



# EXECUTIVE INSIGHTS INTO **ENTERPRISE 2.0**

*Lessons from the*

**ENTERPRISE 2.0 EXECUTIVE ROUNDTABLE**

**SYDNEY** 13 February 2008



## EXECUTIVE INSIGHTS INTO ENTERPRISE 2.0

Enterprise 2.0 – the application of Web 2.0 approaches inside organisations - is one of the most topical issues today for senior technology executives. To elucidate the concepts and to enable experiences to be shared, Future Exploration Network and IBM invited a select group of senior executives to Sydney's Level 41 restaurant on 13 February 2008. In a free-ranging discussion overlooking Sydney's harbour, the executives discussed Enterprise 2.0 and its implications and potential for large organisations.

This report provides a summary of the executives' discussion, including selected quotations from those present.

### PARTICIPANTS

**Moderator:** Ross Dawson, Chairman, Future Exploration Network

David Backley, CTO, Westpac

David Boloker, CTO, Emerging Internet Technologies, IBM

Angelo Grasso, CIO, Aristocrat

Brett Greenshields, CIO, Austrade

Shane Martin, CIO, Stockland

Sheryle Moon, CEO, Australian Information Industry Association

Paul Russell, CIO, Fairfax Digital

Gary Smith, IT Director, TNT Express

Jonathan Stern, Business Unit Executive, Lotus Software Australia/ New Zealand



## INTRODUCTION TO ENTERPRISE 2.0

The evolution of Web 2.0 to date has been undeniably fascinating, even for those typically uninspired by technology. The power of Web 2.0 applications and approaches to bring value to organisations, known widely as 'Enterprise 2.0', promises to be an equally fascinating evolution.

Many organisations are only now awakening to the potential of Web 2.0 technologies deployed within a business context. This was, after all, a movement developed on the open web and spear-headed by participants from unexpected quarters: our children, virtual world enthusiasts, and amateur net-surfers all over the globe determined to participate in the online environment, rather than merely observe it.

How could a movement with its genesis in the big, messy world of the masses possibly bring value to the tightly-controlled terrain of the enterprise?

Yet it rapidly became clear, perhaps as executives peered over the shoulders of their teenage children, that social networks could help employees connect and innovate. That wikis could help people manage complex projects and collaborate better. That podcasts, vodcasts and executive blogs could be invaluable as internal communication channels. Essentially, that Web 2.0 tools could empower and engage an enterprise's most valuable asset: its people and their expertise.



## DEFINING ENTERPRISE 2.0

The phrase 'Enterprise' 2.0 is yet to take its place as a universal moniker, however it is effective in emphasising a clear link to Web 2.0. The implication that Enterprise 2.0 is the next 'version' of how organisations will function – linked in with the concept of software upgrade versions – is also apt.

Yet there is concern that these links have more resonance for those in the IT community than for business executives. The connection to Web 2.0 could also be problematic, as it is an umbrella term for various technologies and means many different things to different people.

The name may generate cynicism among those who have seen many cycles of jargon taken up by vendors eager to jump on board the latest trend. There is also concern that the term excludes smaller businesses who do not consider themselves as enterprises.

*“ For people who have been around for a while, especially in the IT space over the last year, there’s a lot of cynicism, especially around vendor-led hype. And whilst I think there are many benefits, people think it might just be the next thing that vendors are doing to drum up sales. ”*

Most attendees said that they would be reluctant to use Enterprise 2.0 as a tagline to promote the technologies internally. However for now it was a useful way to identify a set of new approaches to people who have already been exposed to them.

*“ Web 2.0 is a useful tag to talk about a new way of doing things. However I wouldn’t use the term Enterprise 2.0 at an executive level. ”*



## IDENTIFYING BUSINESS VALUE

There has been a tendency for many Australian organisations to perceive risks of Enterprise 2.0 before understanding the potential benefits. It is important to identify what the benefits are and how much risk it is therefore worth carrying.

### Key benefits include the ability to:

- Access the knowledge of staff or select business partners. This can cover a broad range of topics, such as customer insights or technical topics, and is of especial benefit for businesses that are large, geographically dispersed, or rely on specialist expertise.

*“ We are a classic knowledge worker organisation, with lots of expertise locked up in people’s heads. We know the whole is greater than the sum of its parts, so our challenge is to get what’s inside people’s heads exposed in a way that can benefit the business. Web 2.0 might be able to cut the path to unlock some of that stuff. ”*

*“ When we are trying to leverage more outside input into detailed engineering designs, there is a definite business case for collaboration. ”*

- Provide workers with valuable functionality they already enjoy at home such as self-publishing content or participating in social networks.
- Enhance internal communication with an array of broadcast and participatory tools. This is can be of great value both for senior management, and for Learning or Organisational Development business units to support their missions.
- Create a sense of engagement, and make people feel they are fully involved in and have a stake in the company. This can have a direct impact on the ability to attract and retain talented staff.
- Deliver interactive tools or programs (through the use of mash-ups etc.) that weren’t possible before.

*“ With just a week’s development work, we were able to integrate Google maps with CRM information to create an interactive tool that would previously have out of reach in terms of time taken, software budget, etc. ”*



## RISKS AND CONCERNS

As Web 2.0 ideals migrate into the enterprise, such as open communication and mass participation, they bring new risks to be assessed. Many of these risks mirror those taken by individuals when sharing their personal details on the web but there's a fear these risks can balloon more alarmingly within a corporate context. CIOs are understandably reluctant to enable behaviour that may be damaging to the enterprise by provisioning Enterprise 2.0 tools, yet they are also aware they can't micro-manage these tools either.

### Key concerns:

- Loss of intellectual property (tempered by awareness much of this risk has been present a long time with web-based email, USB keys etc).
- Damage to corporate reputation through indiscretions, both accidental and deliberate.

*“ Most of our problems have been genuine mistakes where people were doing something wrong for the right reason, for example, using Facebook for marketing. ”*

- Privacy concerns, on behalf of both organisations and employees.
- Security concerns in information and the network becoming exposed.

*“ Bond traders started using instant messaging because it helped them do their jobs better. Due to security and audit trail requirements, IT acted to make the technologies secure, rather than simply blocking them. In just the same way, workers are now finding useful tools on the open web. Organisations need to put the data and security protection around these so that they continue to be useful while still being secure. ”*

- Workers becoming too reliant on tools that are not officially sanctioned by the organisation.

*“ If you're not paying for it and you've got no control over it, what happens when something you thought was an add-on becomes a business critical tool ... and then it goes away? ”*

- Falling behind on implementing the new governance and digital codes of conduct required to mitigate risk in a changing environment.



## SOCIAL NETWORKS IN THE ENTERPRISE

The widespread adoption of Facebook and similar tools by professionals has made social networks hard to ignore by corporations. From considering attitudes to allowing access to external social networks, to creating specialised social networks for use within the organisational firewall, social networks are a phenomenon rapidly becoming central to the Enterprise 2.0 toolbox.

### Key issues:

- Research shows a strong correlation between the breadth and diversity of knowledge workers' social networks and their ability to contribute to the organisation.
- Organisations block Facebook and MySpace for reasons ranging from productivity to the risk of reputation damage.

*“Our workers' motivation to network is usually job-related. They want to use it as a tool to get outcomes in their work, so we're not concerned about productivity. The issue is more a lack of corporate standards about what you should and shouldn't do on social networks, which can shape how the organisation is perceived externally.”*

*“Accessing social networks is not dissimilar to ten years ago when needed your general manager's approval to get access to the internet. Before that, it was international dialing capability, and before that just using a telephone.”*

- Identifying exactly *why* people dedicate time to social networks is relevant to organisations considering rolling out internal networks. There is concern that participation can be encouraged, but not enforced. Yet social networks only work beyond a certain critical mass. The more they are used, the more valuable they become.

*“If we roll out a corporate social network and say 'thou shalt' we might get some take up, but it's limited by the stick. If we know why people spend their evenings on social networks we can 'bottle that', and sprinkle it over our offerings to make them more successful.”*

- “People like me” is a key motivator for social network participation; people want to feel as though they are part of a group.
- Using the current IT infrastructure is a good start, for example, IBM's Blue Pages. Blue Pages was build from existing staff directories but now includes employee expertise and is extended to customers, business partners and contractors.



## THE SHIFTING ROLE OF IT

User-centric Web 2.0 tools herald a shift in how IT supports organisational objectives. Increasingly, CIOs are able to experiment with more agile, responsive software at a lower cost, meaning they can spend less time proving the business case versus spend. Yet they are also faced with a rapidly-changing landscape with new players, new challenges and new opportunities.

### Key issues:

- People gravitate towards technology that helps them do their job. It's up to IT to keep ahead to ensure it's done with appropriate levels of data security.

*“ We can't feel as though we can continue to control everything. Just look at your own kids. ”*

- Enterprise 2.0 may result in smaller yet higher-value IT departments.

*“ In the future you will need very good business analysts, good sourcing so you get capability when and where you need it, good project managers and a few integrators. We will have a much smaller and hopefully more talented IT group. ”*

- Two different “types” of IT could be emerging. First, the core business process systems that need to be completely solid and can remain relatively stable for over a decade. Second, Enterprise 2.0 rollouts which might change every six months as they go through rapid beta iteration to quickly increase value to the business.

*“ As a CIO, you may need to say ‘We are going to burn some cycles here, and may waste some money, but we're going to get a better outcome in the end.’ ”*

- A big role for IT in the future may be questioning other business functions on how much they want to protect intellectual property and how much it will benefit from “sharing”.

*“ In order to be an effective technology leader you have to be very interested in human behaviour and how technology can enable human behaviour to better benefit the business. ”*



## ORGANISATIONAL CULTURE IN ENTERPRISE 2.0

Enterprise 2.0 mirrors the “many-to-many” communication principles of Web 2.0 by enabling individuals across the business spectrum to contribute to the conversation. By replacing traditional hierarchical systems with “flat” organisations, the hope is that an open exchange of ideas will support business value and personal development.

### Key issues:

- The possibility to flatten hierarchical structures varies substantially from business to business, depending on how they currently operate.

*“ I think HR departments used to see their job as managing people, now they see it more as connecting people.”*

- Younger workers blend their work day and personal life.

*“ University students in the US going into their first job expect universal access to social networks and personal email anytime, anywhere and will spend 20 to 30 minutes at a time conversing with their friends. Yet it’s likely they’ll also do long hours.”*

- Organisations need to think about how to send the right signals to employees – this might simply mean senior executives getting on board with blogging first, or providing the right incentives to early adopters.
- People want to feel as if they belong to a group – that is what has supported the rapid rise of social networks. As such, ‘social software’ can contribute to building a positive organisational culture.

*“ We invited an anthropologist who looked at human behavior and how people connected in tribal societies and applied that to how they might intersect and interact online. Anthropologists are not traditionally who we would turn to for business insight! It’s definitely a different environment now.”*



## THE ROLE OF GOVERNANCE

Governance is a big issue. Enterprise 2.0 risks need to be mitigated but in a way that ensures technologies work to their full potential and are not stifled.

### Key issues:

- There is consensus that emphasis needs to be placed on educating Enterprise 2.0 users to act professionally and responsibly – rather than stymieing their participation.

*“ We need more education, not necessarily rules and regulation. It’s best to slowly work this through with the organisation, rather than jump into giving everyone a facebook account. ”*

- Focus should be on internal culture: employees need to properly understand what is misuse, what is inappropriate information etc. An awareness of risk needs to travel down the chain to the end-user to create self-governance.
- Organisations have always carried the risk of intentional loss of intellectual property

*“ The only thing you can hope for to guard against the loss of intellectual property is the professionalism of employees, and the ability to trace what went missing and how. ”*

- Since people are already creating their own solutions to share information, governance may need to ‘catch up’.

*“ In a world of collaboration where people say what they think, governance is a significant issue for us. But perhaps we should move away from the antiquated term of governance and call it digital discipline? ”*

*“ We re-iterated our code of conduct with the same rules that apply to physical world applying to the virtual world. We have taken the line that all generations – (X, Y and Z! – are mature adults in the workplace and need to be bound by that code. That’s all you can do, because you can’t legislate on what people do outside the business. ”*

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