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SHOULD BUSINESS EMBRACE SOCIAL NETWORKING?

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ABSTRACT

Social networking for the enterprise is booming. The sector is unquestionably adding revenues for new providers, adding jobs at old companies, and adding profits throughout the industry. Susan Etlinger, VP at The Horn Group, a firm specializing in digital communications for technology companies, says the top areas for enterprise activity on the social web are lead generation, customer service, brand value expansion, competitive intelligence, and innovation management. Some of the pitfalls of engaging in social media come from how the medium is distinct from any other type of business engagement in the past. Certain fears seem justified. To achieve results that meet the rigorous requirements of enterprise privacy policies, companies are flocking to build in-house solutions that do not reside on the public Web. The benefits of using new social media technologies often relate to the management of new content by getting it to the right people at the right time.

FULL TEXT

Social networking for the enterprise is booming. The sector is unquestionably adding revenues for new providers, adding jobs at old companies, and adding profits throughout the industry. In a wave that seemed to begin in earnest just 18 months ago, enterprises now embrace these tools to achieve better (and less expensive) results

across most major business functions despite fears over losing control of company secrets.

For most companies today, the advantages seem to outweigh the risks. Ed Keating, VP of the content division of the Software & Information Industry Association (SUA), sees a strong trend toward the medium, saying, "Social media is where a lot of companies are trying to go." Truly, today's recession feels somehow remote from the industry surrounding social media. With a mood that is robust, there is a feeling of a "new frontier opening up, with the early adopters, the purists complaining of the businesses, and profiteers now at the gate," surmises Keating. Meanwhile, new companies and new services continue to appear with surprising speed. Indeed, it is beginning to feel like 1999 a E over again.

Susan Etlinger, VP at The Horn Group, a firm specializing in digital communications for technology companies, says the top areas for enterprise activity on the social web are lead generation, customer service, brand value expansion, competitive intelligence, and innovation management.

Some of the pitfalls of engaging in social media come from how the medium is distinct from any other type of business engagement in the past. Etlinger, echoing a view generally held throughout the medium, cautions, "The rules for social media are social. For instance, you would not walk up to someone in the street, ask her for an opinion, and then walk away. You have to complete the dialogue." In a traditional form of data gathering, the focus group, enterprises do exactly that - sit behind a two-way mirror, get the results, and then leave. In addition, Etlinger believes there is resistance relating to fear of the medium itself, "Social media strike at a fundamental human fear of loss of control," adding that, "Companies that have a traditional command and control model suffer from this the most."

Certain fears seem justified. Relying on public social networking sites should raise red flags for enterprises given the privacy policies of these sites. Facebook's terms of service explicitly state that the content posted there is the property of Facebook. Thus, even if a profile is deleted, the content that was posted remains on the site. Hence the phrase "What happens in the Facebook, stays in the Facebook," made popular in a YouTube video and recently discussed on ABC's The View.

Despite cautionary tales, Tim Walker, analyst and host of Hoover's Business Insight Zone, points out that the risks of staying on the sidelines may be a lost opportunity, "Folks are probably talking about you anyway on Twitter, so it's just an opportunity to be part of the conversation."

Soumitra Dutta, co-author of the book *Throwing Sheep in the Boardroom*, credits the rise in social networking technology with three trends: a growth in e-skills with increased access to technology, a generational shift in demographics toward a growing population that favors openness, and "an innate human desire" to establish an identity and a standing in a community. His view as to why the social medium is on fire is that it is a

technology that "catches up and unleashes human behavior on a global scale." Working as a consultant to IBM, Dutta saw a major shift in one corporation's culture aided by social media. When IBM's chairman and CEO, Sam Palmisano, took over, he created a community website to gather ideas on company strategy despite heavy pushback from the Old Guard. "He succeeded in getting a largescale engagement on the values of the company and what they should be," enthuses Dutta.

To achieve results that also meet the rigorous requirements of enterprise privacy policies, companies are flocking to build in-house solutions that do not reside on the public web. Rob Koplowitz, principal analyst at Forrester Research, Inc., states, "I'm certainly seeing a trend toward social networking becoming a mainstream enterprise technology. Enterprises are looking for GG-sanctioned solutions so that users do not use public offerings where privacy, intellectual capital, and compliance could be compromised. Once they've moved toward a strategy that fits the enterprises requirements, the rewards can be substantial. The networking effect that magnifies the value of information and expertise on the public side can be translated to work in the enterprise."

NEW PLAYERS AID THE ENTERPRISE

New companies are cropping up to help social work within an enterprise setting. These include Bright Idea, which manages innovation for companies using social media technology; Lithium Technologies, which creates online community sites for companies to use as customer-support vehicles; and NewsGator, which uses RSS and data services to leverage knowledge inside a community at an enterprise.

Part of the reason for the boom lies in the financial results achieved. Fair Isaac Corp., a credit-reporting agency, achieves higher sales from members of its community. Its MyFICO experienced a 41% increase in spending from online community members as a result of implementing a customer community from Lithium Technologies. Communities also informally communicate what companies sometimes cannot. By law, credit agencies cannot give out advice on boosting your credit score, but members of the community on a site have no such restrictions, so users can find the advice they seek without leaving the FICO community.

In addition, companies see a significant reduction in call center volume because customers find answers to their support questions online through customer forums, helping enterprises to save an estimated \$5 to \$10 per call. HP, Caterpillar, Barnes & Noble, and Pitney Bowes all are Lithium customers with customer help forums.

Sanjay Dholakia, CMO of Lithium, points out that there is a high level of enthusiasm at companies for the medium, saying it is not uncommon to see a corporate press release about a new community they have launched. "A lot of folks know they need to do it, but not how," says Dholakia. Once a community is deployed, says Dholakia, "Content creation follows a 100 to one rule at some sites," meaning that 1 % of the people build as much as 100% of the content. He explains, "Because we know that, we have built a

Reputation Engine, which helps grab and elevate that content." He points out that the primary goal is to make it useful to the customer, concluding, "You are only part of a community if it's useful to you."

Bright Idea's mission is to unlock the good ideas that get sidelined by the structural problems inherent in a large organization. Deploying an online brainstorming tool known as WebStorm, the company gathers ideas from within an enterprise and from its customers, filters them through a voting engine, creates an idea pipeline, and serves up the best ideas for management to consider. Customers include Cisco, American Express, Bristol Myers Squibb, Bosch, Astra Zeneca, and the U.S. Department of Defense. Matt Greeley, Bright Idea's CEO, says, "The silos in companies are not as connected as we'd like them to be . . . and [companies] want people to talk with people outside of their silos or organizations." Greeley says that once a new idea portal is launched, "It's really amazing as you start to see people inside and outside the company just talking." He points out that to keep them informed, "Employees get an email with the new ideas created, and it is just like a morning cup of coffee." The talking leads to some concrete concepts that enter a real product development pipeline. He has seen at least one client in the pharmaceuticals industry take the pipeline of new projects to the Wall Street analysts to argue for a higher company valuation.

The benefits of using new social media technologies often relate to the management of new content by getting it to the right people at the right time. J.B. Holston, CEO of NewsGator, decided years ago that it was important to build a smarter RSS feed: "We took a look at it and realized that RSS was just slinging content around the internet." So they set to work on a system that would deliver a real return on investment to the enterprise and came up with a piece of technology that Microsoft has licensed to become part of SharePoint. The system builds profiles that make it easier for employees to learn about one another, tracks trends in news and feeds that are moving around the enterprise, and enables social bookmarking. The social bookmarking allows people to track one another's blogs and feeds to be certain everyone on a team has access to the same knowledge.

Areas where companies save thanks to NewsGator offerings include lower licensing fees from the need for fewer seats on such tools as Salesforce.com or Facti va because the system will transmit the information employees need on sales leads or transmit interesting articles found by a single user on one of these paid systems. Holston further explains that a drop in email volume is not an insignificant cost savings; on average, "A 1% drop in email volume saves as much as \$1.3 million per year." In addition, NewsGator reduces the need for people who administer portal content, saving on company intranet labor costs.

Part of the reason enterprises need the services of a company such as Newsgator is companies such as Associated Content, which has a user-generated content model enabling it to churn out new content faster than anyone at a whole department of people would ever be able to read it. Taking the promise of Web 2.0 to the next level, CEO Luke Beatty says, "Associated Content is like eBay for content. We allow anybody to

create content and then we create an economy around that." Taking content for pay from wide array of contributors, the company then sells that content to expand the online presence of newspapers, beef up the web presence of corporations looking to expand their brands, and provide content to a wide array of special interest sites serving communities that need more content.

The idea seems to be gaining traction; Associated Content is taking on a dominant position not only in social media but also in media in general. Boasting 8 million unique visitors a month, Beatty says the company is among the top 100 media sites, and the fourth fastest-growing media property.

RULES OF ENGAGEMENT

Alan Scott, SVP and CMO of Dow Jones Enterprise Media Group, says that using social media for marketing was truly necessary to keep the company close to the customer. Scott says that the Dow Jones philosophy follows an "outside-in approach . . . we go where the customers are."

Scott, who is a frequent speaker at conferences on the subject of new marketing, sounds a bit bothered when he relates hearing the question, "How much of my budget should be in social media?" He quickly points out that it is important not to go into social media without a customer-centric plan. "Otherwise, you are just doing social media for the sake of saying you are there," he states, going on to refer to a type of rodent that is known for jumping off cliffs en masse. However, he admits that Dow Jones too has had to refine its approach over the years from covering every "cool site" to finding a focus that is geared primarily toward the specific sites where wealth managers or public relations managers congregate.

Scott says that using social media has changed the way he views markets today: "We see conversations as markets." With that logic, any missed conversation is a missed market. Hence, for Dow Jones one opportunity is focused on creating and marketing tools to help in the monitoring of conversations that occur in the social web. Scott continues, "For example, in February 2009 Dow Jones was mentioned more than 188,000 times." He estimates that it would take five full-time employees to keep track of these monthly mentions and flag any upcoming media problems as they appear on blogs. So the company created another tool, Insight, that covers "social media metrics and measurement." In addition, through the Business & Relationship Intelligence division, Dow Jones markets g2, which crawls millions of websites every day, extracting information about people, products, companies, and news.

According to Scott, Dow Jones social media approach was "unleashed" as early as 5 years ago, when the company issued a policy on blogging, not unlike the company policy covering use of email created more than a decade earlier. With bloggers such as Glen Fannick and Daniela Barbosa, both Dow Jones employees who blog and Tweet on technology topics such as semantic search or data visualization with the company's blessing, Dow Jones is subtly extending its brand through the talents of its employees.

"This blog policy opened the floodgates for our presence on the web as bloggers," observes Scott.

Through all of the efforts in the Enterprise Media Group aimed at distilling and managing the new information now available through the social media, for product development and for internal purposes, Dow Jones estimates it has added 3,150 jobs located in 84 offices.

REPUTATION MONITORING

Etlinger from The Horn Group believes this kind of monitoring is useful and necessary: "Customers can hijack you if you are not paying attention. Type in the name of any consumer or technology brand, you will see a criticism that the company should know about."

Etlinger recommends that firms begin by monitoring social media for 3 to 6 months (or longer) before determining how to enter the conversations that they see. Frank Eliason, who runs a services group and the social media efforts behind customer care for Comcast, says that his company first got into the arena by simply observing. Simply observing came naturally to him anyway, "My background was in financial services, so you would never write on a website."

Eighteen months ago he took a major step and replied to a customer posting a complaint on a blog. Eliason was able to turn a bad experience for the customer into a pleasant one. Eventually he found his way to Twitter (where he Twitters under the name @comcastcares), earning kudos from tech critic Michael Arrington on the blog TechCrunch. Eliason's key criteria for sites are "Searchability and timing. So, Facebook is not good for search."

Despite Eliason's renown as a pioneer in social media for the corporation, he states on his blog, "I never considered myself to be a 'social media' person, just a simple service guy talking to Customers." However, according to a February 2009 Abrams Research Survey of 200 social media leaders, Comcast was ranked fourth as a social media presence, only after the Obama Campaign, Zappos, and CNN.

Michael Mitchells, director of communications at Cisco, a social media powerhouse, says that the company is "leveraging social networking to transform the intranet experience." The company's concept is to connect "people, information, and community." With a laserlike focus on accelerating all human and business transactions, the goal Mitchells holds out is to "remove human latency." He explains, "If you really analyze a typical sales cycle of about 9 months, most of the time is spent on getting the right product expert for the customer to talk to." So by deploying an array of tools, including Directory 3.0, an expertise locator, Cisco helps the salesperson to find a new contact that is available to talk sooner, thereby shortening the sales cycle.

Mitchells is quick to point out that creating virtual teams with Cisco's internal expertise locator is a critical capability to have in times of reorganization. "Along with the company's suite of internal social networking tools that include high-def video meetings, CVision, video wikis, and internal blogs," he says, "We are using Directory 3.0 to help us reassign people to teams without having to move them." Mitchells adds that for the future, "The goal is to build out richness - very much like Facebook."

For every tool that is added within the Cisco sphere, Mitchells looks at its impact on the social graph, a framework that measures the nodes and transactions within the community. In addition, because of the subtleties of human relationships and trust, Mitchells says that having high-definition video to support the internal social media system is key to its success. "We are human beings first; sometimes we just need to see each other."

DEFINITIONS EVOLVE

Like any sector that is growing, social technology is beginning to differentiate into distinct areas. Hence the terms social networking, social media, and social web. Though often used interchangeably, they refer to distinct efforts that belie the purpose behind each one's use according to aficionados. Social networking refers to networks of individuals who come together to make connections with each other and only grant access to their content for that purpose, whereas social media relates to the production of content by users that is accessible and searchable by all.

The social web refers to the way in which an entity organizes its identity, connections, and content throughout the internet. This concept could give way to an entirely new idea of brand and identity for the enterprise, one that is created almost exclusively in the social web through the connections and conversations that occur there.

A source at Google forecast this for the social web: "Every generation forward will expect a medium to be 'built for social.' The notion of a 'two-way medium' will seem redundant, as only those which allow the user a voice will accelerate in consumption. New rules for etiquette in engagement will become common as these utilities proliferate and become indispensable to those raised on them."