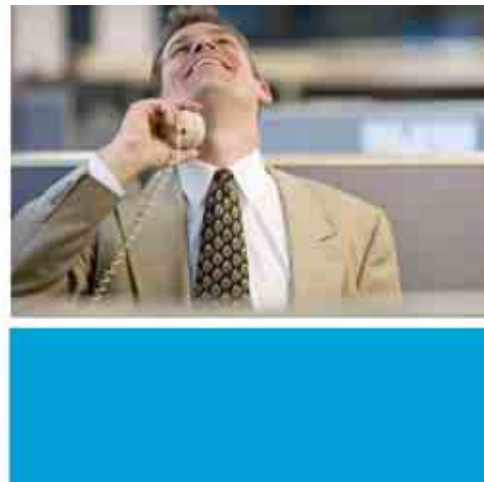


## Web 2.0 @ work: how CIOs can help drive business returns by improving organizational effectiveness



# Web 2.0 @ work: how CIOs can help drive business returns by improving organizational effectiveness



Without access to historical information, organizations today would be severely limited in their ability to make informed, appropriate decisions regarding even the most basic aspects of their business. However, the challenges encountered during attempts to gather, codify and distribute this knowledge can be daunting. The answer for many organizations and their CIOs is Web 2.0 adapted for business—a rich social networking environment that provides secure and integrated collaboration tools which allow employees to harness the total knowledge of the extended enterprise.

Jim, a sales rep, is updating the company's customer relationship management (CRM) application with the successful results of his recent meeting. The customer wants to move quickly and receive a proposal within the week. As Jim completes the update, something unusual happens. A screen pops up, displaying a list of people at his company who have experience with customers that are in the same industry or have similar product and service needs. When he moves his mouse over the name of one particular colleague, Barb, he sees a listing of previously created proposals similar to the one he needs to create, along with documents describing win plans and Barb's blog entries on successful strategies and services for similar customers. Jim clicks on Barb's picture to call her or, if she is online, send her an instant message.

## ***Enabling innovation***

According to CEOs around the world, innovation is a crucial component of today's adaptable enterprise. A recent IBM CEO study revealed innovation, along with global integration and a disruptive business model, to be among the key traits of the Enterprise of the Future.<sup>1</sup> As to how that innovation will take place—CEOs include collaboration and the use of Web 2.0 tools at the top of the list.<sup>2</sup>

## ***The four keys to success***

IBM has uncovered four keys to a successful, sustainable Web 2.0 initiative for business growth.

### **1. Put business first**

To be valuable to the people who will be using them, an organization's Web 2.0 tools need to work in ways that users already work, in situations users are likely to find themselves.

### **2. Embed the tools**

A strategy of embedding Web 2.0 tools into existing applications and processes solves two key challenges to social networking initiatives in many organizations: adoption resistance and the realization of measurable benefits.

### **3. Focus on roles**

Role-based tools can break down traditional organization barriers of department, geography and procedure to allow users unfettered access to sources of expertise and information that would otherwise not be discovered as quickly, if at all.

### **4. Foster a collaborative culture**

To encourage employees to adopt social networking, key behaviors—such as sharing of expertise and reuse of existing corporate assets—need to be incented by the organization.

## ***The result: a more adaptable enterprise***

According to the IBM Global Human Capital Study 2008, the following are characteristics of companies that are “very capable of adapting to changing business conditions”:

- Able to predict future skills
- Effective in locating experts
- Effective in collaboration.<sup>3</sup>

As has been illustrated, a thoughtful, business-oriented Web 2.0 implementation is highly capable of helping organizations realize these characteristics of adaptability. Other potential benefits include shortened time-to-market horizons, facilitation of successful change and improved operating efficiency.

## ***The ROI of Web 2.0***

Based on both extensive internal experience and experience implementing Web 2.0 strategies for clients, IBM has uncovered four dimensions to the ROI of Web 2.0:

- Improved growth through innovation
- Faster task execution
- Improved efficiency
- Increased empowerment of key resources.

With these components as a framework, IBM has created a first-of-a-kind ROI model for collaboration, showing the benefits of Web 2.0 that result from the interactions of roles in the organization.

### **For more information**

To obtain a copy of the full white paper Web 2.0 @ work: how CIOs can help drive business returns by improving organizational effectiveness—or to learn more about Web 2.0, IBM’s Web 2.0 Goes to Work initiative, or IBM’s products and services for social networking, please contact your IBM marketing representative or IBM Business Partner, or visit the following Web site: [ibm.com/cio/empower](http://ibm.com/cio/empower)

Additionally, IBM Global Financing can tailor financing solutions to your specific IT needs. For more information on great rates, flexible payment plans and loans, and asset buyback and disposal, visit: [ibm.com/financing](http://ibm.com/financing)



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## Introduction

At noon on Tuesday, Jim, a sales rep in California, is updating the company's customer relationship management (CRM) application with the successful results of his recent meeting with a new customer. The customer wants to move quickly and receive a proposal within the week for a number of products and services.

As Jim completes the update, something unusual happens. A screen pops up, displaying a list of people at his company—some he knows, and some he does not. The screen indicates that these people have experience and ongoing relationships with customers that are in the same industry, and have similar product and service needs, as Jim's new customer.

When he moves his mouse over the name of one particular colleague, Barb, he sees a listing of previously created proposals similar to the one he needs to create, along with documents describing win plans and Barb's blog entries on successful strategies and services for similar customers. Jim clicks on Barb's picture to call her or, if she is online, send her an instant message. If Jim does not know Barb, and wants an introduction, he can click on the special icon to show the members of his personal network and their relationships with Barb.

This scenario is real. What makes it truly remarkable is its effortlessness. Because the critical links to people, their skills, their writings and their relationships are *embedded* in the application Jim is already working with, he does not even have to click his mouse to have all the information he needs presented to him—ready to leverage for his success.

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*Web 2.0—adapted for business—can power a rich social networking solution, making it easier for organizations to innovate and succeed.*

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### ***Leveraging the potential of people***

Without access to historical information, organizations today would be severely limited in their ability to make informed, appropriate decisions regarding even the most basic aspects of their business. Since this historical knowledge can reside in many places, with many people, in both written and experiential form, the challenges encountered during attempts to gather, codify and distribute this knowledge can be daunting.

What organizations need is a social collaborative engine to identify and connect employees, partners and customers—so that the company's experience and knowledge can be most effectively leveraged. The collaborative engine should be one that can adapt itself easily to the way individual users work, be accessible from within a user's everyday business tools and tap into sources as varied as global customer account lists and the sales experience of a single employee.

The answer for many organizations and their CIOs is Web 2.0. In particular, Web 2.0 adapted for business—a rich social networking environment that provides secure and integrated collaboration tools which allow employees to harness the total knowledge of the extended enterprise.



### ***Enabling CEO objectives***

According to CEOs around the world, innovation is a crucial component of today's adaptable enterprise. In fact, a recent IBM CEO study revealed innovation "beyond customer imagination," along with global integration and a disruptive business model, to be among the key traits of the Enterprise of the Future.<sup>4</sup> As to how that innovation will take place—CEOs include collaboration and the use of Web 2.0 tools at the top of the list.<sup>5</sup>

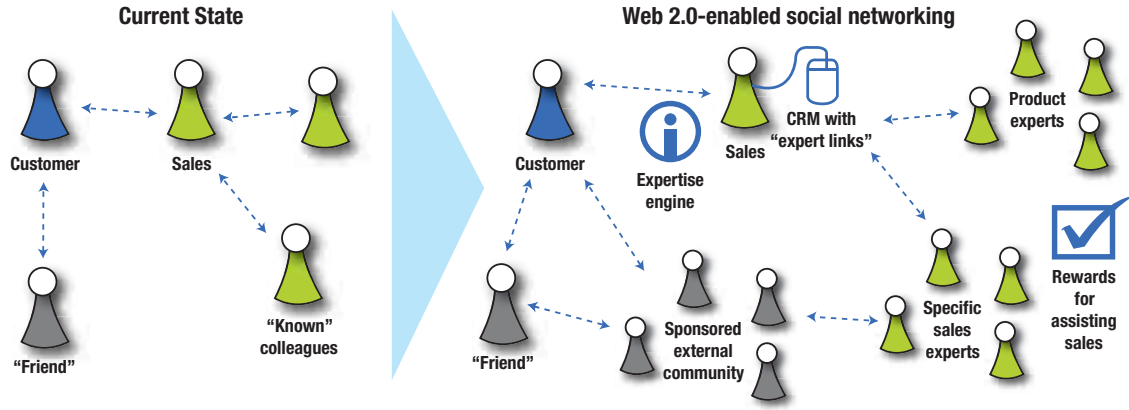
This is good news for CIOs. There is no C-level executive in a better position to influence and facilitate his or her organization's collaboration efforts. Within the office of the CIO lies a unique combination of expertise, experience and technological tools that is superbly suited to fostering the type of collaboration and interaction that result in innovation and efficiencies that can create a sustainable competitive edge for the enterprise as a whole.

### ***The answer lies with people***

Most organizations already contain within them the key enablers of their own success: their people. Employees, suppliers, even customers throughout an organization's sphere of influence are ready and willing to support the organization's innovation and growth. In many cases, all that is lacking is the framework in which these people can contribute.

Web 2.0 is such a framework. With its tools and methods for interacting, collaborating and creating, social networking helps create an environment that sparks innovation and efficiency. Social networking can help break down departmental or geographic barriers, shifting the emphasis from traditional focal points such as business processes and moving to an area that has been largely unleveraged—the interactions and relationships between people.

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*What goes on in the interactions and relationships between the people of an organization provides a unique opportunity for differentiation and success. This is the opportunity a good Web 2.0 initiative will capture.*

What is needed is not Web 2.0 in any form, however. As some organizations are already discovering, out-of-context YouTube-type implementations have limited value to brokerage houses, airlines, government offices or manufacturers. To achieve full potential, business-oriented Web 2.0 initiatives are needed. These initiatives—known as social networking—create and distribute strategic, secure and repeatable tools that provide users with real-time access to relevant, trusted information, applications and people that are presented based on the user's role, expertise or preferences. When access to the right people and the right information is speeded up, and information overload is reduced, users can be more productive, more creative, more innovative.

More good news for CIOs: with the exception of generic Web-based services such as search engines and instant messaging, only about one in four employees is currently taking advantage of Web 2.0 tools.<sup>6</sup> This makes Web 2.0 a wide-open opportunity for CIOs who are looking to make a measurable positive difference for their enterprise and its business objectives. Web 2.0 is also currently a stand-out on the radar of CEOs and other C-level executives because of the



technology's potential to deliver a combination of innovation and efficiency that can otherwise be hard to achieve in today's shifting global economy. These executives are willing to spend money on Web 2.0 initiatives, while looking to cut costs elsewhere, and they are willing to lend their support to efforts to expand Web 2.0 usage throughout the organization.

Add to the above the inherent popularity of Web 2.0 tools with the people who will be using them—as evidenced by the meteoric growth of implementations such as YouTube—and the rapid expansion of social networking tools to include items such as enterprise content management, expertise identification engines and social network analysis, and it is not difficult to see why social networking may represent a true breakout opportunity for many of today's organizations.

### ***The four keys to implementation success***

A recent survey published in *The McKinsey Quarterly* reveals that thoughtful, effective implementation is crucial to a successful Web 2.0 initiative.

Organizations with a comprehensive plan for business-oriented use of Web 2.0 tools are far more likely to be satisfied with those tools, and continue to use them, than organizations that proceeded without a plan.<sup>7</sup>

Based on extensive experience with Web 2.0 tools, plans and strategies, both internally and for its clients, IBM has uncovered four keys to a successful, sustainable social networking initiative for business growth.

#### **1. Putting business first**

Making Facebook-type tools available in a business setting is not enough. Selecting and adapting the Web 2.0 tools in an organization's implementation is perhaps the single most important thing a CIO can do to help ensure the initiative's success.



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*To realize all the benefits of a Web 2.0 implementation, CIOs will want to work in concert with representatives from key lines of business throughout the organization.*

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To be valuable to the people who will be using them, an organization's Web 2.0 tools need to work in ways that users already work, in situations users are likely to find themselves. For example, human resources specialists looking to fill open positions would find it extremely helpful to have the organization's internal profile database automatically load, search and display whenever they enter the parameters of the open position into their usual software. That way, the organization can locate and leverage talent from within, without prohibitive additional expense.

To achieve this tight integration of tools and situations, CIOs often partner with representatives of key lines of business and major functional areas to understand the roles and related processes that have the greatest opportunity to benefit from social networking.

## **2. Embed the tools**

As the above begins to suggest, having an organization's Web 2.0 tools integrated into its everyday work processes and applications is another key to success. Referring back to the example at the beginning of this paper, Jim did not have to search for documents or people or open an instant messaging window. He did not have to manually launch an additional application. All of these actions were automatic in the context of his actions and the applications he was already using.

The strategy of embedding Web 2.0 tools into existing applications and processes solves two key challenges to social networking programs in many organizations: adoption resistance and the realization of measurable benefits.

While employees may currently use Web 2.0 tools such as Facebook in a personal setting, many do not and cannot understand the technology's potential for use in business. The technology is often viewed as "something my kids do," or something that will take too much time to learn. By embedding social networking



tools in the applications and processes of daily business, CIOs can make it possible for employees to adopt Web 2.0 tools without ever making a deliberate decision to do so. Referring again to the example at the beginning of this paper, Jim did not have to decide to search for RFPs or people profiles. It was taken care of for him, making the tools almost impossible not to adopt—and their resulting benefits almost impossible not to realize.

### **3. Focus on roles**

Until recently, most organizations have been process-oriented, focusing their internal improvement efforts on business process re-engineering to increase efficiency and reduce costs.

As core processes are ever more successfully consolidated, however, the CEO is looking for new approaches that can continue to drive efficiencies and innovation.

An emphasis on roles can be the new approach CEOs are looking for. Role-based tools, for example, can break down the traditional organizational barriers of department, geography and procedure to allow users unfettered access to sources of expertise and information that would not be discovered as quickly, if at all, using traditional business processes. Role-based tools such as social networking empower connections and innovation and are, therefore, more likely to be supported and funded by management—and more likely to provide employees with new ways of getting things done more efficiently.

### **4. Foster a collaborative culture**

If an organization wants its employees to change the way they interact, the organization needs to incent the new behavior. For example, if an organization wants employees to be willing to serve as “go-to” people for information and experience regarding a certain client, process or document—taking time away from more traditional processes and roles—the organization needs to reward those people for doing so.

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*The potential benefits of a Web 2.0 initiative include more effective collaboration, shortened time to market and improved operating efficiency.*

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Working in concert with business lines and human resources, CIOs can use organizational network analysis and other techniques to identify those employees who can serve as both information and knowledge “hubs” and “early adopters” of the social networking tools. A change management effort can then be organized to introduce the new tools to the rest of the organization and incent their adoption.

Key behaviors that should be incented include sharing of expertise and knowledge and reuse of existing corporate assets such as proposal templates, client presentations and other marketing and sales materials. Incenting these behaviors within a social networking framework can be accomplished relatively easily, since the tools themselves—such as tagging, search engines and rating systems—offer built-in usage tracking.

### ***The result: a more adaptable enterprise***

According to the IBM Global Human Capital Study 2008, the following are characteristics of companies that are “very capable of adapting to changing business conditions”:

- Able to predict future skills
- Effective in locating experts
- Effective in collaboration.<sup>8</sup>

As this white paper illustrates, a thoughtful, business-oriented Web 2.0 implementation is highly capable of helping organizations realize the characteristics of adaptability. Other enterprisewide potential benefits include shortened time-to-market horizons; facilitation of successful change through the automatic dissemination of knowledge, experience and skills; and the improved operating efficiency that can come from fully leveraging the organization’s human capital within the context of a business application or process.

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The enterprisewide benefits can also extend to the organization's relationship with its customers. Through external blogs and other user-generated content sites, almost every company is already being talked about on the Web. Successful social networking implementations can help an organization leverage that Web "talk" to provide a trusted, third-party source of information on the company, its products and its services—thereby increasing brand trust and sales, establishing a new source of customer interaction and creating a sustainable point of competitive differentiation.

Individual employees can benefit, as well. Morale and retention rates may increase as users find their days to be more enjoyable and more productive. The pace of learning can increase as users easily find and exchange ideas with experts from across the organization and its extended value chain. Mistakes can be avoided, duplicate tasks combined, work quality improved and new opportunities for professional growth uncovered.

### ***The ROI of Web 2.0***

The recent Web 2.0 survey published in *The McKinsey Quarterly* revealed that one of the biggest barriers to Web 2.0 adoption by organizations is the inability of management to grasp the potential financial returns.<sup>9</sup> Put another way, CIOs will need to present C-level executives and line-of-business managers with a business case that both positions social networking within the context of the organization's business goals and objectives and includes a discussion of return on investment (ROI).

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Based on both extensive internal experience and experience implementing Web 2.0 strategies for clients, IBM has uncovered four dimensions to the ROI of Web 2.0:

Improved growth through innovation	Means	<ul style="list-style-type: none"><li>• Faster response to customer-facing issues</li><li>• Improved effectiveness of intra- and intercompany communications</li><li>• Natural “economy” of finding and valuing ideas.</li></ul>
Faster task execution	Means	<ul style="list-style-type: none"><li>• Location of the right person in the context of specific work</li><li>• Quicker access to best practices in the context of a specific activity</li><li>• Ability to route and share information in resolving issues.</li></ul>
Improved efficiency	Means	<ul style="list-style-type: none"><li>• Reduced recruiting costs for expertise that is already available within the company</li><li>• Reduced rework on overlapping projects</li><li>• Improved compliance via the use of an integrated set of tools versus disparate Web applications.</li></ul>
Increased empowerment of key resources	Means	<ul style="list-style-type: none"><li>• Greater leveraging of key experts across the organization</li><li>• Improved retention of younger employees</li><li>• Faster development of high-performing resources.</li></ul>

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With these components as a framework, IBM has created a first-of-a-kind ROI model for collaboration. This model shows the benefits of Web 2.0 that result from the interactions of roles in the organization—the collaborations-focused equivalent of the process model for ROI. For greater efficiency, these role interaction patterns are visible, repeatable and measurable.

### ***IBM can help***

Developing a thoughtful, thorough, secure Web 2.0 implementation plan for business is not an easy task. Along with technological knowledge, CIOs need to include everything from a Web 2.0 primer and the cultural implications of collaboration to a detailed business case in order to get the requisite executive approval. For CIOs who wish it, IBM can bring its significant experience, along with special assets such as a measurable ROI model, to the table.

IBM was the first to develop and release a business-oriented platform for socially connected computing—IBM Lotus® Connections. Drawing on experience gained by creating and adapting Web 2.0 tools, first for IBM's own employees and then for clients in a variety of industries, the latest release of Lotus Connections (2.0) was judged to be still the best platform at the Enterprise 2.0 Conference 2008.<sup>10</sup> IBM Lotus Atlas and Quickr™ are now available to provide extended social networking capabilities.

IBM also has a special initiative underway entitled Web 2.0 Goes to Work. This initiative is specifically designed to help organizations bring the value of Web 2.0—such as easy access to information, rich browser-based applications, social networking and collaborative software—into the enterprise in a secure and reliable manner.

Further, special IBM engagements that focus on Quickr assessments, pilots, ROI and large-scale social networking implementation are also available.

***For more information***

To learn more about Web 2.0, IBM's Web 2.0 Goes to Work initiative, or IBM's products and services for social networking, please contact your IBM marketing representative or IBM Business Partner, or visit the following Web site:

[ibm.com/cio/empower](http://ibm.com/cio/empower)

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- <sup>6, 7, 9</sup> *Building the Web 2.0 Enterprise: McKinsey Global Survey Results*, The McKinsey Quarterly, July 2008.
- <sup>10</sup> "IBM was the clear winner across the board." Recap of Enterprise 2.0 Boston conference, [www-01.ibm.com/software/lotus/events/enterprise20/](http://www-01.ibm.com/software/lotus/events/enterprise20/).



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