



Wiring up the Enterprise

Bringing the power of 2.0 tools to businesses



Abstract

In recent years, social media and other Web 2.0 technologies such as Facebook, Twitter and YouTube have become prevalent in the consumer's private lives. Enterprise 2.0 technologies, corporate applications of Web 2.0, are now rapidly finding their place in multiple businesses. The main benefits of Enterprise 2.0 initiatives are better innovation capabilities through enhanced collaboration, improved internal efficiency through collective intelligence and accelerated complex transformation projects via better communication platforms and change management tools.

However, there are several roadblocks that companies can face in the process of implementing Enterprise 2.0 initiatives. These include using traditional methods for assessing the ROI of an initiative, ensuring right people participation and assuaging middle management's fears of becoming redundant. We believe, ROI is not the correct metric to judge the feasibility of an Enterprise 2.0 project since returns can be hidden in nature and can have a considerable lag time. Ensuring the right people participation is essential to build a

useful community and our analysis shows that employee participation is not a function of age but of professional interests. Enterprise 2.0 solutions offer a new way of working and interacting that could generate fear of knowledge leakage among managers, thus hindering the success of the project. Companies should address such issues prior to designing and implementing Enterprise 2.0 initiatives.

We believe there are three key success factors for Enterprise 2.0 initiatives- top management involvement and championing; user training and support; and optimum community design. Companies should implement Enterprise 2.0 initiatives through a structured framework which synthesizes the community design, management role and types of 2.0 projects based on the quality of ties between members of an organization.

Businesses are looking to replicate the success of social media and Web 2.0 technologies in the corporate world.

Introduction

The technological revolution has pushed companies to re-align their business models to remain competitive in the changing landscape. From telephones in 1960 to the use of e-mail and instant messaging, technologies that were at one point thought to be distractions have clearly proven their value-add to businesses and are now ubiquitous in most organizations.

In the contemporary business world, Enterprise 2.0, the corporate version of Web 2.0, is making its foray. The 2.0 moniker implies a platform where significant content is user-generated. Such platforms, of which Facebook and Wikipedia are popular examples, are rapidly becoming common-place in businesses in the form of tools such as Yammer, Chatter and others (see Figure 1). For instance, the number of Fortune 500 companies with an account on the rapidly growing social media platform, Twitter, grew from 35% in 2009 to over 60% in 2010ⁱ.

These developments represent a significant opportunity for companies, their employees, their brands and their products. Companies now want to replicate the success of social media and Web 2.0 technologies in the corporate world to achieve their internal strategic objectives through better collaboration with employees, customers and partners.

While there is agreement on the crucial need to share information more transparently and capitalize on collective intelligence, some companies are still hesitant to make the leap, whether due to cultural resistance, doubts about the return on investment or implementation concerns.

This paper addresses several questions that company executives may have including why use Enterprise 2.0, what are the challenges, who will participate; and proposes a framework which will aid in designing communities based on organizational criteria.

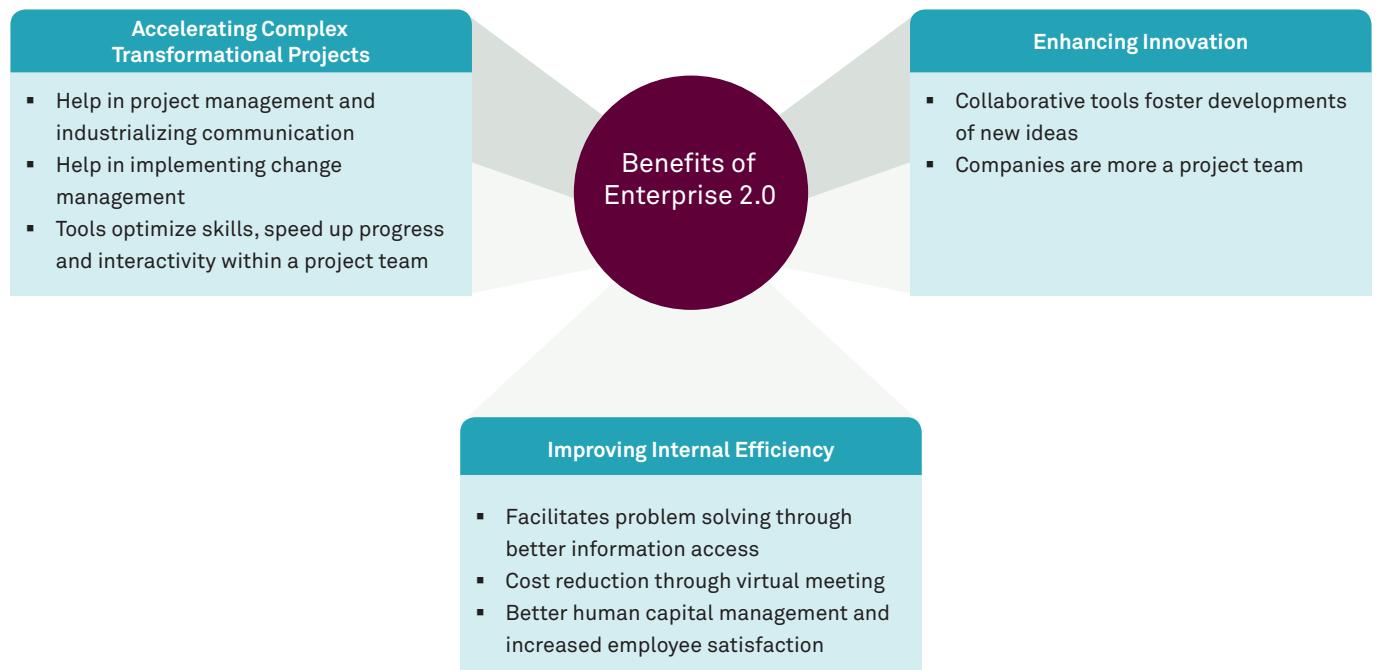


Source: Capgemini Analysis

Figure 1: Moving from Web 2.0 to Enterprise 2.0

The Case for Enterprise 2.0

Enterprise 2.0 offers multiple benefits that are well aligned with the needs of the modern organization. It effectively addresses the three key business objectives of enhancing innovation through increased collaboration, improving internal efficiency due to access to centralized information and providing means for accelerating complex transformation projects (see Figure 2).



Source: Capgemini Analysis

Figure 2: Benefits of Enterprise 2.0

Helps Enhance Innovation

2.0 initiatives boost innovation as they remove organizational barriers and facilitate new types of interactions. These interactions facilitate idea generation by involving a wider audience in the innovation process. Enterprise 2.0 tools enhance innovation by allowing usage of collaborative tools and helping companies become more reactive to customer feedback and needs. For instance, many hotels and restaurants are now connecting with customers through social networks such as Facebook, Twitter and LinkedIn. They are also reaching out to people that are mentioning their brands and related experiences on such networks so they can engage with them directly. The more innovative firms are also investing in social media monitoring and analytics solutions that help to give them a real-time picture of how their company's services and products are being talked of in the online world.

Collaborative tools foster the development of new ideas

In recent times, multiple companies have set up processes to increase involvement of employees in co-creation of products and services. With the advent of Enterprise 2.0, these practices can go digital, further encouraging wider participation and involvement of employees.

For instance, Sanofi-Aventis, a global life sciences player was facing short-term revenue losses linked to the expiry of multiple drug patents. The company launched a global initiative called "Ide@Box" to encourage employees to propose initiatives that will improve relationships with patients and healthcare professionals. The initiative received over 500 ideas within four weeks of launchⁱⁱ.

Enterprise 2.0 enhances innovation, improves internal efficiency and provides means for accelerating complex transformation projects

Enterprise 2.0-equipped companies can be more reactive to their clients' issues and needs

With 2.0 platforms, companies can tap into their clients' feedback, suggestions and needs through forums and other tools. This helps in anticipating new needs and trends, making the firm more responsive to its customers.

TD Canada Trust Bank captures its employees' customer experience across the various bank branches on an internal blog. Employees are encouraged to share their best practices and stories, called "WOW Moments", on the internal blog and winners are awarded. This has nurtured employee participation as well as better preparedness for customer-related issues making TD Canada Trust a winner of several customer service excellence awardsⁱⁱⁱ.

Improves Efficiency

Enterprise 2.0 can help in decreasing time required to access information and expertise by optimizing knowledge management and sharing experience. It also reduces travel and communication costs and helps in improving human capital management.

Facilitating problem solving through access to widespread information and expertise

Effective communication is a major challenge for large companies. Moreover, as a company grows in size, the time spent on sharing knowledge and experience grows exponentially.

Knowledge sharing on 2.0 platforms allows users to easily post different types of content on a shared platform thereby enhancing exchange of knowledge within the company. Enterprise 2.0 platforms are generally accessible via the Internet making it possible for users to tap into their company's knowledge reservoir, anywhere, anytime, thus breaking former silos.

Services such as Yammer thrive in breaking down barriers to information. They have enabled a wide range of companies including AMD, Cargill and ABC to share information and build communities of geographically dispersed employees^{iv}.

Cost reduction through virtual meetings

2.0 platforms reduce the need for face-to-face meetings by enabling online sharing of documents, real-time interactions including screen-sharing of a document with real-time collaborative editing, and video conferencing, and in doing so allow companies to reduce associated travel costs, as well as their carbon footprint.

For instance, Volkswagen cut vehicle repair time by over 50% and reduced costs by 30%, by deploying experts via video using video conferencing solutions^v. Similarly, at Vodafone, a company-wide initiative to encourage video conferencing including VC lounges and rewards for using video saved more than 40,000 business trips in one fiscal year, a 200 percent increase in two years, and more than an estimated 17,000 tons of CO2^{vi}

Better human capital management and increased employee satisfaction

2.0 platforms offer an opportunity for companies to increase their attractiveness by leveraging the above-mentioned tools and providing employees with a better work-life balance. Companies can also increase employee level of involvement in shaping an organization by activating functionalities such as polls, mentoring and group learning.

Helps in Accelerating Complex Transformation Projects

Enterprise 2.0 platforms can accelerate and help in making complex transformation projects more successful. They enable project managers to reprioritize their time from data gathering and organizational issues, to piloting and real problem solving.

2.0 platforms in project management and industrializing communication

Three kinds of tools are particularly useful in sharing a large amount of information among team members in a project - social networks, blogs and wikis. Social networks enable direct access to experts and facilitate brainstorming. Blogs and wikis build collective intelligence of a team, helping in information collation.

For instance, venture capital firm Acumen Fund built a collaborative workspace to connect its offices across continents using SocialText, an enterprise social collaboration solution. An internal "Instead of Email" initiative encouraged employees to post interesting articles and thoughts on the shared workspace instead of emailing them. Meeting notes are taken online, automatically tagged as meetings and posted on the shared workspace. The company directory with contact information, conference room dial-ins, and other logistical details are all kept in a wiki in the collaborative workspace so it is always up to date^{vii}.

2.0 platforms to implement change management

Usage of 2.0 platforms supports the wide distribution of tailored information at every level. These tools are particularly useful when implementing change management plans. For instance, they can speed up the distribution of project documentation, communication, e-training, etc.

2.0 platforms to optimize skills, speed up progress and interactivity within a project team

A rapid improvement of skills or knowledge in project team members is often necessary. For instance, documents can be shared using a 2.0 platform to facilitate the learning process and shortening the ramp-up time. 2.0 platforms are also useful to gather feedback from users via polling, comments and other functionalities that can be used to monitor user satisfaction.

For instance, Champion Technologies, a solutions provider to the oil and gas industry faced several challenges in getting its tender response process due to the large number of people that needed to work on it simultaneously. By moving to a centralized Microsoft Sharepoint-based service, the company was able to reduce the time taken by 20% to 30%^{viii}.

Challenges in implementing Enterprise 2.0 tools

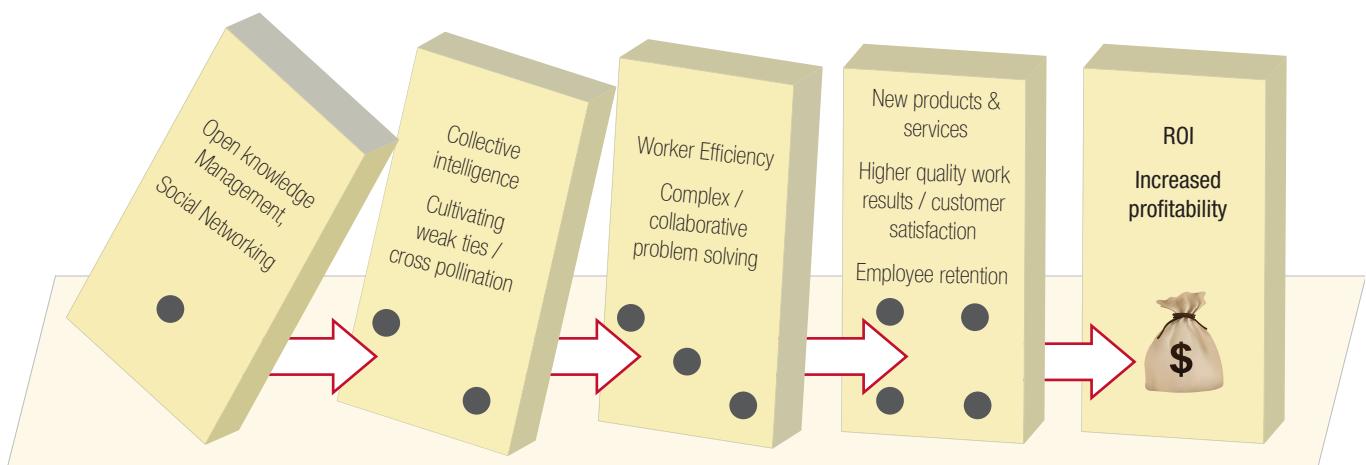
While there are definite advantages to companies embracing Enterprise 2.0 technologies, there are numerous hurdles in selecting and implementing a solution that is a perfect fit for a given organization and making it successful. Key among these are assessing the ROI^{ix} of such deployments, ensuring the participation of the right kind of people and addressing mid-management fears on loss of control.

Assessing the ROI of Enterprise 2.0

ROI measurement is typically a standard evaluation tool for projects; however for Enterprise 2.0, calculating financial results is complicated. While the qualitative benefits of Enterprise 2.0 are relatively easy to identify; however the quantitative results are often produced indirectly and therefore, difficult to assess. There are no general rules or methodologies to quantify the ROI for a 2.0 project because these benefits are produced indirectly,

with a cascading effect (see Figure 3). However, organizations should set up indicators to monitor platform activity right at the outset. Indicative metrics for monitoring include traffic, engagement level, number of posts per user, and repeat visits.

While the qualitative benefits of Enterprise 2.0 are relatively easy to identify; however the quantitative results are often produced indirectly and therefore, difficult to assess.



Source: Adapted from ZDnet, "Determining the ROI of Enterprise 2.0", Apr 2009

Figure 3: Cascading effect of Enterprise 2.0 leading to positive ROI

In general, benefits are identified after 1, 2 or 3 cascading effects. That is why first benefits of Enterprise 2.0 are often visible several months or years after its deployment.

However, in the long run, studies and statistical data indicate that quantitative benefits of social connections and social networks do exist. A recent MIT^x study found that in one organization the employees with the most extensive personal digital networks were 7% more productive than their colleagues^{xi}.

Furthermore, Enterprise 2.0 tools can be quickly deployed by using SaaS^{xii} solutions, minimizing the financial investments and risks linked to IT projects. Based on our analysis, and depending on the kind of solution chosen, the initial investment can often be limited to as low as \$50,000 (see Figure 4).

Given the long-term nature of such initiatives, businesses should not be overly concerned with assessing their RoI in the early stages.

Solution type	Sample deployment cost
SaaS deployment with instant deployment	/
Hosted solution requiring parameters setting	~\$1K
Hosted custom solution (loan of dedicated servers + developments)	\$10K to \$50K
Solution to be deployed within the company IS environment	Costs similar to a regular collaborative Intranet project
Open source solution to be deployed within the company IS environment	Costs similar to a regular Open source collaborative Intranet project

Source: Capgemini Analysis

Figure 4: Sample deployment costs for Enterprise 2.0 projects

Enterprise 2.0 tools offer better control over information by allowing it to be reviewed, moderated and corrected if necessary.

Ensuring right people participation

Enterprise 2.0 projects can only be successful when the right set of people participate actively in the initiative. There exist multiple misconceptions on Enterprise 2.0 and its uptake. For instance, many organizations assume that since their employees are quite familiar with web-based 2.0 tools such as social networks, their transition to similar tools will be seamless and natural.

Another preconceived notion that younger users are more active on corporate social platforms also appears to be wrong. Analyst research confirms that user participation in Enterprise 2.0 is mainly driven by the role in the company and by professional interests rather than by age. It shows that employee participation is closely linked to their ability to get answers to their business problems, gain visibility within the company or boost their career, whatever their age^{xiii}. In short, they need to see the professional benefits of corporate social platforms..

The challenge thus is to ensure active participation of users from different age groups and across organizational levels while at the same time providing them with a clear business value of the new tools.

Addressing Mid-management fears

New ways of working and interacting introduced by Enterprise 2.0 have the potential to generate concerns among mid-level managers, hindering the success of the project. Employees at these grades typically fear the leakage of knowledge and its potential misuse, the loss of employee productivity and most importantly, a perceived loss of control leading to redundancy.

Real-life implementation experience shows that these fears are not grounded in reality. Enterprise 2.0 tools offer better control over information by allowing it to be reviewed, moderated and corrected if necessary. Our experience has shown that usage of such tools actually lead to measurable increase in productivity of employees by increasing speed of access to knowledge and internal experts. Lastly, managers are one of the main sources of quality information in the company; their input is essential to the creation of relevant, compelling and engaging information. On the other hand, for managers who have traditionally been gatekeepers of information, Enterprise 2.0 solutions can make them redundant.

It is imperative that apprehensions and challenges surrounding Enterprise 2.0 initiatives be cleared right at the early stages of deployment, in order to ensure their adoption across the length and breadth of a company.

In the next section we outline some key factors that we believe organizations should bear in mind when implementing an Enterprise 2.0 project.

Key success factors for Enterprise 2.0 initiatives

A good level of community and user involvement is imperative for a successful Enterprise 2.0 initiative. We believe involvement of top management, user training and community dynamics are critical for the success of Enterprise 2.0 initiatives

Top management involvement is mandatory

Managers need to be actively involved for users to see the point of 2.0 initiatives in their professional context. Strong communication, before and during the launch, needs to be enforced to make sure people understand the purpose of the tool. High level sponsors, beyond the CIO, have to be named and fully involved in the roll out process. This is more important in the case of top-down initiatives, started by the management.

Key success factors for Enterprise 2.0 initiatives are top management involvement and championing; user training and support; and optimum community design.

User training is essential

A common assumption is that Enterprise 2.0 projects can be adopted without any training. While that might be true for social media usage in a private context, it is not necessarily the same in a corporate setting. Our experience shows that a targeted training course and support channel which can be contacted in case of any user issues are needed for successful adoption of 2.0 platforms.

Community dynamics should be taken into account

Formal and informal communities have always existed in organizations – such as a grouping of individuals with same skill sets in a professional community. However, the importance of communities is magnified with the emergence of 2.0 tools as they are essential in unlocking the value inherent in these communities. Enterprise 2.0 provides an excellent framework to make the most of collective intelligence as it relies mainly on the concept of communities. While designing communities the key factors at play include the diversity and empowerment of the community users, structure of the community, the relationship strength between the users and size of the community.

Diversity

Successful implementations of 2.0 projects include a cross-functional team in order to include a diverse range of opinions and personalities. In order to maximize benefits from 2.0 tools, community moderation tools like voting and rating tools should be incorporated to identify relevant contribution and management should facilitate and encourage free contributions, rather than moderating them.

Community Structure

The structural design of social media tools should be minimal, like in the case of Sanofi-Aventis, where the company created an environment where users were not grouped by their organizational unit and content was made accessible to everyone. But it is also common to create groups of interest, where users can gather and produce specialized content. Two different approaches can be adopted for the initial design of communities; one approach is the top down approach requiring a high level of sponsorship. The other method is the bottom-up approach where users are given the right to join, create and manage their own communities. The above two approaches can also be combined so that top-down design is recommended to launch a platform, but after this, users create self-structured communities.

Relationship Strength

Another factor to consider in the design of communities is the relationship strength of the employees. Organizations should be clear on what end goals are achievable based on the relationship strength between users and expand or limit the participants accordingly.

Strong ties exist among small groups of close collaborators where information circulates easily, such as employees who work on the same project team. Such online communities will develop quick collaboration, agility and productivity gains, for instance through Wikis. Weak ties are links between professional acquaintances that are known and identified. Knowledge is not shared within this group but it can be asked for, for example on a discussion board which connects users across several business units in a company. Potential ties are links between employees who do not know each other, for instance, two employees working for a company in different

countries. These potential ties could result in efficient searches and information broadcast through the organization using the blogosphere, for instance.

Managers should therefore make sure they understand the sociological characteristics of communities to better set their objectives. Depending upon the strength of the ties, some applications are more likely to succeed.

It is a misconception that employee familiarity with social networks will make their transition to similar enterprise tools seamless and natural.

Community Size

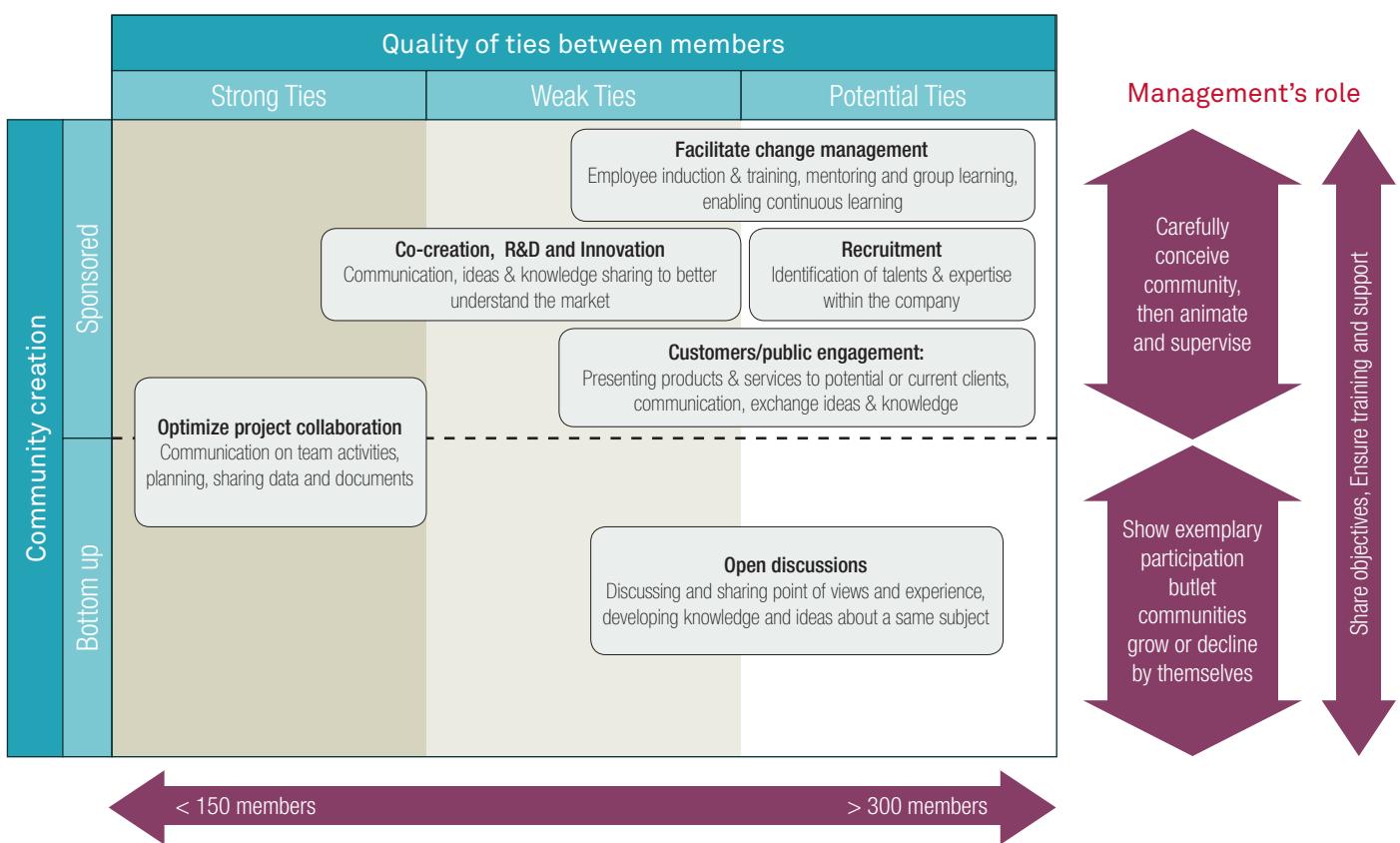
The value of a community depends on its members as well as its size. In every online community, users do not contribute the same way. For each type of community, task and environment, there is a certain ideal group size but studies suggest some optimal numbers. For instance, academic studies have shown that communities with users sharing potential ties should gather at least 300 members in order to become active. In contrast, communities with users sharing strong ties should not consist of

Conclusion

more than 150 members in order to have efficient collaboration^{xiv}. Therefore, when designing communities, their size has to be defined depending on the goal to be realized and type of collaboration needed.

In our next concluding section, we present a structured framework which synthesizes the community design, management role and types of 2.0 projects based on the quality of ties between members of an organization.

We believe a successful Enterprise 2.0 implementation is contingent on a combination of several community related parameters. We have synthesized these parameters into a framework designed around community design, management role and types of 2.0 projects based on the quality of ties between members. This framework can be used as a quick starting point by companies wanting to gauge the applications of Enterprise 2.0 projects in their organization (see Figure 5).



Source: Capgemini Analysis

Figure 5: Sample deployment costs for Enterprise 2.0 projects

Enterprise 2.0 tools can be applied towards facilitating change management and employee training when employees share weak or potential ties. This community however needs to be structured and overseen by management. R&D^{xv} activities can be supported by Enterprise 2.0 between employees with strong, weak and sometimes even potential ties to share ideas from different geographies. The community creation here should be sponsored by management. Similarly with recruitment and customer engagement, since these are interactions with possible future employees and customers, they need to be moderated by management.

When employees share strong ties, project collaboration and communication can be strengthened within the group. The community creation can be sponsored or bottom-up or a combination of both. Management may set up the community but then allow the participation to grow on its own accord. Open discussion forums and community boards can be used between employees with weak and potential ties for posting queries, sharing ideas or developing knowledge about a subject. Such open discussions are best cultivated when users drive the structure and take ownership of the content.

Enterprise 2.0 can provide various applications, there is no one size fits all solution but they can be tailored based on the end goal of the organization. In all solutions the management plays a key role in ensuring that the objectives of the initiative are clearly shared with the employees, adequate training is provided and continuous support is available to ensure participation.

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