SOCIAL MEDIA

DOING BUSINESS ON THE SOCIAL NETWORK

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Web 2.0 technology will become omnipresent in all areas of business and consequently there will be a need for a global management framework that takes into account not only strategy but also users and the impact of the technology.

INFORMATION TECHNOLOGIES • STRATEGIC MANAGEMENT

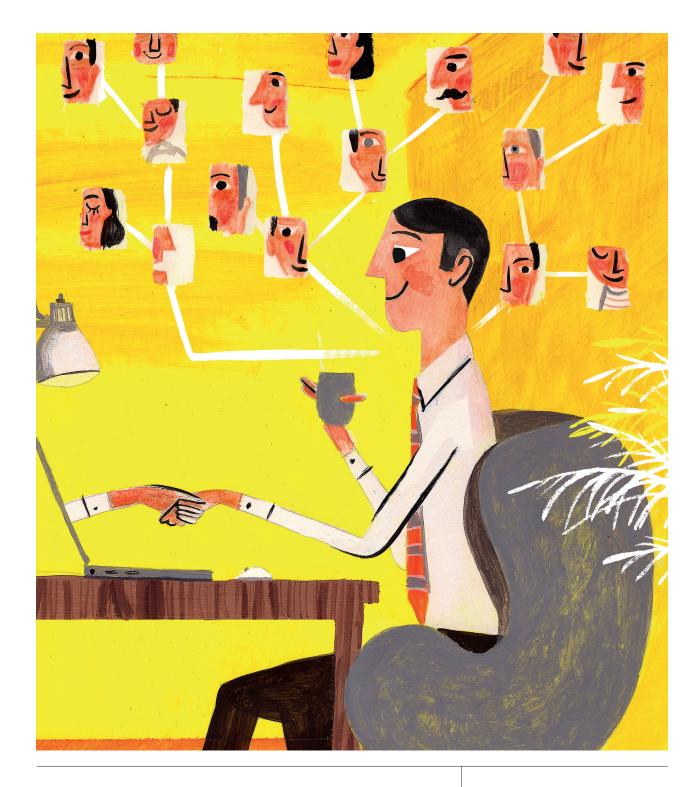Blogs, online social networks, micro-blogging, wikis, and other Web 2.0 (or social web) technologies have long become the mainstay of personal online experience. Organizations, on the other hand, had been reluctant to venture into this unfamiliar territory. Many viewed Web 2.0 as yet another potential workplace distraction, while others dismissed it as a new dotcom bubble – high on hype but low on revenue prospects. It seems, however, that this situation is shifting. Organizations of all sizes, representing a wide range of industries and geographies, are starting to explore how Web 2.0 may help them enhance their business capabilities.

In this article, we explore the shifting nature of enterprise use of Web 2.0, identify key challenges and risks associated with this shift and suggest that organizations need a comprehensive governance framework to ensure a smooth transition. Our arguments are based on the results of a global study carried out between April and October 2009. The study involved in-depth telephone interviews with over 100 senior and middle managers responsible for spearheading Web 2.0 initiatives in their respective organizations.

THE SHIFTING LANDSCAPE OF ENTERPRISE USE OF WEB 2.0

Web 2.0 is bleeding into the enterprise. Web 2.0 initiatives can now be seen in all major areas of the value chain, yet their number and, more importantly, their level of maturity varies significantly from one area to another. Given the origin of Web 2.0 in the consumer web, it comes as no surprise that marketing, PR and sales dominate Web 2.0 portfolios at most organizations. Today, companies regularly employ public and private online social networks, blogs, micro-blogging services and video-sharing services, among others, to engage customers and external stakeholder audiences.

Marketing, PR and sales, however, are not the only enterprise Web 2.0 activities today. Companies are starting to take a closer look at how they can leverage Web 2.0 tools and platforms to enhance their capabilities in core areas of the value chain. Customer and supplier relationship management, human resource management, service delivery, product development and innovation all are seeing a significant upswing in Web 2.0-enabled initiatives (see sidebar, p. 20). And although many of these initiatives remain in the very early stages of development (we classified their maturity as either adolescent or infant), organizations believe they

hold a tremendous potential to drive business value.

NEED FOR BETTER GOVERNANCE

As the spread of Web 2.0 across the enterprise continues, corporate initiative portfolios of the future will become much less skewed towards stand-alone communications-based initiatives, such as those taking place in marketing and PR today. Instead, a major emphasis will be placed on providing a seamless, flexible collaboration environment encompassing core business processes throughout the enterprise. As a result, Web 2.0 technologies will become ubiquitous in the workplace, much like traditional business applications are today. This shift, which is already gaining momentum at

MATURITY OF DIFFERENT TYPES OF BUSINESS WEB 2.0 INITIATIVES

Initiative Type	Stage of develop-ment	Description / Examples	Public
PR & Marketing	Adult	Broadcast/converse with stakeholder audiences, co-opt influencers	Customers, media, capital markets etc.
Sales	Adult	Generate leads, discover new opportunities, drive web traffic	Current & potential customers
Customer Relation-ship Mgmt	Adolescent	Listen, support/solve problems, educate, trans-fer support tasks to the community	Current customers (B2C & B2B)
Human Resource Mgmt	Adolescent	Identify/collect info on job candidates, promote company image	Current & potential employees
Service Delivery	Infant	Enhance collaboration on projects/service engagements, co-create/share knowledge	Customers (B2B), business partners
Product Develop-ment & Innovation	Infant	Solicit ideas/feedback to incorporate into existing/new products/services	Suppliers, business partners (peers)
Other	Infant	Urgent messaging, event mgmt, charity, teaching, e-democracy	Various

to address security, confidentiality, compliance and legal concerns and allowing enough flexibility to pre-serve the emerging free-flow nature of the Web 2.0 environment. To ac-complish this, organizations will have to adapt their internal policies and provide ample user education. Besides, they should leverage the transparency of the Web 2.0 space to foster accountability and trust.

● **Technology:** Organizations need to take a much more proactive ap-proach to managing the enabling Web 2.0 technologies. Informed decisions have to be made about standards and tools that are being deployed to ensure their fit with the overall enterprise ar-chitecture as well as future flexibility. In addition, issues of scalability and security need to be given serious con-sideration as firms decide whether to opt for public-cloud solutions, pri-vate-cloud solutions or a combination of the two.

● **Impact:** Demonstrating business value of Web 2.0 initiatives is key to securing broad organizational buy-in and guaranteeing the long-term suc-cess of enterprise Web 2.0. Nonethe-less, pinning down direct financial benefits of Web 2.0 initiatives has proven problematic for most orga-nizations. An alternative approach would be to focus on capturing im-provements at the function or capabil-ity level (e.g. higher customer satisfac-tion due to peer community support) and then try to quantify these.

It remains to be seen how much of a "revolution" or "evolution" Web 2.0 will bring about in the enterprise. But it seems clear that companies will not be able to simply opt out of the shift towards socialization of the online space, which today transcends many business processes and functions. The choice that organizations must make is whether to take a proactive stance and craft their own strategy on how, when and where to engage in Web 2.0, or wait until their customers, em-ployees and investors take the reins and demand it.

more forward-looking organizations, will present companies with a new set of challenges and risks. Dealing with these will require a move from the ad-hoc governance of Web 2.0 initia-tives prevalent today to establishing a comprehensive, enterprise-wide governance framework. Such a frame-work will need to address four broad areas, related respectively to strat-egy, users, technology and impact:

● **Strategy:** Companies need to develop a strategic vision for the use of Web 2.0 tools across the en-terprise focused on business driv-ers, not tools availability. They need to establish mechanisms – that is, processes and organizational structures – to make sure that in-dividual initiatives that are being launched are aligned with the vision.

● **Users:** Here the challenge is to find the right balance between es-tablishing user control mechanisms