

Information Technology The Net

Web 2.0: The New Guy at Work

As they seep into corporate offices, Web services will change how you do business

BY ROBERT D. HOF

Silicon Valley loves its buzzwords, and none generates more buzz today than Web 2.0. Unless you're a die-hard techie, though, good luck figuring out what it means. Web 2.0 technologies sport strange names like wikis and mash-ups. And the startups hawking them—Renkoo, Gahbunga, Ning, Squidoo—sound like Star Wars characters George Lucas left on the cutting-room floor.

No matter. Behind the apparent silliness, Web 2.0 portends a sea change on the Internet. Web 2.0 sites are not so much online places to visit as services to get something done, usually with other people. Call it the Live Web. From Yahoo! Inc.'s photo-sharing site Flickr to the group-edited online reference source Wikipedia to the teen hangout MySpace.com, they all demand active participation and social interaction.

Yet even though they're among the most popular hubs on the Net, these serv-

ices haven't had much to offer the vast world of business—until now. As employees realize that Web 2.0-style networking and collaboration can help them in their jobs, they're slowly but surely starting to bring them inside the walls of their companies. "All these things that are thought to be consumer services are coming into the enterprise," says former Oracle Corp. President Ray Lane, now a general partner at the venture capital firm Kleiner Perkins Caufield & Byers.

The young and the wired know the value of Web 2.0, but corporate executives will need to get a quick education. That's because the nature of these services will challenge the command-and-control mindset of the corporation, already in the throes of tech-driven transformations such as globalization and outsourcing. Web 2.0 could flatten a raft of organizational boundaries—between managers and employees and between the company and its partners and customers.

Early signs are everywhere. Walt Disney Co., investment bank Dresdner Kleinwort Wasserstein and scores of others use wikis,

or group-editable Web pages, to enhance collaboration. Other companies are using business-oriented social networking services such as LinkedIn Corp. and Visible Path Corp. to dig up hiring prospects and sales leads from the collective contacts of colleagues. Corporate Hogging is becoming nearly a cliché.

Just as the personal computer snuck its way into companies through the back door, so has Web 2.0. When Rod Smith, IBM's vice-president for emerging Internet technologies, told the information technology chief at Royal Bank of Scotland about wikis last year, the executive said the bank didn't use them. When Smith turned to the other participants in the meeting, however, 30 of them were nodding their heads: Oh yes, they did. "Enterprises have been ringing our phones off the hook to ask us about Web 2.0," says Smith.

As with the PC, Web 2.0's principal appeal is empowerment. More capable computers, nearly ubiquitous high-speed Internet connections, and user-friendly Web 2.0 services give individuals unprecedented ability to perform sophisticated tasks without having to seek permission from overtaxed information technology departments. It doesn't hurt that many of Web 2.0 services are free, supported by ads, or at most cost less per

PLAYBOOK: HOW TO TAP THE POWER OF WEB 2.0

New services hold a lot of promise for corporate use. Here's a guide to get started:

DO...

WATCH THE KIDS (IN YOUR COMPANY AND AT HOME): You may be surprised to find that young folks in a department are using the Internet phone service Skype or a group-editable wiki Web site. Find out what's working and what isn't.

TRY IT YOURSELF: Read some popular blogs, even start one yourself. Open a Flickr account and upload photos. Program a Web mash-up at Ning.com. The only way to understand this stuff is to use it—and it's easy.

Elicit customer input: Many people love to offer their own two cents. Mars asked people to vote on a new M&M candy color, drawing 10 million votes—and a lot of attention.

DON'T...

ASSUME WEB 2.0 IS JUST FOR CONSUMERS: Salesforce.com, which uses Web 2.0 principles in its online customer management service, did \$105 million in sales, up 63% from a year ago. Even the college social network Facebook allows companies to create profiles.

PUT UP WALLS: Resist strict limits on employees' on-the-job Web use. The more they can use innovative Web 2.0 services to make their own jobs easier, the better off you will be.

TAKE IT PERSONALLY: Opening up blogs to comments from customers inevitably draws criticism. Consider it market research. Respond honestly, and watch your company's credibility soar.





month per person than a cable-TV bill. "All the powerful trends in technology have been do-it-yourself," notes Joe Kraus, CEO of wiki supplier JotSpot Inc.

In essence, these services are coalescing into one giant computer that anyone with access to an Internet-connected PC can use, from anywhere in the world. When you do a Google search, for instance, you're actually setting in motion programs and databases distributed around the globe on computer hard drives. What's more, people on MySpace, eBay, and the Internet phone service Skype are improving those services simply by using them, because they're sharing their knowledge, computer power, or Internet connections. MySpace becomes more functional with each new participant who adds his or her own content and contacts. The result: "Web 2.0 services are harnessing the collective intelligence of the Net," says Tim O'Reilly, CEO of O'Reilly Media Inc., whose Web 2.0 Conference popularized the term.

Not surprisingly, a lot of executives remain skeptical. After all, the gulf between a racy MySpace page and a new corporate collaboration service looks pretty deep right now. "There's a big cultural difference between the Web 2.0 people and the IT department," notes consultant John Hagel, author of several books on tech-

nology and business. And info tech managers naturally don't want people using these services willy-nilly because they're often vulnerable to hackers and rivals.

Nonetheless, Web 2.0 services could help solve vexing problems for corporations that current software and online services have yet to tackle. For one, companies are struggling to overcome problems with online communications, including spam and the high cost of maintaining company intranets that few employees use. So they're experimenting with an array of collaboration services. Says Ross Mayfield, CEO of the corporate wiki outfit Socialtext Inc.: "Now most everybody I talk to knows what Wikipedia is, and it's not a stretch for them to imagine a company Wikipedia."

They do more than imagine. Dresdner Kleinwort Wasserstein uses a Socialtext wild to create meeting agendas and post training videos for new hires. Participants in a project can avoid endless e-mail exchanges and instead post documents, schedules, and other materials on a wiki Web site, which anyone else on the project can then append with changes or comments. Six months after launching it, traf-

fic on the 2,500-plus-page wiki, used by a quarter of the bank's workforce, has surpassed that of the company's intranet. And there has been a 75% drop in the number of e-mails on projects using wikis.

Corporations also are balking at installing inflexible multimillion-dollar software programs that take years to roll out. "They're clunky and awkward and don't encourage participation," grumbles Dion Hinchcliffe, chief technology officer of Washington (D.C.) tech consultant Sphere of Influence. One alternative is mash-ups, where simple, existing Web 2.0 services are combined and put to a new use. IBM last year helped the U.S. Chamber of Commerce Center for Corporate Citizenship mash together a one-stop site in just a few weeks for people who were displaced by Hurricane Katrina to look for jobs. People type into one box the kind of job they're seeking, and the site searches more than 1,000 job boards, then shows their location on a Google map. "Mash-ups are the umbrella under which Web 2.0 will get into the enterprise," says venture capitalist Peter Rip of Leapfrog Ventures, an investor in several Web 2.0 startups.

Companies need to get used to blurring lines of authority

Not least, companies are starting to take a page from MySpace, Facebook, and other social networking services. The reason: Businesses are, in a sense, social networks formed to make or sell something. LinkedIn, an online service for people to post career profiles and search for prospective employees, is becoming a prime corporate recruiting source. "In 2003 people thought of us as a weird form of social networking," notes LinkedIn CEO Reid Hoffman. "Now people are saying, 'Oh, I get it, it's a business tool.'"

It may turn out that keeping up with the slick technology won't be the most important thing to master. Corporate folks accustomed to clear lines of authority may have to tolerate bottom-up Web 2.0 technologies in order to help their employees reap the potential productivity gains. After all, notes Dave Giroud, vice-president in charge of Google Inc.'s enterprise division, which sells search and other technology to corporations: "This isn't people fooling around. It's people trying to do their jobs better." •