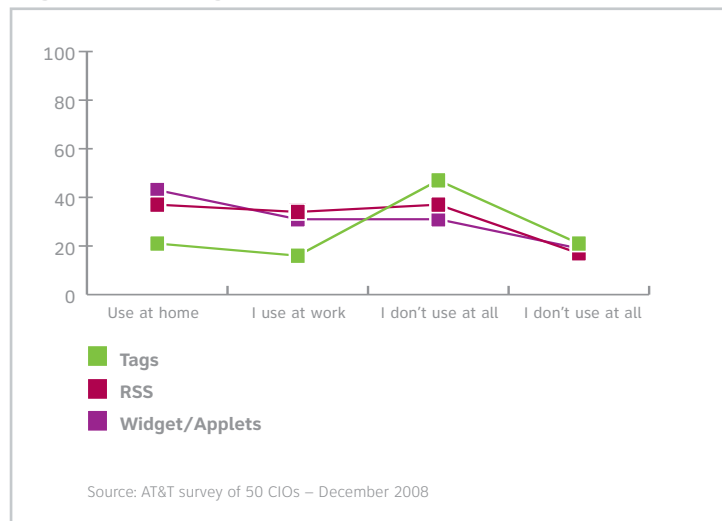
Similarly, writing/creating forum entries is even more popular among social users and reading/watching is more common than blogging in the business lives of these respondents.

The winner in the business environment (the red line) is Social Networking where 38% of the respondents admitted to using this type of tool within their business lives.

In the words of Gari Garrity⁴, Global IT Service Support Director at Oracle Corporation, “Social Networking is just one of the legs of the octopus in terms of the range of Web 2.0 options available to business leaders when they plan how best to achieve their goals.” In the Oracle case, Gari was faced with high IT internal support costs under their previous model, which included a large number of internal Service Desk personnel. It was not feasible to maintain a highly staffed call-center based Service Desk within an overall environment of cost management. Her solution has been to use Web 2.0 tools to help reduce the volume of calls to the Service Desk. She commented, “Many ‘break/fix’ organizations are so focused on managing their speed and success in fixing breakages, they often neglect the opportunity to change their environment and reduce the number of breakages by, for example, using Web 2.0 tools.” For Oracle, this meant introducing tools like internal technical forums to allow their engineering communities to collect and share their experiences more fluidly. In addition, Oracle employees can access help and training via support forums, and get assistance without the need to place a call to the Service Desk or open a service request. Gari concluded by stating, “Web 2.0 has shown immediate benefits in reducing our call volumes, and allows our teams to focus more attention on demand management activities like training, and enabling more meaningful ‘one-to-many’ interactions with our internal customers.”

The adoption of more complex tools such as RSS and tagging was found to be behind the other tools in terms of usage and take-up. As can be seen from Figure 2 Comparative Usage of more complex tools

Figure 2: Usage of Collaborative Functions

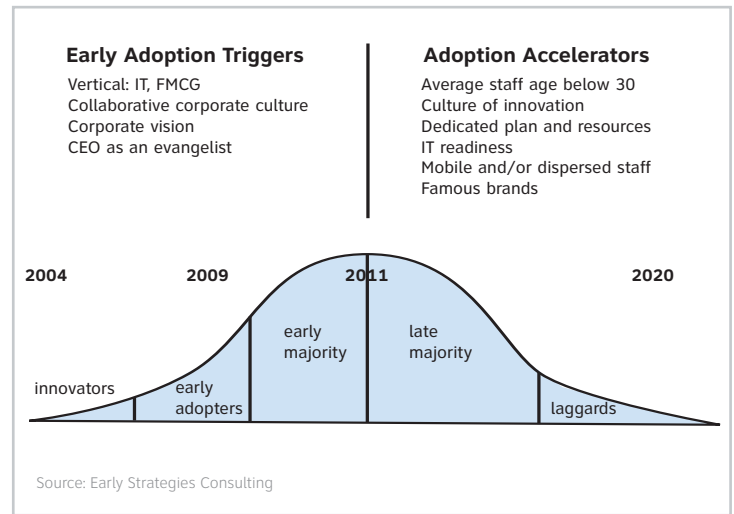


few respondents use tags at all yet, whereas usage of widgets and Web 2.0 applications is quite high at home and reasonably high at work, while RSS feeds are the other way around – usage being higher at work than at home, but very close.

What do we learn from the Figure 2? A key message seems to be that corporate usage of Social Networking and Web 2.0 tools – call it Enterprise 2.0 – is not that far behind personal usage. From the discussions with the 50 CIOs, we also know that they don't expect to find a single set of “do-it-all-for-everyone” tools, as different adoption speeds and community needs will lead to implementation of a wide range of solutions.

This leads us to move over our prospective research on corporate adoption rates for social networking implementations.

Figure 3: Social Networking Corporate Adoption Life Cycle



Early adoption triggers are those necessary and sufficient conditions to startup and successfully implement social networking corporate projects. The more of these conditions that can be brought together, the faster adoption will happen:

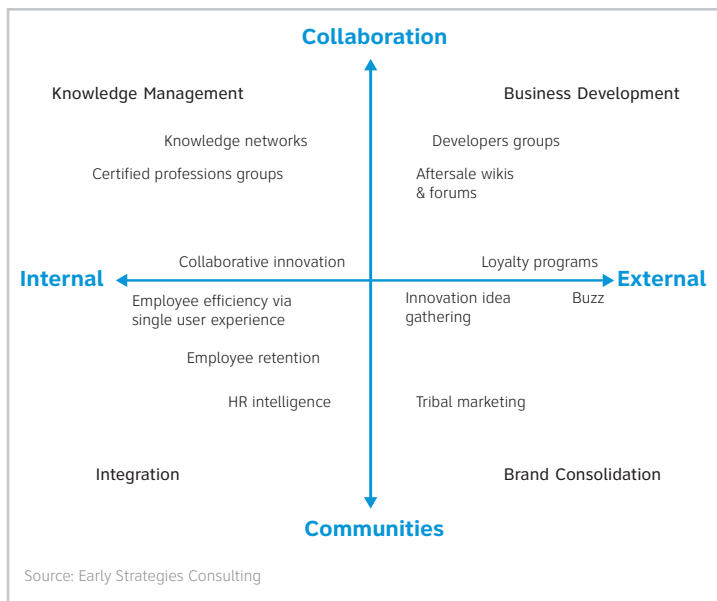
- Vertical sectors that may be the fastest to adopt are the IT (software, hardware, service and telecoms) as in the preceding Oracle example and FMCG: the former as they will need to deploy and test internally before launching new applications on the market, the later to reach their consumers in a new approach to marketing.
- A collaborative corporate culture is another important condition, since it will view the change as an improvement rather than a disruption or a bureaucratic overhead.
- Social Networking applications as a supporting element of the corporate vision are also a strong starting block: the more the model(s) will enable and strengthen the vision, the better.
- If the CEO happens to become a social networking evangelist and includes this in his priorities, it becomes a win-win situation.

Adoption delays can be reduced by a few factors, which we call early adoption accelerators:

- Average age of the staff: if below 30 years old, it means that a majority of employees are millennials, already used to web 2.0 tools and applications, hence more than ready to adopt it within the corporation.
- The culture of innovation could be seen as a trigger, when it is not backed up by a collaborative culture, it will not on its own generate social networking adoption – one may consider some of the most innovative brands as evidence – hence after considering it we decided to classify it as an accelerator.
- Planning the adoption through communication, marketing and education, having dedicated resources to make the plan happen.
- IT readiness relates to those companies already using pieces of social networking such as rich directories (with pictures, hierarchical and cross-functional ties) and instant messaging.
- Mobile and/or dispersed staff will be the early adopters within the corporation and will participate to constitute the critical mass necessary to the success.
- And last, the fame of the brand may speed-up the adoption thanks to the strong identification factors it carries.

Of course to start a social networking program one first needs to design one or more models: these will target content that can be just business oriented or allow social items, and will be oriented toward employees or customers and channels, and more rarely to both.

Figure 4: Social Networking Corporate Models



The four types of model defined by dividing the map into Corporate-Wide/Individual and Internal/External directions are:

- Integration, including HR intelligence (understanding the networking map, locate talents and survey employee satisfaction by observation, much more efficiently than with traditional surveys), employee retention (allow employees to network in the corporation to avoid having them doing it outside of the enterprise, with a risk that competition or hackers build a view of confidential information by compiling different sources) and employee efficiency via a single user experience (as mentioned above, many companies already have parts of a social networking experience that need to converge to allow effectiveness and efficiency).
- Knowledge management, including collaborative innovation (one of the must haves from IT companies, via annual events or continuous programs), certified profession groups (engineers and project managers, for example, already form communities which easily make the jump to social networking), and knowledge networks (in those companies that successfully adopted knowledge management as a sustainable development plan).
- Business development gathers developer groups (especially in the software area, as they can share adds-on, configuration and technical tips), after-sales (customer-company collaborative learning projects via forums or even better and newer, wikis) and loyalty programs (customer long term engagement programs that help identify business opportunities through the fine observation of behaviors and feedbacks).
- Brand consolidation refers mostly to pure marketing and communication programs including buzz (sharing with a close circle of customer some early information or usage, to strengthen launch communications once the information goes public), innovation idea gathering (little barriers and a strong objective to build the future of the brand and its values with the customers) and tribal marketing (to favor identification to the brand of diverse social groups).

Triggers, accelerators and model specification will define the adoption speed. As for the success when implementing a social networking program, like all innovations relying on technology, it relies on usability and design.

Case Studies

Knowledge Management: Unilever's Purple Dragons: Virtual Worlds to Train Security

Although many security issues such as spam have become normal operational issues, there is still a need to keep employee awareness at an appropriately high level. Unilever CSO Andrew Strong's⁶ team took the opportunity to build their last security awareness program on the company's Second Life platform, with a set of scenarios that bring employees across a series of events and transforms avatars into "purple dragons" when a mistake is made. 2,500 employees participated in the initial rollout: "It's an opportunity to do something the younger staff can relate to, it was surprisingly fast to set-up (as Unilever already owned an island in Second Life), and impact so far is excellent!" says Andrew Strong, "Now it's a cultural change with the risk that some don't understand why we chose this environment; we strengthen the initiative with communication, including a video from our CEO, and we identified the right user community to start with. This was the key to the proof of concept and success."

Integration: Telepresence in Sony: An Alternative to Travel that Exceeds its Original Objectives

Four years ago, Sony Europe initiated a program to reduce travel and change the way employees could communicate. The program utilized a number of technologies, including an in-house developed Instant Messaging Service, Web Conferencing, and an IP Video Conferencing Service. "To help deliver this change, we identified and engaged with a number of individuals throughout the organization to create a community of champions whose role was to drive adoption of the technologies in their home location. We then matched the take up of the tools with travel expenditure, this information being shared with senior operational managers on a monthly basis to ensure momentum," says Allen Wadsworth⁷, GM European Networks and Architecture. "In the beginning this was a program designed to reduce travel, however we have found that people were using it increasingly to improve collaboration across boundaries. It is now moving into a new phase, with new technologies, to share and develop ideas faster and remove barriers towards innovation. By taking on board the lessons learned from the last phase of the program, we are creating a new network of sponsors and champions from all functions and levels of the organization to create a sustainable platform that transcends internal company boundaries and opens the way to more collaborative and social networking initiatives – the corporate culture is evolving."

Business Development: Cisco's Social Networking: Beyond the Cultural Transformation

A pioneer in web 2.0 use, Cisco has many ongoing social networking projects to connect people and to allow them to collaborate both internally and externally with partners. One of its challenges is now to link together and integrate these tools and initiatives, from Facebook to blogs through collaborative platforms – such as the corporate directory where you can "tag" experts – and integrated communications. "Integrating the capabilities is critical to get the value" says Marisa Chancellor⁸, Senior Director IT. "At the same time, collaboration is very individual in terms of experience so personalization and profiling is needed." Beyond the technical call, the culture transforms: "Collaboration is not just an additional tool, but a way of working. Social Networking and collaboration broaden the business strategies and bring more differentiation while at the same time it brings transparency and changes corporate governance."

Brand Consolidation: Best Buy's Company Transformation Through Innovation Networks

"How do you transform the company strategy other than top down?" asks Julie Gilbert⁹, SVP Retail Training, Leadership Development and Employee Innovation; "How can you transform a company to focus on a new customer segment that doesn't reside at the top of the company...women?" Targeting an industry segment previously overlooked, the female market, was one of the challenges taken on 5 years ago – which led Julie Gilbert to create the women's leadership forum (WOLF) – a network of 35,000 people (already including some 5,000 customers) with all the necessary collaborative tools, platforms and events. "I created WOLF Packs inside the company with female employees and outside the company with female consumers across the U.S. and Europe and gave them every facet of the company...products, marketing, services, training programs and said...ladies, design this for yourself...and they did and we scaled the innovations to transform the company to serve females better. Generally marketing floods its audience with material – it is expensive and a long process, it often comes late and it's rarely in line with the business. With social networking and collaborative innovation through WOLF, the female consumers designed and launched a brand new store in Colorado from scratch in their community – no need to do marketing. That's just an example. We grew the "women's segment" revenue to \$4.4 Billion in less than 5 years; our best female customers are growing faster than our male customers; we have achieved the highest female market share in the history of the company; and have increased the number of females working in the company by more than 20% while decreasing female turnover more than 5% each year since WOLF's inception. Innovation through networking is not a nice thing to have, it is a strategic driver!"

Conclusion

This paper has looked at the current usage, both social and business, of Social Networking and Web 2.0 tools by 50 senior CIO staff within a large number of multinational corporations and has conducted in-depth interviews to obtain specific examples from a number of other individuals.

From this research it is clear that there is no 'holy grail' of corporate Social Networking. Different tools will appeal and have benefits for different user groups within each business; the speed of deployment and take-up will be dependant not only on the benefits, but also a number of other factors including the age distribution of the workforce (younger is faster), the presence of champions across the organization and support in the executive and management teams through their corporate vision, or how innovative the corporate culture is.

There are a number of distinct ways to implement Social Networking categorized herein as knowledge management, integration, business development and brand consolidation. The likelihood of success of an overall Social Networking initiative also depend on picking the right implementations, consistent with the corporate vision and strategy: there will probably be different projects, in an organization, targeting collaborative use or community initiation, focused on the internal workforce or linking with external stakeholders. Based on appropriate targeting, how well the tools are implemented and marketed within the organization, and also how the organization adapts to the new work model will make the difference between rapid success and slow failure.

References

1. Cecile Demailly of Early Strategies Consulting (www.EarlyStrategies.com) has worked with AT&T to produce this whitepaper. She can be reached at cecile.demailly@earlystrategies.com.

2. Web 2.0 is a term describing changing trends in the use of World Wide Web technology and web design that aim to enhance creativity, information sharing, collaboration and functionality of the web. Web

2.0 concepts have led to the development and evolution of web-based communities and hosted services, such as social-networking sites, video sharing sites, wikis, blogs, and folksonomies. The term became notable after the first O'Reilly Media Web 2.0 conference in 2004. Although the term suggests a new version of the World Wide Web, it does not refer to an update to any technical specifications, but to changes in the ways software developers and end-users utilize the Web. According to Tim O'Reilly: "Web 2.0 is the business revolution in the computer industry caused by the move to the Internet as platform, and an attempt to understand the rules for success on that new platform." Some technology experts, notably Tim Berners-Lee, have questioned whether one can use the term in any meaningful way, since many of the technology components of "Web 2.0" have existed since the early days of the Web.

3. In a 2004 interview, Microsoft chairman Bill Gates said that a "mini bubble" had merged among internet companies. "We are back in a mini-bubble era in terms of people expecting a lot of these valuations but I don't think we'll see the same amount of exits the way we did."

4. Gari Garrity was interviewed during February 2009 for this paper.

5. The millennials joining your workforce now are employees born between 1980 and 2000, or 1981 and 1999, depending on the author. Unlike the Gen-Xers and the Boomers, the Millennials have developed work characteristics and tendencies from doting parents, structured lives, and contact with diverse people. Millennials are used to working in teams and want to make friends with people at work. Millennials work well with diverse co-workers.

6. Andrew Strong was interviewed during January 2009 for this paper.

7. Allen Wadsworth was interviewed during January 2009 for this paper.

8. Marisa Chancellor was interviewed during January 2009 for this paper.

9. Julie Gilbert was interviewed during January & February 2009 for this paper.

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