



Social Network Roadmap

Web 2.0 Investment Strategy

Outperform Rivals by Using Adoption Curve

University of Chicago Booth, 19 October 2009



Agenda

- One: Web 2.0 and the Enterprise
 - The opportunity and the challenge
- Two: The Web 2.0 Adoption Curve
 - How most of the market will adopt, at a high cost
- Three: A Web 2.0 Investment Strategy
 - How you can adopt, at a lower cost by using the Web 2.0 Adoption Curve

My Perspective



- 20 years experience as management consultant and line executive
- Expertise: disruptive innovation, strategy and transformation
- Strategy and execution for game-changers: Java, e-business, SOA, Web 2.0, social networks
- Thought leader: 3 blogs in global top 10





What I've Learned about Technology Disruptions

1. In the beginning: small and fringe-y
 - “Oh, - - - , my kids do that”
 - “That’s for overcaffeinated people with too much time on their hands”
2. Isolated upsets and denials
 - “- - -, no real company is going to (do business on the Internet)”
3. Tentative consideration
 - “We may need a website--but only for some departments”
4. Full acceptance
 - “We need websites for most of our businesses”
 - “Why don’t we build private websites for customers and partners?”

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Web 2.0
and the
Enterprise

Social Networks & Web 2.0: Why the Disruption?

- Many-to-many
- Rich asynchronous
- Social ecosystem
- Expertise economy
- Real-time, global
- Inexpensive
- Specific
- Digital, Fast



The Relationship Life Cycle: Plummeting Transaction Costs across the Board

1. Discovery

- Finding people with highly specific interests & needs
- Digital breadcrumbs everywhere when you know where to look

2. Invitation

- Initiating a relationship asynchronously
- Practice authenticity and transparency

3. Building

- Developing relationships with interactions
- Focus on building trust

4. Management

- Keeping up my relationship via meaningful interactions
- Online to prequalify
- Offline to build highest value



Social Networking Meets the Enterprise

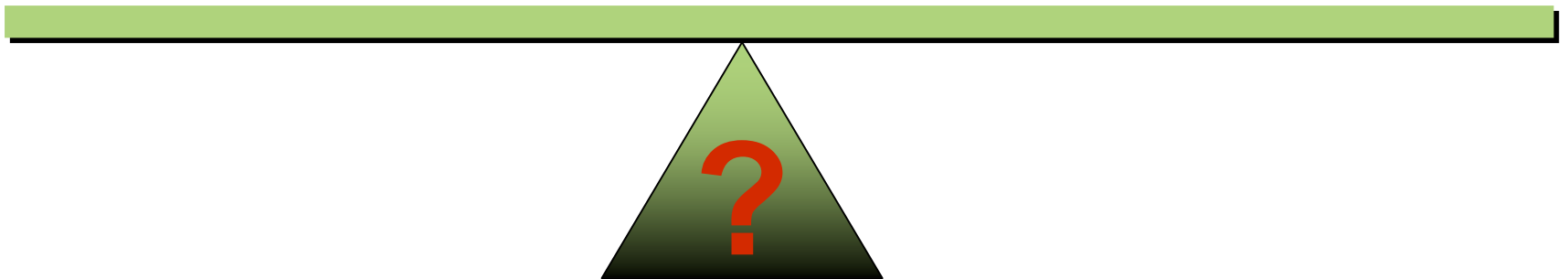
Enterprise

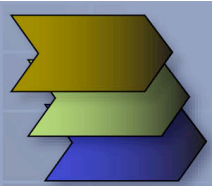
- Process-oriented
- Organization
- Involuntary
- Channels, slow
- The multiplicities of push
- Structured, siloed



Social Networking

- People-oriented
- Collaborative
- Voluntary
- Transparent, fast
- Infinite pull, with strings
- Cross-boundary, emergent





BIG Idea

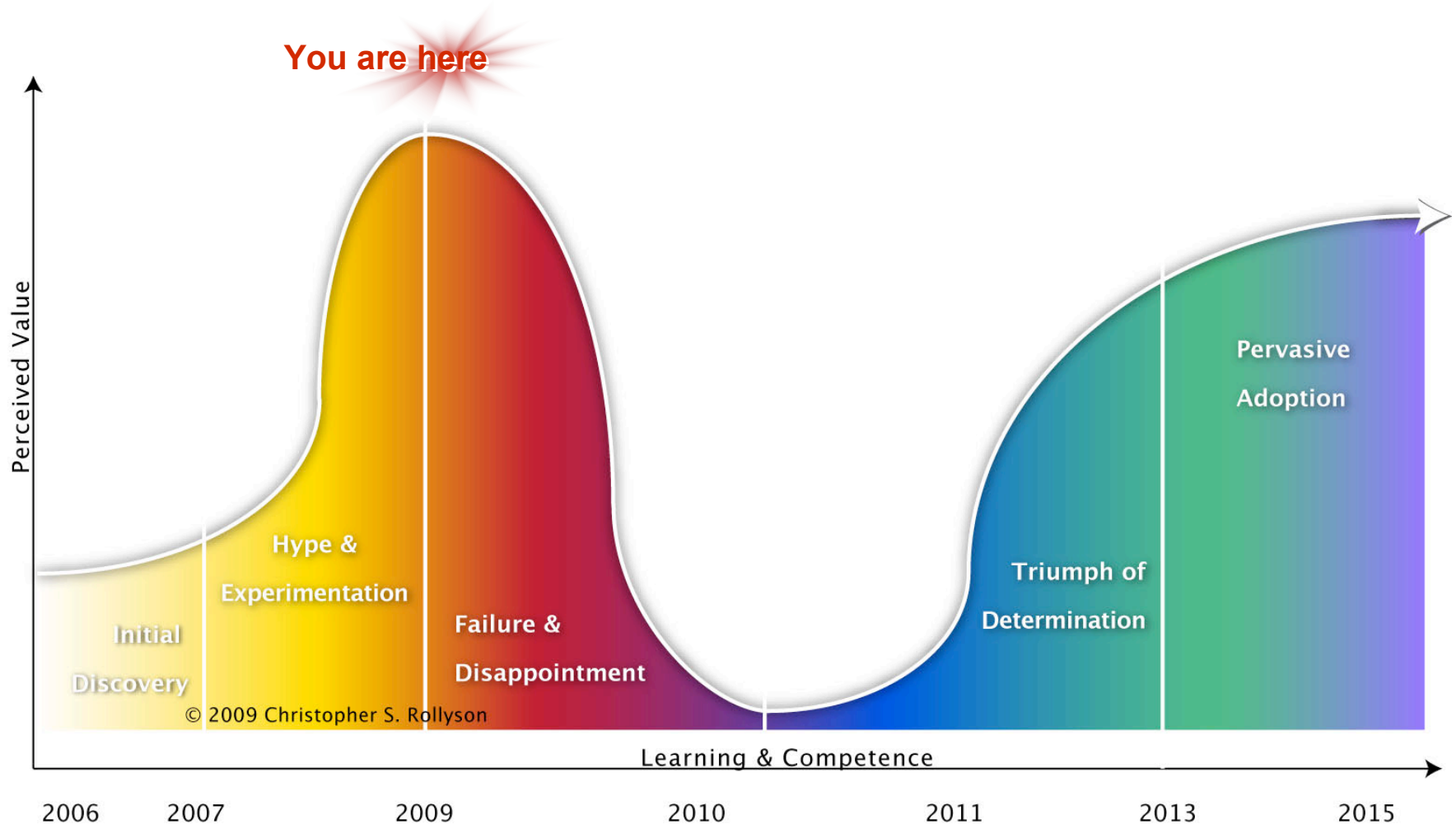
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Web 2.0
and the
Enterprise

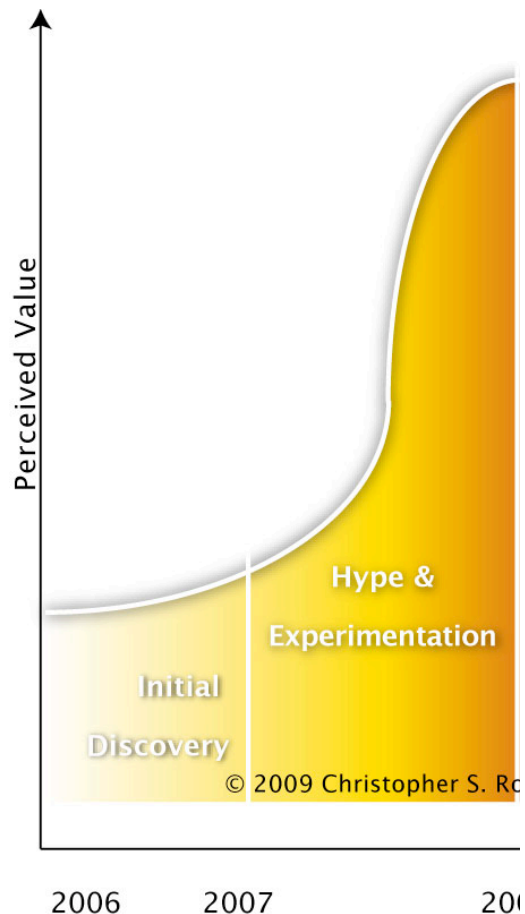
*Web 2.0 will transform
business because it
changes the economics of
relationships... but it's work
to adapt to the enterprise*

The Web 2.0 Adoption Curve, 2009-2015



How most of the market will evolve through 2015

Discover, Hype & Experimentation, 2006-2009



“Irrational exuberance”

- Shiny new toy: “cool”
- Provider-driven marketing
- Superficial stories
- Not much responsibility
- No down side
- Meaningless “metrics”
- Widespread talk of investment

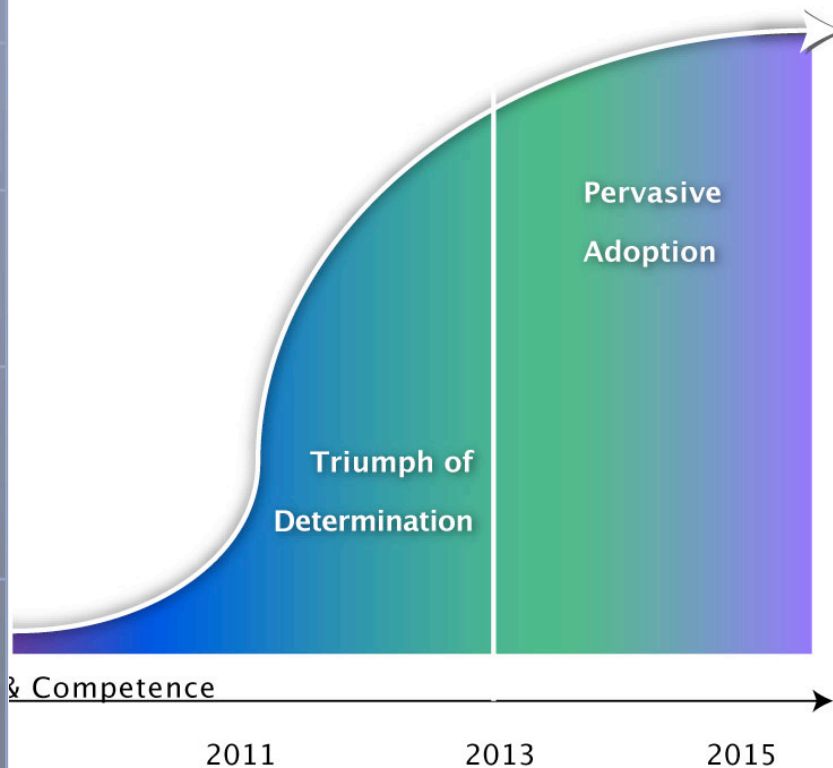
Failure and Disappointment, 2010



“Ignorant criticism”

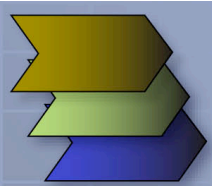
- Demotion from silver bullet status
- Mainstream media backlash
- Disillusionment with “ROI”
- No solid up side
- “Harder than we thought”
- Widespread de-investment

Triumph and Pervasive Adoption, 2011-15



“Maturing investment”

- Relationship-oriented
- Money follows trust
- Specific programs
- Digital social networks enable more communication
- Widespread ROI models
- Increased competition for attention



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Web 2.0
Adoption
Curve

The adoption pattern is very predictable... just reflect on other disruptions you have seen



Risk Mitigation Enables More Aggressive Adoption

Obvious Web 2.0 Risks

- Negative word of mouth
- Embarrassment by not being “with it”
- Loss of brand value due to competitor success

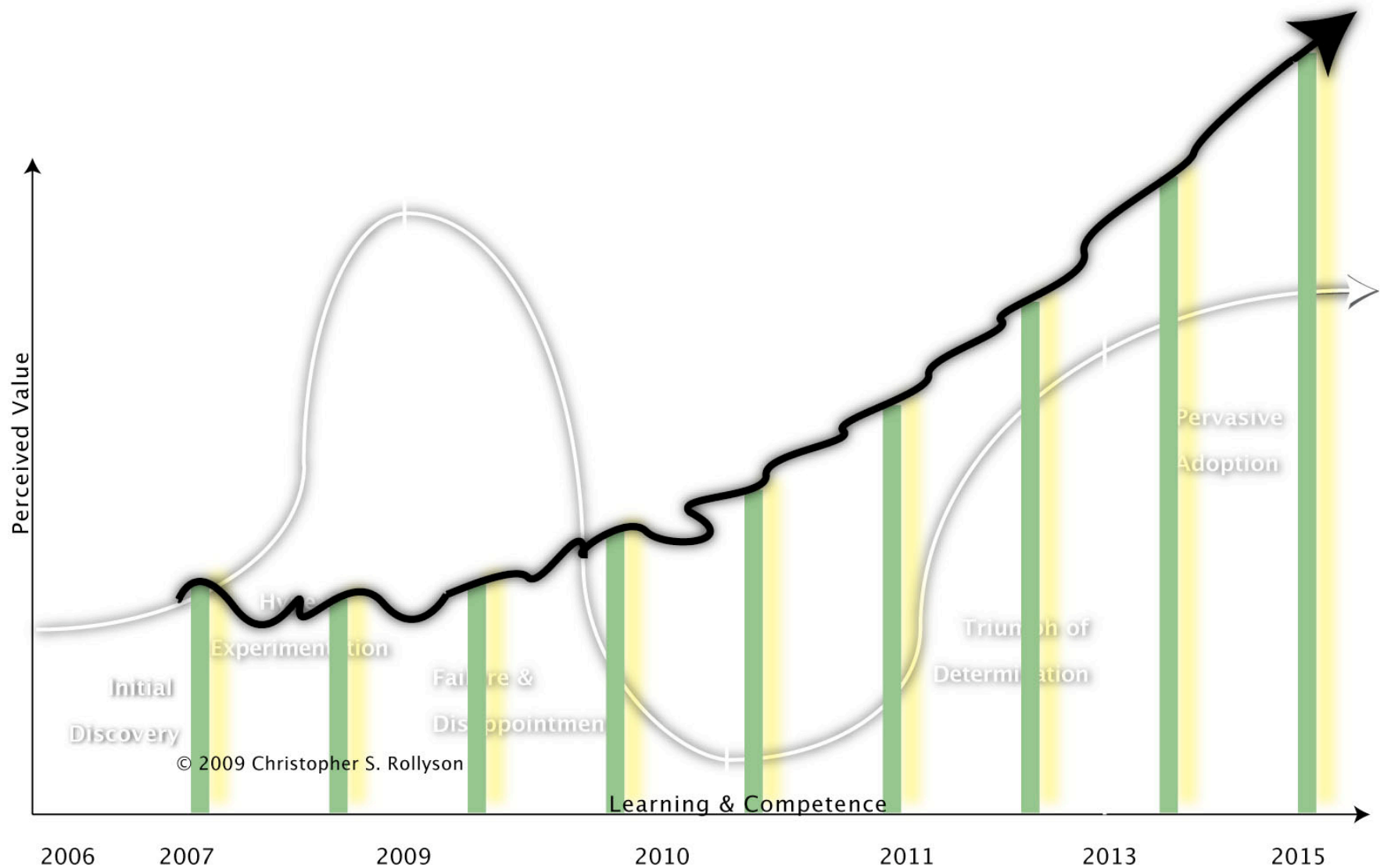
Overlooked Web 2.0 Risks

- Opportunity cost
- Loss of competitiveness due to inferior collaboration
- **Investment mismanagement & under-investment**

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Web 2.0
Investment
Strategy

Using the Adoption Curve to Outperform Rivals



The power of risk mitigation



Risk Mitigation Approach

The Stages

- **Assess**
 - Match goals with organization and stakeholder realities
- **Pilot**
 - Try social networking initiatives in small chunks to manage risk
 - Learn & iterate in short cycles
- **Scale**
 - Expand elements of effective pilots, expand scope and scale
- **Integrate**
 - When you stabilize social networking processes, integrate them with legacy

Techniques

- **Rapid cycles**
 - Short feedback loops enable fast correction, less waste
- **Transparency and inclusion**
 - Involve legal, PR, revenue owners and accounting early
- **Focus on external and internal stakeholders**
 - External focus on workstreams within the ecosystem
 - Explicit focus on change
- **Budgeting**
 - Structure pilots to minimize need for normal ROI process



Avoiding Common Pitfalls

- Leading with technology
 - Technology imposes process on people and they don't adopt
- Having fuzzy, non-actionable goals
 - Results harder to track, and your initiative loses support
- Focus on what your firm needs rather than stakeholders
 - SHs will not be stimulated and will not engage
- Chunking innovation too large
 - Spend too long on ROI discussions
- Depending too much on experts and vendors
 - Web 2.0 is core; it needs to become your O/S
- Falling into the efficiency tech trap, not using portfolio
 - Letting a monolithic tech solution be everything to everyone

PITFALLS

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Investment Process

1. Begin with due diligence
 - Be explicit: what stakeholders do you want to engage?
 - Understand the ecosystem: where do they interact most?
 - Motivations: what is important to them?
2. Assess your capabilities
 - What meaningful expertise can you contribute consistently?
 - Identify organizational risks and barriers
3. Start with small-but-important pilots, and measure constantly
 - Small to manage cost risk and minimize ROI discussion
 - Measure/adjust to catch mistakes quickly
 - Build to last, and propagate skills



Example Pilots

- Blog outreach program
- LinkedIn Group
- Microblogging
- Facebook Group or Page
- Cause-focused community
- YouTube campaign
- MySpace Site or Group

Blogging



White Label



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Example: Social Network Roadmap Pilot

Phase 1: Web 2.0 Ecosystem Audit

- Assess Web 2.0 environment
- Identify stakeholder characteristics
 - Internal
 - External
- Web 2.0 analysis
- Influencer analysis

Phase 2: Web 2.0 Readiness

- Define stakeholder activity/workstreams
- Understand firm USP and how transfers to Web 2.0 venues
- Assess resources to engage stakeholders
- Measure gaps

Phase 3: Web 2.0 Implementation

- Design pilots to mitigate risk
- Fast cycles with rapid feedback
- Small investments
- Portfolio approach
- Knowledge transfer focus

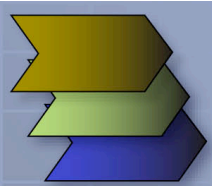
Requirements for Pilots

End State

Ecosystem vision

Stakeholder vision

Pilot design



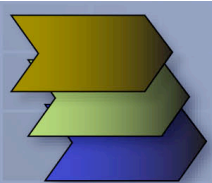
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*Web 2.0 is 21st century
dialtone: adoption is a
strategic necessity...
getting this right will
determine winners*



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Web 2.0
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Resources to Help

- **The Social Network Roadmap**
 - Helps companies use Web 2.0 for innovation
 - <http://socialnetworkroadmap.com>
 - Currently rated #1 worldwide by Technorati
- **The Global Human Capital Journal**
 - CEO/CMO/CIO journal for innovation
 - Currently rated #10 worldwide by Technorati
 - <http://globalhumancapital.org>
- **The Executive's Guide to Web 2.0**
 - EGLI blog currently rated #4 worldwide by Technorati
 - EGTW management advice for Twitter, blogging
 - EGFB management advice for Facebook
 - <http://executivesguide-web20.com>
- **Social networks**
 - <http://www.linkedin.com/in/csrolllyson>
 - <http://www.facebook.com/csrolllyson>
 - <http://myspace.com/csrolllyson>
 - <http://tinyurl.com/orkut-csrolllyson>
 - <http://tinyurl.com/xing-csrolllyson>



Microblogs

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<http://twitter.com/egtw>
<http://twitter.com/egfb>
<http://twitter.com/csrolllyson>
<http://twitter.com/snroadmap>
<http://plurk.com/user/csrolllyson>
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<http://csrolllyson/tumblr.com/>
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Other

skype/IM - csrolllyson
iphone - chris@rolllyson.net
iphone +1.312.925.1549