

## WHITE PAPER

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### **Becoming a Social Business: The IBM Story**

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Erin Traudt

Richard Vancil

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### **IDC OPINION**

The rise in consumer-oriented social networking applications and platforms over recent years has drawn curiosity from enterprises both large and small. IDC believes that curiosity has turned into business opportunity as the lines between consumer and enterprise continue to blur. Unfortunately, adoption of social software in the enterprise has encountered some skepticism due to the hype surrounding the technology and the perception that it is the younger generations' means for socializing with friends. It has also been criticized as being a waste of time. Yet there is evidence to suggest that this doubt is shifting and that enterprise social software is becoming the next generation of collaboration tools to enhance organizational productivity.

In fact, social software deployed within enterprises of all sizes has started to gain momentum and move beyond the early adopter stage. According to IDC's *Social Business Survey* conducted in September 2010, 41% of respondents indicated that they have already implemented an enterprise social software solution and 35% of survey respondents believed that using social software made them more productive. When IDC asked how much time respondents saved by using social software as a productivity tool, the majority revealed that they experienced an 11–30% in time savings. Additionally, the fastest-growing segment of the collaborative applications market is the emerging social platforms category. The social platforms market achieved \$370 million in 2009 and will reach nearly \$2 billion by 2014, representing a compound annual growth rate (CAGR) of 38.2% over the forecast period.

Both survey results and market factors indicate that social software adoption is increasing, but it is also important to understand that implementing social software technology itself will not produce radical changes in the established collaboration practices of organizations. Instead, IDC views social software as an enabler to the cultural shift and business process changes that need to take place in order to transform a company into a social business. This journey toward becoming a social business is not without challenges and takes time, effort, and commitment. However, the positive outcomes can translate into a more open, efficient, and innovative organization that has deeper employee and customer relationships, quicker decision-making capabilities, and speed-to-market potential.

### **METHODOLOGY**

To help illustrate the impact that social business transformation can have on an organization, indeed a very large organization, IDC partnered with IBM to help convey its evolution toward a more efficient and productive company. To understand the

varying elements of social business transformation, IDC interviewed nine leaders at IBM in various departments and roles to obtain a multidimensional view of the different business problems, justification, process, considerations, outcomes, as well as benefits and challenges associated with a large enterprise of 400,000 global employees undergoing this transition. The interviews IDC conducted included the following participants from IBM:

- ☒ Luis Suarez, BlueIQ Community Manager, IBM Software Group, IBM Spain
- ☒ Jeanne Murray, BlueIQ Consulting IT Program Manager, IBM Software Group
- ☒ Luis Benitez, Social Software Product Manager, IBM Software Group
- ☒ Darrel Rader, Services, IBM Rational
- ☒ Robert Flaherty, Software Group Architecture Board, IBM
- ☒ Alice Chou, Director, IBM developerWorks
- ☒ Rawn Shah, BlueIQ (Metrics and Measurement), IBM Software Group
- ☒ Barb Mathers, Program Director, Information Development Center, IBM
- ☒ Guy Pacitti, HR Director, IBM Collaboration Solutions

## **IN THIS WHITE PAPER**

In this White Paper, IDC explores example case studies of IBM's internal evolution to a social business as a means to guide other large organizations considering making a similar transition. Out of the nine interviews conducted, IDC has selected three interviews to highlight as case studies. These case studies provide the context and business challenges that made change necessary, social business transformation project plans and initiatives, and the results and current status of each department's social business journey.

## **SITUATION OVERVIEW**

IDC defines social business as organizations that apply emerging technologies like Web 2.0 accompanied by organizational, cultural, and process changes. This is done to improve business performance in an increasingly connected global economic environment. A social business centers on "people as the platform," and it acknowledges that individuals and businesses collaborate in different ways. IDC believes that the cultural impact and business benefits of a social business approach include:

- ☒ Deeper relationships with stakeholders, including customers, employees, partners, and suppliers
- ☒ More organizational transparency and agility

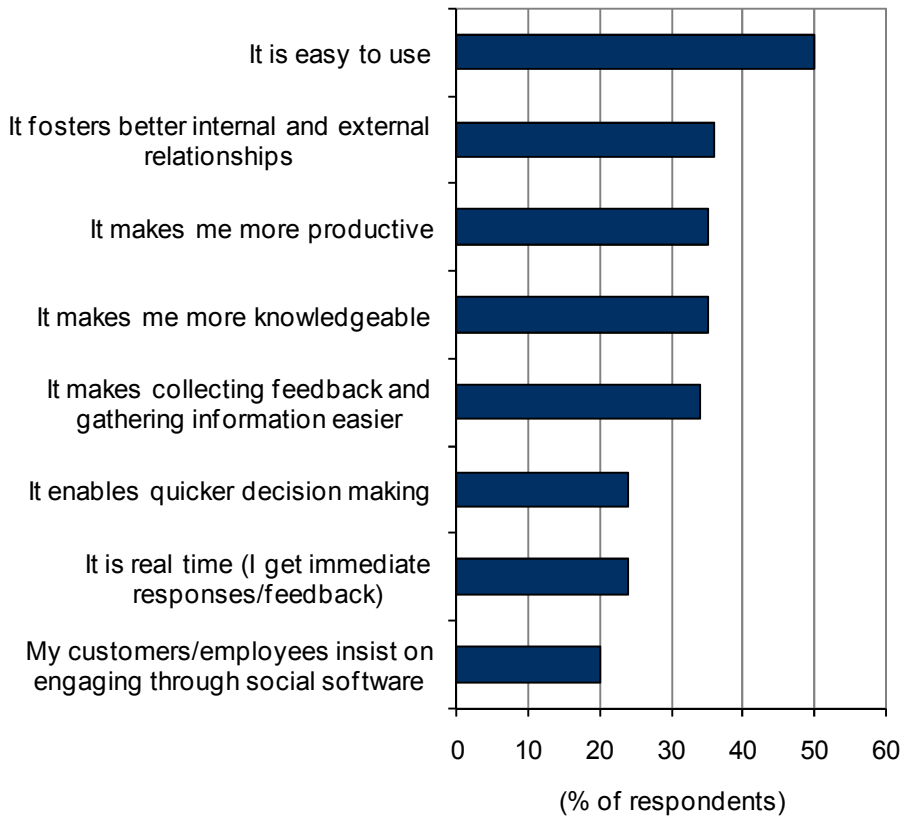
- ☒ Higher productivity and satisfaction among employees
- ☒ Increased engagement and feedback from customers
- ☒ Accelerated innovation and better intellectual capital reuse

Figure 1 highlights additional benefits of using enterprise social software solutions from IDC's aforementioned *Social Business Survey*.

**FIGURE 1**

The Benefits of Using Enterprise Social Software

Q. In your opinion, what are the key benefits with using social software?



n = 700

Source: IDC's *Social Business Survey*, September 2010

The term social business also recognizes that there is a broader effect on organizations than just the sales or marketing department. While sales and marketing professionals have been at the forefront of using social software to gain better understanding and cultivate deeper relationships with customers, they are only part of the social business transformation equation. Employing social software can impact a

range of departments across an entire company, including finance, product development, engineering, research and development, services, human resources, facilities, and legal, among others. No matter what department or role, using social software can help achieve greater business results through fostering better collaboration practices inside and outside the enterprise.

IDC believes that any organization wishing to become a social business needs to understand the different elements that constitute such a change. To help illustrate the multiple dimensions of social business transformation, IDC has created a framework to describe the functions, characteristics, and objectives of a social business. The social business framework is made up of four key fundamentals:

- ☒ **Market factors** such as competition, brand awareness, customer behavior (i.e., the social customer), economic conditions, and workforce dynamics are highly variable external issues that drive business change.
- ☒ **Social business objectives** are closely linked to overall business goals and strategies associated with four business stakeholders — customers, employees, partners, and suppliers — and their desired relationship.
- ☒ **Social business outputs** are the vehicles used to interact and collaborate with designated stakeholders. These vehicles fall into two distinct areas: content (such as social media) and community (such as social networks).
- ☒ **Social software** includes a variety of emerging technology to enable social business activities. It is segmented into three types: social platforms, social applications, and social features.

Therefore, the process of implementing any social business initiative or project should follow these steps:

- ☒ Identify the market factors that are generating the need for change.
- ☒ Recognize the social business objectives that need to be accomplished and why they are important.
- ☒ Establish the social outputs that will be used to support the objectives.
- ☒ Determine which platforms, applications, and/or features will be needed to create the desired outputs.

In the next section of this White Paper, IDC investigates how IBM incorporated these four steps as part of its own internal social business transformation process.

## CASE STUDIES

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### **IBM developerWorks: Providing Developers with a Dynamic Forum for Technical Content and Information**

#### ***Business Context and History***

IBM developerWorks is an established technical resource that has been dedicated to IBM's global developer community since 2000. It is designed to provide the developer and IT professional ecosystem with knowledge, education, and skill development for IBM products and other key technologies. The community today receives 4 million unique visitors per month who have access to a library of 30,000 articles, podcasts, and tutorials. It is estimated that more than 70% of site visitors come from outside IBM. Of these visitors, 41% are application developers, 18% are IT project managers, 17% are network and system administrators, and 10% come from academia (faculty or students).

At the heart of developerWorks is its content, and the growing site traffic is the best validation of that mission. In the words of Alice Chou, Director, IBM developerWorks, "One of the pieces of feedback from our user base is that they appreciate us most because of the quality content and volume of content we produce. We have about 100 new articles that we publish every single month."

Because content represents the core of developerWorks' success, article contributions are sourced equally from both IBM and non-IBM community members. Chou recognizes that the developer community highly values "independent" content that is provided by its peers — even more than it might value content that is produced by IBM. With its rich and growing library, developerWorks has emerged as a valuable resource for enhancing IBM's ecosystem with technical expertise.

#### ***Becoming a Social Business***

Due to the changing ways that people have collaborated over the years and the impact of consumer-oriented sites such as Facebook and Twitter, IBM developerWorks began to look at other ways to serve its audience. In April 2009, IBM introduced My developerWorks, the social networking component to its developerWorks site. My developerWorks, built entirely on IBM Connections, is designed to help developers connect, communicate, and collaborate on projects. In less than two years, 600,000 My developerWorks profiles have been created, representing the most engaged members of IBM's ecosystem. Through establishing a profile, members can contribute to blogs and forums, but according to Chou, "One of the most impressive things about [My developerWorks] is that it really facilitates different companies, start-ups, and partners coming together. We've occasionally even seen them come together to work on a specific customer deal where each is providing different components to the deal."

### ***Results, ROI, and Outlook***

Chou rigorously monitors the number of My developerWorks profiles and the volume of developerWorks site traffic, including unique visitors, developer demographics, time spent on the site, and pattern of page views. But perhaps one of the biggest value points for IBM is that developerWorks has deflected numerous support questions that might otherwise be directed to traditional and costly channels like call centers. IBM estimates that it is saving approximately \$100 million per year in support costs as a result.

But cost savings is a side benefit to the longer-term investment around building skills. Chou noted, "For example, you can't really put an immediate ROI on providing skills to students graduating from school, but associating positive experiences with IBM technology early on means that as they progress through their careers, they could be very influential in purchase decisions down the line."

Successful ecosystems continually evolve, and looking forward, IBM would like to continue improving the developerWorks community by creating a reward and recognition framework. Chou stated, "Our hope is to provide a structure and program for [developers] so they can be incentivized to be more generous with their time and engagement on developerWorks to give them greater visibility. So when they are helping out another person with a technical issue or they are contributing to a highly rated article or blog, we want to make sure they get the kudos they deserve."

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## **From Individual Contributor to Community Manager: Evangelizing Social Software from the Inside Out**

### ***Business Context and History***

Luis Benitez, Social Software Product Manager, IBM Software Group, joined the company nine years ago as a developer and has since held positions in the consulting organization as well as in the technical sales organization. Currently, Benitez is in product management for IBM Connections and Lotus Quickr, is involved with the BlueIQ program, and leads the IBM Collaboration Solutions Social Software community. He originally began using social software during his consulting role at IBM. While Benitez was frequently traveling and visiting new customers all over the world, he was finding it hard to stay organized and keep track of his work. Benitez said, "Personally, one of my own challenges is that as I went to each customer and created new intellectual capital, I was having a hard time finding and reusing that intellectual capital that I knew existed."

Benitez had already begun blogging personally outside work and realized that an internal blog at IBM would be a way for him to arrange his ideas, thoughts, and experiences. From then, Benitez started to blog about his customer projects and activities, including the successes and challenges being encountered. IBM had existing blogging tools as early as 2002 as well as a social bookmarking service that was available in 2005. In 2006, Benitez was using the code that was the precursor to Connections that came out in 2007. Also in May 2005, IBM established its Blogging Policy and Guidelines, which Benitez viewed as encouragement for employees to use social software not only inside but also outside IBM.

## ***Becoming a Social Business***

The company's Blogging Policy and Guidelines were developed by IBM bloggers themselves. The bloggers set up a wiki and over the course of two weeks established principles about how they would feel comfortable using social software. The guidelines were brought to the legal department and corporate communications team for approval. According to Luis Suarez, BlueIQ Community Manager, IBM Software Group, IBM Spain, "If you read the IBM guidelines, one of the things that comes to mind is common sense. They are all common sense. So what we did was publish them to the world, not just to IBM, but to anyone out there who was interested in using social software." In 2008, the guidelines were revised and called Social Computing Guidelines. These guidelines are now incorporated in the business conduct guidelines on which all IBM employees need to be certified annually. For many, this was a sign of validation from IBM, and the fact that these policies were created by IBM employees rather than senior management serves as testament to the cultural shift that can occur through social business transformation.

IBM's Social Computing Guidelines are frequently updated to reflect changes in worker and market dynamics. The most recent revisions were in 2010 to accommodate the rise in new social software technologies such as geolocation tools. These guidelines, which are publicly available from IBM, have also served as a template for other companies looking to form their own social media policies and can be found at [www.ibm.com/blogs/zz/en/guidelines.html](http://www.ibm.com/blogs/zz/en/guidelines.html).

It took some time for Benitez to make his "own culture change" using social software. Benitez admits, "I was always raised with the belief that knowledge is power. So when I started using these tools, I was pretty afraid of sharing too much because that meant other people could be as smart as I was, which could imply a loss of power status because they already have all of my knowledge. What I quickly came to realize is that it is not really about knowledge is power, but rather knowledge *shared* is power." From his blogging efforts and contributions, Benitez received more exposure across IBM, including in Latin America, Europe, and Asia/Pacific. As a result, Benitez believes that his past two promotions were related to his contributions using social software.

As leader of the IBM Collaboration Solutions Social Software community at IBM, Benitez gets to combine his product knowledge and blogger experience to help other members adopt social software technology. Started in 2007, the IBM Collaboration Solutions Social Software community is an internal group of people that has grown from 200 to 2,000 members in the past three years. To help create and maintain a vibrant and active community, Benitez first gained commitment from different subject matter experts. He recruited Distinguished Engineers (who are the second highest ranking technologists at IBM behind IBM Fellows) to be community contributors on a weekly basis as well as representatives from product management, sales, and consulting. Benitez also made sure that he had global involvement from the United States, Europe, and Asia/Pacific to help support the effort.

Benitez conducted one-hour weekly meetings with the community that included an open agenda. Because Benitez wanted the meetings to be focused strictly on what the members wanted to discuss, he would seek topics from participants at the beginning of the call and address the questions accordingly. In addition to a weekly

call with community members, Benitez created a monthly newsletter that appears on a blog and is distributed via email to participants that summarizes community activities for that month. This ensures that members are engaged through multiple channels. Benitez also made the community dependable and trustworthy by creating consistency. In Benitez's opinion, communities cannot have long periods of inactivity; otherwise, they will be deemed unreliable and will risk abandonment.

### ***Results, ROI, and Outlook***

Benitez has seen and personally experienced a lot of benefits relating to IBM's social business transformation. According to Benitez, "I definitely feel a lot more connected with my colleagues ... with so many people working remotely, there is no longer the watercooler chats or even the chats that would typically happen in the lunch room or the break room where you would get to learn about new opportunities that were happening. I think one of the positives about this [social business transformation] is to have insight into what is going on across the entire enterprise and, if you can, provide your skills or offer up your skills to help your colleagues even though they may be in a different division or different department."

Another benefit Benitez observed was the reduction in email. IBM, like many other companies, has email quotas, and therefore mailing large file attachments can quickly put employees in "mail jail." This can temporarily destroy productivity as workers are sidetracked into cleaning out their mail folders before they can send or receive new email. Instead of using email to send and store files, employees are using social software to distribute attachments as well as find information and expertise in a single location. Benitez himself used to get 100 emails a day and now receives 10–15 emails daily. In his view, "We are going to learn how to use email correctly." Whereas email has largely become a content repository over the past 40 years by default, social software has emerged as a way for individuals to unlock information, contribute ideas, and find answers in near real time. These differences will help provide a better experience with email because email will finally be used for what it was originally intended: a messaging and notification system.

A shift from formal to informal learning has also taken place. "With this platform, it really does feel like it is a lot more informal learning, or learning just in time, where I am actually leveraging all of this transparency from my executives and I can actually see challenges and I can see roadblocks that they are facing with their customers, and at the same time, I can see what my peers are learning and my colleagues are working on and so forth," said Benitez.

Benitez believes that in the future, social business transformation will finally allow organizations to recognize employees as their most valuable assets. He said, "I often hear that lots of companies say that employees are the most valuable asset that they have, but they never had a way to actually enable their employees to become their most valuable assets. I think a social business is one where truly all the employees are the most valuable assets in the organization because it is all going to center around what the employees are doing. I think that is definitely part of what is coming."



## **BlueIQ: Raising the Collective Intelligence of IBM**

### ***Business Context and History***

To effectively compete in today's dynamic, global business environment, companies need to ensure that their critical resources — people and information — are readily accessible and easily found. For a salesperson in particular, relationships and product knowledge are the foundation to success. As IBM expanded into new markets, acquired software companies, and extended its partner network, sales teams were finding it more difficult to find experts and information inside the company in a timely manner.

Concurrently, as social software capabilities started to emerge inside and outside the company, customers and employees alike were seeking knowledge about and experience with social software. IBM realized that its client-facing teams were on the front lines for engaging in meaningful conversations with customers about this emerging technology and that it needed to equip these teams with the skills and experience to drive business growth.

### ***Becoming a Social Business***

Realizing that these pain points were creating inefficiency among client-facing teams, IBM established a social business project in 2007, code-named BlueIQ. The BlueIQ program was funded and sponsored by Steve Mills, Senior Vice President and Group Executive, IBM Software and Systems, who wanted to help client-facing teams be more productive through the use of enterprise social software. The BlueIQ team consists of eight worldwide employees who have been tasked with enablement, education, consulting, support, mentoring, and coaching of IBM employees on how they can use social tools in their daily work to help them improve collaboration and share knowledge across the company. At first the target audience for BlueIQ was 16,000 traditional salespeople and technical salespeople (populations that historically do not share knowledge or relationships due to perceived impact on quotas and commissions). Based on the viral adoption of the initial program, BlueIQ extended support to IBM's 400,000-plus workforce.

Because IBM has had different social software tools available since 2001, either in pilot form or in full production, finding the technology infrastructure to support a social business transformation was not far from home. Within the past year, Connections and IBM Lotus Sametime have become the primary collaboration solutions used within the company because they contain many capabilities such as profiles, blogs, wikis, file sharing, communities of interest, and social bookmarking, among others. With the business justification and technology in place, BlueIQ began to devise a strategy. According to Luis Suarez, IBM's top internal lead evangelist for BlueIQ located in Spain, "What we did is focus on the type of business transformation we wanted to promote, which was to get people to stop thinking about working in silos and working in small teams and make the transition into becoming a lot more open and transparent in what they did." BlueIQ also had the objective to help IBM employees understand the greater impact their work could have on the broader company by making their ideas and work products available to be shared.

Based on earlier work that had concluded that IBM needed a collaboration ecosystem, BlueIQ designed a project plan including an enablement program focused on education. The team identified 20 tasks that workers regularly accomplished and mapped how workers could then accomplish those same tasks using social software. These 20 tasks were originally identified through research conducted by IBM that revealed the pain points associated with specific job roles as well as the tasks and workflows that could benefit from more collaborative practices. Using this information, the BlueIQ team also created a more focused "Jump Start" engagement that was designed to help smaller teams make the transition from traditional collaboration tools to social software. In these types of engagements, the BlueIQ evangelists typically educate and train smaller teams over the course of three to six months on behavioral change in addition to using social software to complement existing collaboration tools.

One of the realizations made by the BlueIQ team early in the process was that wide-ranging community involvement and outreach was going to be extremely valuable for broader IBM social business transformation. The team established a community of 1,600 people in 50 different countries to help nurture various communities across the company and demonstrate the benefits of social software. These 1,600 BlueIQ Ambassadors are volunteers and represent a dedicated group of IBM employees who are truly passionate about spreading the value of social software. Suarez added, "So where we had started with a broader approach towards evangelism on these tools, the ambassadors are now into a more local level where the core staff go and focus on language, customs, and culture ... It becomes more like a peer support than a mandated top down perspective."

### ***Results, ROI, and Outlook***

Proving business value can oftentimes be difficult, but it is an increasingly important component of any initiative. From the start, the BlueIQ team identified and collected quantitative information regarding social software use, including the number of people involved in the community, geographic and job function distribution, number of education sessions, blog comments, file downloads, and anecdotal stories of success. About six months after the program's initial launch, BlueIQ began to analyze the data to examine the outcomes. These results are presented quarterly to senior leadership to provide an update of how the program is doing.

BlueIQ has not evangelized 100% of IBM, and Suarez believes that provoking culture change will continue to be a challenge for the next two or three years because it is difficult to get people to change the way in which they work. Suarez said, "Before, we were seeing the situation where people were sharing knowledge on a need to know. And that is transitioning now into a need to share. The challenge that we are seeing is plenty of corporations and plenty of different groups inside the corporation are not willing to share yet. They see that knowledge is power and if I share my knowledge, I share my power." While it is true that some people do not currently share information, IBM believes that the reluctance will begin to fade. This will particularly be the case as newer generations of workers who have grown up with social networking in their DNA enter the workforce and collaborative applications expand to integrate all work styles.

Social software and business transformation are clearly leading to real change within the company. According to Suarez, "One of the things that we have seen is how it has transformed the organization into making it more agile, more open so people share a lot more knowledge than was happening before." BlueIQ has also witnessed IBM become a flatter organization with more people increasing their knowledge sharing efforts regardless of position, title, role, or department.

## **FUTURE OUTLOOK**

Embarking on a social business journey is not limited to only one department, region, business process, or role. Rather, the organizational impact and benefits can be appreciated by any employee, customer, and partner. By becoming a social business, a company can realize the following:

- ☒ Employees who are more empowered, productive, and visible inside and outside the organization
- ☒ Customers that are more engaged through community participation, contributing content, and providing product feedback
- ☒ Partners that are more invested through increased recognition, support, and skill development

Although the internal transformation is still under way at IBM, valuable lessons have been learned along the way. One of the biggest lessons learned was that social business transformation involved more changes to culture than technology. According to Jeanne Murray, BlueIQ Consulting IT Program Manager, IBM Software Group, "We made a rookie mistake early on focusing on the tools and trying to get the tools message out. ... One of the things that we have learned is that while we all have the same kinds of problems finding information and finding people, all these different roles in the company have different processes for achieving their tasks." Luis Suarez added, "Our lesson learned was to stop focusing on the technology and move into how people work, into their day-to-day tasks."

IDC believes that IBM's practice of social business transformation and development can serve as a model for other companies. IBM has recognized considerable benefits with becoming a social business, as evidenced in these case studies and testimonials. To help with this transformation, IBM has followed a path that includes:

- ☒ Vision
- ☒ Steady and incremental investment in people and technology
- ☒ Acknowledgement and ongoing measurement of both hard and soft social business metrics
- ☒ Harnessing available internal intelligence and resources
- ☒ Guidelines to help people feel comfortable using social software

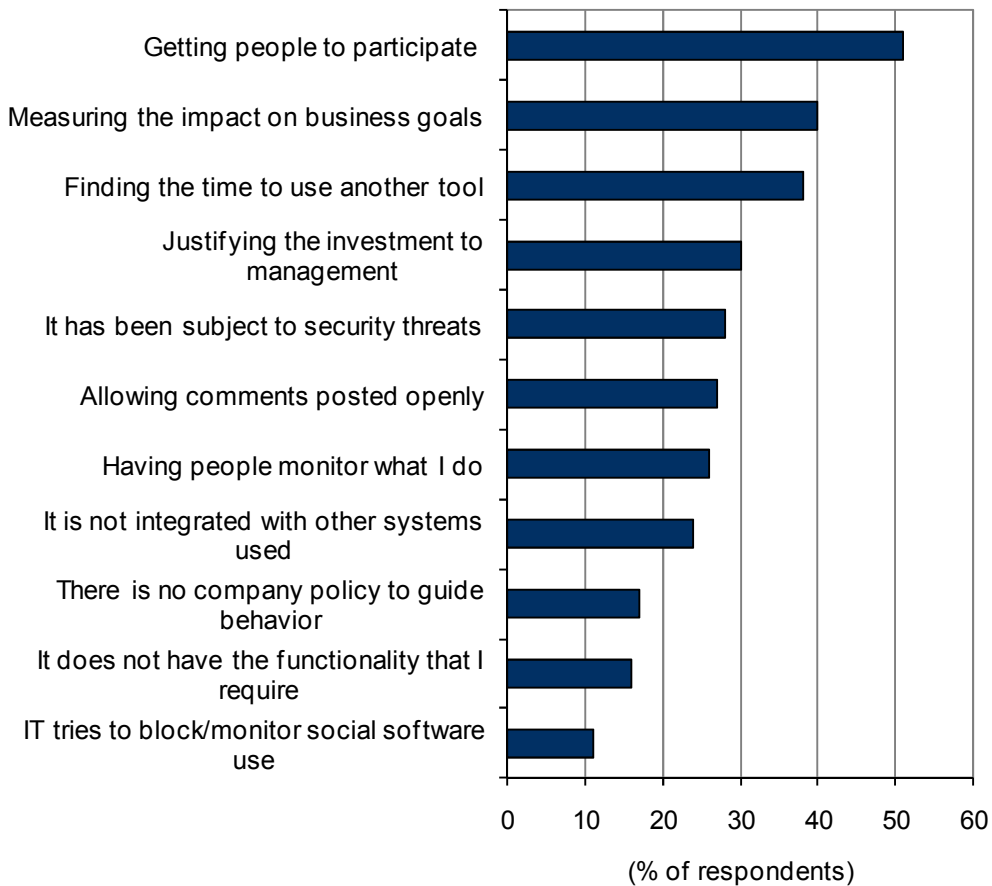
## CHALLENGES/OPPORTUNITIES

With an emerging area like social software, it is natural that some companies will face adoption challenges. As seen in Figure 2, results from IDC's *Social Business Survey* identify that the top three challenges associated with using enterprise social software are getting people to participate, measuring the impact on business goals, and finding the time to use another tool. Other challenges include security, governance, and privacy concerns.

**FIGURE 2**

### Challenges/Concerns with Using Enterprise Social Software

Q. *In your opinion, what are the key challenges/concerns associated with using/implementing social software?*



n = 700

Source: IDC's *Social Business Survey*, September 2010

Admittedly, similar issues have been encountered by IBM. For example, Alice Chou has been concerned about community participation. She said, "I think that one of my concerns about the community is as the community grows, how do you build a self-governing community of high quality? The more you let people go off and write comments that are maybe not as filtered or edited, the more you worry about whether that is taking down the quality of the site."

While in his consulting role at IBM, Luis Benitez faced customer security and privacy concerns over using social software. He said, "As I worked with customers, especially in Europe, that is where I got most of my privacy and security concerns. Some companies that I talked to who were thinking about deploying social software were concerned about even profiles. ... [In] some companies, for example, an employee's title is tied directly to salary, so there was kind of concern about displaying the title."

According to Jeanne Murray, IBM took the following approach to help combat some of the internal security-, governance-, and privacy-related challenges: "The number one security thing that IBM has done is that everything is associated with your ID. There are no anonymous contributions within the network. ... Privacy has been a very important aspect of this. ... A number of our tools have the capability to restrict access to [certain kinds of] information. There is also another sense of the word privacy, and that is the legal sense. Different countries have different points of views [on sharing information]."

Realistically, any company making the transition to a social business will face some issues along the way. However, IDC believes that realizing these challenges up front will help companies and business leaders plan and possibly avoid major mistakes that could negatively affect the main objective.

## **CONCLUSION**

Today's business climate has created a demanding landscape where people and companies are more connected, workforces are more distributed, and technology is making collaboration easier. Enterprise social software is not merely another set of collaboration tools but an emerging way to conduct business. Social software adoption is on the rise, and the interest in social business transformation has gained increased attention worldwide. Every business leader should be asking: Where and how can social business practices help transform my business and relationships?

IBM serves as an example of a company that embraced social business early. The company recognized the need to make employees more efficient to drive growth, enhance customer relationships, accelerate innovation, and respond to changing market demands quickly. IBM encouraged community development and participation to extend knowledge sharing between employees, customers, and partners as well as foster a more open culture. The results of these efforts can be seen in higher employee satisfaction, community participation, group discussions, new relationships, and expertise.

IBM's social business transformation has occurred over many years, and it continues today. It is a journey that will constantly evolve, especially as new changes in

workforce dynamics, competition, or technologies occur. As Alice Chou stated, "This business looks nothing like it did five years ago, and I imagine that we will not recognize it five years hence."

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