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Analytics Alerts

The Business Case For Social Networks

Companies are putting enterprise social network technologies to work like never before. But with no hard metrics for measuring ROI, they're finding other ways to justify the expense and measure value.

Contents

2 How Much Is It Worth To Have Control Over Social Apps?

7 5 Best Practices Of Social Networking At Work

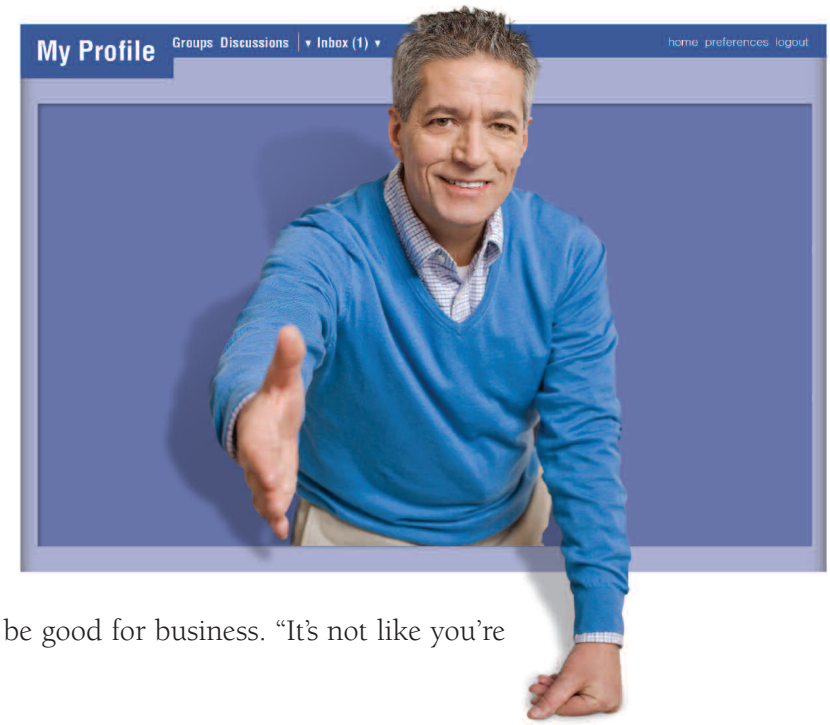
9 TransUnion Credits Social Apps For Big Savings

10 Beyond ROI: Apps Offer Other Corporate Benefits

11 Comcast Team Uses Tweets To Fight Flames

Can Enterprise Social Networking Pay Off?

By Andrew Conry-Murray



BOB PEARSON IS CONVINCED that enterprise social networking software—blogs, wikis, social bookmarking, and the like—will transform the way Dell works. But the VP of communities and conversations at Dell struggles to quantify the business value of these tools.

When these social networking tools are used to connect with customers and partners, there are usually ways to calculate a payback. But when companies provide them to employees, they're often going on little more than a gut instinct that these applications will be good for business. "It's not like you're creating revenue," Pearson says.

The dearth of hard ROI metrics should give CIOs pause. But at the same time, business leaders fear falling behind the technology curve, which is when employees start finding their own solutions. Don't let caution or fear overwhelm good sense. It's possible to construct scenarios where social tools benefit workers. If these scenarios resonate, a low-cost pilot is a good first step.

Enterprise social networking apps offer many of the features of consumer social apps such as Facebook, but with more oversight and control, and they come with analytics features to measure adoption and use. Typical applications include blogs, wikis, employee profiles, social bookmarking, and tags. Some vendors specialize, while others offer multiple apps in a single platform. Some of the software is available as a cloud service, some is deployed behind the firewall, and a few vendors offer both options.

These apps aim to provide value in three ways. First, they can bridge geographical and organizational information divisions by moving conversations out of e-mail and hallways and into shared spaces such as blogs and wikis. This way information becomes searchable, serendipitous

connections are made, and ideas pollinate in ways they couldn't before. Communities of interest spring up around subject matter rather than organizational hierarchies. For instance, a hardware engineer in Ireland who experiments with open source software in his spare time could link to a blog on Linux started by a software developer in Australia. Even though the hardware engineer isn't part of the software development team, he could follow discussions and share ideas, some of which the dev team may find useful. "There was no means to have conversations like this two years ago," says Len Devanna, director of Web strategy for EMC, which started using Jive's Social Business Software platform in late 2007.

The second way social apps provide business value is by letting people add context to information stores, which helps others identify what's useful to them and can make search results more relevant. Social bookmarks, for example, let people share links to a content source—a Web page, blog, white paper, etc.—that they found useful. Tags are an employee-driven taxonomy that ensure that any one content source is grouped with related content. Tags, social bookmarks, and other social networking tools help bring order to the avalanche of information that employees have to sift through.

"If you're in research and development, it's good to see the links that your team leader or chief scientist for a project has posted on a topic," says Dave Biersach, an associate director at Pfizer, which uses Scuttle, an open source software package for social bookmarking.

IDEA MANAGEMENT

Innovation Apps Can Make Brainstorming Pay Off

While companies struggle to quantify the value of enterprise social networking, the return from one subset of applications in this category is a no-brainer. Innovation or idea management apps provide a forum for customers and employees to share information and ideas on how to improve products and services.

One large retail chain routinely runs events to generate ideas on how to increase revenue, cut costs, and streamline business processes. Using a hosted platform from a startup called Spigit, the retailer invites targeted groups of employees, such as store managers or the logistics group, to log in to a Web application to submit ideas, and review, rank, and comment on ideas posted by their peers.

Last year, the company ran an event for 4,000 employees on the subject of improving its energy efficiency and cutting costs. The event generated thousands of ideas. A review team narrowed those ideas to a checklist of 20 items, such as switching off electronics products on display racks. "If each store follows that checklist, we estimate the company will save $30 million to $40 million per year," says the retailer's director of strategic services.

Another event for store managers focused on cutting costs and improving customer service. One idea from that event will save the company $8 million. "IT and senior VPs ask how we measure ROI for Spigit," the director says. With numbers like that, the answer is easy.

—Andrew Conry-Murray

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Third, enterprise social networking helps people find and connect to co-workers through user profiles, expert search, and social graphs that provide a visual map of an employee's connections with co-workers. EMC's Devanna encourages employees to fill out detailed profiles on the Jive platform, because that information goes into the search engine that lets users find co-workers with domain-specific knowledge. Pfizer scientists will do people searches to see if another scientist in the company has worked on a particular compound, Biersach says, or sales reps will search for other reps who have previously worked in their territories.

NO PRESSURE—YET

The use cases described above show enterprise social networking's potential business value, but they're too squishy to be used as hard-dollar metrics. For some companies, that's OK because no one is demanding cost justification—yet. EMC is in its honeymoon period with social networking.

"I think I have six to 12 months before I have to quantify hard savings, and I'm not sure how I'm going to do that," Devanna says.

But he does have a few ideas. One metric is user adoption. EMC has about 10,000 wiki documents and 3,000 blogs across 150 topical communities on its Jive platform. Of its 38,000 employees globally, the platform has about 10,000 active users and another 15,000 lurkers who are watching conversations or consuming content but haven't posted anything themselves, Devanna says.

Adoption doesn't necessarily tie to ROI. When Devanna finally has to provide some numbers, he expects to be able to point to a decrease in the volume of e-mails and attachments across the company's network, and the resulting reduction in storage costs. Instead of a 20-MB PowerPoint being sent back and forth among 10 co-workers, it

A SAMPLING OF **WHAT SOCIAL NETWORKING VENDORS OFFER**

Drupal	Blogs and profiles
IBM Lotus Connections	Blogs, profiles, social bookmarks, communities, and more
Jive Software	Wikis, blogs, profiles, social bookmarks, tags, discussions, and more
Microsoft SharePoint	Wikis, blogs, profiles, and communities
NewsGator	SharePoint add-ons for tags, tag clouds, expert search, discussions, and more
Scuttle	Social bookmarking
Socialtext	Wikis, blogs, profiles, social bookmarks, and microblogging
Telligent	Wikis, blogs, profiles, groups and communities, social analytics, and more

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can sit in a common workspace where people can post comments. Devanna says he hasn't tried to measure the decrease in e-mail yet, but he's sure it's happening.

Devanna believes that social networking also will help EMC get new products to market faster. Before these apps were available, ideas for new products bounced around among a limited set of employees. Now they can be teed up on a platform with 25,000 pairs of eyeballs on it. The theory is that good ideas get validated and bad ideas get discarded more quickly, which leads to faster product development, he says. However, Devanna admits that he has yet to prove this theory.

Devanna also may be able to point to one other return: The company launched the internal social apps to gain proficiency in creating external customer communities. Pfizer hosts an enterprise wiki, called PfizerPedia, which was started as a side project by a handful of scientists in the company's global R&D unit, Biersach says. The wiki, which runs on the open source MediaWiki software (the same software that underlies Wikipedia), grew so popular that it's becoming a formally supported IT platform. It has more than 2,300 users across multiple business groups, including sales, IT, and manufacturing, who use it to create knowledge bases and share documents. Pfizer also has a 3-year-old enterprise blog that runs on Drupal, the open source Web content management software. Pfizer executives use the blog, which is getting 10,000 visits a month, to communicate with employees about Pfizer's business activities.

In addition to the wiki and blog sites, Pfizer's internal site for social bookmarks lets employees share links to content and Web sites they find relevant to their work. The company also is taking advantage of the social networking features built into SharePoint, which let employees create personal profiles. Departments and project teams also can create blogs and wikis associated with specific business domains inside SharePoint, such as a sales team or a specific department.

Despite Pfizer's investment in social networking tools, Biersach says it's all but impossible to calculate ROI. Instead, he measures value by gauging how much the company's social networking applications entwine themselves into employees' daily work lives until they can't imagine living without them.

Like EMC, Pfizer measures the number of users and the frequency of use. Out of 98,000 employees, 63,000 are regular SharePoint users, and the company has more than 6,000 active SharePoint sites. Biersach's team, which regularly reviews SharePoint activity logs, defines a site as active if changes were made to it in the past 30 days.

Those metrics have to be tempered by the user community itself. "If one system has 3,000

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users and another has 60,000, but the 3,000 are all doing clinical research and using it daily, you have to factor in that qualitative value," says Biersach.

Another measure of the value of social networking apps is by the number of other applications that can be linked to them in ways that enhance productivity. Pfizer is considering using Web services calls between SharePoint and its Siebel CRM applications to post a daily list of sales calls on salespeople's SharePoint MySite profile pages. "A system that's highly integrated into other systems is indicative of high value," Biersach says.

Another way to measure the value of social networking tools "is to relate them to process improvements rather than time savings or loose efficiency gains," Biersach says. For instance, Pfizer's IT department created a wiki where users can search for solutions to common laptop and desktop problems instead of calling the help desk. While Biersach doesn't have hard data to quantify the reduction in help-desk tickets because of the wiki, he knows people are using it, and he has anecdotal evidence that they've resolved problems without having to open a ticket.

Similarly, one of Pfizer's enterprise wikis walks developers through the steps to check source code into an enterprise code repository. The repository helps the company better manage its proprietary software. Hundreds of developers use the repository, Biersach says, but its support team is quite small, in part because the wiki cuts down the number of help desk requests.

ANXIETY-PRONE APPS

Suggest bringing social networking tools into your company and wary corporate managers are likely to raise a host of issues. Besides the lack of reliable formulas for measuring ROI, there's the bad rap these apps get from consumer-focused cousins such as Facebook and Twitter, which can come off as vehicles for sophomoric self-aggrandizement. Social networking also raises policy questions around content control, compliance, and moderating employee behavior. These are important concerns. Most of these applications offer basic access controls and manage users' ability to edit, copy, and share content, but current tools may not have all the answers you want.

At the same time, no one wants to lose out on a potential competitive advantage. In a Burton Group study of 21 businesses, most believe their social networking initiatives lag behind those of their industry peers or the market in general. Deloitte, in its technology predictions for 2009, expected an "explosion" in social networking tools, trials, and in-house deployments at

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companies as well as U.S. government agencies.

Business leaders also know that social networking will find its way into their companies if IT doesn't provide it. Beyond Facebook and Twitter are scores of wiki, blog, and collaboration sites that are free, or cheap enough that a product manager can buy a half-dozen accounts with a credit card and upload next quarter's product road map in five minutes. Even if the ROI is never clear cut, technology managers may be compelled to invest in these apps to keep employees from adopting public systems that are outside company control.

The Web blurs boundaries between friend and co-worker, home and office, public and private. Employees can and will get access to blogs, wikis, and tools that let them communicate, collaborate, and share information. The real bottom-line question might be, how much is it worth to you to have employees using applications you control and manage?

5 Best Practices For Social Nets In Business

By Andrew Conry-Murray

1. Test The Waters The widespread adoption of consumer social networking applications such as Blogger, Facebook, LinkedIn, Twitter, and Wikipedia has people asking, "Why can't I have something like that at the office?" They can, whether or not the company provides it.

In the absence of company-provided tools, employees will take it upon themselves to integrate consumer apps into their work lives, whether it's a skunk works project running open source software on an engineer's spare laptop, or product managers building a wiki on a Web collaboration platform that they pay for with a credit card.

Companies may find it useful to try out social networking with a low-cost pilot. Open source tools are widely available to experiment with. Another option is hosted applications, which are easy to get up and run, and usually offer a small number of corporate licenses at a very low price.

2. Set Modest Expectations To get your enterprise social networking app project off the ground, don't lay on the hyperbole about the transformative power of social networks. In other words, don't promise executives that enterprise social networking will unleash, ignite, or synergize anything.

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Pitch the project as a pilot, with the option to walk away after a quarter or two if it doesn't work out. Describe one or two general business improvements you think are achievable. Set reasonable goals for user adoption, and salt your initial deployment with a few teams that are eager for these kinds of tools. And keep an eye out for ways to measure business value. You may not be expected to produce hard numbers from a pilot, but corporate management will want to know the payback down the line.

3. Don't Let Fear Strangle Growth Many organizations are wary of giving a voice to employees because they don't know what they'll say. Businesses also worry that employees will overdo the "social" aspects of these applications.

You may be tempted to vigorously police employee-generated content, either through monitoring or preapproving posts. Resist that temptation; it will have a chilling effect on participation. Employees need time to grow comfortable with speaking up, sharing ideas, and participating in company-wide conversations. A social networking project will likely wither before it has a chance to grow if people fear the thought police.

4. Resist Exclusivity Business units or teams may want to build gated communities, but that approach defeats the purpose of a social network. Len Devanna, EMC's director of Web strategy, says most people who come to him to start a community want it closed to everyone else. He pushes back: "99.9% of our communities are open to all employees, despite the inclination to lock it down." Managers usually come to see the value of exposing discussions to the broader community, Devanna says.

5. Don't Forget About Search Search underpins the value of social networking platforms. A crappy index and search engine will make social applications less useful. As you investigate products, grill the vendors on their search capabilities and road maps. Be sure the search engine allows for user-generated feedback such as tags and content-rating systems, because the point of social networking in business is to let people provide input into the relevancy of content and people.

A good search system also helps prevent your social networking platform from becoming another silo, so consider federated search. Ideally, the search engine inside an enterprise social networking platform should be able to index content in other systems, query third-party search engines to pull results from other information repositories, and be open to requests from other engines.

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TransUnion Finds Savings, Seeks More

By Chris Murphy

CAN'T PUT AN ROI ON SOCIAL NETWORKING? TransUnion CTO John Parkinson has his: an estimated $2.5 million in savings in less than five months while spending about $50,000 on a social networking platform.

The savings comes from buying less stuff. TransUnion is one of the big three credit report companies, and it runs on a lot of custom software code. Instead of buying more gear to improve IT performance, employees are brainstorming ideas across larger groups on the company's Socialtext platform. "The savings mostly come out of teams that would have historically said, 'Buy me more hardware' or 'I need a new software tool' or 'I need more processing capacity,' who figured out how to solve their problems without asking for any of those things," says Parkinson.

While the estimated ROI numbers look promising, Parkinson stresses that wasn't why TransUnion got started with social networking. He thought it would meet a need for employees, and, just as importantly, "I wanted to defend against too much of this going on in public," he says.

TransUnion knew it was time to provide an internal social networking tool when people started asking for permission to set up an employee group inside Facebook. So the company did a quick survey. About 2,000 of its 2,700 employees were using some kind of public social networking tool. Since the company deals in credit reports, it wasn't keen on employees gathering to talk shop on the public Web. So the IT team set up Socialtext inside the company firewall. Parkinson liked the features of the online network Ning but decided he needed the software on its own network for security.

The Socialtext platform has profiles, a wiki capability, and instant messaging. Perhaps most powerfully, employees can use it to ask questions of a broad group. People can tune their settings to allow all questions or allow only those from certain groups or people. But all the questions and answers get written to the database. The platform lets people vote on answers they like. It also has tools to analyze which answers people are reading and using to solve problems, and how answers correlate to topics that are most valuable to the company.

Here's where this idea gets even more interesting. TransUnion is studying usage data to learn who's best at solving business problems raised in the social network. With that, it's experiment-

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ing with new job descriptions for a couple of them, so that handling these questions within the forum is a formal part of their role.

"It was never very clear to us, looking in, who the authoritative sources were, who was good at solving problems," Parkinson says. "Now we can see a lot of that because we're starting to see patterns emerge, to see who's following whom, who's the good source of questions, who offers good answers. All those things that you sort of know by the grapevine, we now have data for."

TransUnion's Socialtext platform co-exists with Microsoft SharePoint, which has some of the same wiki and networking tools. Parkinson draws the line this way: If an activity is part of a formal process, the collaboration should happen in SharePoint. In bringing on a new customer, for example, many formal steps are involved, and SharePoint has workflow tools that allow for collaboration while making sure the necessary hand-offs happen and the process is completed. "On the other hand, if I want to improve the process of bringing on a customer, I launch a discussion on Socialtext," Parkinson says.

Extrapolating on the company's success so far, he hopes the platform can deliver $5 million to $8 million in total savings this year. The platform only went live in October, and company-wide in January. Will the momentum continue? Will people find uses that are less productive? Parkinson isn't declaring victory yet, but he likes what he's seen.

Social Success At Work Takes Many Forms

By Andrew Conry-Murray

CAN YOU MEASURE THE ROI OF ENTERPRISE SOCIAL NETWORKING? Probably not. But ROI is only one way to measure value.

Enterprise social networking applications—like Facebook but for the office—have business leaders scratching their heads. They can see the incredible adoption of consumer social networking apps by their employees, and wonder if they should roll out a social network platform for internal use. They don't want to fall behind the technology curve, and they definitely want to minimize the presence of internal business communications on public networks.

At the same time, the business case for internal social networking is somewhat squishy. There are no hard-dollar cost savings to point to, and no satisfying way to measure things like productivity increases.

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For my report on the ROI of enterprise social networking applications, I spoke with EMC's Len Devanna. He runs the company's Web strategy, and advocates internal social networking, but struggles to justify the company's investment in these tools. Devanna is probably not alone in this struggle.

I'd love to get feedback from readers on this subject. Does the lack of a numbers-driven business case scare you off? Have you found measurements for the value of social networking that would satisfy the CFO? Does it even matter, given the ease with which social networking apps seep into the enterprise?

Twitter Team Coaches Salesforce.com

By Mary Hayes Weier

FRANK ELIASON, A COMCAST CUSTOMER-SERVICE REP, has more than 13,000 followers on Twitter. In the coming weeks, he's going to help Salesforce.com figure out how to introduce corporate customer-service systems into the world of Twitter.

About a year ago, Eliason and his team of 10 reps, who primarily answered customer e-mails, began to seek out and help customers who were publicly blogging their criticisms and frustrations with Comcast. The team increasingly concentrated on Twitter and its millions of easily searchable microblogs.

Eliason's readiness to help solve Comcast customers' problems, while calmly ignoring the occasional insults thrown his way, soon made him somewhat of a personality among Twitter regulars. He's known as @comcastcares.

Then the media came calling, and in recent months, several newspapers, magazines, and television networks have profiled Eliason. His technique is to tentatively approach Twitterers critical of Comcast, rather than offer up advice that wasn't asked for. "I never thought I'd become famous on three words: Can I help?" Eliason said.

Now Salesforce wants Eliason's help. It recently announced an add-on for Salesforce CRM that lets companies track and aggregate customer complaints on Twitter. Eliason and his team will be testing the offering, which is scheduled for general availability in the summer. It's a perfect fit, since Comcast is already a customer of Salesforce CRM's Internet (a.k.a. "cloud")-based software services.

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CRM for Twitter will include a dashboard for tracking and monitoring topics on Twitter, the replies to those topics, and whether customer issues were resolved, and it will alert customer-service reps to volume spikes on certain topics. The app will be integrated with Salesforce's Knowledge Base, which reps use to look up answers to customers' questions and problems.

Pricing will start at $995 a month for five agents and support for 250 customers. This isn't Salesforce's first social networking attempt: In January, it announced an app service that companies can set up to have customers come to them on Facebook (the searchable Twitter approach wouldn't work with Facebook, since users' "walls," where they would post comments, operate on an invitation-only basis). Still, using a team of salaried employees to seek out disgruntled customers on the Web may seem counterintuitive to the typical big-business approach to customers service; that is, stock a phone bank with as many low-cost workers as possible that follow scripts in a database.

But Salesforce executives said during a recent InformationWeek briefing that maybe that's not the best approach. Perhaps, they suggested, companies need to move beyond the call-center mentality and start reaching people at the place they're increasingly going to complain about things and get help from others: the Internet.

Twitter, of course, is used by just a small fraction of Comcast's customers, and Eliason's team is a tiny speck in a pool of 30,000 customer reps at the company. Still, Eliason said his team has helped solved about 21,000 customer issues on Twitter, Facebook, forums, blogs, and other social networking sites since starting the work a year ago, and he envisions a day when perhaps thousands of Comcast reps can use the CRM for Twitter application.

"This allows us to be much more efficient because it's going to tie into Knowledge Base," Eliason said. "My team is the guinea pigs."

There's also a big-brother quality to a software service that helps companies find what their customers are saying about them and then intervene. Eliason said it's all in the approach.

"My advice to companies considering this is that you don't try to interfere with a conversation," Eliason said. "If someone is commenting about Comcast, we may not give the answer right off the bat. We don't force ourselves into a conversation. Instead, we throw the ball in their court, with, 'Can I help?' "

Twitter has also proven to be an "early warning system," Eliason said; customers will tweet about a Comcast problem before calling customer service.

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In some situations, Eliason's team has known about issues before a Comcast call center. Last year, Comcast reps working on the East Coast at 7 a.m. saw a few late-night tweets about a network problem in San Francisco (4 a.m.). The call centers serving San Francisco didn't start getting calls about the issue until three hours later, when most Comcast customers in the area were waking up and trying to sign on.

Based on his experience with Twitter, Eliason believes that public social networks will prove to be far more important to businesses than they may are expecting. "Engaging with customers is what works, not PR or marketing or customer-relationship 'management,' " he said. "People respect a company when it's not about the message, it's about the personal relationship."

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