



The business value of Web 2.0 technology.

IBM's vision for tapping the collective knowledge of the extended value chain



A silhouette of a man in a suit standing and looking at a laptop screen. The background is a light blue gradient. The man is positioned on the left side of the frame, facing right.

It's fast becoming a Web 2.0 business world

Business trends come and go, but innovation never goes out of style. And in today's fast-evolving business world, if you can't get a jump on—or at least keep up with—the competition, then you're in trouble. Ideas and collaboration are the fuel for innovation. And organizations that can tap into and quickly leverage the collective creativity of their employees and customers have greater potential to disrupt the status quo and leapfrog the competition.

In fact, this is exactly what leading companies in many industries and new breeds of user-driven, Web-based, not-for-profit user communities have already done. They're early adopters of Web 2.0 philosophies and approaches.

Obviously, these organizations aren't using an Internet replacement or a single groundbreaking new technology. Rather, they've created business approaches using a set of philosophies and technologies, known as Web 2.0, to foster innovation and responsiveness to customer and marketplace trends and to simplify communication and collaboration among members of the extended value chain. Web 2.0 approaches can enable organizations to create community value by tapping the collective knowledge of extended teams. And they can

enable large companies to more efficiently and effectively market to small customer segments that have specific interests or requirements. Without Web 2.0 approaches, cost constraints may force these companies to broaden their marketing message to appeal to the widest possible audience.

What's more, Web 2.0 technologies are based on simpler programming models that can help accelerate time to market by improving the usability of enterprise assets. Web 2.0 is about using the Internet creatively, as a platform to foster innovation, speed and simplicity. It's not about using the Internet to provide isolated information silos designed primarily for posting or researching information, and for completing transactions.

IBM believes that a technology environment enabled for Web 2.0 is essential to support an innovative and agile business enterprise that can compete effectively today and in the future. This brochure explores the IBM Web 2.0 Goes to Work initiative and how the three pillars of economic impact, community value and enabling technology can help your organization foster innovation and flexibility to support competitive differentiation.



“One of my current favorites for a new model is [IBM] Lotus® Connections [software], an integrated suite of five services for social software (IBM's moniker for the market). These services are (a) communities, (b) social bookmarking, (c) enterprise profiles, (d) activities and (e) blogs. Not surprisingly, these services are based on the ways that IBM typically does business. In fact, [Lotus] Connections [software] productizes several internally developed IBM technologies.”

—Gilbane Group; “Let's Get Serious about Social Computing”; gilbane.com/collaboration/2007/07/; July 16, 2007; by Geoffrey Bock, Lead Analyst - Collaboration

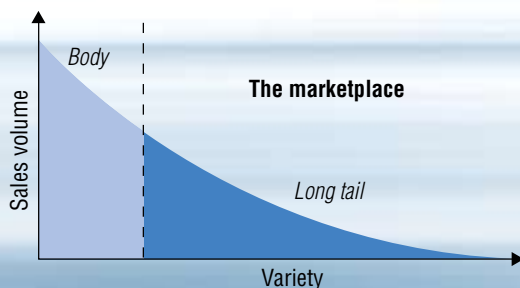
Imagine a company-wide brain trust...

At this point, there's a good chance you're thinking, "tapping the wisdom of crowds and unprecedented collaboration" sound like great ideas, but what do they mean in practical terms?

Decisions in most companies typically are based on historical data—collected over time by the business—and on the wisdom of executives and of front-line staff, who take action based on their experience and on what the data and their colleagues tell them. In many cases, this approach is very effective. But best guesses can also lead nowhere fast. Imagine if, as difficult questions, business challenges and opportunities arose, you and your people could easily find and collaborate with experts across the extended value chain—whether they were in the same office or on the other side of the globe. And what if you could more efficiently communicate with and solicit input from customers? Chances are, your business decisions and strategies would be more effective. You could potentially improve competitiveness while raising employee productivity. In other words, you and your employees could benefit from a larger brain trust.

In addition to providing an array of features and capabilities that redefine the way users interact with one another and the enterprise, a Web 2.0 strategy can extend your potential brain trust to every employee, partner and customer who has access to the Internet. And employees, partners and customers can, in turn, create their own brain trusts. In essence, Web 2.0 philosophies and technologies enable unprecedented levels of interaction that help foster innovation, speed and simplicity. For example:

- Harness the collective intelligence of your people. Through the effective use of communities, you can create systems and processes that get better as people use them—helping to drive innovation.
- Discover and tap into specific communities of interest. Actively build relationships to share and aggregate the knowledge of many people in specific business areas. For example, determine company or industry trends with strong momentum.
- Connect people to one another and to relevant information more efficiently. People can use situational applications that give them quick access to services in the context of their role and that can be mixed and remixed as needed.



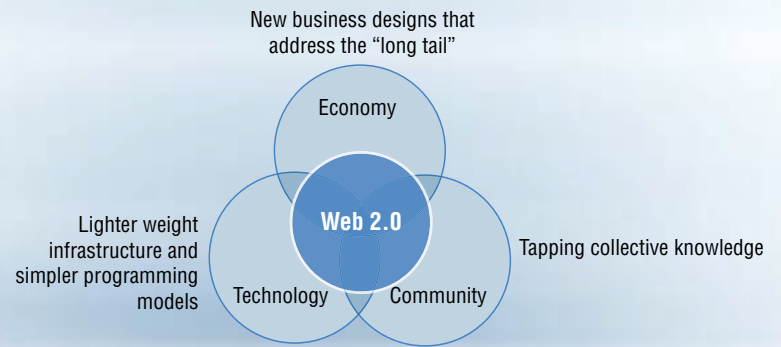
“The future of business is selling less of more. Infinite choice and lower costs to connect supply and demand is changing the nature of the market and will transform entire industries. Growth is in the long tail.”

—Chris Anderson, *The Long Tail*, Hyperion, June 2006



“While far from being the first major enterprise software vendor to offer Web 2.0 capabilities, IBM today jumped into the game with both Big Blue feet, a move that will surely accelerate enterprise adoption of Web-based social software.”

—InfoWorld, June 2007¹



IBM's Web 2.0 strategy is built around three key components.

Web 2.0 goes to work—for you

By driving higher levels of efficiency and flexibility, Web 2.0 will forever change the way businesses operate. And early adopters that take advantage of Web 2.0 technology today will have greater opportunities to distance themselves from technology laggards. The key is to find a secure, reliable and manageable way to realize your vision. To enable new dimensions of imagination and innovation across the business, IBM believes companies need to develop Web 2.0 approaches around three strategic components: economic impact, community value and enabling technology.

Economic impact

Given the global economy and “flat” world, companies increasingly rely on widespread teams and networks of people who need real-time access to one another and to common project resources. And the ability to easily interact with customers, vendors and partners is critical to ongoing success.

Although process reengineering can improve business flexibility and efficiency, advantages can be short lived as competitors often can easily replicate your approach. Business models based on Web 2.0 strategies, which can change how people connect, communicate and organize, are typically more difficult to replicate and thus potentially deliver a more sustainable competitive advantage.

Web 2.0 approaches create opportunities to turn traditional sales and marketing strategies on their heads. For example, given marketing and sales budget considerations, large enterprises have historically focused on driving revenue through blockbuster products or services for large marketplaces that comprise millions of people. Using Web 2.0 approaches, however, companies can cost-effectively sell and market wider varieties of products and services to fewer people in niche marketplaces. And for companies in highly commoditized marketplaces with intense competition, this can be a great way to differentiate themselves, and stabilize or increase revenue.²

Community value

With the right Web 2.0 strategy, you have the potential to tap the collective knowledge of the entire value chain—across geographic boundaries. And this can help create a more collaborative and dynamic company culture that fosters innovation.

Web 2.0 technology enables people to connect in ways that simply weren't possible before. Individuals and teams can join interest- and job-related networks and participate based on preferred working styles. And by harnessing the collective intelligence of customers, organizations can enhance customer relationship management and potentially respond more quickly to changing marketplace conditions. For example, you could turn to customers for help creating new products or services based on customers' needs or tastes.


To increase differentiation, your challenge is to determine how you can use Web 2.0 technologies to enable new insights from existing information. An optimal strategy will give all of your people and partners personalized views of the information they need to make faster, more informed decisions.

Enabling technology

Web 2.0 is built on the concept of reuse and relies on open, standards-based technology for the flexibility and scalability required in such dynamic environments. Web 2.0 technologies enable IT departments to rapidly create situational applications that unlock enterprise data and applications for business users and customers. Additionally, tools for situational application development provide the ability for business users to remix content and business tools on the fly—without involvement from IT—based on their job roles or specific needs. Through this capability, you can achieve high business value at an attractive cost, while protecting, extending and deriving new value from existing infrastructure investments.

When properly executed, a Web 2.0 strategy will provide users with real-time access to relevant, trusted information and applications presented based on role, expertise or preferences. Through aggregating and filtering corporate, individual and external information into customized and relevant business insight, Web 2.0 techniques help reduce information overload.

How do you empower people with the tools they need to make better decisions more quickly and to work more efficiently? With social software. Built on Web 2.0 technologies, social software provides the forum for building dynamic networks of coworkers, partners and customers to foster community-based innovation.



IBM boasts a rich history of supporting open standards communities including dedicating resources and donating technologies such as Eclipse and Apache. With its Web 2.0 initiative, IBM continues its tradition of leadership.

Innovation—inside out

The heart of IBM's Web 2.0 vision is to help businesses put together environments that enable employees to do their jobs better and faster—in support of user-driven business innovation and flexibility.

At IBM, Web 2.0 solutions already streamline and enhance people's day-to-day activities on a variety of levels. For example, people at IBM can customize the corporate address book, called IBM Blue Pages, according to their job needs and professional interests. Individuals can create a profile to let others know their areas of subject matter expertise and interests. People can then find one another based on simple searches or tagging. And they can create automatic feeds to receive updates for relevant information about technology trends, competitive information or educational classes. People can also use a central wiki to create collaborative Web sites. For instance, geographically dispersed teams working toward a common goal can all access a wiki—and project-specific information—through a single access point. The entire extended team can easily monitor what's new for the project and share feedback and content with one another.

Speak the language of Web 2.0

Web 2.0 strategies and technologies are already widely used in many areas of the Internet. If you haven't seen these terms in your business reading, there's a good chance you will soon.

- **Wikis**—Collective authoring environments that enable people to easily populate and edit a Web site based on project or community needs. Wiki is derived from the Hawaiian term for fast: wikiwiki.³
- **Mash-ups**—Applications that combine content from more than one source to create a new service.
- **Web logs (or blogs)**—Web pages where users can keep a personal diary or share information with teams, a social network, the company or the world, helping businesses to drive new viewpoints and harness the wisdom of crowds.
- **Tagging**—A method of tracking online items that can help you discover related items and help improve searches and expertise location.
- **Folksonomy**—The categorization system that emerges from tagging.



Based on IBM's foresight of the potential business value of Web 2.0 technology as well as its own experience, IBM has produced a broad portfolio of Web 2.0 offerings. IBM has a clear, workable vision and the capabilities necessary to help you create and implement a differentiating Web 2.0 strategy. Best of all, IBM's approach to Web 2.0 embraces its long-term commitment to open standards, so you can be confident that IBM solutions will support your existing and future investments.

You have smart people, suppliers and customers across your extended value chain eager to support company innovation and growth. In many cases they simply lack the forum in which to contribute. Unleash their full potential with Web 2.0 today.

For more information

To learn more about Web 2.0 and supporting IBM technologies, contact your IBM representative or visit:

ibm.com/web20

© Copyright IBM Corporation 2007

IBM Corporation
Software Group
Route 100
Somers, NY 10589
U.S.A.

Produced in the United States of America
09-07
All Rights Reserved

IBM, the IBM logo and Lotus are trademarks of International Business Machines Corporation in the United States, other countries or both.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

The information contained in this documentation is provided for informational purposes only. While efforts were made to verify the completeness and accuracy of the information contained in this documentation, it is provided "as is" without warranty of any kind, express or implied. In addition, this information is based on IBM's current product plans and strategy, which are subject to change by IBM without notice. IBM shall not be responsible for any damages arising out of the use of, or otherwise related to, this documentation or any other documentation. Nothing contained in this documentation is intended to, nor shall have the effect of, creating any warranties or representations from IBM (or its suppliers or licensors), or altering the terms and conditions of the applicable license agreement governing the use of IBM software.

-
- 1 Schwartz, Ephraim. "IBM Lends Gravitas to Enterprise 2.0 Trend." *InfoWorld*, http://weblog.infoworld.com/realitycheck/archives/2007/06/ibm_lends_gravi.html. June 19, 2007.
 - 2 Chris Anderson. *The Long Tail*. Hyperion. June 2006.
 - 3 http://searchwebservices.techtarget.com/sDefinition/0,290660,sid26_gci943070,00.html