Web 2.0 and
the Corporation

A Thought Leadership Roundtable on Digital Strategies

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An executive roundtable series of the
Center for Digital Strategies at the Tuck School of Business

The Thought Leadership Roundtable on Digital Strategies recently convened for a discussion on Web 2.0 and the corporation. What is Web 2.0 and what are its implications for corporate strategy? What opportunities do these tools provide for collaboration and customer engagement, and what challenges do they pose? The sessions included business leaders from 3M, BT Global Services, Cisco Systems, Defense Information Systems Agency (DISA), Eastman Chemical, IBM, ING, JPMorgan Chase, Ogilvy, Time Warner Cable, and academics from the Tuck School of Business at Dartmouth.

Key Insights Discussed in this Article:

The Thought Leadership Roundtable on Digital Strategies (www.tuck.dartmouth.edu/roundtable) publication series is edited by Hans Brechbühl, Executive Director of the Center for Digital Strategies.

Introduction

As Web 2.0 capabilities proliferate and are widely adopted by consumers, figuring out how to leverage them will become crucial to corporate competitiveness.

What is "Web 2.0" and what are its broader implications for corporate strategy? What are the opportunities to deploy these capabilities for internal collaboration and external customer engagement? And most importantly, what organizational, cultural, and leadership changes will be required to leverage these new modes of doing business over the next few years?

Defining Characteristics of Web 2.0

Participants compared notes on what Web 2.0 really means from a business perspective; what are its hallmarks, its defining characteristics, and key features?

Several noted that consumers, especially college age and younger users, are driving both the creation and adoption of these tools. "We're not deploying anymore, the kids are deploying," said John Garing of the Defense Information Systems Agency (DISA). "Consumers are driving what we're doing … the horses have left the barn and maybe even the ranch."

"It's the whole amateurization of technology," offered Ogilvy's Atefeh Riazi. "Society is inventing and innovating."

BT Global Services' JP Rangaswami said he sees Web 2.0 as ubiquitous, pervasive, always on, and global. "It's no longer a top-down structure," he stated. "Because it is networked, the value comes out of multiple people participating." He suggested that Web 2.0 has lowered barriers to entry so that the people who typically used to drive change and decision-making in corporations ("high performing professionals") suddenly have a lot of competition. "It's a tremendous opportunity for us to figure out how to harness many minds," agreed Time Warner Cable's Frank Boncimino.

Cisco's Blair Christie proposed that Web 2.0 brings work and personal lifestyles closer together, with potential benefits to the business world. "It's a mashup of your world at home and your world in business," she said. "Enterprises have to look at capturing this. It's without a doubt part of our talent acquisition strategy."

IBM's Maria Azua said she views Web 2.0 as changing customers' expectations and perceptions of value, and enabling them to challenge and "disrespect" longstanding business structures and processes. "People want real-time information, everybody wants a web service," she explained. "Basically the expectation is, 'Give me your services, I'll mash them up and I'll analyze them my way.'"

She indicated IBM hires lots of students out of college who "expect and want" new Web 2.0 tools and social networking capabilities. "You can't expect them to write e-mail, they like instant messages. And by the way, they'll send instant messages to your general manager. They don't understand they're supposed to go hierarchically through your manager first."

Tuck School of Business' John Marshall said he sees "radical transparency" as a defining Web 2.0 characteristic, recalling the video posted on YouTube of one subscriber's arduous attempt to cancel his AOL account, or the instructions posted online for how to open a certain type of Master Lock with a Bic pen. "You have to know that whatever happens, eventually it will be on MSNBC," he said.

Ogilvy's Lou Aversano added that media in the Web 2.0 world has become less structured, with consumer beliefs rather than established hierarchies driving authoritativeness. "When we grew up you trusted the editorial world, there was the *New York Times* and even the *New York Post*," he recalled. "Who decides in the blogosphere what has integrity?"

Cisco's Christie added that communities have become a key characteristic of Web 2.0, and are now even more powerful than search. "The ability to affect a community quickly will have much longer ramifications on your brand," she said, noting that Cisco successfully used blogs to reach out to Apple's constituency during a debate with that company over the iPhone naming rights in January. Even though a blog wouldn't necessarily have reached Cisco's enterprise customers, she said, it was highly effective for targeting the community that mattered in this instance. "It was huge."

Defining characteristics of Web 2.0

transparent
participative
immediate
pervasive
simple
non-hierarchical
always on
ubiquitous
virtual community
work/personal convergent

Which Web 2.0 Technologies Matter?

Web 2.0 may seem to encompass a diverse hodgepodge of technologies such as blogs, wikis, video, instant messaging, social networking sites, and content syndication, but in varying ways they're all pushing the boundaries of communication, expression, collaboration, participation, authority and community-building.

Traditional IT systems are often out of sync with these new capabilities, asserted BT's Rangaswami. "What happens if the new generation doesn't like an SAP sign-on screen?" he asked. "What happens if their concept of how they consume information is 'I don't want to know all the changes in the database, I want to subscribe to two or three data elements that matter to me'?" He added that multi-channel multitasking represents a key Web 2.0 technology, with people switching from one medium of conversation to another seamlessly (video, IM, voice, etc.), or conducting them in parallel.

Cisco's Rebecca Jacoby said she sees collaboration technologies as central to Web 2.0, especially video. "With video, you have a completely different level of trust in your conversation," she explained, adding that collaboration with external business partners will require the rethinking of large enterprise applications such as ERP to be able to share information externally more effectively.

JP Morgan Chase's Wim Geurden proposed that some of the most interesting Web 2.0 services are merging the physical and virtual worlds, with broad implications for enterprises. "There are massive infrastructures being built like World of Warcraft and Entropia Universe that let people pretend to be someone else, and cozy up together so that they can go bully someone else."

In Entropia Universe, "you can go hunt some animal, sell it, and get real dollars back," Geurden noted. "Who I am is defined by my score on xBox Live, the number of weapons I have in World of Warcraft, and the amount that I can get from my ATM in Entropia Universe," he added. "There's nothing real anymore … Dell is selling PCs in Second Life!"

Web 2.0 technologies that matter

instant messaging
blogs
wikis
virtual worlds
social networking
social bookmarking
tagging
mashups
content and services syndication
podcasts
web video

IBM's Jon Iwata added that immersive 3D virtual worlds "are being used for strange things that people are hesitant to do in real life," but also have potential business applications like client interaction and for management training. "Our head of human resources will never get the capital to build five more physical training campuses in China and India, but we're working with him to build the largest management-training center in the virtual world right now," he explained.

Tuck's Eric Johnson proposed that the integration between these virtual and physical worlds will become increasingly robust, describing a recent experiment called "the magic mirror" by Bloomingdale's. "You could walk up to this mirror with a garment and see a whole bunch of information about it," Johnson recalled. "It can video you, and patch that into a little social network and let your friends comment on it. It's an interface—how can we imagine what the future of these types of interfaces might look like?"

Eastman Chemical's Keith Sturgill proposed that executive blogs are potentially powerful in their ability to "put a face on a faceless corporation," but that the concept is rather foreign to his company's current generation of 40-, 50-, and 60-something managers.

And Cisco's Christie said her company is looking closely at "social bookmarking," which allows people to see what online resources others are using or recommending, and also at subject matter and expert locator technologies. "The faster we get subject matter expertise in front of a customer, the higher our close rate," she explained.

IBM's Iwata noted that Web 2.0 is driving the creation of ever more unstructured and informal content, challenging corporations to come up with more scalable methods of organizing and accessing that content than the currently predominant taxonomies and architectures.

His colleague Azua proposed that the mobility of Web 2.0 is driving innovation in translation technologies such as the interoperability between text and voice. "Kids with cellphone cameras are making movies of their birthday parties, movies for midterm projects," she said. "Phones are

actually becoming a substitute for many channels for information, and a lot of technologies are converging around mobility, such as voice over IP, text to voice conversion, and voice tagging."

Strategic Implications of Web 2.0

While it's still early days for Web 2.0, recent experiences with consumers and employees have already begun to hint at the strategic implications for corporations going forward. Participants compared notes: What are the biggest opportunities and threats? What hopes and fears does it inspire?

JPMorgan Chase's Wim Geurden pointed out the twin threats of reputational risk and competitive disintermediation posed by the Web 2.0 trend toward increased customer participation and openness of information and services interchange. "When consumers start to put stuff on wikis, we don't like it, we want to moderate it, which defeats the whole purpose," he said. "On the retail side of the bank, we basically said, 'we're not going to do it, until we can wrap a set of controls around it.'"

Meantime, Geurden said that JPMorgan Chase's wholesale business has been opening up its enterprise platforms to customers, even at the risk of losing some control. "More and more of our clients just want a web service API," he explained, voicing concern that "we'll turn ourselves into an application platform company that happens to be where you can come to do cross-border payment." In this scenario, he noted, clients won't be "logging into a Chase screen to come find us anymore … the branding will be gone."

ING's Steve Van Wyk echoed Geurden's concerns about Web 2.0-driven competition, but noted it's not likely to come from the usual suspects. "Because of the lower cost of entry today, who we always thought was our traditional competition, who we benchmark ourselves against, has completely changed," he said. "It could be a Google, or an AOL, somebody entirely out of left field that comes up and bites us."

ING's Toby Hoden suggested that from a marketing perspective, the risks of *not* engaging with consumers via Web 2.0 may be higher than the risks of doing so. "A lot of my colleagues monitor blogs to learn what's being said about us, but haven't created communities featuring our brand because they're concerned about the potential risks," he explained. "But if we're not doing anything to create a community of our customers, they'll be on some other platform talking about us."

Ogilvy's Lou Aversano proposed that Web 2.0 shifts the dialog with consumers from one that can be contained and controlled to a more democratized environment that marketers must interact with differently. "It forces you to put things in context in an honest and open way," he explained. "Rather than saying 'that's not true,' you have to say 'here's why it happened.'" Continued Aversano, "You have to go on the offensive and say 'here's who I am and who I want to be', before someone else puts you in a position you don't want to be in. You're better off being in the blogosphere and understanding what they're saying so that you're prepared to react to it … it's going to happen."

Tuck's Paul Argenti pointed out that reputational risks are extremely high in Web 2.0 environments because "in an open field like this, you don't have as much control over how people use your identity." Also, he noted, "companies aren't very good at monitoring reputational risk to begin with."

Eastman Chemical's Paul Montgomery said that "we're a pretty conservative company, and from a communications standpoint, control is important to protect the company's reputation and individual reputations." His colleague Keith Sturgill noted that Eastman's legal department has challenged greater use of Web 2.0 technologies for fear they'll have negative impacts. "It's a valid perspective," Sturgill added. "We just have to understand what level of monitoring and control we need to have over these things."

IBM's Iwata questioned whether corporations ever had control over employees, customers, and shareholders in the first place. "Do we think that they're not talking?" he asked. "Do we think they don't know what pricing data looks like? Web 2.0 just takes it to a whole new level. It's pervasive." And if your company doesn't acknowledge that and figure out how to enable Web 2.0 engagement, he added, your competitors might.

"We need to figure out how to take in this whole experience organizationally," said Time Warner Cable's Boncimino. He recalled a customer feedback blog the company started in South Carolina that was shut down because the public affairs department was concerned the responses couldn't be vetted thoroughly and might be legally binding. "How do you train people in a certain way so you trust what their responses would be to customers?" Boncimino asked.

DISA's Garing said that the tension between enhanced collaboration and control has played itself out on the battlefield in Iraq, with interesting results. "We deploy military people around the world mostly in their late teens or early 20s, and they like to collaborate, they're very innovative and independent," he explained. "It's hard to bring that kind of person into a pretty rigidly hierarchical chain of command. They do things by themselves, collaborate however they can, so you've got the Tower of Babel sitting there."

Garing noted however, that the four-star general who runs U.S. strategic command has taken to Web 2.0 and has started to adopt some new leadership approaches. "He's a Marine named Hoss Cartwright, and he blogs. He blogs! And he's flattened his organization absolutely …"

"You have to change the model of leadership, flatten your hierarchy to be able to take advantage of this," responded Cisco's Jacoby. "You have to lead a meritocracy, because there's radical transparency. The nature of Web 2.0 is to simplify things, getting you to the optimal answer faster by allowing you to rapidly mine all the human minds out there."

Web 2.0 and External Communications

How can marketers choose between deeper customer engagement and the risk of losing control in the Web 2.0 era? Participants shared insights on using Web 2.0 capabilities to communicate with external constituencies, and discussed their potential impacts on marketing and communications strategy.

Tuck's Paul Argenti suggested that Web 2.0 heightens the importance of integrated communications strategies, because it's no longer possible to partition messages to different constituencies. "Twenty-five years ago that was plausible, we'd tell our customers one thing, and our employees another," he recalled. "Today, communications are a much more potent part of the implementation of strategy."

Argenti added that while it's still early for Web 2.0, there have already been some high profile blunders such as Wal-Mart hiring a PR firm to ghostwrite its corporate blog. "This is still an open book, but you're not forgiven easily when you make those kinds of errors."

ING's Hoden said he's pondering how to use Web 2.0 to make customer research more of an interactive dialog. "How can we get a more holistic view," he asked, integrated with existing data from call centers and once a year surveys? "It's one thing to look at it from a satisfaction and loyalty perspective," Hoden added, "but another to say 'we want our customers to help us design our product and give us feedback about how we sell.'"

Tuck's John Marshall described how Procter & Gamble is using its Tremor.com website to reach out to customer segments most likely to help them develop their brands. "It's connecting to that high school cheerleader who's the influencer about Pert shampoo, for example," he explained. "P&G realizes a lot of product choices happen in those communities, and if they can pull in the moms and the teenage girls, and give them the opportunity to design the copy line or give feedback, that's powerful."

Marshall noted he'd recently talked with Burger King's CMO about the risks of the company's recent experiments like letting consumers use "The King" in homemade videos posted on Heavy.com. "When asked if this worried him, he told me that Burger King realized that 19- and 25-year-olds do realize when you're 'giving your brand to the community,' and decided that taking the risk had great benefits for Burger King in building up an authentic brand."

Ogilvy's Aversano agreed that relinquishing some control is a key to leveraging Web 2.0. "A brand is an emotional relationship between the user and the product," he offered. "Web 2.0 allows us to build that relationship one to one, to measure things and get an immediate reaction." But people will talk about your brand in ways you can't control, Aversano warned. "Whether positive or negative, be a part of that discussion so you understand it … if no one's talking about you, they're not buying from you!"

BT's Rangaswami said companies should use Web 2.0 to gather feedback about "the long tail of little things" that consumers care about. "What's happening in the blogosphere is people are sharing their intent, and we've got to be able to educate ourselves, to learn what they're telling us," he explained. "We've got to move away from a 'how do I sell them cheap' mindset, and from being satisfied with customer feedback gathered *post facto*. They're sharing their intent with us in an amorphous fashion, and we need the folksonomies, the tags, to be able to mine it." Rangaswami noted, for example, that BT is trying to better interpret the intent of customer complaints by letting all employees view and "tag" them, rather than centrally categorizing and summarizing them. "We now give out the unvarnished information to people all across the company, and by looking at it they're more likely to capture the real issue."

He added that consumers easily burn out or are turned off by Web 2.0 efforts designed purely as marketing vehicles. "Facebook is 25 million people, growing at 100,000 a day, because they're not a target community," he said. "If we try to build a meeting point to target these people, nobody will go there. In Facebook, you can't be targeted, because nobody has classified you in that way."

Time Warner Cable's Lauren LoFrisco explained that her company's challenge is developing consistent methods for direct brand engagement with customers, as well as sales and service. "We're in a decentralized retail model," she explained, "so one retail center will have the suite of tools that enable a customer experience, but that's not universal. We're trying to get to a universal state of development."

IBM's Iwata cautioned the group not just to think of Web 2.0 as a way to distributing messages, and described two recent efforts to engage with external constituencies. The first, a network-based "jam" allowed 150,000 of the company's clients, partners, and employee family members to peruse the company's technology assets and weigh in on what products the company should develop from them.

"'What would be the best way to buy it? How would you configure it?'" Iwata recalled the organizers asking, noting that ten promising business plans emerged from the effort and were funded with $100 million. "We had all the underlying technologies, but the ideas were culturally very different and without this collaboration would have defied our management processes."

And Iwata noted that IBM's policy of encouraging all company employees to engage in blogging has been a success, because by trusting those employees it leverages a greater marketplace presence than IBM could ever hope to achieve with a central communications staff. "It took us some time to get comfortable with it, but in the end it was a decision to say, 'we're better off having 370,000 IBMers out there influencing things than not,'" he recalled.

Iwata specifically recalled a recent incident where a blogger spread a false rumor that IBM was about to lay off 130,000 employees. "All kinds of IBMers showed up on this person's blog" to refute the rumor, said Iwata, which carried more credibility than the official company response and helped to dampen any media backlash from the incident.

As for executive blogging to external constituencies, participants agreed that with the exception of engineering and marketing, few senior execs blog because it takes too much time. "Less than eight percent of Fortune 500 companies are really experimenting with blogging at the executive level," said Time Warner's LoFrisco.

Ericksen cited two C-level 3M country managers in Asia who write blogs, which are well-received by their relatively young (average age 27) workforces. But he also expressed concerns about security, noting that the wrong comments in an internal blog could get the company in legal trouble with regulators, even without leaking externally. "I'm probably more skeptical than others about this," he said. "How do you protect the corporation as we move through some of these things?

Cisco's Christie proposed that C-level blogging requires not only a leadership model change but a behavior change on the part of external constituencies, for example in the investor community.

"My top ten investors will never sacrifice time with our management team for a blog," she said. "The technologies enrich the experience, but that face-to-face relationship will never go away."

Measuring the B2C and B2B Impact of Web 2.0

One of the barriers to wider corporate Web 2.0 adoption, participants agreed, is overcoming skepticism about its business value—perhaps particularly in B2B companies, but it's true across the board to some degree. "There's still a notion that this is an expense line, rather than an investment in brand development," said Time Warner Cable's LoFrisco. "So how do you cross-functionally enable these technologies, and who pays for it, including the maintenance and staffing?"

"The movement to more unpaid media, like public relations and promotional activities, is a really scary thing," said Tuck's Argenti. "It depends on good metrics for people to be convinced what the real value is. It's much easier to buy television advertising; it's a world companies understand."

Ogilvy's Riazi suggested that marketers be very specific on value measurement. "What is it you're measuring?" she asked. "Loyalty? Satisfaction? Sales? Growth?"

But Tuck's Marshall cautioned against focusing only on what's measurable, which may not be the best indication of business value. "We now have masses of data, but the things we can measure are just a piece of the puzzle," he said. "Web 2.0 creates the relationship between company and customer, which is the least measurable thing of all. So metrics are often a false idol right now."

Time Warner Cable's Boncimino suggested that CIOs need to be advocates for the value of Web 2.0 initiatives, even though the tools don't require a large technology investment. "It actually isn't that expensive," he noted. "But we need to establish this framework with the business, present it out to the senior executives when we learn from the Web 2.0 part of the portfolio, just like we learn from a McKinsey study … it came through that blog channel."

Ogilvy's Aversano noted that in the B2B world, establishing the link to value is even trickier. "Burger King knows what happens every day in their restaurants, it's a closed loop," he noted. "But in B2B, you don't know what caused what to happen." For B2B clients, Aversano explained, Ogilvy is looking at "connected selling" or the discrete connection points that happen in the sales process.

"When I run a lot of TV, I increase my traffic to the internet by *X* percentage," he explained. "I change people's search behavior. How do I capture the search? Am I directing people the right way? How well equipped is the sales force to then be able to sell? There are a lot more pieces and more sophistication to [the process in] B2B."

Several participants cited B2B successes with educational Web 2.0 tools to support sales force efforts. "On the wholesale treasury side," recalled JPMorgan Chase's Geurden, "we started putting out product education podcasts, and it's clear that our salespeople are now spending less

time educating their customers, and more time solving customer needs by selling financial products … not for example explaining how a cross-border payment works."

Aversano said Ogilvy found that its customers are willing to spend as much as five or six minutes with a substantive sales-oriented video. "And the people who watch the video story have a greater predisposition to do business with the brand," he added. "The sales force is now asking for videos to send to their customers, to get them thinking before they even go into a meeting." Aversano also cited successful experiments integrating video and instant messaging with call centers. "The B2B challenge is reaching a small group of people, in a very targeted way," he added. "Where you can IM with a call center and get an answer live, you find people wanting to spend more time working with you, because you're helping them solve their problem. Before Web 2.0 we couldn't do that."

Cisco's Jacoby pointed out that aligning Web 2.0 capabilities with business architecture will be one of the keys to success in the B2B world. "The call center is a great example because one of the classic metrics is 'how fast can you get someone off the phone', which is the complete opposite of what you want to push from a marketing standpoint," she noted. "It's going to be real interesting how these culture changes happen."

Jacoby added that working with numerous external partners adds another layer of potential opportunity as well as cultural challenges. "It's all about sharing structured content for commerce," she said. "The motivation to participate isn't as fleeting as with consumers." On the other hand, she noted, "you want to share information as rapidly as possible with multiple partners but they don't want to share information with each other. How do I segment that information but still rapidly share it?"

Hoden noted that ING has extensive channel relationships with independent financial planners, and speculated that Web 2.0 technologies, if deployed appropriately, might enable the independent planners to come together as a network, which in turn "might make it easier and more efficient for ING to call on them virtually. The ones that know our sales people are the ones that are most satisfied and do the most business with us."

Web 2.0 and Internal Collaboration

Prior generations of highly touted internal collaboration technologies have largely failed—how can Web 2.0 be different? Participants discussed opportunities to use Web 2.0 tools to enable internal collaboration, and agreed that people, rather than the technology itself, are the keys to adoption.

JPMorgan Chase's Geurden said he thought much of the agenda-setting and minutiae of meetings could be better handled by RSS, wikis, and other Web 2.0 tools. "I'm trying to get staff meetings dramatically changed," he explained. "Why do we need to spend three-quarters of the time on administrative stuff?"

3M's Ericksen said he saw potential to drive innovation by getting his company's scientists "collaborating better with the tools in a more freeform way," but also noted that security must be tight as external leaks could pose legal liability in 3M's regulated businesses.

Ogilvy's Riazi indicated her company had been trying to deploy collaboration systems since the 1990s, but only fifteen percent of workers had adopted them. "It takes cultural change," she said. "It's taken us ten years to be at a point where we see the value and overcome our nervousness … it's not a systems issue."

Her colleague Aversano added that corporate rewards systems generally don't reward collaboration. "You move up on an individual basis, title and salary. We do reward people for collaboration at Ogilvy, but the individual awards still outweigh the team awards. I don't think corporations are even near the point of embracing rewarding collaboration or empowering their people to work together to make decisions."

"The technology is so far ahead of human behaviors," agreed Tuck's Argenti. "People don't naturally like to collaborate and don't naturally integrate the work that they do, they still work in silos."

Time Warner Cable's Boncimino suggested putting the tools front and center to encourage their use. "When I have a meeting, I'm starting to ask everyone on the call to get onto a website where we can chat with each other and share thoughts during the call," he said. Collaboration tools, he added, should be as easy and ubiquitous as instant messaging: "They should just boot up and automatically always be there."

DISA's Garing agreed that combining informal collaboration tools like IM with traditional meetings can be powerful, noting that some of the best discussions during his Monday morning operations review happen "unofficially". "There's more communication going on in that hour by chatting than there is all week long, face-to-face, or however else, because you're private or you can meet whoever you want," he explained. "It's really amazing."

If you could mine those side-channel conversations, noted JPMorgan Chase's Geurden, you'd get a much better view of what people actually are thinking. "All of a sudden you have ten windows open," he explained, "and everybody says, 'I can't believe we're going to do this'… but nobody says anything on the phone."

IBM's Iwata suggested that empowering internal evangelists can sometimes spur adoption of collaboration tools, noting that IBM's internal "ThinkPlace" suggestion box initially foundered due to lack of "human infrastructure." "It was conceived as a place you could submit an idea and people would go in and evaluate it," he explained. "But people were just launching paper airplanes into it and they would land and fall. We had to build a network of volunteers who were good at catalyzing collaborative innovation, who could say, 'hey, go look at this or that idea, it's very interesting.'"

BT's Rangaswami cautioned not to prejudge what specific Web 2.0 tools might be best used for, but to put them out there, watch, and learn. "Be prescriptive at the end, not the start," he advised, noting that employees will use wikis for anything from company manuals and workflow information to how-to-make-coffee instructions. "Blogs tend to be where people put things up they aren't sure of," Rangaswami continued. "IM is useful for problem-solving where you want to use the wisdom of crowds."

DISA's Garing also noted that to be effective, collaboration shouldn't be restricted, although the temptation to do so can be powerful. He described an unofficial blog called "Company Command," which Army captains are using to share knowledge including insurgent urban warfare tactics. "It's a rogue operation, but highly effective," he explained. "The security people would just as soon stop it because it doesn't fall within the prescribed use list. But the ability to collaborate in ad hoc situations is immense … our challenge is to have some structure, but also allow people to be able to use their imaginations to share things."

One restriction participants seemed to agree on is discouraging anonymity online, as it may encourage behaviors that could get the company into trouble. However, while establishing identity inside the firewall is easy, external collaboration with consumers or partners can be a different story. "Once you're out there in Facebook," noted JPMorgan Chase's Geurden, "who's to say that Jerry Ericksen is really the Jerry Ericksen from 3M?"

Enabling and Championing Web 2.0

CIOs should play an enabling rather than a gatekeeping role for Web 2.0, participants agreed, while the CEO's role should be to champion the cultural concepts and interpersonal behaviors critical to the broader success of these new capabilities and ways of working.

IBM's Azua said her department had taken on responsibility for not only supporting and rationalizing the Web 2.0 application portfolio, but for developing and evangelizing tools allowing employees to quickly create their own Web 2.0 applications or mashups. "Better to embrace it and provide the infrastructure for it than to not do anything and have a plethora of different blogs, wikis, etc.," she proposed. "The CIO and IT must come to terms that there's no controlling this."

Cisco's Jacoby said that IT needs to help put some structure around, or "channel," Web 2.0 efforts, so they can scale enterprise-wide and also tie into key systems like HR. "It's a fundamental foundational piece you have to address." But IT can't possibly stay ahead of the business on every application from the user perspective, "you're playing defense, and you have to have a good modular architectural approach, and be continually refreshing technologies."

BT's Rangaswami said he views IT's role as providing the technology glue to enable all the Web 2.0 systems to work together seamlessly and trackably, but not to try to control them. "IT has thirty-year history of being a preventative department, the place that stopped you from doing things," he said. "Get out of the way and switch to being a trusted advisor, and be careful what you try to standardize." Instead, he said, IT should focus on providing supporting functionality which lets users maximize their benefit from Web 2.0. "Get serious about authentication, about permissioning, about the audit trail. Get serious about moving people from channels A to B to C seamlessly," he said. "Show me how you can archive and retrieve better."

Cisco's Christie stressed the importance of encouraging grassroots innovation and initiative in Web 2.0 efforts, noting that Cisco, with IT's support, had launched a complete inventory of the hundreds of Web 2.0 communications "workarounds" that employees could use in lieu of traditional IT-deployed applications. "If you need to schedule a meeting with people in four different time zones, someone else will say 'this worked for me, try this,'" she explained. "That's

taking the champion and pushing it way down to the organization, getting the employees who are using those tools to be front and center."

"This boils down to a lot of cultural change, not just the company culture, but each function has its own little subculture," added Cisco's Jacoby. "Our CEO says all the time 'the whole leadership style has to change', the way we lead has to change."

Should CEOs be the corporate champions for Web 2.0? Several participants felt CEOs should champion the principles, values, and behaviors that are consistent with Web 2.0, but that CEOs won't care about the specific tools until there's compelling business value.

"I need the CEO to champion the sharing, the collaboration, the openness, and the transparency," said BT's Rangaswami. "He's not going to engage with a particular tool set."

"There's some vital policy discussions the company has to have," said IBM's Iwata. "Legal, HR, marketing, finance, the CIO, ultimately the CEO, all have to decide, what is the tone to be set when it comes to the adoption of these things … are we going to encourage or tolerate them?"

In IBM's case, he said, "Web 2.0 seems to be absolutely consistent with the CEO's agenda for cultural transformation of the company—eliminating oversight, empowering people who are closer to clients, and trusting employees to operate in a less bureaucratic environment."

JPMorgan Chase's Geurden used the example of Anderson Consulting in the late 1980s, which was great at knowledge sharing because they explicitly prioritized it, giving people 2-3 weeks after a project to "harvest the knowledge." But then new management emphasized "chargeability," he recalled, and the collaboration diminished. "That's where the CEO comes in," he said, "it's really making space for it, letting it happen."

But Time Warner's Boncimino warned that if Web 2.0 leadership doesn't come from the rest of the executive team and the functional business units, the CEO likely won't understand and prioritize it. "He may be surrounded by people saying, 'this is nonsense' or 'we don't know what it means," explained Boncimino. "So wherever it comes from—HR, marketing, the CIO, sales operations, communications—people have to step forward to say 'we're beginning to see business value here.'"

Looking Forward

The group summarized some of their key insights from the discussion and thoughts moving forward, particularly focusing on how to bring about the cultural changes necessary to leverage Web 2.0.

ING's Toby Hoden speculated that Web 2.0 would follow a similar path to Web 1.0: a lot of uncertainty, but eventually companies would figure it out. "The culture has to change in order to really be able to leverage Web 2.0," he added. "This notion of highly democratic workplaces, being really anathema to corporate structure, is really pretty fascinating. The biggest takeaway for me is what does that mean about the workplace?"

JPMorgan Chase's Wim Geurden said he felt there was far more uncertainty about how to leverage Web 2.0 externally, while for internal purposes "there's enough to crystallize around how a certain set of these tools are being used."

IBM's Jon Iwata said he believed more attention needs to be paid to the issue of "authenticity" in corporations. "If more people associated with your brand and your corporation are now going to be in this world of persistent transparency, you'll need a strong culture grounded in a sure sense of what a corporation is about and expects how it manages accordingly."

Cisco's Rebecca Jacoby suggested that leadership is the link between the cultural issue and the pragmatic considerations of Web 2.0. "What levers do you need to push," she asked, "and how do you focus on a few key areas and a road map to move things forward, and then iterate that over time to move your culture to the place you want it to be?"

And Ogilvy's Atti Riazi said the discussion caused her to focus on the people side of Web 2.0, specifically bringing the conversation out to the business units. "I'm not going to, as CIO, deploy any more technology," she said. "What I want to deploy is a change."

ING's Steve Van Wyk said he didn't think Web 2.0 tools would impact corporate culture until more younger people entered the workforce. "We need to put it out there, let it happen and not try to force it," he suggested. "The kids will change, but I don't think the CEOs are going to embrace it the way they should, because they have never lived it."

Companies shouldn't completely abdicate control in the process of deploying Web 2.0, said Tuck's Paul Argenti—because someone has to be in charge. "People don't like to be controlled but they like to be led," he asserted. "You can't give them what they want all the time; you have to give them what they need to do their jobs."

Ogilvy's Lou Aversano pondered how to pare the cultural transformation challenge down to a manageable, actionable size, and also wondered what the workforce implications would be of the expanded use and power of video. "Are we going to ask people to be able to perform in a different way, and what does that look like and how do we train them for it?"

Time Warner's Frank Boncimino said he was excited by the possibilities of Web 2.0, especially given the low cost of experimentation. "What's nice is it's really not that complex from a technology perspective, and it's not costing so much money that you have to prove a big business case, so a lot can happen."

"My leaders certainly don't understand this or care about this, but if I can translate it into tangible benefits for them, they'll get interested," concluded 3M's Jerry Ericksen. "Web 2.0 collaboration tools could be a key enabler to helping to solve our customers' problems. IT needs to be more than a neighbor here; IT needs to really be a leader."

Tuck's Eric Johnson noted that unanticipated outcomes make Web 2.0 experiments a bit of a moving target for corporations, difficult to forecast and systematize. He cited a Tuck student project in post-Katrina, New Orleans that used a blog to track the condition of houses in one specific neighborhood. The project languished until the addition of a simple mapping capability, he said, at which point it took off and usage skyrocketed. "It wasn't even clear what the

ingredients were," he recalled. "It was just putting together some crude tools in a kind of test tube experiment."

DISA's John Garing said he worried about going too slowly, about being "too late in our thinking" with Web 2.0. "Are we mature and visionary enough to take advantage of these tools," he asked, "and also strong enough to both protect our information and focus the tools where we need them the most instead of letting it be anarchy?"

Time Warner Cable's Lauren LoFrisco related the broad strokes of Web 2.0 to the "multi-year cultural transformation" her company is just embarking on as a newly public company. "Web 2.0 is really about opening your enterprise to consumers," she said, "which is really a big cornerstone of what's happening to us."

IBM's Nancy DeLapp reinforced this notion of a major paradigm shift, stating that her biggest take-away was that the corporate workforce is going to change dramatically with "the socially networked employee population coming into our companies very soon." But instead of just adding more new tools onto everybody's desktops, she advised tackling specific problems and challenges with Web 2.0. "We've got to show people in such a way that the benefits are obvious to them."

Indeed, practical leadership by senior executives will be called for to navigate through and derive business value from this transition to a more "open" form of engagement with both external constituencies and internal talent. While participants had varying views on the urgency of the transformation, a palpable spirit of optimism and excitement pervaded the group about the opportunities Web 2.0 presents to forward thinking companies in the coming years.

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