

WHITE PAPER

Social Networking in the Enterprise: Alianzo Connects the Organization

Sponsored by: Alianzo

Jason Armitage

May 2009

SOCIAL NETWORKING IN THE ENTERPRISE

Enterprises are at the initial stages of a transformation in how they are organized and the ways they conduct business with customers and partners. At the core of this shift are social networks and communities, a host of applications providing faster, easier and richer connections between people. The deeper relationships enabled by communities provide competitive advantages to companies by enhancing knowledge, increasing productivity and driving innovation.

Many of these benefits have already been registered inside the organization in functions such as HR, production, marketing and sales. Looking ahead, brand communities will facilitate closer connections with customers and partners. This in turn will lead to a reshaping of business processes: enabling faster decision making, encouraging coinnovation involving external stakeholders, providing new communications tools such as viral marketing, increasing the speed / lowering the cost of locating customers, and facilitating timely customer support.

These advantages are ensuring the rapid adoption of enterprise social networking by a broad base of organizations. But the shift to becoming a social enterprise is as much about process as technology, and will be undertaken in stages, with the result that the market for related applications will continue to grow in to the long-term.

Even during a period of economic slowdown, the abilities of social networking applications to stimulate innovation and increase productivity from existing staff have maintained demand, while low costs have chimed well with the reality of IT budgets under pressure. At the same time, adoption of enterprise social networking is being accelerated by availability of solutions that are easy to implement, flexible, and provide a broad range of applications on one platform.

In the past two years, social networking applications have moved on from implementation by early adopter enterprises to entering the mainstream. In particular, communities that enable customers and partners to participate in innovating and marketing new products will form a key competitive advantage in the future. IDC expects enterprise social networking will move to the center of corporate strategy and forecasts that, practically speaking, all companies with web presence will have implemented a social media application by 2014.

MARKET DEFINITIONS

Enterprise social networking applications are optimized to collect unstructured information and connect users to relevant people and content. Enterprises typically use these applications to create communities for employees, partners, customers, or developers. The constants that define enterprise social networking applications are:

- ☒ User presence, typically visible via a profile or collection of content and comments
- ☒ Ability to link between users and make connections, thus creating a networked ecosystem of nodes
- ☒ Functionality (blogs, wikis, forums, comments) that enables interaction between users, which also adds richness and informs the community about the user.

BENEFITS OF ENTERPRISE SOCIAL NETWORKING

Social networking applications are providing productivity, innovation and communications benefits to enterprises. Internal drives towards efficiency and the increasing number of employees reaching retirement are encouraging enterprises to share ideas and capture tacit knowledge. Outside the organization, communities accelerate communications with clients, driving facilitating quick sharing of ideas and allowing for shorter decision time. Closer connections provide opportunities for business development, new product development and improving customer support.

- Organizations are using social networking as a framework for coinnovation, by providing new tools for sourcing and evaluating ideas, and driving collaboration on products with customers and partners.
- Communities are moving up the list of communications priorities to become a critical platform for marketing. They provide tools for communicating to existing customers and marketing to new customers. Organizations are deploying viral marketing to engage with demographics that are often difficult to reach through existing channels. The role to be played by social networking is now considered at the design stage of marketing campaigns; in some cases enterprises are using communities to launch new drives.

The increasing availability of metrics demonstrating the value early adopters have gained from enterprise social networking, is helping to place communities at the centre of corporate strategy. In particular, the wider availability of tools providing measures on activity and ROI from social networks is strengthening the case for investing in communities.

Enterprise social networking delivers benefits both to individual members and organizations as a whole; these are listed below in Table 1, by engagement, marketing, efficiency and innovation. In addition to advantages adhering to enterprises, local and national government institutions also gain benefits from social networking applications, most notably in providing transparency, communicating with external stakeholders and driving down procurement costs.

TABLE 1

Benefits of Enterprise Social Networking

	Member	Organization
Engagement	<ul style="list-style-type: none"> • Rich connection to products / services, and to other members. • Identify and filter partner opportunities. 	<ul style="list-style-type: none"> • Persistent relationships with customers and partners. • Social CRM.
Marketing	<ul style="list-style-type: none"> • Identify sales opportunities. 	<ul style="list-style-type: none"> • Identify new market opportunities. • Customer-to-customer communication and viral marketing.
Efficiency	<ul style="list-style-type: none"> • Information on best practices and how other members apply a product / service. • Access to faster and more detailed support. 	<ul style="list-style-type: none"> • Cost-effective and timely data to assist product development. • Improves understanding of consumer needs and preferences. • Facilitates development of cost-effective support.
Innovation	<ul style="list-style-type: none"> • Direct involvement in the brand. • Personal input in new product development. 	<ul style="list-style-type: none"> • Sourcing and evaluation of new ideas. • Enables coinnovation with customers and partners. • Beta testing of new products.

Source: IDC, 2009

Key Capabilities of Social Networking Applications

Social networking applications have wide-reaching implications for the way enterprises do business, communicate and innovate. Behind the firewall, investments in communities and social features are facilitating closer and more beneficial relationships, for the purposes of driving innovation, enhancing teamwork, and driving decision-making. Organizations are now looking beyond the firewall.

Enterprise social networking is enabling organizations to build external brand communities of customers and partners. This step requires incrementally higher investment than utilization of social media, but the effects are far more wide-reaching. Communities are currently being deployed with the immediate goals of service differentiation and engagement of mainstream customers. Looking ahead, IDC expects communities to have a major impact on a wide range of business processes: in addition to customer acquisition and growing market share, they will provide enterprises with cost-effective methods for new product development, provision of timely customer support, and emerge as an important channel for marketing / sales. The key capabilities of brand communities are listed below:

- **Engage** – Social features increase the amount of traffic to websites and foster persistent engagement by developing deeper relationships with customers and partners.
- **Communicate** - Communities are a key touch point for customers, shaping how an organization is perceived and facilitating provision of personalized service. Social networks serve as a cost-effective marketing tool for enterprises, by enhancing brand awareness, enabling viral marketing and facilitating customer-to-customer connections while keeping the company involved. Partner communities increase organization-to-partner and partner-to-partner engagement, to share best practices, communicate recent initiatives and build personal relationships between organizations.
- **Respond** – Social networks help companies to respond to changes in the market by providing real-time information on customer needs. When used as part of the sales process, communities increase the speed at which customers make a purchase decision and lower the cost of sale.

TRENDS

The market for enterprise social networking is still at early stages of development and will continue to demonstrate strong growth over the next few years. In terms of sectors, ICT vendors have moved most quickly to become social enterprises, followed by media companies and fast moving consumer goods brand owners aiming to benefit from plummeting costs of content and deep connections with customers. The flatter curve of adoption by industries with conservative cultures - together with the gradual investments characterizing small / medium sized enterprises - will ensure market growth in the next five years. Despite early experimentation of using social networking for external stakeholders, the deployment of social networking applications by government will also be a long-term process.

- In the last two years, organizations have invested in implementing applications behind the firewall. Even in enterprises with conservative cultures, internal adoption is demonstrating the business benefits of social networking applications. This process is strengthening the business case for further investment, preparing organizations to implement the next phase of Web 2.0: creating communities for external stakeholders.
- Cuts in expenditure due to the economic slowdown have had a lower impact on social networking applications, where the emphasis on doing less with more has played well with a renewed focus on efficiency. Double-digit growth is forecast for this year and 2010, as enterprises aim to realize the inherent value in relationships.
- In the long-term, growth of social networking applications will be underpinned by multiple drivers. Although expected to exceed US\$8 trillion in 2009, IDC forecasts online commerce to continue gaining share over the next decade. Inside enterprises, shifts toward virtual workplaces will result from fragmented workforces will look to technology to provide connections. The next few years will also witness the rise of a generation of workers familiar with the benefits of social networking.

Increasing portability of user data and tastes between social networks is visibly manifesting in cross-platform initiatives such as OpenSocial and OpenID, and applications implemented by large consumer social networks such as Facebook Connect. In addition to accelerating the overall adoption of social networking technologies, existing networks provide quick ways to build a user base for newly launched communities.

ALIANZO - VENDOR PROFILE

Considering Alianzo

Alianzo (www.alianzo.com) is a leading provider of social software located in Madrid and Bilbao, Spain. A pioneer in the social media market, the company was started in 2004 by Jose Antonio del Moral, founder of the portal Ya.com Internet Factory. Alianzo's objectives are to help enterprises create communities among customers and partners by providing highly flexible and easy to use solutions.

The company's full service offers both the tools and consulting for implementation of a web 2.0 strategy. Alianzo shows clients how to get the most out of communities by providing solutions that are easy to deploy, and are designed to rapidly recruit and retain users. Customers include enterprises in banking, media and retail, in addition to government institutions and NGOs.

In addition to the Kide framework profiled below, Alianzo offers a full solution for designing and managing viral marketing campaigns, assisting clients in creating messages and disseminating them through social networks and blogs. The company is a founding organizer of the annual Hazruido viral marketing competition (hazruido.com). Alianzo is also well established in the global blogging community through its Top Blogs ranking, now available to Facebook users through a widget.

Solutions Offered by Alianzo

Alianzo Kide

Alianzo's software solutions are marketed under the brand Kide. Kide is a Search Engine Optimized software designed for the creation and development of social networks. It is built around a main core, which incorporates basic functions, and additional modules that expand the solution with new features. This modular system enables multidomain architectures and a multilingual solution. Kide also has a managed templates solution.

Alianzo's Kide series of modules provides a highly flexible set of solutions for connecting companies to networks of users and partners. The framework is easy to apply to any site and the interface can be quickly designed and adapted to customer requirements. The key to Kide is flexibility.

Once deployed, communities based on Kide are easy to manage and designed to maximize engagement. In order to ensure the privacy of users, each community has its own database of previously validated members. This emphasis on security limits spam and unwanted advertising, providing credibility to the community and encouraging users to engage. The platform allows multiple communities to be managed from one installation and offers support for multiple languages.

Standard features of recent deployments include a highly graphical interface, provision of recommendations, support for messaging and RSS feeds, and incorporation of diverse content including photos, video and maps. New modules provide support for semantic search, a major area of investment for the company, and modules that enable customers to leverage existing user data and applications on other social networks.

Communities based on Kide can incorporate the following features:

User tools – Kide incorporates a full range of tools for members to create and manage unstructured content, including text, photos and video. Wikis can be enabled to provide whiteboards for group editing. Blogs, mash-ups and video support are also options easily made available to members. Tools support multiple languages and additional features such as publication by email, RSS feeds and geocoding.

Network management – Graphic display of links between members to facilitate expansion of individual's social network.

Directory of users – Registered users can create and edit their own profiles.

Events.

Content tools – Members can tag and vote for content. It's also possible to create different types of documents.

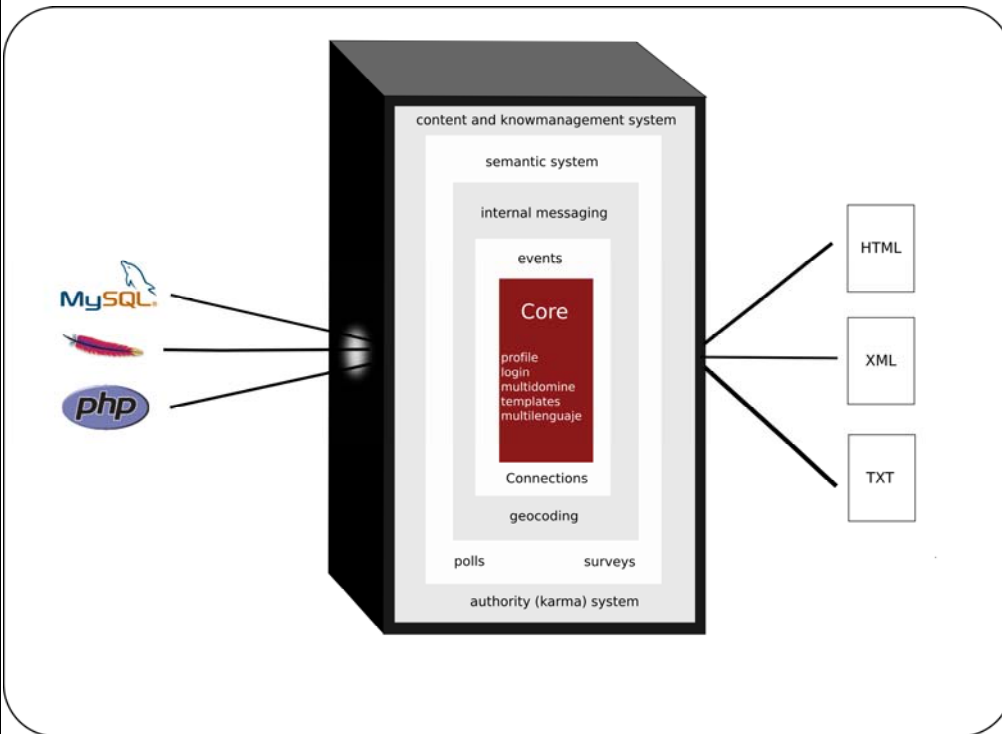
Messaging – Members can send and receive private messages to others in the community free of spam.

Advertising – Administrators can switch-on advertising from members or third parties to be served to the community.

KideTV – Alianzo provides all the necessary tools to add TV channels to their community or website. Technology developed in collaboration with web hosting company Hostalia Internet SL.

FIGURE 1

Alianzo's Kide Framework



Source: Alianzo, 2009

Benefits

Social networking applications are moving beyond early adopters into the mainstream. The diversity of companies and their business objectives demands solutions that can be easily tailored and personalized to customer requirements. Alianzo's custom approach, based on the flexible Kide framework is an easy to integrate solution that provides a method for quickly creating and growing communities that fit with existing business objectives. Alianzo's solutions will also prove attractive to companies that want the benefits of creating brand communities without having to make significant changes to existing sites or undertaking additional investments in IT infrastructure and resources.

Corporate social networking is rapidly adopting ways of leveraging existing communities, both as a means of accelerating the process of building a base of users and as a platform for marketing. Modules developed for the Kide platform and Alianzo's expertise in viral marketing, provide tools for clients to utilize major social networks, blogs and news aggregators with the objective of increasing online awareness.

CONCLUSIONS

IDC believes the social enterprise will emerge because of benefits accruing to both individual users and the organization as a whole. As the advantages of social media and brand communities are demonstrated by early adopters, competitive forces will drive mainstream take-up of applications and result in a shift in the way organizations communicate with each other.

Enterprise social networking is still at initial stages of development. As the number of people and proportion of business online increases, companies will require applications that optimize their web presence. At present, online accounts for around 5% of total commerce, indicating the long-term potential for applications that connect enterprises and customers. Even in a climate of macroeconomic uncertainty, the social networking market is defying an overall slowdown in IT spending, as challenging conditions encourage enterprises to focus on leveraging existing resources and realizing the value in connections with customers and partners. Long-term growth will be underlined by evidence of the benefits accruing from enterprise social networking deployments by early adopters.

In the first stages of adoption, social networking applications were brought into the enterprise on an ad hoc basis, with individuals and departments inside the organization forming the initial impetus. Increasingly, planning and deployment will be conducted on a corporate basis: companies will be required to formulate policies that realize the advantages and minimize the risks resulting from deeper connections. The main implications of this shift are listed below.

- Flexible solutions - As mainstream companies invest in tools to build communities, the market will favor flexible solutions that can be tailored to the culture and requirements of the organization and its partners. Increasingly these solutions will be comprised of a platform, with a range of tools that provide additional functionality.
- Focus on business processes – A key challenge for enterprises will be to adapt existing business processes to the opportunities presented by social media and communities. Buyers will seek out vendors providing assistance that goes beyond provision of a solution, also assisting customers with implementation.

Copyright Notice

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Copyright 2009 IDC. Reproduction without written permission is completely forbidden.