

# Accelerating Business Performance

Spring 2010  
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## SUMMARY

This paper examines the value of collaborative and 'social' concepts and their associated technologies towards achieving core performance goals and facilitating underlying business process.

Understanding how to orchestrate greater value and flexibility from large enterprise backbone applications in conjunction with newer, more agile 'Enterprise 2.0' processes and technologies to effectively support critical business functions is a major challenge for business leadership.

We examine the challenges of inflexible legacy '1.0' business designs and underlying systems against the rise of the 'Web 2.0' experienced employee influenced by consumer web, broadband and mobile technology use patterns. We then introduce the concept of enabling key business processes with the strategic use of collaborative and 'social' concepts along with your existing technology and program investments, to accelerate business performance.

Finally we discuss specific ways to get value from blending new agile approaches with your existing programs technologies in the context of key business functions.

## ENTERPRISE 2.0 ORIGINS

Andrew McAfee's original 2006 discussion of Enterprise 2.0 as 'constantly changing structure built by distributed, autonomous peers—a collaborative platform that reflects the way work really gets done' has now grown well beyond the enabling browser based technology of wikis, blogs and group-messaging software of that early era.

The movement was a reaction to the restrictive document, postal and telephone workflow paradigms that are now over a century old and were essentially emulated digitally to model '1.0' communications and application technology platforms in the personal computing era.

The conceptual idealism of enhanced information flow around a flexible, flatly organized environment, where user-driven technologies are adopted from 'the bottom of a distributed global organization up' to mirror real world work practices has matured into a pragmatic, business politics sensitive and seasoned approach by strategists and practitioners.

Today's crowded enterprise social web technology (often called Enterprise 2.0) landscape ranges from complete platforms to 'social software' suites to hosted communities to point solution blogs, wikis, and on to the various free public internet services.



The ability to successfully drive business value by stimulating collaboration, innovation and awareness provides powerful competitive advantage goals and rewards at all scales

Openness, transparency, agility, collaboration and 'social' computing are currently highly fashionable values, but applying them to achieve specific business value with both existing and new web 2.0 technologies while attempting to manage employee change for effective use is highly challenging.

Vital issues around context, implications of participant and social network growth effects, successful understanding and application against process, scaling and enduring engagement use models have never been more critically important strategically.

Today, the Enterprise 2.0 movement is reaching a new level of maturity and critical mass to address the inefficiencies of currently deployed technologies and business design ("the 1.0 Dilemma", below), to accelerate performance. The business world are now largely aware of the potential value of deploying 2.0 concepts and technologies, but the major issues of this era are the specific problems successfully solved by them, and in identifying the metrics and the tools to measure the efficiency of solutions in the context of business performance.

## THE 1.0 DILEMMA

The '1.0' enterprise software market that powers larger enterprises today has very deep origins and roots in historical core business processes, whose foundations significantly predate computer technologies.

In the context of this report, the state of the Enterprise today can be characterized by the following realities:

### **Applications:**

Systems of record are set in place but access to data and information remain largely fragmented. While Enterprise Resource Planning (ERP) applications surface critical data, and intranets and collaboration applications enable sharing, the context and engagement that tie both data and collaboration together to support discrete business activities is missing.

### **Infrastructure:**

Broadband, Mobile and Web 2.0 concepts have often put consumers in the center of their data stream. Gmail from Google, for example, gives us unified access to our email, instant messaging, video and social networking, putting users in the center of information consumption and engagement patterns. Facebook strives to offer a similar paradigm. In contrast, the enterprise puts data access and systems in the center. Whilst the enterprise has also seen advancements in broadband, unified computing and transactional IT, these applications don't often share context. As a result, employees, partners and suppliers have to access multiple systems that don't share context, to communicate and collaborate and to effectively close business loops.

### **Operations:**

We've wrung most of the value out of offshore outsourcing production and support whilst attempting to retain innovation on shore. The cost arbitrage of offshore outsourcing is rapidly decreasing, and in the global marketplace, innovation talent transcends geography. Tomorrow's organizations will need to leverage the best minds, regardless of location, and place support services wherever it's most optimized to serve the customer or other end users. Our current organizational designs and supporting technologies are not generally structured to leverage the best resources for the job to respond to this coming reality.

### **Business Process:**

Serving prospects, customers, partners and suppliers requires creative problem solving to address unique, non-repeatable requests. In contrast, our 1.0 ERP and Customer Relationship Management (CRM) processes, whilst enforcing process and compliance, do not enable flexible collaboration to handle such exceptions. A more responsive model is required that blends the optimal amount of engagement with process and compliance, to improve business outcomes at an acceptable cost.

### **Revenue:**

Businesses push marketing information to customers and hope for engagement. Today's prospect and customer is increasingly using participatory media (such as communities and social networks) to rely on each other's judgment and to engage with businesses. The internal wiring at most organizations has not kept up with the pace of consumer engagement needs. Additionally, today's transactional designs bear significant customer acquisition costs. A new design is required to put forth the best minds and information in front of prospects and customers, to build genuine relationships that can outlast individual transactions.

### **Collaboration:**

The intranets, collaboration applications and portals used to communicate between groups inside the organization and/or with partners and suppliers serve as effective transactional and data exchange platforms. However, the cost of manual, ad hoc support for requests that don't map to intranet functionality in siloed organizations adds friction to all types of processes. Together this significantly increases channel and supplier operational costs, and often at sub optimal quality.

Two years ago Pete Fields of the now defunct Wachovia Bank keynoted the Boston Enterprise 2.0 conference and discussed experiencing fresh out of college employees starting work full of enthusiasm and engagement at their new known and trusted brand employer. Within a year, the engagement of many of these expensively trained new hires 'fell off a cliff', with many leaving out of frustration at working methods, hierarchy and limiting technologies.

The strains on 'legacy system' collaboration and engagement inadequacies are increasing rapidly, and an significant business challenge—crisis in some cases—around the governance and security of alternative, informal web application usage to achieve critical business goals has ensued.

Businesses that have built their collaborative and transactional infrastructure on these technologies have reached a crisis point in information 'findability' and process context.

## THE DEMANDING WEB 2.0 EMPOWERED CUSTOMER AS EMPLOYEE

The broader 'Web 2.0' movement was enabled by broadband Internet forming the 'platform' your applications run on, with your web browser as the user interface (instead of applications running on the 'platform' of your individual personal computer hard drive).

Emerging in 2003, this shift to 'cloud computing' (where shared resources, software and information are provided to computers and other devices on-demand across the internet, like a public utility) has led to an explosion of innovation whose impact continues to reshape all areas of society.

To individuals flattered and empowered by marketers online who make information and purchases mere clicks away, the old 1.0 security bunker mentality of corporate computing seems stale and limited, and by comparison it largely still is.

The evolution of these 'cloud' services has created the free-to-use consumer branded world of Facebook, MySpace, blogs, Twitter and other services that facilitate open communication, secure information sharing and personal socializing and connections between people on the World Wide Web and mobile networks.

The marketing, public relations and advertising function continues to be pushed through unprecedented change as a result of the seismic shift in delivery channels away from 'traditional media' broadcast models and towards attempts at ever greater engagement with you as a potential consumer.

An unparalleled degree of inexpensive accessibility between marketers and their prospects has been enabled by cloud and mobile services. The consumer 'Social Media' world strives to create a great deal of noise with attention grabbing antics—but it is not Enterprise 2.0.

The result of these new marketing models is the rise of the vocal, connected and expressive individual. Instead of passively looking to sellers for influence and advice, people now have a much higher confidence level in their ability to interact and share information, and for their voice to be heard.

Meanwhile, the on-premise, firewall protected enterprise software these same empowered individuals use at work hasn't changed much over the last decade, compared with the huge cultural changes engendered by a consumer global internet searchable for anything you can imagine. Internal business communication infrastructure largely characterized as Intranets and Extranets have primarily been broadcast platforms for employee and executive communications, and to deliver information to partners and suppliers.

Internal enterprise collaboration infrastructures—if they even coherently exist—are in many cases not equipped today to meet the needs and realities of near 'real time' (responding to external market events immediately as they occur) interaction cycles, which are becoming increasingly common and expected in the consumer world.

The modern 2.0 empowered customer/employee increasingly expects immediate reaction to interactions with a company, just as they do in their personal life.

## ENTERPRISE 2.0—THE FIRST WAVE

Against this backdrop of rapidly evolving societal change empowered by always-on high speed internet and mobile access to unprecedented and ever increasing amounts of information, the promise for business use appears hugely attractive.

Attempts to drive business performance by creating broad Facebook style personnel directories and networks to replace intranets with consumer style cross pollination behavior are laudable aims.

The reality has frequently been a political realization of how siloed the different fiefdoms of many companies are, with little interaction between specialized groups competing for prestige, work and budget. This reality check is being tackled head on by some large companies—notably Cisco—with large scale, mission critical, companywide collaboration initiatives, while elsewhere well defined departmental and division level Enterprise 2.0 initiatives flourish with specific goals and boundaries.

Enterprise 2.0 is essentially informed by two polar opposites in the business world.



At one extreme are companies desiring a spirit of openness and transparency. These are typically consumer product companies, open partner networks and marketing driven business cultures in less regulated industries. They are grappling with effective influence and interaction with their web 2.0 empowered customers, providing views and interactions deep into their companies to foster ongoing conversations with prospects and customers, while listening carefully to their needs.

The other extreme are opaque, tightly calibrated and regulated, highly competitive industries where protection of intellectual property and information is critical, such as pharmaceuticals, engineering and legal. These worlds typically require 'fine grained' secretive control of all participant visibility to information behind a significant firewall security shield.

Beyond these polarities, inside all business cultures there are frequently many separate initiatives requiring varying degrees of security depending on the degree of information sensitivity and the regulatory restrictions on all participating constituent departments.

The tremendous waves of innovation from Enterprise 2.0 technology vendors, serving a market vastly more exacting and demanding than the consumer space, have provided platforms and tools to enable these culture change initiatives. Following behind are the more mature enterprise technology system of record companies, now increasingly moving to the cloud with certain aspects of their offerings and embracing the innovation of the cutting edge where value is seen.

Well crafted, focused Enterprise 2.0 frameworks formulated to clear objectives enable organizations to identify and assemble appropriately connected teams across the globe to interlock and wrap around discrete business challenges and opportunities.

## FIRST WAVE CHALLENGES

The received wisdom is that Enterprise 2.0 initiatives are of high value for connecting knowledge workers with each other and heightening awareness of relevant information flows. The crushing weight of email overload is a common target: attempts to wean people off sending one-to-one, or one-to-few emails, often with offline documents attached.

There is plenty of evidence that expertise location and group efforts to inform using wikis and other real time communication tools have proved to be highly useful in combating this problem.

While it is now simple to instantly initiate an online environment with a departmental budget credit card, immediately providing tactical tools to solve specific operational problems, minimal understanding of the impact of single department collaboration initiatives on the broader organization or against broader known performance goals can be problematic.

Narrowly focused tactical planning budget requests for specific operational value are typically granted, but larger workforce wide collaboration initiatives—a more complex problem to solve—often have no stakeholder focus despite high strategic value.

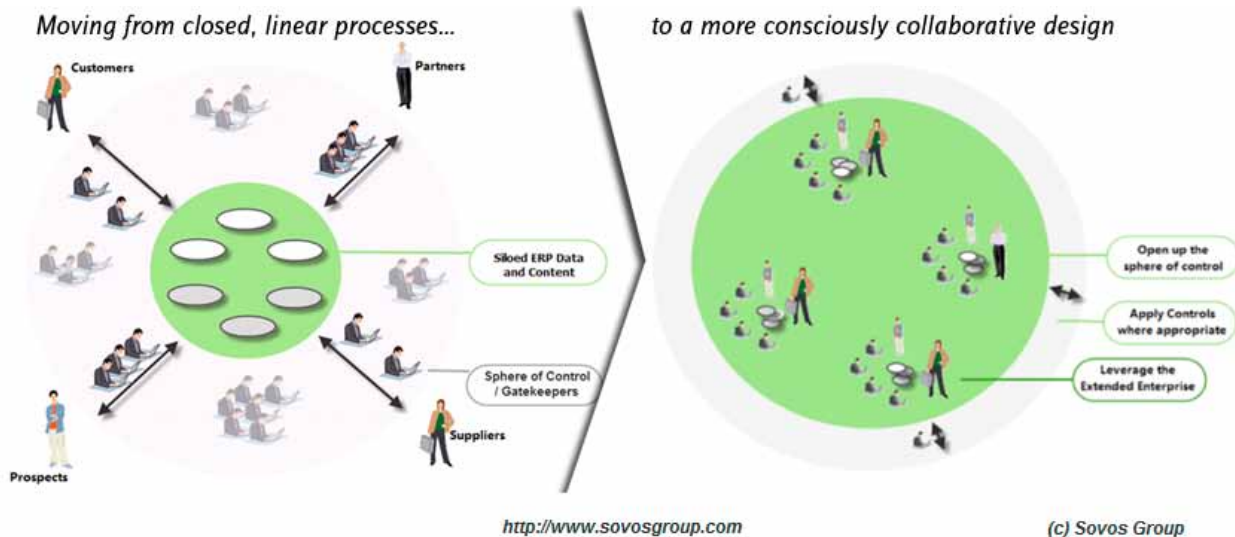
Broad workplace performance is typically achieved by focusing on how discrete business processes fit into a carefully envisaged and conceived holistic whole, but creating fragmented department level 'collaboration silos' to solve specific operational objectives can be a serious impediment to achieving a broader collaboration platform.

There is a gradually increasing understanding of the importance of greater business process context, cognizance of installed systems of record, security around sensitive Electronically Stored Information (ESI) and vision around planning and dealing with scaling.

Setting your overarching business execution strategy, powered by collaborative and Enterprise 2.0 concepts, is of paramount importance going forward if the goal is to achieve interconnectivity and efficiency at scale, business metric alignment, and avoiding and minimizing the performance loss created by friction between fragmented units.

## PUTTING COLLABORATION TO WORK TO DRIVE PERFORMANCE

The next wave of solutions emanating from Enterprise 2.0 collaborative design will drive large-scale workplace performance as well as discrete process performance to improve relationships between employees, customers and partners. This will result in moving from closed linear processes to a more consciously collaborative design, but one that's cognizant of the necessary controls and governance between teams and at the edge.



Some discrete examples of Enterprise 2.0 Outcomes...

## ENHANCING PROCESS WITH ENGAGEMENT

Over two decades ago, enterprises began to adopt process-centric Manufacturing /Enterprise Resource Planning (ERP) and Content Management systems (followed by Customer Relationship Management and other offshoots) in the hope that they could control and streamline business processes from initiation to completion, in the able hands of a few identified experts.

These technology enabled people processes were modeled after best practices for a given business activity (order to cash, procure to pay, lead generation, collateral creation, customer service tickets) and software was customized to enable a given process.

While these closed processes were able to enforce sophisticated governance and legal requirements, organizations over time gradually stopped distinguishing between a given business activity and how their customized technology systems mandated processes be completed.

Many organizational processes are repeatable and ERP systems are effective at supporting these. However, frequently occurring critical exceptions require manual intervention, brainstorming and collaboration. The costs and impact on customer satisfaction of executing these unstructured outcomes often far outweighs the convenience of tightly closed processes.

The daily reality is that customers, employees and partners often need help with critical content, requiring access to people, data and knowledge inaccessible within closely defined processes. An external example of this could be customers asking questions that are not within the expertise of call center operators, or readily available in an accessible knowledge base.

By folding in agile engagement capabilities powered by enterprise 2.0 technology, strategy and execution planning around these preexisting limiting structures it is possible to provide a balance between flexible new exceptions handling with the traditional process concepts and their associated technologies.

Discrete business activities (customer support, account payable, etc) require a different blend of structured and agile designs. In some cases this means process plays a dominant role. In other cases open, unstructured constructs are at the center, with process at the edges conforming to policy and governance requirements. As Enterprise 2.0 thinking evolves, this will become the predominant design for executing business strategy.

## **SERVING AND BUILDING RELATIONSHIPS WITH 'SOCIAL' 2.0 CUSTOMERS**

How your organization engages with and responds to customers experienced with online social experience expectations and demands and how to best manage those continuing relationships is an important facet of Enterprise 2.0.

Many organizations have begun to undertake focused initiatives to engage with customers on social networks, whether 3rd party or branded communities that hinge off corporate websites. A first phase of execution has designated community and social media managers that make sure the customer is well attended to.

The big disconnect can come when these external customer engagement efforts are fine tuned for immediacy, but internal follow through is ill equipped inside the organization to support a high volume of customer engagement opportunities and requests at an acceptable pace.

More often, customers are looking for answers to questions that are beyond what a community manager or a marketing specialist can answer. The best input resides deep inside the enterprise or even in the partner ecosystem. If the internal workings of the organization are not designed to quickly wrap around customer service requests and product /feature questions, the value and commitment to strong customer community efforts are diminished.

To achieve a desirable state where the appropriate minds within the organization can rally around customer needs, a carefully conceived internal enterprise 2.0 flow design is required to notify the right people, galvanize teams and document for repeatability, all wrapped up within the confines of a central governance model.

Designing and applying this internal social and collaborative backbone is critical to connect the organization with prospects and leads to drive performance.

## **BUILDING AN INNOVATION CULTURE TO STAY COMPETITIVE AND RESPONSIVE**

Customers are increasingly sharing opinions about improvements and potential new products on the web in real time. Prospects are being more communicative than ever about what it would take for them to get off the fence and convert to paying customers.

Whilst attempts to foster innovation are not a new occurrence, ideation is now happening on the open web for your competitors to see, as well as within branded company communities. This brings fostering a strong innovation culture and a rapid path to decision making, into sharp focus for large enterprises.

Enterprise 2.0 concepts enable organizations to facilitate democratized employee and customer ideation initiatives that go from idea conception to selection based on business objective alignment, prediction markets to ascertain degree of potential success and value, and finally, well planned transfer to operational groups for validation, roll out and measurement.

Where innovation programs were traditionally limited to a defined set of "known experts", Enterprise 2.0 concepts can enable distributed idea generation and initial brainstorming from the best minds across employees, partners and customers.

This new model of idea generation brings new opportunities for revenue enhancement, cost reduction and risk mitigation from a larger pool of stakeholders. That can add up to significant positive impact to the bottom line.

## **ACCELERATING HR AND TALENT PERFORMANCE MEASUREMENT**

Performance measurement at most organizations today often take place in retrospect. Organizations identify metrics upfront, put milestones in place for periodic checks, and concentrate the evaluation of success or failure in the hands of a few managers to make impressions about an employee's performance.

Carefully planned collaborative constructs in the enterprise enabled by Enterprise 2.0 to improve process outcomes, implicitly offer significantly more effective measurement and more immediate refinement opportunities to find, nurture and measure talent.

Being able to gather information "in the flow" as people work gives Human Resources managers the opportunity to fold in important behavioral data such as the degree of sharing, helping, engaging, contribution and involvement. This ultimately provides a broader set of data points about an employee's allegiance to the firm to supplement closed management and peer performance measurement programs.

These important data points complement traditional performance metrics, giving a sense of how critical each employee might be to a business unit, product line, geographic territory and ultimately to the company as a whole in the context of strategic goals of the organization.

## **RETHINKING CHANNEL RELATIONSHIPS**

A well planned channel engagement strategy that's enabled by enterprise 2.0 concepts can be instrumental for designing strong relationships with partners based on ongoing dialogue, open and near real-time collaboration to find and serve prospects and customers effectively. This proposed design brings the best minds inside all participating organizations together to address and resolve problems, and allows in-the-flow measurability of channel marketing effectiveness and return on investment.

Today's channel partnerships are characterized by manufacturers pushing information (via static extranets, joint promotions and transactional systems) in the hope that channel partners understand the value proposition and can articulate it accurately to the end customer. In reality, partners very often are looking for engagement: context specific help when it comes to helping end customers make purchase decisions, lowering customer administration costs and facilitating renewals. Attending to these are often ad hoc exceptions not supported by existing intranets and systems. The result is a significant impact on customer acquisition, service levels and overall program costs.

Promoting a channel engagement design for manufacturers and product developers to listen and gather customer feedback and wrap the right minds around end customer sales inquiries and support requests, is a first step to accelerating channel performance, understanding what marketing campaigns are working and where to refine or allocate new investment.

The good news is that Enterprise 2.0 technology which makes the necessary engagement possible is far cheaper than traditional IT systems, and generally easier to overlay and integrate with existing systems. In practice, well thought out strategies, tactics and execution plans are critical to align the value of these technologies with critical performance objectives and use that as a baseline to build out metrics and an execution plan.

## **ACCELERATING SUPPLY CHAIN PERFORMANCE BEYOND PROCUREMENT**

Well planned strategic sourcing and procurement programs at today's largest organizations have often resulted in fine tuned, operationally efficient organizations. What's considered core (R&D, Marketing and the like) are kept in house and the rest (often manufacturing and support) are outsourced to more efficient partners that can produce within mandated service and quality level agreements and lower cost.

Whilst these procurement designs have been effective at managing cost in many cases, a significant opportunity exists to improve supplier partner relationships as well as cross organizational collaboration. The strategic use of Enterprise 2.0 based secure relationship and communication networks in concert with traditional Supply Chain Management (SCM) software streamlines on boarding, resolves disputes and reduces compliance risk and ultimately, performance acceleration.

Beyond supplier management tasks, these networks improve collaboration between partners to resolve component dependencies. With the necessary governance and security in place, they also promise to surgically open lines of communication beyond procurement, into other parts of the enterprise such as marketing and customer service. No one knows the true power, limitations and opportunities for each component of a product better than the very teams that build them. As suppliers look to differentiate themselves from competitors, especially in commoditized industries, these networks enable them to evolve into strategic partners in a number of ways: To learn, first hand, any pain felt by the end customer when using the end product. Or help marketing really understand the deep competencies of each component of the end product. Or provide new insight to R&D on early technology innovation at the component level.

The next wave of supplier relationship management will move from transactional designs to a network design that fosters true partnering around the end customers needs, delivering deep supplier product knowledge to the front lines where prospects lurk, and ultimately, a significantly stronger value proposition around operational excellence.

## **SETTING YOUR ENTERPRISE 2.0 STRATEGY**

The authors of this paper are running the 'Set Your Enterprise 2.0 Strategy' track at the Enterprise 2.0 Conference, which is aiming to demystify, focusing on pragmatic strategy and providing associated real world experience and viable tactics for budgeting, value propositions and measurement of your desired results. Getting a sense of context and scale for your specific needs can be challenging in a world dominated by analyst charts, evangelists, tech fashions and of course vendor messaging.

To effectively go from concept to business success, organizations need a structured plan that covers business justification and strategic alignment with core performance objectives, metrics definition, application evaluation and solution selection, community design and engagement and finally change management, training, management directives and adoption encouragement.

We'll be covering everyday political realities, such as tackling conflicts of interest between line of business needs and other divisions, departments and partner organizations, and getting those that run critical functions such as Sales, Marketing, HR, Innovation, Learning, and Product Management to understand the strategic value of Enterprise 2.0.

We aim to help you unlock the value of these rapidly maturing and increasingly important social constructs to meet your specific business needs and address how they can significantly augment the value you get from your current technology investments with greater employee, customer and partner performance.

## **ABOUT THE SOVOS GROUP**

This report was authored by Sameer Patel and Oliver Marks of the Sovos Group, a strategy and execution consulting firm that helps leading organizations accelerate business performance via the strategic use of social and collaborative concepts and technology. Our Workplace Performance Practice focuses on organization wide collaboration strategy and our Process Performance Practice helps drive performance in the areas of sales and marketing, customer networks, channel partners and suppliers.

Oliver Marks and Sameer Patel, partners at the Sovos Group, are both advisors to the Enterprise 2.0 Conference and co-chair the strategy and planning tracks that focus on showing how tangible business value can be derived from enterprise social and collaborative concepts.

For a simple assessment of how your organization can leverage collaborative and social concepts to improve workplace or process performance, contact us via email at [info@sovosgroup.com](mailto:info@sovosgroup.com)

More at <http://www.sovosgroup.com> or on twitter at <http://www.twitter.com/sovosgroup>.

## **ABOUT THE ENTERPRISE 2.0 CONFERENCE**

The Enterprise 2.0 Conference explores the integration of Web 2.0 technologies in the enterprise, from both strategic and tactical perspectives. This annual conference and sponsor pavilion focuses on the tools and techniques that best leverage the technical, productive and social aspects of IT and workgroup environments to build a cohesive collaboration strategy and empower a connected workforce. For more information visit: [www.e2conf.com](http://www.e2conf.com).

## **ABOUT UBM TECHWEB**

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