

SAMPLE CHAPTER

Chapter 4

Key Benefits And Risks

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Implementing Enterprise 2.0

A practical guide to creating business value inside organizations with web technologies

Ross Dawson
and the Advanced Human Technologies team

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For organizations that are seeking a thorough and practical reference on how to create value with Enterprise 2.0 approaches, *Implementing Enterprise 2.0* is the most comprehensive, pragmatic, and cost-effective analysis available on the market.

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Chapter 4:

Key Benefits And Risks

Overview

- In assessing benefits and risks of implementing Enterprise 2.0 to organizations, factors including organization size, age distribution, knowledge intensity, and organizational culture need to be considered.
- Key potential benefits of implementing Enterprise 2.0 include productivity and efficiency, staff engagement, knowledge sharing, and enhanced reputation.
- Key potential risks and concerns of implementing Enterprise 2.0 include security, loss of control, impact on reputation, information reliability, and productivity impact.
- There are counterpoints and responses to each of the potential risks and concerns.

Assessing Benefits And Risks To The Organization

Implementing Enterprise 2.0 is about change. New technologies are deployed, work processes evolve, and possibly organizational structures shift.

Benefits and risks are associated with any change. A governance-based approach to Enterprise 2.0, as taken in this report, requires examining, understanding, and addressing these benefits and risks in order to take make effective decisions in guiding the organization.



See Chapter 7 on Governance for details of the governance process

Relevance to specific organizations

The potential benefits and risks of Enterprise 2.0 apply very differently depending on your organization. Following are some of the parameters that will impact how benefits and risks may apply.

Organization size

There are greater potential benefits to larger organizations in enhancing internal workflow and communication, however there are increased challenges in achieving them.

Employee distribution

Organizations with more office locations, in more countries, with more staff working sometimes from home, will have significantly greater benefits from implementing web-based technologies.

Age distribution

Companies with a younger employee age profile will find Enterprise 2.0 initiatives particularly relevant and useful. However there is also specific value for organizations that have a significant proportion of their staff retiring in coming years, for knowledge capture and connection.

Industry

Each industry has specific characteristics that impact the relevance and value of Enterprise 2.0 initiatives. For example investment banks have imperatives of effective information flow and tend to have younger technology-savvy staff, though also have specific regulatory and security constraints.

Knowledge intensity

Productivity and value in knowledge-based industries such as professional services are driven by effective collaboration, though some information is particularly sensitive. Industries such as mining are often also knowledge-intensive, though more process-oriented fields such as call centers will experience value in different areas.

Regulation

Some industries such as financial services, accounting, law, construction, and government sectors are subject to specific regulations that need to be addressed.

Organizational culture

Clearly current organizational culture will impact both where the initial benefits are likely to accrue, and real and perceived risks.

Stakeholder outlook

The outlook of key stakeholders will impact both real and perceived benefits. For instance, politicians' highly risk-averse approach will affect government department initiatives, while the composition of the board of directors will also influence how issues are assessed.

Current technology systems

The state of current information technology systems will affect where there is the most value in implementing web-based systems, and how potential risks such as IT security are best managed.



“Web 2.0 technology opens up opportunities and dangers. Data integrity is of primary importance at Citigroup. So when you think of blogs or wikis or other Web 2.0 things, there is a lengthy testing process, so that we can assure that internally and externally there is no violation of security or privacy. It may be different for consumer goods, but financial services has a risk-averse nature.”

Harvey Koeppel,

CIO - Global Consumer Group,
Citigroup



“We met with representatives of (the German regulator) BaFin. We showed them how we are using the wiki for our documentation. They said that a wiki was the best way to do documentation. We got a lot of praise for that. The world is changing.”

Hans Classen,

Director - Risk IT,
Dresdner Kleinwort Wasserstein

Key potential benefits of implementing Enterprise 2.0

Category	Benefit	Overview	Relevance
Productivity & efficiency	Increased productivity	People and teams work more effectively through quicker access to resources and easier collaboration.	Any knowledge-based work, especially in teams.
	Faster innovation and product development	Both early stage innovation and taking products through to launch is made more effective by fluid interaction.	Organizations driven by innovation or with short product cycles.
	More efficient project management	Enterprise 2.0 tools are extremely relevant to streamlining project management across all domains.	Any project teams, particularly those that are multi-location or cross organizations.
	Reduced email overload	Migrating some kinds of organizational communication outside email to create greater personal efficiency.	Where excessive email is impacting productivity.
	Improved team performance	Acceleration of team interaction and more rapid trust-building.	Any environment where teamwork is important.
Staff engagement	Better internal communication	More efficient dissemination of information to employees and communication across the organization.	Relevant to all organizations.
	Greater staff engagement	Improved ability to communicate with peers and participate in discussion can strongly enhance positive sentiment.	Where there is a desire and willingness to engage staff more.
	Enhanced collaborative behaviours	Providing tools and initiatives aimed to facilitate collaboration flows through to changed behaviors.	Knowledge-based work environments.
	More effective learning & development	Enterprise tools both provide easier access to content and better connectivity for shared learning.	As a complement to existing well-established learning programs.
Knowledge	Easier access to expertise and organizational capabilities	Making it easier to uncover and connect with relevant expertise, either in people or embedded in documents and processes.	Relevant expertise in the firm is hard to access.
	Enhanced search	Enabling search to quickly provide the most relevant information and resources for the individual.	Where research is a significant component of daily work.
Reputation	Attractiveness as an employer	Younger staff in particular judge potential employers by how innovative and open they are. Uptake of web technologies is often seen as an indicator of a progressive culture.	Organization competes for young, talented staff.
	Improved firm reputation	Innovative approaches create leadership position with an industry and with clients and business partners.	Where being an industry leader can impact perceptions.
	Increased visibility in marketplace	Web 2.0 technologies are highly effective in promoting thought leadership content and building visibility for the firm and key executives.	Where increased visibility and findability can support business outcomes.

Key risks and concerns in implementing Enterprise 2.0

Many of the risks and concerns in implementing Enterprise 2.0 are *perceived* risks more than actual risks. However they must be fully understood and addressed in order for organizations to feel confident in implementing Enterprise 2.0 approaches.

Category	Risk/ concern	Overview	Counterpoint/ Response
Security	Information loss	Confidential and competitive information can be leaked externally.	Information can already be deliberately leaked through a variety of means, including email. Safeguards and education can avoid inadvertent information leaks.
	Network security	Opening systems can make IT more vulnerable to malware.	There are essentially no additional IT security risks with Enterprise 2.0 – if existing security policies are rigorous there should be no concerns.
Loss of control	Loss of control of information flows	Executives can no longer control the flow of information in organizations.	Perception of current control over information flows are misguided. Healthy organizational cultures are correlated to high levels of unstructured internal communication.
	Negative internal comments	Individuals make negative or inappropriate comments on discussion forums or other public communication.	If desired, systems can be set up so that there are no options for anonymous communication.
Reputation	Negative external comments	Staff making comments on public Web 2.0 sites may make negative comments about the company or its clients.	This is a risk that transcends Web 2.0 tools and is unavoidable. Clearly communicated policies and training will minimize this risk.
	Inappropriate staff behaviour	Online tools can make questionable comments more visible.	Staff generally self regulate and will adhere to normal social behaviour.
Reliability	Information unreliable or incorrectly used	Staff posting incorrect information or unclear or misleading instructions.	Information is given greater scrutiny by wider community.
Productivity	Reduced staff productivity	Staff spend too much time using internal or external social networking tools that don't support business outcomes.	Policies appropriate for the position in the organization can be established, and usage monitored. Making these tools inaccessible could prohibit activities that are useful to the business.
Resources	Bandwidth overused	Overuse of video sharing sites or other tools can result in additional bandwidth costs.	Policies and parameters can be set to guide bandwidth-intensive applications. If warranted for business reasons additional bandwidth can be purchased.

Risks of NOT Implementing Enterprise 2.0

In assessing the risks and benefits of implementing Enterprise 2.0, it is important to consider the risks of not taking action.

Unauthorized use of web tools

Without a coherent, well-communicated framework for use of Web 2.0 tools, staff may use unauthorized external tools in an effort to perform their work more effectively, leading to IT security risks and lack of integration with existing systems.

Fragmentation of information

If staff use Web 2.0 tools outside of a clear, coherent firm structure, there is a significant risk of fragmentation of information, meaning that information and activities will not be accessible by the rest of the firm.

Increasing difficulty in attracting and retaining talented staff

If organizations are perceived by graduates and young staff as a laggard in adopting new technologies, this can impact the firm's ability to attract and retain talented people.

Reduced competitiveness

Competitors that are swifter in adopting and gaining benefits from Enterprise 2.0 approaches may achieve significant advantages in their cost of production, speed to market, and customer reach. These benefits will be extremely difficult to replicate.