INSIGHT

Social Business Framework: Using People as a Platform to Enable Transformation

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IDC OPINION

In an effort to organize the various terminologies that exist to describe the rise in social-enabling technologies and processes, IDC has created a framework to describe the functions, characteristics, and objectives of a social business. This framework is designed to foster better communication, collaboration, and overall understanding of current market dynamics to decrease language barriers between vendors, customers, and the broader industry. According to IDC, the social business framework is made up of four key elements:

- ☑ Market factors

- ☑ Social objectives

- ☑ Social output

- ☑ Social software

IN THIS INSIGHT

This IDC Insight puts forth IDC's views on the *social business* — a term IDC coined to refer to those organizations that apply emerging technologies like Web 2.0 accompanied by organizational, cultural, and process changes to improve business performance in an increasingly connected global economic environment. In an effort to organize the various terminologies that exist to describe the rise in social-enabling technologies and processes, IDC has created a framework to describe the functions, characteristics, and objectives of a social business. This framework is designed to foster better communication, collaboration, and overall understanding of current market dynamics to decrease language barriers between vendors, customers, and the broader industry.

SITUATION OVERVIEW

Business in 2010 has changed dramatically from the pre-social Web environment. In a hyperconnected global business environment, competition is more unpredictable and more diverse. The impetus for innovation is stronger in this new competitive environment as well. Not only are market factors and dynamics different, but the people are different. The social Web has changed customer, employee, supplier, and partner expectations and is shaping a fresh way of interacting. As interaction is redefining online relationships, innovative methods of communication and collaboration have emerged and trust takes on new importance. Not only has this impacted online relationships, but it spills over into our everyday lives. The democratization and socialization of media through the social Web has turned anyone into a publisher, reporter, and/or critic, which is subsequently redefining influence. The social customer, employee, supplier, and partner each have a voice and the means to use that voice at scale. And people are listening.

IDC believes that the social Web is having a significant impact on business. This movement, which we have started calling social business (see *The Intersection of Web 2.0, Enterprise 2.0, and Collaboration: The Social Business,* IDC #221413, January 2010), continues to gain traction and is impacting all facets of the enterprise. IDC has captured its current thinking in this highly evolving area in Figure 1.

The social business framework shown in Figure 1 is made up of four key elements:

☑ Market factors

☑ Social objectives

☑ Social output

☑ Social software

FIGURE 1

Social Business Framework
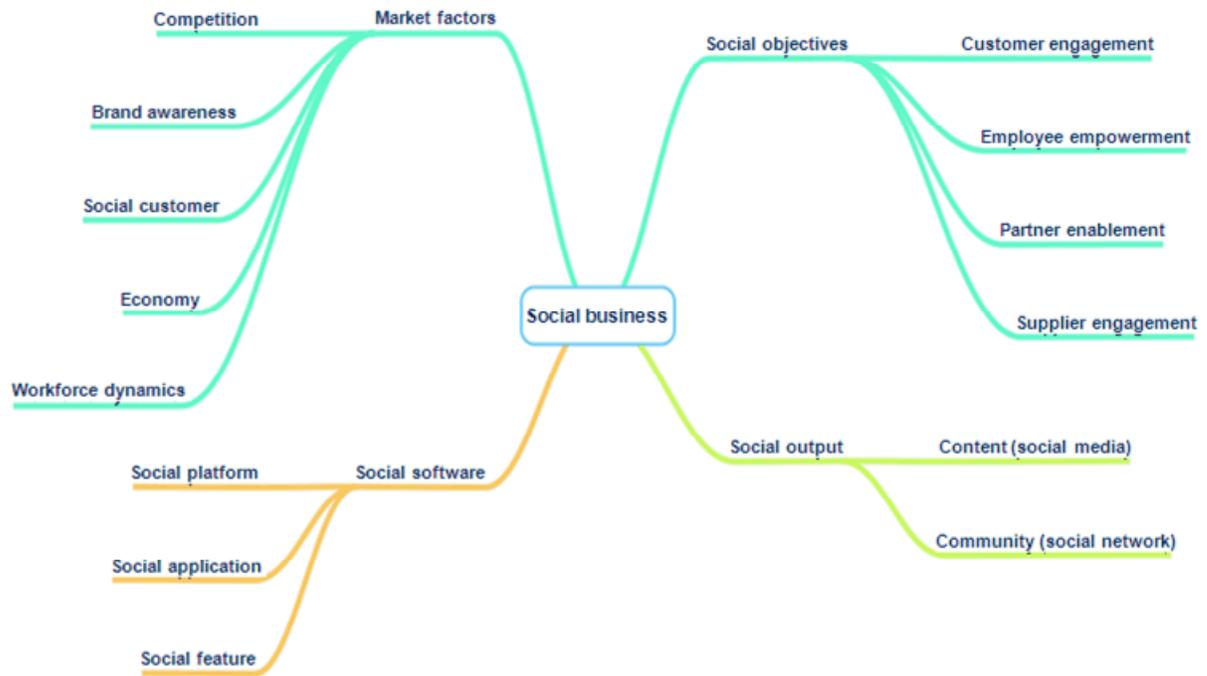
Source: IDC, 2010

These four elements are key to a social business transition and are symbiotic in their relationship. As a practical matter, the process of implementing any social business initiative or project should follow these steps:

☑ Identify the market factors that are generating the need for change.

☑ Recognize the social objectives that you want to accomplish and why it's important.

☑ Establish the social outputs that will be used to support the objectives.

☑ Determine which platforms, applications, and/or features will be needed to create the desired outputs.

The current market factors an organization faces create business issues that are tied to one or more of the business stakeholders. To effectively deal with these factors, a social project can be designed to create a change in how a company interacts with the impacted stakeholders and accomplishes a set of defined social objectives. Figure 2 shows a simple example of this approach.

FIGURE 2

Social Project Example
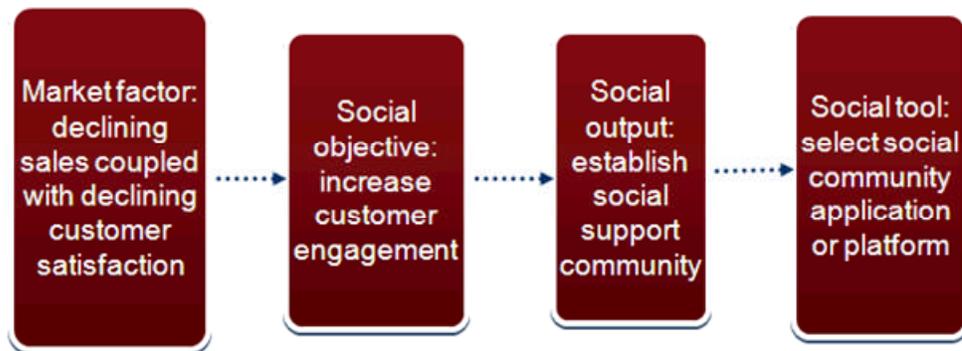
Source: IDC, 2010

Accomplishing social objectives is an ongoing process. This is similar to any other project that is approached using a studied and planned methodology. However, there are some differences, especially since there is a high degree of culture change involved in social initiatives.

Let's look at these four elements of the social business framework in more detail.

Market Factors

Market factors such as competition, brand awareness, customer behavior (i.e., the social customer), economic conditions, and workforce dynamics are highly variable external issues that drive business change. A brief discussion on each market factor impacted by the social Web and identified by IDC follows:

☐ **Competition.** The competitive landscape has been flattened because of many factors, including the rise of the social Web. You and your competitors can monitor each others' product announcements, conferences, industry analyst meetings, and customer satisfaction in real time, providing more insight and competitive weapons in sales deals. How do you stay competitive and relevant in today's market? Can you stay ahead?

☐ **Brand awareness.** Every facet of your organization can help brand awareness, from champion employees to customers/partners that can serve as critical advocates. However, brand awareness extends beyond just company/product recognition. It involves building loyalty and trust among your network. How do you determine your key influencers and the social outputs/vehicles to reach them? How do you rise above the noise to keep customers coming back to you?

☐ **Customer behavior (i.e., the social customer).** Customers are more empowered than ever before. The Internet has given anyone with a broadband connection the ability to find information by themselves. Customers are more

knowledgeable, which has changed expectations in terms of choice, access, price, customer service, and support. They have become an important extension of a company's research and development team as well as product marketing efforts, with higher levels of participation increasing customer satisfaction and loyalty. How do you continue to engage your customers in a meaningful way?

☒ **Economy.** The relative strength and weakness of the economy is an enormous part of buyer sentiment and dictates the levels of investment a company is comfortable making in developing and promoting its product, services, and internal teams. Wise companies will leverage the lessons and insights learned from the recent economic recession to shape their strategies moving forward. What innovative products and/or services do you need to offer so that customers are confident purchasing from you and not your competitor(s)?

☒ **Workforce dynamics.** Attracting, hiring, managing, and retaining top talent are key building blocks for any company to grow business. Generation Y has grown to incorporate a life heavily involved in social networking activities. Those graduating from college will look for the companies that offer the best culture, leadership, and technologies that fit their ideal employer profile. But do they have the right skill set you need? Or do you need to outsource available roles because of economic pressures?

Social Objectives

Social objectives are closely linked to overall business goals and strategies. They are tied to four stakeholders of your business: customers, employees, partners, and suppliers. Table 1 shows that there are specific social tactics that underpin the desired outcome based on the key stakeholder.

TABLE 1

Social Objectives' Desired Outcomes and Enabling Tactics

Customer Engagement	Employee Empowerment	Partner Enablement	Supplier Engagement
Community participation	Real-time collaboration	Community participation	Network affiliation
"Socialytics"	Collective intelligence	Real-time collaboration	Product development
Predictive sales	Content development	Content development	Fulfillment tracking and notification
1:1 marketing	Profile sharing	Marketing outreach	Order management
Ideasourcing/crowdsourcing	Product innovation	Training/support	
Service and support		Product design	

Source: IDC, June 2010

Customer Engagement

The main outcome for customer engagement is to have a closer relationship with your buyers through enabling community participation. Monitoring and tracking this involvement can lead to better insight into their behavior as well as likes/dislikes to focus more direct 1:1 marketing efforts. By ideasourcing or crowdsourcing techniques, customers can help generate new product ideas and improve current offerings. Increased levels of activity can make your customers feel more involved and committed to your company.

Employee Empowerment

Similarly, a social business encourages more employee communication and feedback. Companies can help employees feel more connected to the company's performance by soliciting ideas on new products and services or enhancements to existing programs. Utilizing social outputs such as content and community can make employees be more engaged. Additionally, through profile development and sharing, networks are formed around projects or functions that can enable ad hoc collaboration and lead to more productivity by sharing content in real time with coworkers.

Partner Enablement

Content creation and development is another way to also involve your partner community in joint marketing efforts or product design. Typically, partner communities can be designated either public or private to encourage open collaboration. This not only helps increase "stickiness" within a partner network but also helps communication efficiency and go-to-market efforts, ensuring that partners have the latest collateral and messaging.

Supplier Engagement

The sense of affiliation and participation is also extended to suppliers. Companies within a social business context can help manage the complex supplier relationships involved with bringing a product or a service to market and maintaining those solutions. Systems and processes can be established to proactively notify the supplier value chain of inventory issues, accounts receivables, order fulfillment, and return notifications without having to look into disparate applications that can save critical time and money. Feedback loops can also be established to assist with process and product improvements.

Social Outputs

Social outputs are the vehicles used to collaborate and interact with designated stakeholders. These vehicles fall into two distinct areas, content and community.

Content in the social context is more often social media, although it can take other forms as well. IDC defines social media as a mechanism designed for sharing through social interaction and using the Internet as a highly scalable and highly accessible method of distribution. For example, a 140-character Tweet would be considered social media.

The socialization of media transforms content consumers into content creators and democratizes information and information access. Because social media is distributed over the Internet, information, news, and content can become available in near real time or even real time. Forms of social media include user-generated content (wikis, discussion forums, blogs) and rich media (video, photos).

Community is the second key social output and most often manifests itself as a social network. IDC defines a social network as a group of individuals or organizations, either public or private, that are connected to each other in some way, share information with one another, and collaborate on topics of interest.

Social networks are not new or unique to the Internet, but the nature of the relationship created is somewhat altered in an online setting. Relationships in the past were generally defined by proximity and length of exposure, which was fundamental in establishing a trust bond between the individuals or groups involved. In an online setting, relationships tend to be defined by interaction, and value and trust can be very fragile. Often because of the unique online environment, trust is aided by the network effect: if "a" has a trust relationship with "b" and "b" has a trust relationship with "c," then it is likely that "a" would trust "c" because of trust filtering through "b."

Social Software

A variety of software is emerging to enable social business activities. These are segmented into three types:

☑ Social platforms

☑ Social applications

☑ Social features

IDC defines social platforms as software development toolkits used to build, manage, and deploy social applications. Social platforms serve as the foundation or building block to create highly configurable and customizable solutions that integrate social content and community features with other applications such as collaboration, salesforce automation, and accounting. There are many good examples of social platforms, including Lithium Technologies, Jive Software, IBM Lotus Connections, Novell Pulse, Socialcast, Cisco Quad, and Facebook.

Specialty platforms are also emerging, including socialytics and social middleware. Social analytics ("socialytics") can be incorporated into either social platforms or social applications depending on the use case and is specifically designed to aggregate and analyze social data. Socialytic platform vendors include Trampoline Systems, SAS, and Radian6; Socialware is an example of social middleware.

Social applications are software applications used to carry out designated social business function(s) or actively generate social media, analyze social data, and manage a social network or community. Examples include WordPress, Yammer, and Facebook.

As enterprise software becomes more social, current applications will be modified by embedding social features as a core part of the software to enable some social business outcomes. Examples include wiki-like features embedded in a training management system or socially managed compensation features embedded in HR benefits administration software.

FUTURE OUTLOOK

The social Web and the behaviors it enables are changing business. Companies need a new level of flexible strategy to respond to these market dynamics. Flexible strategies also require flexible systems and processes. In the 1990s, companies and technology vendors focused on using technology to define and manage rigid business process. The systems, which grew out of manufacturing and industrial businesses, were designed to standardize, control, and ensure compliance. While process is still relevant and important, it must be more flexible to accommodate the dynamic business environment created by the hyperconnected and highly mobile Internet.

The social business recognizes that people and businesses collaborate in different ways. It enables a choice in communication methods among today's workforce, where it is not the technology at the center of the conversation but how people work and interact (see Figure 3). Among the cultural impacts and benefits of a social business approach are:

☑ Deeper relationships with stakeholders

☑ More transparency internally and externally of the organization

☑ Higher productivity among employees

☑ Increased feedback from customers

As companies continue to strive for a more productive and efficient workforce, transparency with supplier and partner networks, and active and engaged customers, vendors should consider new social features as add-on capabilities to existing product sets. We have already seen an uptake in consumer social media being used for business purposes, hence the opportunity for vendors to develop sanctioned corporate social networking environments for collaborating with colleagues (for more information, see *The State of Social Business: 2009 Survey Results,* IDC #221383, December 2009).

IDC believes that social platforms will be a catalyst for the worldwide collaborative applications market experiencing 48% year-over-year growth from 2008 to 2009. The social business will have an effect on a variety of IDC markets because the implications for its usage can be broadly applied as shown in Figure 4.

FIGURE 3

The Social Business: Cultural Impact
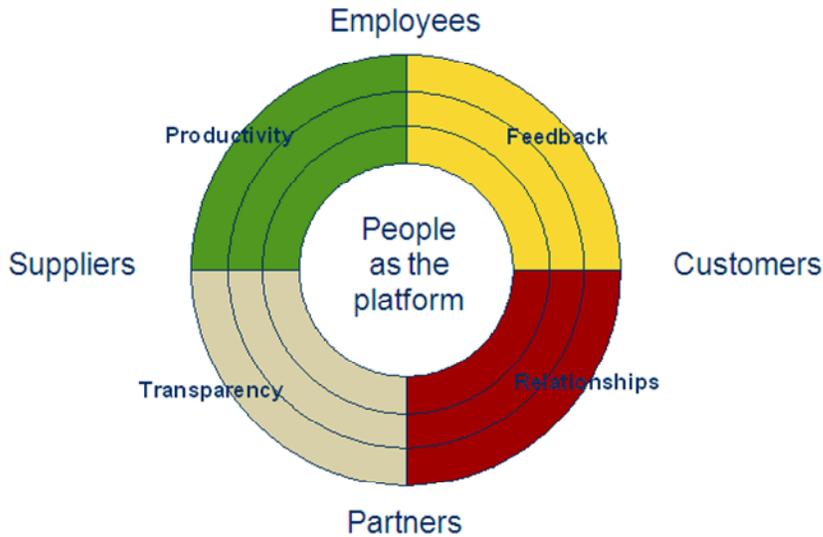
Source: IDC, 2010

FIGURE 4

The Social Business: Market Impact

Source: IDC, 2010

Some potential customers worry that having another channel of information is reaching critical mass for information overload. However, certain social platforms and applications can help filter and stream information to users; they can help "pull" content into a user's experience versus "push" information that may not be as relevant. If anything, social platforms, applications, and features can help empower employees, partners, suppliers, and customers to be more focused in the activities and conversations in which they are engaged.

IDC will continue to track, analyze, and evolve its coverage of the social business. We would like to hear your thoughts, so let's continue the conversation at **twitter.com/mfauscette** (mfauscette@idc.com), **twitter.com/erintraudt** (etraudt@idc.com), or **twitter.com/mwardley** (mwardley@idc.com).

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