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Lead *Now* or
Get out of the Way
*IT's Role in a
Web 2.0 World*



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EXECUTIVE SUMMARY

IT is beginning to lose control of new technology development. Web 2.0 and new media technologies, such as blogs, wikis, and social networks, are spreading rapidly through companies, often without IT's direct involvement. Marketing departments, "shadow" organizations within a company, and even external agencies have begun taking the innovation lead with these tools, often explicitly outside IT's domain.

This phenomenon places CIOs and other IT managers in a tricky position. The absence of overly strict, top-down control is one of the factors that contribute to the success of many of these technologies. But the lack of any control at all creates maintenance headaches and taxes IT operations. Worse yet, it could cause serious security breaches and expose the company's intellectual property.

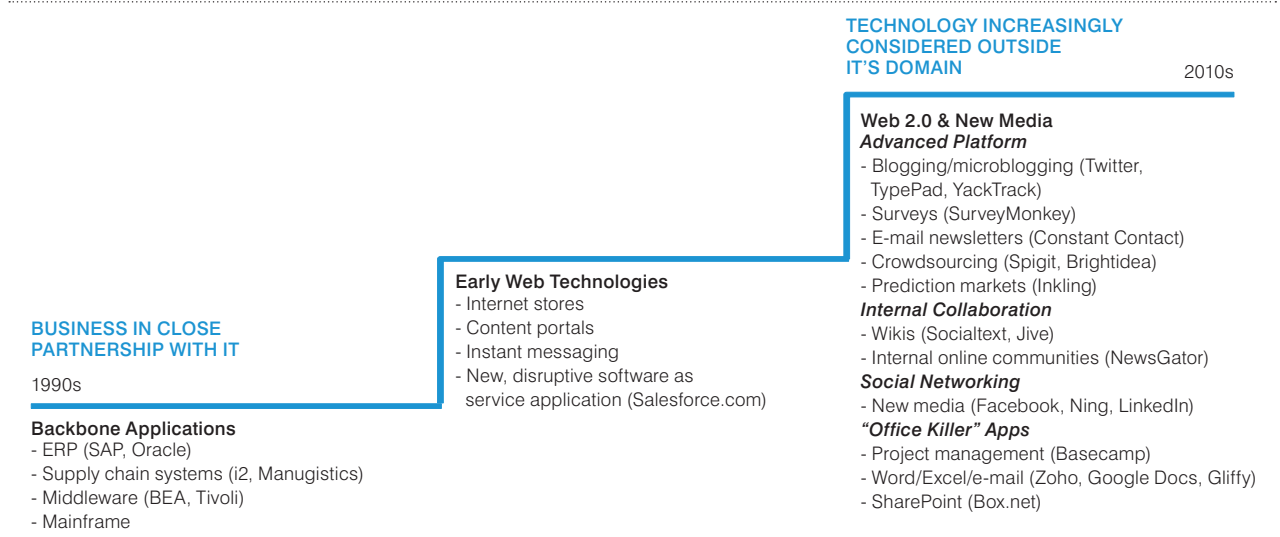
CIOs and their IT departments must take the lead in these emerging technologies. As new technologies become more popular, and some prove to be strategically relevant drivers of business value, it is incumbent on CIOs to become knowledgeable about and comfortable with them and provide the leadership necessary for the organization to use them effectively.

IT'S DEVOLVING ROLE IN EMERGING TECHNOLOGY

In the 1990s, IT's role in driving emerging technologies into the enterprise was nothing short of pioneering. By implementing backbone systems such as enterprise resource planning and supply chain management, IT became a star actor, equal parts technology visionary, process steward, and best practices ambassador to a highly reliant organization. Implemented successfully, these technologies enabled significant business innovation and process efficiencies.

Over time, however, IT's predominant responsibility morphed from bold change agent to tactical cost squeezer, often milking those once revolutionary legacy systems. While this role may have been appropriate given the economic pressures of recent years, it has produced an undesirable consequence: a deterioration of the technology leadership role for IT in the enterprise (see Exhibit 1).

Exhibit 1
The Devolution of Technology Leadership in Enterprise IT



Source: Booz & Company

A CALL FOR IT LEADERSHIP

This dispersion of technology leadership is, in part, self-inflicted: Many (if not most) IT organizations view Web 2.0 and new media tools as consumer-grade, insecure technologies that offer more style than substance. But this view fails to recognize that some of these technologies are already in their third or fourth generation, firmly integrated into enterprise life, and delivering real value to the companies that intelligently deploy them. To dismiss the new tools categorically as unfit for corporate use reflects an antiquated position, out of touch with the realities of the market.

Creating Real Value

There are many clear examples of benefits being delivered across the value chain by Web 2.0 and new media technologies. Moreover, some of these technologies are proving to have lasting value as Fortune 2000 firms find ways to use them to drive real, hard benefits.

Best Buy, for example, uses a prediction market system that taps into the collective knowledge of its work-

force to produce far more accurate sales forecasts than the company's own sales and marketing experts can produce. Dubbed TagTrade, the custom-built system lets employees cast anonymous votes on their computers to predict future sales. During a recent holiday season, the system's predictions were 99.9 percent accurate and the electronics chain adjusted its stocking decisions to reflect them.

Publishing company Ziff Davis employs an enterprise wiki to help reduce cumbersome internal group e-mail and streamline requests for information. Each of the 50 team members in one Ziff Davis division were deluged with upward of 100 group e-mails a day pertaining to work requests, documentation reviews, project status, and employee events. No efficient method of prioritizing the information or managing the recipient lists existed. The implementation of a wiki, in essence a free-form database that anyone can update in an easily accessible location and a quickly understandable format, provided employees with a knowledge repository that rapidly became a go-to resource and saved the company an estimated US\$1 million annually.

It is not just consumer-centric companies that are realizing benefits from these technologies. A Tier One auto supplier, for instance, has begun using Google Apps (a low-cost, Web-based

e-mail, calendar, document creation, and instant messaging system) to integrate and communicate with a team of more than 5,000 IT contractors, with annual savings of \$1.25 million. In fact, technology leaders in most industries are using Web 2.0 and new media tools to solve problems throughout the value chain (*see Exhibit 2, page 4*).

The Necessity to Lead

IT and its leaders have little choice but to take a front-and-center role with Web 2.0 and new media technologies. Staying on the sideline has consequences that should ring familiar (if not evoke past demons) for any IT executive. With no IT intermediary, this is the usual path:

- The business proceeds to research technologies at its own discretion.
- The technologies are deployed outside IT governance and security protocols.
- Eventually, IT is asked to support these technologies.
- Security, support, and compatibility problems ensue.

Indeed, the dangers of ignoring these technologies are real. In one case, the sales and marketing department of a large pharmaceutical company developed an inexpensive open source collaboration platform without IT's

assistance and support. Months later, the company found out that confidential information about its drug discovery pipeline had been shared across Asia, Europe, and the U.S.—a complete security breakdown that carried a significant negative impact.

This scenario is highly relevant throughout the Web 2.0 and new media space. Given the ubiquity of the tools and the disparate nature of the vendor base, proper parenting is a must if negative outcomes are to be avoided. Moreover, the explosive trajectory of spend in this space ensures that the risks are bound to grow, as will the demand for IT leadership.

Adopting Web 2.0 & New Media Technologies

To manage new technologies, IT will have to reach beyond the traditional

good habits of technology program management. The standard program precursors—executive sponsorship, business case, scope management, etc.—are still in play, **but a few additional approaches are necessary.**

1. Put Problems First, Tools Second

Falling in love with a particular technology is the single biggest trap for newcomers to Web 2.0 and new media. Too often, sponsors become infatuated with a specific tool before isolating the problem they are trying to solve.

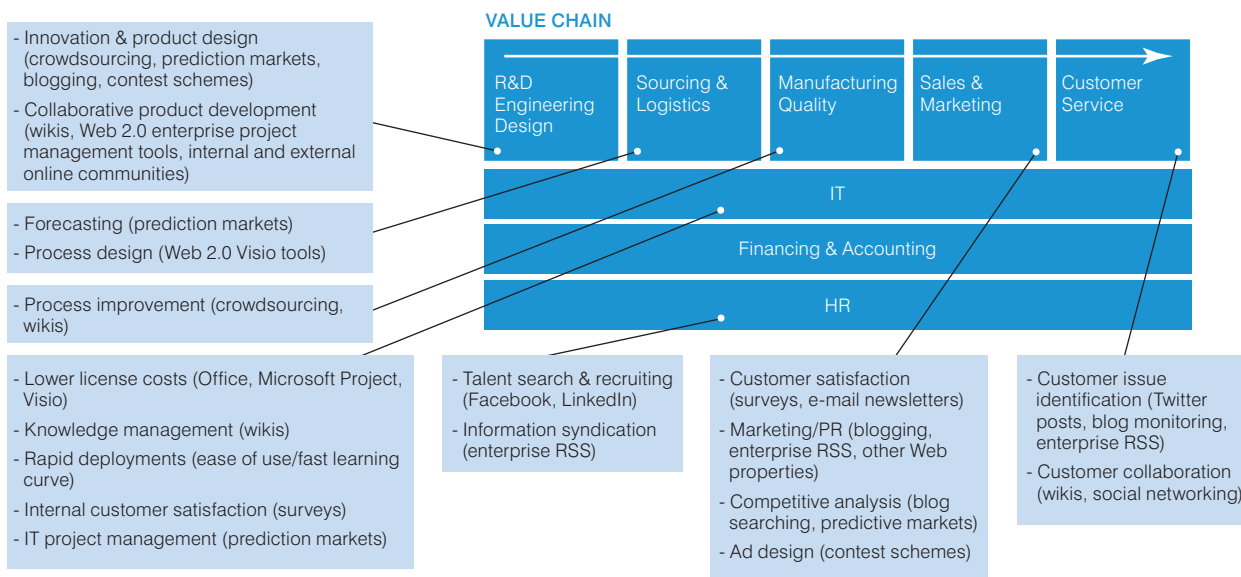
Consider blogging. Blogging can provide a human face for executive leadership, create a community around a given product, drive website traffic via contest schemes and promotions, and serve as a messaging platform for key corporate items. But blogs and similar

tools must be anchored in a primary goal, as this can drive divergent program decisions. The content, the stakeholders, and the tool itself can all vary depending on the first-order goal: driving website traffic versus serving as a communications platform, for example. The need to home in on the problem to be solved is far more critical to success than the technology itself. Unfortunately, technologies are often implemented on a whim or by mandate, and the process of defining their purpose is neither rigorous nor specific. As a result, the full potential of the technology is never realized.

2. No Over-Engineering Required

Users, not project teams, should drive the evolution of Web 2.0 and new media technologies. Rather than give in to the impulse to over-engineer, companies should offer a generic

Exhibit 2
Leveraging Web 2.0 and New Media Technologies Across the Value Chain



Source: Booz & Company

solution and track user behaviors and preferences to understand feature popularity. This will result in a more organic adoption pattern that will often produce benefits that the initial implementation teams never expected.

For example, Ziff Davis's enterprise wiki cited above was first deployed to centralize deliverable storage. Only later did the IT department discover that employees were using it to communicate with project teams as well as to schedule and track day-to-day project activities and milestones. The wiki not only centralized document storage but practically eliminated group e-mail and reduced project cycle time by 25 percent.

3. Establish a (Contemporary) Organizational Competency in Web 2.0 and New Media

Generally speaking, working with Web 2.0 and new media technologies is more comfortable for younger employees than for older ones. Thus, companies can often progress through the learning curve of research, adoption, and benefit realization much faster if they establish a governance body that includes a critical mass of young and energetic IT talent charged with identifying value. Not only does this ensure more current assessments of these technologies, but it also offers an opportunity for junior staffers to develop pride of ownership for contributions in new, uncharted areas. The benefits are twofold: The right skills are matched to the problem, and younger employees are energized by the opportunity to make significant contributions to the organization.

WHERE DO WE GO FROM HERE?

Now is the time for IT to assume the role of enterprise champion for Web 2.0 and new media technologies. Walking away from this responsibility would be shortsighted, with negative downstream consequences.

Where to begin? The best way for IT to take a leadership position in these technologies is to engage the businesses in a rapid scoping exercise, a four- to six-week effort that—function by function and problem by problem—targets real benefits to be gained from these tools. Such an exercise provides focus and results in a priority-ordered view of tangible benefits of Web 2.0 and new media tools. It also signals IT's return as enterprise steward for all technologies, old and new.

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