The Importance of Enterprise 2.0

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Topics

- What is Enterprise 2.0?
- What Problems Are We Trying to Solve?
- How Are Companies Using Enterprise 2.0 to Solve Those Problems?
- Developing an Enterprise 2.0 Strategy for Your Organization
“Enterprise 2.0: The Dawn of Emergent Collaboration” an article by Harvard Professor Andrew McAfee in the Spring 2006 issue of the *MIT Sloan Management Review*

The term “Web 2.0” was created in 2004 in a brainstorming session between Tom O'Reilly & Medialive International to find a name for a new Web conference.
“Enterprise 2.0: The Dawn of Emergent Collaboration” an article by Harvard Professor Andrew McAfee in the Spring 2006 issue of the *MIT Sloan Management Review*

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Enterprise 2.0 Definition: Andrew McAfee

Version 1
“Enterprise 2.0 is the use of freeform social software within companies”

Version 2
“Enterprise 2.0 is the use of emergent social software platforms within companies, or between companies and their partners or customers.

Enterprise 2.0
- Enterprise wikis and blogs
- Enterprise tagging

Not Enterprise 2.0
- Wikipedia, YouTube, Flickr, MySpace, etc.
- Most corporate intranets
- Groupware and information portals
- Email and “classic” instant messaging
Wikis: Easier Information Publishing and Sharing

- Intranet
- Collaboration
- Web publishing
- Knowledge management
- Extranet
- Documentation
- Shared drives
- Reducing e-mail
- Business intelligence

Source: Atlassian
Enterprise Wiki Example

Welcome to eSourcingWiki

*Your knowledge won’t amount to much if you don’t have a network of people to share it with.* - Tim Sanders, Fast Company

*If you have a penny and I have a penny and we exchange pennies, we both still have one cent. But if you have an idea and I have an idea and we exchange them, we both now have two ideas.* - Anonymous

About eSourcingWiki
eSourcingWiki is an open content community of strategic sourcing and procurement best practices. This wiki is intended to be a dynamic document that constantly adjusts and transforms to current trends and thought leadership in supply management. Infostar welcomes global contributors to assist in the ongoing documentation and knowledge building that is essential to creating useful information for supply management professionals.

Strategic e-Sourcing Best Practices

A Total Value Management Perspective

Executive Summary:

With today’s focus on efficiency, lean “just-in-time” inventories, outsourcing, supply base reduction, centralized distribution, more products with faster launches, low cost country sourcing and supply chain globalization in highly volatile markets, companies need e-Sourcing now more than ever before. Especially when consumers expect prices to remain the same (or drop) while product quality and capability increases; or when investors expect EPS (earnings per share) to continue increasing despite inflation and flat prices; or when management expects profits to increase quarter after quarter despite rising salaries in a tight marketplace.

This document defines Total Value Management: Strategic Sourcing, a framework for getting the most out of sourcing efforts through the use of e-Sourcing tools and processes. Also outlined are best practice and technology enablers that help overcome barriers to success. After all, the Aberdeen Group has found that every dollar under the control of a leading sourcing organization can yield a 5% to 20% savings. The average organization often spends 60% or more of its revenue on SG&A. And every dollar saved by strategic sourcing can impact the company by as much as five dollars (or more) on every one dollar of sales. It is easy to see that sourcing has a significant effect on an organization’s overall profitability.

Total Value Management is the next evolutionary step from Total Cost of Ownership. Total Cost of Ownership, the most commonly used metric by today’s sourcing teams, is good, but like its predecessor (Total Cost of Acquisition), it is very cost focused. When misunderstood, Total Cost of Ownership can distract from strategic sourcing’s ultimate goal, the optimization of the supply chain from a total value perspective (not just a total cost perspective). In comparison, Total Value Management quantifies the overall cost of each acquired unit relative to the overall value of the spend category as it relates to the organization’s sourcing strategy and supply chain goals. This measure allows sourcing professionals to determine the highest value to cost ratio (value : cost) of a spend category through the use of integrated decision optimization. It is the decision optimization that aligns the spend decision with the organization’s overall sourcing goals.

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A little while ago, in reaction to a challenge from Dion Hinchcliffe, I wrote an article about how Web 2.0 technologies could be used within the enterprise. I gave the example of using blogs to set up People Pages. This is the second article in this series.

Again, let’s start with a very basic way to use blogs to create Project Pages. The idea is simply one blog for each new project.

A project page should do at least three things:

1. Improve communication within the project team
2. Make sure the left hand knows what the right hand is doing by improving communication between the project team and the rest of the organization
3. Build a searchable reference for future use
“… a very basic way to use blogs is to create **Project Pages**. The idea is simple: one blog for each new project. A project page should do at least three things:

1. Improve communication within the project team
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3. Build a searchable reference for future use”
5 Comments so far

Brian O'Doherty @ June 22nd, 2006

Our web-based project management system is part of the GroupFactor network system at GroupFactor.com. (To see it fully, you must be registered or enter as Guest). The main Project Page (summary, overview) is like a wiki- but our own style- and is editable by whoever the project manager designates. It is supported by a dedicated chat channel and project room where messages and documents are shared. All data can be transparently encrypted via our new Telecryption system. Each Project can have a Public face (on the page, right side, for information only) and a real Private face, on the left side, for the project team only. Others don’t even know its there- its listed only for designated members. The manager can add anyone to the list, such as the CEO, who might wish to review many projects periodically. He does so by clicking down his left side list, from one to the other.

Dennis Howlett @ July 10th, 2006

This is an interesting idea but I wonder whether the social computing world is moving too fast for us. Although posted less than a month ago (sorry about lateness on this - only just found it via Zoli Erdos), I can see a convergence between wiki, blog + tools like crispynews serving as a ‘set of tools’ that refine your model already!
Organizing Information: Tagging and Tag Clouds

Web 2.0

- Blog
- Folksonomy
- Participation
- Wikis
- User Centered
- Joy of Use
- Usability
- Simplicity
- Widgets
- Browser
- AJAX
- Design
- CSS
- Pay Per Click
- Convergence
- Audio
- Video
- IM
- OpenAPIs
- Remixability
- OpenID
- RSS
- Mobility
- Atom
- UMTS
- DataDriven
- SOAP
- Modularity
- REST
- Accessibility
- Syndication
- Microformats
- SEO
- Web Standards
- VC
- Trust
- Affiliation
- Economy
- The Long Tail
- XML
- Standardization
- Trusted Sources
- Perpetual Beta
- FOAF
“A tag cloud (or weighted list in visual design) is a visual depiction of user-generated tags used typically to describe the content of web sites. Tags are usually single words and are typically listed alphabetically, and the importance of a tag is shown with font size or color. Thus both finding a tag by alphabet and by popularity is possible. The tags are usually hyperlinks that lead to a collection of items that are associated with a tag.” Wikipedia
Topics Revisited

- What is Enterprise 2.0?
- What Problems Are We Trying to Solve?
- How Are Companies Using Enterprise 2.0 to Solve Those Problems?
- Developing an Enterprise 2.0 Strategy for Your Organization
The Problem: Finding Business Information

Accenture 2007 Survey of 1,000 Middle Managers

- Managers spend up to two hours a day searching for information
- More than 50% of the information they obtain has no value to them
- 59% said that they miss information that might be of value to their jobs because they can not find it
- Only half of all managers believe their companies do a good job in governing information distribution
The Problem: Poor Business Data Quality

- “Poor data quality costs the typical company at least ten percent of revenue; twenty percent is probably a better estimate.” Thomas C. Redman, Data: An Unfolding Quality Disaster, DM Review, August 2004.

- “Gartner estimates that more than 25 percent of critical data within large businesses is somehow inaccurate or incomplete. And that imprecise data is wreaking havoc.” Rick Whiting, Hamstrung By Defective Data, InformationWeek, May 2006.
The Problem: Governance

Less Structured

Knowledge Creation

More Structured

Knowledge Access/Reuse

Chaotic Processes

Emergent Value

Controlled Processes

Email

Wiki

Collaborative Workspaces

Online Learning

Workflow systems

Records Mgt Systems

Instant Messages

Blogs

Discussions

Instructor Led Courses

Content Mgt

Doc Mgt Systems

Source: Seth Earley, Earley & Associates

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The Data-Information-Knowledge Value Chain

Data $\xrightarrow{business\ context}$ Information $\xrightarrow{business\ expertise}$ Knowledge
The Data-Information-Knowledge Value Chain

Collaboration and Business Intelligence

Data → Information → Knowledge

Collaborate → Business intelligence

Data context → Information expertise

Business user

IT staff

Integrate Manage → Access Deliver

Information Access and Management
**Definition**: A Web-based environment that enhances business communication, business decision making, and business innovation through:

a) easier and tailored access to business information, expertise, and knowledge

b) faster and more flexible information and knowledge authoring and sharing

c) lower-cost application and system deployment
Enterprise 2.0 Components - 1

Enterprise 2.0

Web 2.0

Collaboration
Web 2.0 Component

- **Social Software**
  - Easier sharing of expertise, best practices, and knowledge
    - Blogs, wikis, podcasts, online communities, tagging, syndication

- **Enhanced Web Development**
  - Improved user interface visualization and interactivity
    - Ajax, Adobe Flash, dashboards
  - Faster and reusable applications development
    - Widgets, mashups, Web frameworks, SOA
  - Lower-cost applications deployment models
    - Software as a service (SaaS), open source solutions
Collaboration Component

- **Workgroup Computing**
  - Better information authoring and sharing by *information producers* (employees and inter- and intra-enterprise teams)
    - Office computing, web conferencing

- **Role-Based Workspaces**
  - Tailored and self-service access to
    - business data, information, and knowledge
    - business processes
  for *information consumers* including employees, partners, clients, consumers, and suppliers
Enterprise 2.0 Components - 2

Enterprise 2.0

Web 2.0 development

Collaboration

Web 2.0 social software
Collective Intelligence Component

- Improved business knowledge for faster and more informed business decisions and actions
  - Business data intelligence
  - Business content intelligence
  - Business collaboration

- Business examples:
  - Pricing optimization
  - Web store personalization and optimization
  - Demand/supply chain management
  - Product quality management
  - Customer satisfaction
  - Call center agent support
  - Equipment outage tracking and prediction
Information Access and Management

- **Information Access**
  - Faster and easier access to corporate information
    - Enterprise search
    - Web syndication using RSS and/or Atom

- **Information Management**
  - Better quality and more accurate corporate information
    - Business content integration and management (documents, Web content and rich media)
    - Business data integration and management (structured and semi-structured data)
    - Business content and data governance
    - Support for external information providers (syndicated content)
The Benefits of Enterprise 2.0

- Better information sharing and communication
  - Easier sharing of knowledge, expertise, and best practices by information producers

- Faster and easier access to corporate information
  - Tailored and self-service access to business information, collective intelligence, and business processes for information consumers

- Better quality and more accurate corporate information
  - Improved business knowledge for faster and more informed business user decisions and actions

- Lower-cost application deployment models
  - Improved user interface visualization and interactivity
  - Faster and reusable applications development
Topics Revisited

✓ What is Enterprise 2.0?
✓ What Problems Are We Trying to Solve?
✓ How Are Companies Using Enterprise 2.0 to Solve Those Problems?
➢ Developing an Enterprise 2.0 Strategy for Your Organization
1. Develop a Strategic Enterprise-Level IT Plan

- Information access and management
- Enterprise 2.0
- Business & collective intelligence
- Web 2.0 development
- Collaboration & social software
2. Evaluate Tactical Business Solutions by Project

- Better information sharing and communication
  - Easier sharing of knowledge, expertise, and best practices by information producers

- Faster and easier access to corporate information
  - Tailored and self-service access to business information, collective intelligence, and business processes for information consumers

- Better quality and more accurate corporate information
  - Improved business knowledge for faster and more informed business user decisions and actions
3. Evaluate Tactical Technology Solutions by Project

- Lower-cost application deployment models
  - Improved collaboration
  - Improved information creation, access, management, and sharing
  - Improved user interface visualization and interactivity
  - Faster and reusable applications development
Key Success Factors

- Understand the cultural impact of Enterprise 2.0
- Enterprise information architecture and infrastructure
- Technology selection based on business requirements and user skills
- Information security, quality, and pragmatic governance
- Finding the right deployment model (on-premise, open source, software as a service)
We hope to see you in San Diego!

May 19 – 22, 2008

www.enterprise-3.com