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Business starts to take Web 2.0 tools seriously

By Jessica Twentyman

Silicon Valley venture capitalist Gordon Ritter of Emergence Capital believes the value proposition of Enterprise 2.0 tools is that they make the benefits of social networking more palatable to businesses by offering audit trails, access control, version control, authentication, provisioning and back-up. "The aim is to replicate the immediacy and ease-of-use of Web 2.0 in a way that imposes highly customized best practices on customers to create real productivity gains," he says.

At each stage in its extraordinary development, the internet has encountered skepticism and resistance in boardrooms. Alarms have greeted each internet-based technology: would it distract employees or, worse, create unacceptable risks?

Over time, internet tools have been accommodated and have delivered huge benefits. But the same questions are now being asked about the latest generation of internet technologies, such as social networking tools.

Much attention has been lavished on the poster children of the Web 2.0 phenomenon – Facebook, YouTube, Twitter and the like – but for many business leaders, such consumer-led innovations seem frivolous, and have little to do with developing new products, increasing market share or streamlining clunky business processes. Some ban Web 2.0 tools.

They need to be aware, however, that a quiet revolution is taking place. That's the message from Soumitra Dutta and Matthew Fraser, academics at the Insead business school in France and authors of *Throwing Sheep in the Boardroom*.

They detail how companies, including [General Electric](#), [Procter & Gamble](#), [Shell](#) and Airbus, are busy integrating social networking into their corporate strategies. These companies say the authors, are showing that the use of blogs, wikis, widgets and other Web 2.0 tools "encourages horizontal collaboration and harnesses the power of collective intelligence to boost productivity, foster innovation and create enhanced value".

"We set out to explore, in an objective and rigorous way, whether the concept of Enterprise 2.0 could deliver real business benefits," they say. They found plenty of evidence that it could, although conceding that the biggest obstacles to its acceptance may be cultural, overcoming the skepticism of business leaders and their fears about the free-flow of information in their companies.

Mr. Fraser says the current economic crisis could force Web 2.0 into the business mainstream: "A downturn raises questions about how organizations are structured and how they tap into the knowledge and expertise of employees, suppliers and customers. Enterprise 2.0 has already been shown to provide valuable answers, where it is used intelligently."

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Oliver Young, an analyst with Forrester Research, says there are two key areas: tools to boost collaboration and productivity, both internally and with trusted partners; and tools used by companies to provide a forum for dialogue between them and their customers.

The first camp is the best established, says Mr. Young. Corporate knowledge management initiatives have seen a steady rise in the use of wikis, for example, with groups of experts working together, pooling ideas and solving problems. This is where SocialText, a key company in the Enterprise 2.0 movement, made its start in 2002.

Ross Mayfield, SocialText's chairman, president and co-founder, says: "Our belief has always been that, when technology doesn't get in the way, people are eager to share and collaborate, and wikis are a great way to do that. But a corporate customer needs a tool that can accommodate the hierarchies, norms of behavior and levels of accountability and control that exist already within its culture."

Where that has been achieved, it has proved powerful in such areas as product development, says David Bailey, head of the manufacturing practice at PA Consulting. "It's hardly surprising that organizations are interested in technologies that can shorten product development cycles."

The collaborative approach is also delivering gains in customer support. If frontline employees use wikis when dealing with customers, average call times can be cut by between 10 and 30 per cent, says Mr. Mayfield.

The second area – public-facing communities – is less established but likely to grow, says Mr. Young. He says social networking tends to be cheaper than other forms of marketing and has the advantage of supporting two-way conversations.

"Customers are talking about your organization and its products online anyway. A social networking community offers corporates the chance to participate in these conversations and have more control over them," says Lyle Fong, chief executive of Lithium Technologies. "Those that do are discovering the benefits of reduced customer service costs," he adds.

Enterprise 2.0 tools are now being offered by the big IT companies, most notably [Microsoft](#), with new social media add-ons to its Sharepoint collaboration platform, and [IBM](#), with its Lotus Connections product.

"We have signed such customers as [Colgate-Palmolive](#) and HSBC, partly on the demonstrable value that IBM has delivered to itself using social software," says Bob Picciano, general manager of IBM's Lotus Software group.

In September 2008, the company established its Center for Social Software, a research hub based in Cambridge, Massachusetts, where IBM staff are working alongside academics from the Massachusetts Institute of Technology (MIT) and Harvard, as well as researchers from companies including Dow Jones and Thomson Reuters' healthcare division, to explore the impact of Enterprise 2.0 on the workplace.

But for many organizations, Enterprise 2.0 represents a chance to preserve existing investments in technology by liberating the data contained in back-end systems and making it available to users over the internet through the use of "widgets".

Ness, a technology consulting firm, for example, has built a widget using tools from Worklight, an Israel-based company that enables its consultants to input details of billable hours via the internet on a regular basis, rather than at month-end. The widget feeds directly into Ness's core SAP system.

"When we take into account the hours of employee time saved in this way, we've calculated that we'll get an ample return on the project cost of \$100,000 within a year," says Andres Kukawka, Ness chief executive. The company plans a similar widget for capturing employee expenses information.

"Mash-ups and widgets may sound like the Wild West to more conservative companies but, to a large extent, it's a question of extracting more value from the services they already provide, by mixing them with external services and presentation methods to create new markets, new revenues and new products," says Andy Mullholland, chief technology officer at IT consultant [CapGemini](#).

In any case, many executives may find that Enterprise 2.0 is already happening at their organization without them knowing, so they may as well embrace it, says John Newton, chief technology officer and chairman at Alfresco, an open source content management company.

He says: "Any skepticism will not be overcome by technology vendors, but by employees."

As the next generation of employees enters the workplace, he adds, their demands are likely to become more strident, making the provision of social networking tools critical to businesses looking to attract the best and brightest.