Enterprise 2.0

Rare Opportunity for CIOs

Agenda

- Background and perspective
- The context for Enterprise 2.0
  - The ascendance of the Knowledge Economy and the P2P world
  - The enterprise 2.0 adoption curve
- The voice of the customer: case studies
- Opportunities and threats for IT executives
  - How to add value in an "IT light" situation
- Enterprise 2.0 roadmap
  - 2008 action steps
  - Career enhancement tips

Background: Chris Rollyson, 20 Years of Experience with Enterprise Transformation

- Human capital transformation
  - Coached executives and specialists on thriving on economic changes
  - Built pioneering office for one of the largest human capital firms in the U.S.
- Technology transformation: the Internet and enterprise software
  - Leading role in launching Java as an enterprise solution
  - Launched one of the Midwest's first corporate Internet businesses
  - Standards-based technology, distributed computing
- Business process transformation: e-business and knowledge
  - Corporate change agent at Big Five consultancy
    - Built websites, intranets and extranets to change business processes
  - Principal and subject matter expert at Big Four consultancy
    - Led strategy engagements to advise automakers, oil, consumer products, financial services and others on creating the "real-time enterprise"
    - Business strategy for start-ups: transform industries with innovation
- Marketing & relationship transformation: consumer empowerment
  - Customer-led communications revolution: what creates value and how
  - Globalization of colleagues and customers: P2P technology, relationships
  - What will stay the same, what will change

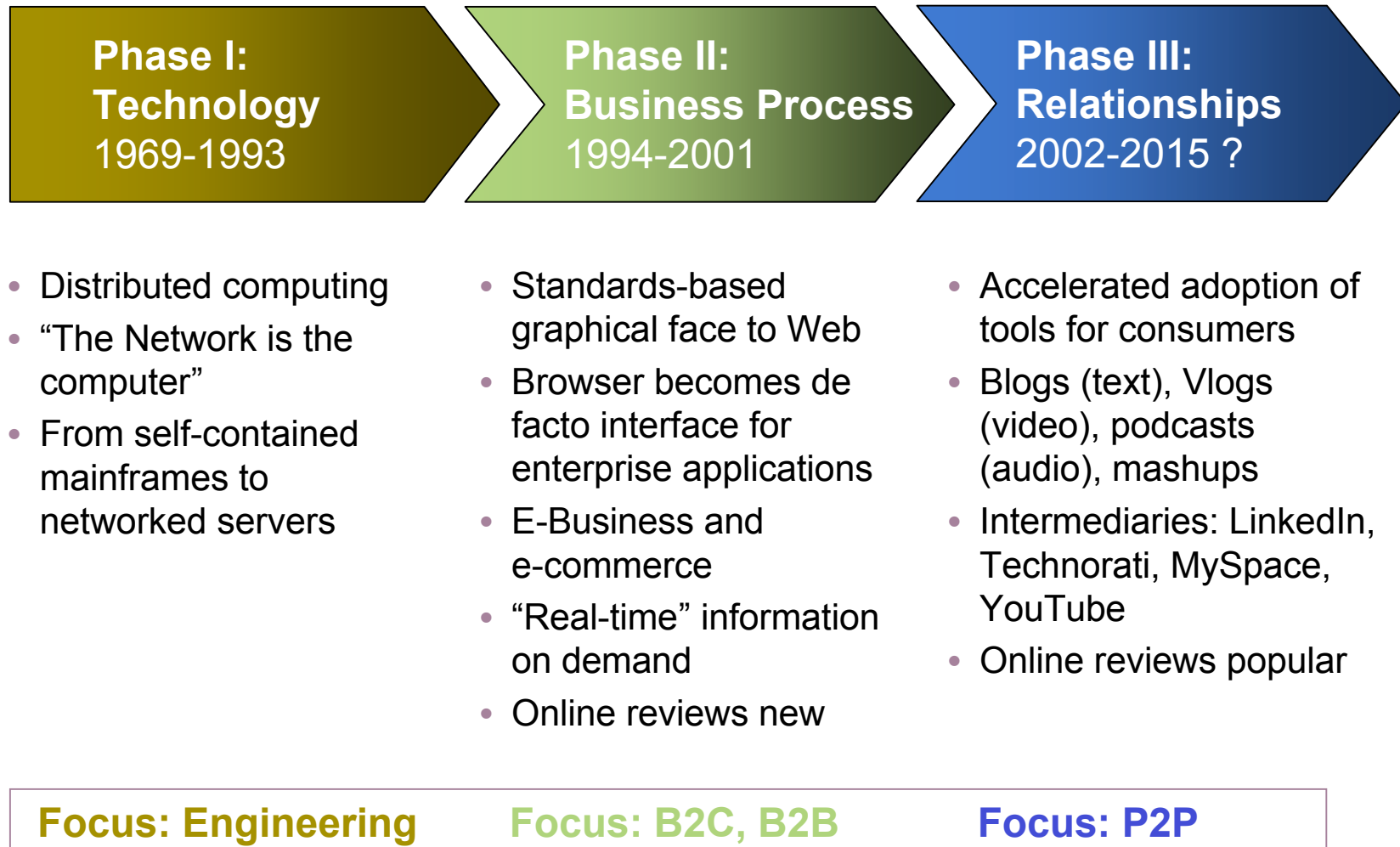Enterprise 2.0: Rare Opportunity for CIOs

The Context for Enterprise 2.0: Definitions and Drivers

- Web 2.0
  - Blogs, wikis, social tagging, RSS, mashups, pod/videocasts
- Enterprise 2.0
  - Applying Web 2.0 to the Enterprise
  - Adapting tools that were developed in the context of the consumer
- The choice for CIOs
  - Proactive: be a hero by serving as the go-to person for process, technology and culture changes
  - Reactive: respond to disruptive requests that will increase over the next 1-3 years
- Why you should care: enterprise 2.0's double value proposition
  - Costs: sharply reduces communication and administration cost
  - Revenue: increases innovation, customer stickiness, brand
  - How to partner with Marketing and add value

The Context for Enterprise 2.0: Surveys Reflect Double Value Proposition

- Economist, January 2007
  - Participants: 406 executives, 41% from the C-suite or the board
    - Average size US$2.5bn revenue from financial and professional services, life sciences, IT/telecoms and media
    - 40% in North America, 24% each in Europe and Asia/Pacific
  - Key findings
    - 38% anticipated that Web 2.0 would help them to win new customers
    - 25% projected that Web 2.0 would drive product innovation
    - 30% expected cost reductions in client service and support

- McKinsey, January 2007
  - Participants: 2,847 executives worldwide, 44% from C-suite
  - Key findings:
    - Almost two-thirds: Web 2.0 important for providing a competitive edge or to match the competition and address customer demand
    - About one-fifth using blogs to improve customer service
    - Participants adapting consumer-focused Web 2.0 to the enterprise and can already see some impact on the business.

The Context for Enterprise 2.0: The Ascendance of the Knowledge Economy

Phase I: Technology 1969-1993	Phase II: Business Process 1994-2001	Phase III: Relationships 2002-2015 ?
• Distributed computing • "The Network is the computer" • From self-contained mainframes to networked servers	• Standards-based graphical face to Web • Browser becomes de facto interface for enterprise applications • E-Business and e-commerce • "Real-time" information on demand • Online reviews new	• Accelerated adoption of tools for consumers • Blogs (text), Vlogs (video), podcasts (audio), mashups • Intermediaries: LinkedIn, Technorati, MySpace, YouTube • Online reviews popular
Focus: Engineering	**Focus: B2C, B2B**	**Focus: P2P**

The Context for Enterprise 2.0: How Customer Content is Changing Relationships

- Individuals produce and distribute written, audio and video content globally, using free Web 2.0 technologies
  - Blogs, wikis, podcasts, vlogs and social software
- Intermediaries like Technorati, LinkedIn, Wikipedia, YouTube, MySpace and iTunes provide globally accessible spaces
  - People create, edit, rate and package knowledge on any subject
- Individuals are creating collective voices
  - They can rival the reach of enterprises and government
  - Large organizations are losing control over information about their reputations, offerings and performances
- Organizations must develop new sensibilities and processes
  - Interact with people about a far wider range of topics than ever
- Individuals have a growing impact on buying decisions
  - This will also mean voting decisions

Enterprise 2.0 Examples:
Morgan Stanley

Morgan Stanley

Enterprise 2.0 highlights

- 75 Web 2.0 projects underway as of Fall 2007
- Social networking, online communication, expertise location, Q&A services
- Online client-facing social communities
- Automated process for converting email groups to online forums
- RSS and wiki pilots

Key insights

- More than 50% of Morgan Stanley's 55,000 employees are 35 years old or less; they have grown up online and have different work styles
- The new generation of workers produce more value while collaborating online; that's competitive advantage
- Enterprise 2.0 solutions are different; they're so easy to use that minimal training is required
- Key barriers: organizational/cultural resistance

"Morgan Stanley faces a choice: force the younger generation to learn the old way of doing business or adapt to new models of work and organization."

– Adam Carson, Enterprise 2.0 Solutions

Enterprise 2.0 Examples:
Wells Fargo

Enterprise 2.0 highlights

- A long-time online banking pioneer, Wells Fargo has been blazing the trail by assigning Web 2.0 to the front lines, customer-facing processes
- The bank's "hundreds of blogs" have become the most-read nonbanking pages on wellsfargo.com
- 2007 website redesign incorporates Web 2.0 features and content
- First bank with a business banking blog
- First bank with a Second Life presence and first bank on MySpace

Key insights

- All bloggers are team members who have other full time jobs
- They add blogging - writing, posting, reading, replying - on top of those jobs
- Bloggers are not communications people

"The updated Wells Fargo website takes a customer focused approach to ease access to most wanted features (and the bank has seen a) 50% increase in online applications."

– Paul Penrose, finextra

Enterprise 2.0 Examples:
Playboy Enterprises

Enterprise 2.0 highlights

- Playboy on Second Life
  - Projecting the brand, a key strategy for Playboy
  - Understanding how virtual worlds will affect entertainment as a whole
- PlayboyU social networking site
  - Members must have ".edu" email addresses
  - Member content for Playboy Radio and TV
  - Embrace consumer content and integrate it

Key insights

- Think holistically and break down silos
  - Some silos no longer serve customers
- Don't assume you know what customers want
  - PlayboyU is evolving based on customer input
  - Customers get mobilized when they know you listen
- Get in touch with your customers as people
  - Look beyond the product and the technology

"Human impulses remain the same. Technology enables people to act on them differently. The technology may change, but the impulse is a constant."

– Christie Hefner, CEO

Enterprise 2.0 Examples:
Delta Air Lines

DELTA

Enterprise 2.0 highlights

- Enterprise 2.0 is having a major impact on remaking Delta, post-bankruptcy
- Blogs have customer comments
- Answered by Delta employees
- It took months to convince senior management
- The resource impact need not be huge
    - Delta has done it with one product manager, one moderator and an outside firm for after hours

Key insights

- When you launch blogs with customer input, prepare to be overwhelmed because you will be
- Make the time to participate and respond
- There is a big generation gap
    - It is hard to explain to older managers
    - Don't give up; keep showing them the importance of being a part of it
    - Motivate them to blog, so they can understand from their own experience

"Participating in customer conversations can be an excellent driver to foster corporate change; it is helping us to be more transparent, human and caring. It's bottom-up."

– Laura R. Hunnicutt,
General Manager,
Customer Experience

Enterprise 2.0 Examples:
Procter & Gamble

Enterprise 2.0 highlights

- Innovation is a core strategy at P&G
  - How consumers use products in their lives
  - Marketing adds value to products
- P&G sources 50% of innovation from outside;
  - Crowdsource (chemical) engineering
  - Intend to do it with marketing
- Enterprise 2.0 key to innovation
  - Gen Y works this way; they are key to demand
  - It is contagious; P&G's blogs began on an old $1,500 server; now they have 200 very active

Key insights

- P&G is very data and ROI driven; however:
  - ROI is very appropriate for stable processes
  - Innovation is a different kind of process, so don't measure it like a manufacturing process
- Make innovation investments in small chucks
- People are making negative comments anyway; you might as well be in contact with it

"The worst mistake is not letting go of control; you have to let people learn, and innovation is a different learning process. You can approach it this way if you chuck investments small."

– Stan Joosta, Innovation Manager, P&G

Enterprise 2.0 Examples:
Dell

Enterprise 2.0 highlights

- External: Direct2Dell is currently a major driver in repositioning Dell in its customers' eyes
- Internal: blogs, wikis, RSS and Twitter enable motivated, passionate groups to emerge
  - People can find and energize each other
- People are Dell's secret sauce

Key insights

- Dell is very ROI-driven, but it's off the table
  - Enterprise 2.0 is supported by Michael Dell
  - Dell is leveraging it to win confidence back
- Most marketers aren't ready
  - D2D had 1.3 million members and many negative comments; Mehta was almost fired
  - Direct2Dell will be key in Dell's turnaround
- You must allow innovation to fail; if you're not taking risks, you're not innovating

"Negative comments about Dell are falling significantly: even though we can't put a price on that, we know it's valuable. It was the right thing to do, and it's working."

– Manish Mehta, Vice President, Global e-Commerce, Dell

Enterprise 2.0 Examples:
T. Rowe Price

Enterprise 2.0 highlights

- Extensive wikis, blogs, IM and chat applications
- Tagging enables emergent organization
- Measurable impact in the call center
- Wiki-based support resources refreshed in 30 minutes; the old portal required 24 hours

Key insights

- Call center representatives tag useful articles and information
- Employees at all levels of expertise can add searchable tags and comments to the complex documentation representatives use to interact with customers
- This enables "new answers" to emerge and iterate in real time

Results

- 1,500 call center employees shave an average of two minutes off of customer calls.

"If you get a question on an IRA, that info has to be accurate and findable in a few seconds… We're going to start making it more part of the fabric of the way we do things."

– Kirk Kness, Vice President, Innovation

Enterprise 2.0 Examples:
Cisco

Enterprise 2.0 highlights

- Wikis for transactions & other collaborative work
- Executives blog publicly
- Wikis are used to collectively discover and diligence high-visibility innovation proposals:
  - In 2007, Cisco has 18 innovation projects
 - Prior to Web 2.0 collaboration, they had 3 projects.

Key insights

- Wikis enable secure, granular collaboration across enterprise boundaries; they reduce (project) transaction costs significantly
- IT can, at a minimum, achieve a fraction of Cisco's results with its WebEx transaction:
  - Now multiply that by how many major projects you have.
  - Results similar for other collaborative projects

"M&A requires intensive collaboration, and the Cisco Wiki enabled us to close WebEx in 8 days. We didn't use the wiki with Scientific Atlanta, and it took 45 days."

– John Chambers, CEO

Enterprise 2.0 Examples:
Dresdner Kleinwort
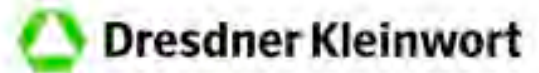
Enterprise 2.0 highlights

- Several years experience with wikis, in 3 main areas:
  - Managing meetings
  - Team-created presentations
  - Team brainstorming
- Results: wikis have put everyone on the same page:
  - Reduced cost of running meetings
  - Lower barriers between teams across silos
  - Improved product specifications and documentation

Key insights

- Wikis improve administrative and communication processes, inherent in all project team-based work
- However, these costs have rarely been measured, so quantitative results are difficult to measure
- Employees get excited and word spreads rapidly:
  - "I've found that the wiki allows you to focus on the content, rather than all the technicalities of a heavyweight document management system like Documentum."
  - "The wiki allowed us to pull all the various pieces that we needed to work on together without distributing it via email to everybody and then losing change control over it: who's merging what into where, or who's got the latest version. It's a much more effective way of working."

"We had to put together a set of slides collating information from the management team. Within 3 or 4 hours, a presentation evolved that would have taken days had it been through email and PowerPoint attachments."

–Stuart Berwick, Director

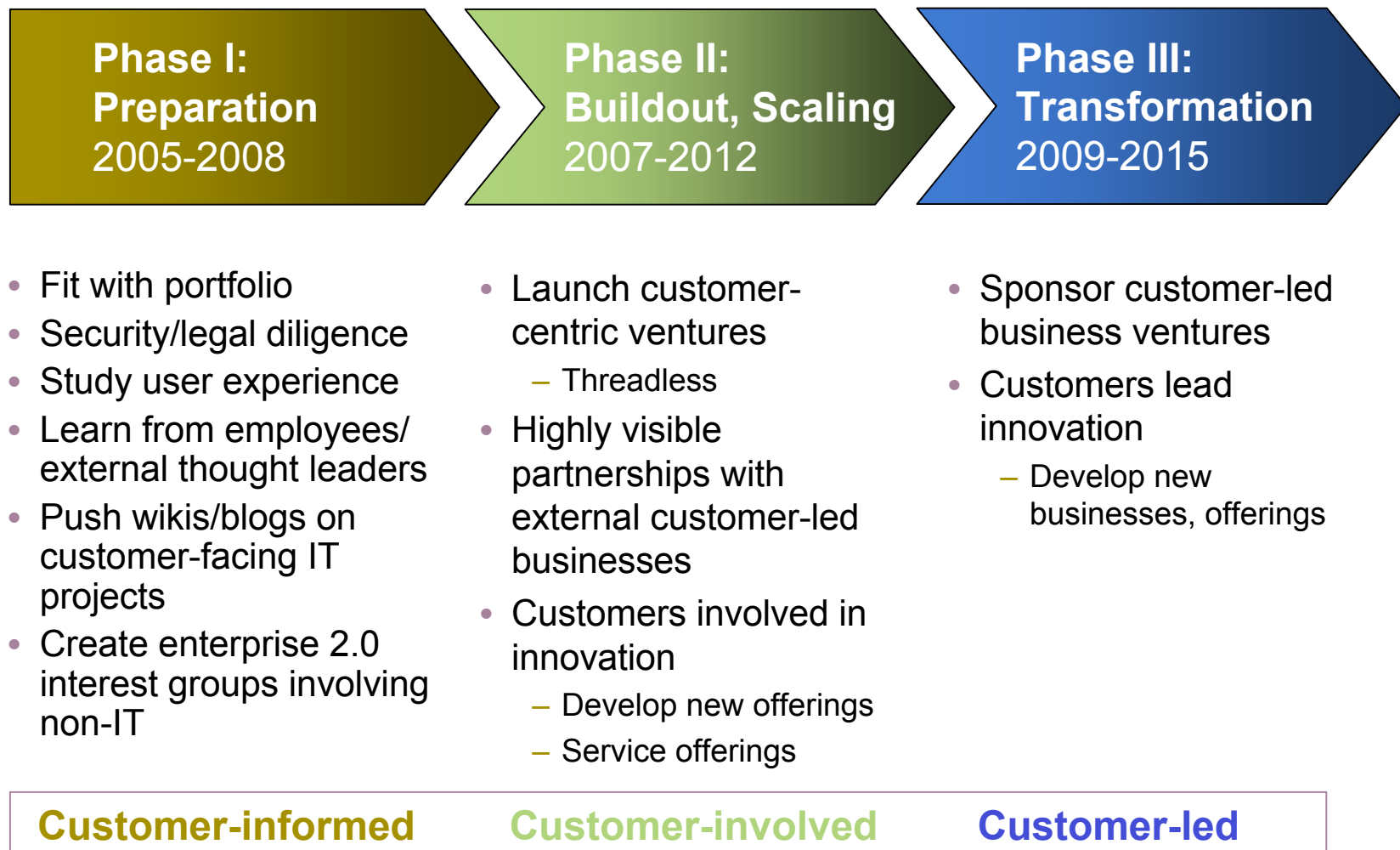# Enterprise 2.0 Examples: Diverse Revenue and Cost Benefits

*

- Cisco
  - Huge jump in speed to market and competitiveness
- Dell & P&G
  - The link to innovation
- Morgan Stanley
  - Engage the emerging workforce
- Wells Fargo
  - 50% increase in online applications
- Delta & Dell
  - Redefine/win back/win new customer relationships
- Playboy
  - Develop new businesses by collaborating with customers
- Dresdner: major efficiencies in communication/administration
  - Managing meetings, group deliverables, cross-boundary

Rare Opportunity for CIOs: **Scope of Opportunity**

- Enterprise 2.0 puts IT in a strange situation
  - It's less about technology than culture and process
  - Overcoming resistance to collaboration, sharing, innovation
  - Educate your staff to appreciate it
- Establish yourself as the go-to resource
  - Project your interest/expertise by starting a blog
  - Go pedal to the metal with wikis
  - Prepare for the mashup craze
- Partner with customer-facing groups
  - Many marketers will resist, but actively look for early adopters
  - Have resources, solutions and guidance ready; proactively suggest approaches
  - This is an excellent chance to help drive revenue
  - Have enterprise systems ready to have their resources invoked
- Leverage RSS to the hilt and save on email costs
  - Customers will grow accustomed to subscribing, so be ready
- Prepare for the mash-up craze; it's a natural extension to SOA
- Treat enterprise 2.0 as a playground, but don't be a helicopter parent
  - Resist IT's need to control by educating your staff
  - Set the needed boundaries and get out of the way
  - It's messy but make sure the kids can't do any real harm

Rare Opportunity for CIOs: Enterprise 2.0 Adoption Roadmap

Phase I: Preparation 2005-2008	Phase II: Buildout, Scaling 2007-2012	Phase III: Transformation 2009-2015

Phase I: Preparation
- Fit with portfolio
- Security/legal diligence
- Study user experience
- Learn from employees/ external thought leaders
- Push wikis/blogs on customer-facing IT projects
- Create enterprise 2.0 interest groups involving non-IT

Phase II: Buildout, Scaling
- Launch customer-centric ventures
  - Threadless
- Highly visible partnerships with external customer-led businesses
- Customers involved in innovation
  - Develop new offerings
  - Service offerings

Phase III: Transformation
- Sponsor customer-led business ventures
- Customers lead innovation
  - Develop new businesses, offerings

Customer-informed	Customer-involved	Customer-led

2008 Action Steps: **Overview**

- Observe
  - Position yourself as an early adopter, and observe what areas of the company are most interested
  - Partner with early adopters to monitor blogs and social websites
  - Conduct an impact study on enterprise 2.0 and your portfolio
- Plan
  - Proactively address key legal ramifications
  - Co-create plans to engage customers in open group interaction
  - Managing expectations is as important as ever; help marketing think through what actions your company is ready to take to address issues
- Act
  - Prepare for the mashup craze
  - Create programs that leverage employees who are active bloggers, vloggers and video contributors
  - Beta forums, blogs and community spaces for customers

2008 Action Steps: **Career Enhancement Tips**

- Consider P2P in your career planning
  - How will these trends change what you do?
  - Create a career plan independent of any firm
  - Mobility is far higher during disruptive change
- Pursue customer-focused initiatives and projects to build your skills
  - Inside work
  - Outside of work
- Invest serious effort in LinkedIn, Facebook
  - Build your own professional network
  - Reach out to people and actively help them
  - Project your knowledge with LinkedIn Answers
- Build your individual online presence
  - Participate in online forums
  - Engage with bloggers with similar interests, and start a blog

Rare Opportunity for CIOs: **Conclusions** *

- Cynics say that enterprise 2.0 is another buzzword in search of a home, but:
  - Enterprise 2.0 is in sync with the transformation of enterprise software
  - Service-oriented architecture and Web services are enabling more responsive IT, while virtualization offers a quantum leap in flexibility
  - Enterprise 2.0 is the lever to transform communication and administrative processes
- Adoption will unfold over the next four years, but may be faster than you think:
  - The technologies offer relative ease of use, affordability and interoperability
  - If competitors adopt more quickly, it could disrupt your business
- Perfect disruptive storm
  - Enterprise 2.0 means a leap in interoperability, fungibility and malleability
  - It pairs with new global workers who are native with digitally-enabled collaboration
  - They comprise "young" workers in mature markets as well as a more numerous group, tech-enabled workers in emerging markets
- Digital collaboration will be a core competency for driving competitiveness
  - It holds the key to leveraging the global workforce for innovation and cost savings
- Early adopters stress that quantifying results is difficult
  - Communication and administrative activity is rarely quantified; there's no baseline

Additional Information

Contact Information

- Christopher S. Rollyson, Managing Director CSRA
  - chris@rollyson.net
  - Skype: csrollyson
  - +1.312.925.1549
  - http://rollyson.net

Additional thought leadership

- The Global Human Capital Journal
  - Focus on global P2P relationships, strategy and transformation
  - How to thrive in "The World Is Flat" environment
  - CIO CTO channel
  - http://globalhumancapital.org