



Enterprise 2.0

Tales from the Trenches

KPMG INTERNATIONAL



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it may also expose companies to unforeseen risks.

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Enterprise 2.0 is a three-part series published by KPMG's Global Information, Communications & Entertainment practice that explores the use of social networking and collaborative software tools in the workplace.



Enterprise 2.0: Fad or Future? sets the context for this discussion, describing the suite of Web 2.0 tools available, with specific examples illustrating the ways companies across industries are using and exploiting these technologies.



Enterprise 2.0: The Benefits and Challenges of Adoption reports on a global survey of executives from a range of industries conducted to gain insight into the adoption of Web 2.0 technologies and the risks and opportunities of using them within the workplace.



Enterprise 2.0: Tales from the Trenches examines the challenges and benefits of adopting Enterprise 2.0 through interviews with early adopters.

To obtain a hard copy of any of these publications, e-mail your request to go-fmglobalmarketsic@kpmg.com.

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Introduction

The use of Enterprise 2.0 (E2.0) Web technologies by businesses—described in detail in *Enterprise 2.0: Fad or Future?*—has turned the economics of content creation and distribution on its head in just a few short years. But can E2.0 technologies—which have primarily been applied in the social sphere—be used to make an enterprise more efficient and effective?

The short answer: It depends. Executives who have championed social media within their organizations cite the potential to enhance collaboration, innovation, and employee productivity—not to mention outreach to customers and brand loyalty—as motivators for their decisions. But despite the seemingly inevitable spread of E2.0 technologies, executives are still waiting for their “eureka” moment. They tend to be unsure of the best ways to deploy, control, and measure the efficacy of these tools.

This uncertainty is justified. Social media takes on a life of its own once it is released to a wide user group. In many cases, employees are adapting E2.0 tools in ways that IT departments never anticipated. And while this unpredictability can create new paths to innovation, it may also expose companies to unforeseen risks.

However, one thing is certain: social media is an integral part of life for young employees, and as they become a larger proportion of the workforce, E2.0 technology will likely become an indispensable tool for corporate interaction as well.

In this last report in KPMG’s three-part series, we examine the experiences of several industry leaders as they move toward making E2.0 an integral part of their operations.

Some of the key learnings they noted are:

- To lay the groundwork for successful adoption of E2.0 technologies, organizations must start with a culture that emphasizes knowledge sharing, discussion, and openness.
- Businesses must be flexible and open to alternative ways of using technology, and they must be careful not to underestimate the creativity and technical know-how of Generation Y.
- Strict control of E2.0 is out of the question—instead, companies should focus on creating guidelines and establishing mechanisms for community self-regulation.
- Because traditional cost-savings calculations don’t always apply in E2.0 scenarios, enterprises need to consider new ways to measure return on investment.

It is no longer a matter of whether, but rather when and how a company should adopt E2.0. I believe the experiences of our interviewees will help our readers think through the when and how, and I thank them for being so candid in sharing their intelligence with us.

Gary Matuszak

Global Chair
Information, Communications & Entertainment
KPMG LLP (U.S.)

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Company Experience



Gina Poole, Vice President, Social Software Programs and Software Group Web Marketing and Sales, IBM Software Group

IBM

One of the earliest and most aggressive adopters of E2.0, IBM has taken a leadership role in demonstrating the value and possibilities of adopting social media technologies within the enterprise. See page 16 for a profile of the company. IBM's Gina Poole spoke with KPMG about some of her company's strategies for building knowledge and transforming the corporate culture.

What are the critical success factors for E2.0 adoption?

The corporate culture and social networks are the two most important ingredients for success with E2.0. Employees need to have an awareness of the tools that are available, trust in the reputation of the experts they contact, and an understanding of how to access the right information—where to find it and how to approach an expert.

We've also discovered a certain element of supply and demand. If you have a community of people who are seeking experts or looking for information, you also need to spend time encouraging experts to come forward.

Tools in the Trenches at IBM

Blogs. IBM's BlogCentral gives every IBM employee a platform to publish and discuss his or her ideas openly and to collect feedback. The platform hosts more than 12,000 individual blogs and 1,000 group blogs. BlogCentral featured 105,000 entries with 106,000 comments and 23,500 distinct tags earlier this year.

Wikis. The BlueIQ Resource Center helps employees find resources and share their success stories.

Tagging. IBM employees tag useful intranet pages, which helps IBM search engines deliver more relevant results. IBM estimates that tagging saves each IBM user 12 seconds per day—which translates to annual productivity savings of US\$4.5 million.

Social bookmarking. Dogear, a feature in IBM® Lotus® Connection software, lets employees store, tag, and share bookmarks to help simplify the task of maintaining a common set of reference materials for a community or team.

Social networking tools. The BlueIQ Ambassadors program encourages IBM employees to help each other use social software more effectively. Social Software Jumpstart Consulting helps client-facing teams take advantage of social media to improve their productivity and effectiveness.

Once employees are introduced to social media, a wide variety of tools are at their disposal:

- IBM BluePages profiles give individuals a place to share their expertise and interests.

- Cattail file-sharing technology helps to eliminate duplication of effort by allowing employees to share presentation slides and other materials as well as enabling others to subscribe to updates of existing files.

- Lotus Quickr™ supports team collaboration both inside and outside the IBM firewall.

- Lotus Connections Activities helps people organize informal processes and capture common work practices by gathering links to relevant information, resources, and applications.

- IBM Communities hosts more than 900 communities, including 300 private communities.

Mashups. IBM holds contests in which employees compete to develop the most innovative and useful applications—some of which have become full IBM product offerings.



How are you encouraging people at IBM to incorporate E2.0 tools into their everyday work?

We are focusing on showing employees the value of these tools for their everyday jobs. At the end of the day, successful adoption is all about the individual. It's not something you can mandate. E2.0 really catches fire in an enterprise if individuals find the value for themselves.

For example, social media can play a huge role in helping individuals build their reputations, regardless of their job titles or locations. And in the changing workforce, reputation becomes more and more important—especially now that people are having many different careers in a lifetime. One member of my team is a great example. He lives in the Canary Islands. In the past, you'd think that not many people in a big global company like IBM would know him. But because he was one of our early E2.0 adopters and is active on many of our social networks, he's very well known and highly respected.

We've also found that success stories are key to driving adoption. When individuals share stories about how E2.0 helped them in their jobs, adoption tends to spread like wildfire. For example, when one of our telesales employees started using the Lotus Connections Activities platform to track her customer prospecting and client interactions, she was able to increase the number of hours she spent with prospects by 50 percent. If you listen to her talk, she bubbles over with enthusiasm about how E2.0 tools have helped to make her incredibly productive and a top seller. People respond to that excitement.

It's also important to make it really easy for people to get started. Once they hear about E2.0 and get excited, you want to provide the mechanisms and materials that let them get started right away. But sometimes people are a little uncomfortable. For example, when I started my first internal blog, I wasn't quite sure about some of the etiquette and wanted to get some extra help. So a BlueIQ Ambassador spent half an hour with me to walk me through it. After that, I was up and running—but had he not spent that time, I might have procrastinated and maybe not launched the blog. Sometimes all people need is just a little bit of mentoring and coaching to help them get started.

And even though adoption is primarily about the individual, it is also important to have top-down support from senior management. If you're trying to introduce a best practice identified by another group, top-down sponsorship is the way to spread the word and get people energized.

“The corporate culture and social networks are the two most important ingredients for success with E2.0.”

—Gina Poole

“When individuals share stories about how E2.0 helped them in their jobs, adoption tends to spread like wildfire.”

—Gina Poole

What happens when IBM acquires a company that has its own E2.0 tools in place? How does IBM bring that company's knowledge and processes into the fold?

We start by bringing everyone into a common profile system. But instead of moving everything to existing IBM systems immediately, we take some time to understand the processes and tools used by the acquired company. If we discover new best practices, we may shift IBM processes to reflect them. For example, we recently acquired Cognos, and they were using their own offerings to run their marketing organization in some really interesting ways. Now we're looking at how we can adopt their approach more broadly across all of our marketing efforts.

How has social software changed the role of your internal communications teams?

They are still using all the standard internal communications tactics—posting announcements on our Web site and intranet, sending newsletters, holding town hall meetings, and giving face-to-face presentations. But they're also trying to leverage some of the more innovative capabilities of E2.0, like blogging. Internal communications has become more of a conversation than a top-down approach.

Has IBM encountered any challenges during the adoption process?

There are still some cultural challenges. Sometimes executives are resistant to blogging because they see it as an extra thing they have to do. We try to encourage them to blog as a replacement for something—for example, sending out a monthly newsletter. And for people who are just starting to explore E2.0, there are so many tools you can use that it can be overwhelming.

How does IBM measure the benefits of E2.0?

We recently did a survey of about 3,000 employees in the communities across IBM. We asked them how E2.0 tools are helping them in their jobs:

- Eighty-seven percent said social media helps them increase their skills by allowing them to collaborate with each other.
- Eighty-four percent said they can access experts more quickly, and the same number said they use the tools to share their knowledge with others.
- Seventy-seven percent reported that reusing assets such as slide presentations was helpful.
- Seventy-four percent said E2.0 has helped to increase their productivity.
- Sixty-five percent said the tools help to improve their personal reputation, and the same number reported that social media increases their sense of belonging.
- About 60 percent reported that they increased sales, and 42 percent thought E2.0 would help improve customer satisfaction.



ORACLE

Oracle is in the business of helping clients manage business information securely and effectively—and today the company is using E2.0 to deliver on its mission. See page 16 for a profile of Oracle. Vincent Casarez spoke with KPMG about how Oracle is using E2.0 both within and outside its firewall.

Which E2.0 tools did Oracle start with? Why did you take the route you did?

We started with wikis, but the route we took would probably have been different if we had to do it over again. We learned a lot by watching employees adapt the tools for their own uses.

We began with a set of wiki services designed to help employees track project status and collaborate around a certain set of goals. We wanted to roll it out to the development organization first to validate the technology. But we quickly found that people had better or wider uses for the tools than we had originally anticipated—they began to use the wikis to deliver their teams' overall status. Some of the documentation teams got onto it and started having the developers enrich their online documents before they pulled the content into formalized documentation tools. Then they began adding screenshots. So the users adapted the tools we gave them to help accomplish whatever task they were working on.

Did you encounter any resistance to using E2.0 tools?

No. E2.0 was a natural fit for Oracle's culture. People tend to be much more open to giving feedback directly in an online system. That wasn't the case a few years ago—but now people have been conditioned to participate in a discussion and get corrections to inaccurate information later. We've found, for example, that people often prefer to comment on a Web page or discussion thread over embedding comments in a document that must be e-mailed back.

E2.0 also can be an important forum for people who may not typically speak up during a meeting. With social media, the best ideas and expertise tend to draw attention regardless of the job title or the role of the person who makes a proposal. But it's a double-edged sword. If you have a bad idea in a room of five people, five people know you have a bad idea. If you do it on the company-wide wiki, your ideas may go out to hundreds or thousands of people who are knowledgeable about a topic—so if you make a flawed proposal, many more people know about it.

What was Oracle's process for developing E2.0 security and governing policies?

We focused on the content life cycle and how users would need to access content during each phase.

Governance is a key issue because each E2.0 tool requires some sort of user identity and authorization. Internally, we have some products that we use to help describe each role and the policies associated with it. Single sign-on is a goal for us—but since new applications are often developed and introduced quickly, it can



Vincent Casarez,
Vice President of Product
Management, Oracle

Tools in the Trenches at Oracle

Blogs. Oracle bloggers use their platforms to communicate both internally and externally about strategic direction and product development. The company often makes course corrections based on the aggregated comments in its blogs.

Wikis. Geographically diverse teams use wikis to stay in touch, collaborate, and centralize project knowledge.

Social networking tools. Using Connect.Oracle.com offers Facebook-style networking for the enterprise, allowing Oracle employees to create profiles and find unique expertise within their own network of contacts.

“With social media, the best ideas and expertise tend to draw attention—regardless of the job title or the role of the person who makes a proposal.”

—Vincent Casarez

be a challenge to get all of the applications and services tied into the same version or the same security infrastructure. Until those elements are tightly integrated, some information may have to be replicated.

As part of data governance, we have to “age” out certain pages due to inactivity over time. But that doesn’t mean the content is deleted—it just means that the page gets flagged. If it is still inactive for the next 90 days, it gets moved into an archival space. People can still query it if they need to, but it’s a little more secure. We can watch the access patterns and destroy it when the content is no longer covered by compliance regulations or is truly not being used.

How are Oracle blogs regulated?

Our legal team does occasional spot-checks on the external blogs run by our senior executives. However, that process doesn’t scale for all the employees—so in most cases, the legal team just provides guidance and examples. For a particularly sensitive topic, executives can always pass a blog entry through the legal department for wording suggestions before it gets posted.

We started, as I think most companies did, with a very simple policy for blogging and using the wiki: don’t say anything you wouldn’t want attributed to you, and don’t give out secrets or confidential information. Our legal confidentiality policies and our employee handbook basically covered it. Our assumption was that people wouldn’t try to hurt the company explicitly, but that they might do it by mistake. And that’s why we have a team that reviews blog entries from time to time. It’s a guidance function—it’s about helping shape what people say externally and internally so that statements aren’t interpreted incorrectly.

What are Oracle’s future plans for E2.0?

We’re moving toward using E2.0 technologies as part of our client-facing product offerings. For that to happen, though, policies and provisioning of users’ systems need to be set up in such a way that customers can add or deactivate components depending on their needs—for example, if they want to start with a wiki and then maybe later turn on support for blogs. So we provide a single, integrated E2.0 platform that companies can use to support various elements either together or separately.

We’re also trying to make our core applications “mashable” so users can easily evolve them. The key is that E2.0 capabilities must be embedded directly at the point where the user is working—so if I need to quickly attach a document to a particular page within an application, I can do that intuitively and it goes into the content management system to be aged and archived.



BT

Dedicated to building the broadband IT infrastructure for globalization, BT Group is at the forefront of innovation in communications. See page 16 for a profile of BT. KPMG spoke with BT's Richard Dennison about E2.0's potential to transform the way his company operates—and change the face of internal communications.

Why did BT decide to start using E2.0 tools?

Because E2.0 tools can make networks tangible and visible and they turn internal and external communications into a conversation.

Organizational structures have very limited life spans. They are designed as command-and-control mechanisms that stifle innovation and creativity. They create conformist leaders. They create unnecessary politics within organizations. Social media, though, allows us to make the organizational structure largely irrelevant. Everybody knows that things really get done in an organization through networks—people work with their contacts in other areas, even if they're only distantly connected in the org chart. The problem is that networks are intangible. People know who to consult to get things done, but that information isn't usually available to anybody else. Social media is important in business because it makes those networks tangible and visible to other people.

Also, from a communications perspective, social media turns both internal and external communications into a conversation rather than a highly managed activity where information is passed to people in a top-down fashion. That's important because about 80 percent of human experience is based on individual perception. So the only way to create "shared significance" in the corporate culture is to allow people to have a conversation around their own experiences.

What kind of governance policies does BT have in place for its social media initiatives?

Any BT employee can blog internally or externally. Social media content is owned and "policed" by the community of users, who follow a set of simple and clear guidelines. There's no formal monitoring of content by the company. We have a very liberal policy—and so far we haven't had any issues with people abusing the freedom.

What was the process for establishing your governance policy?

Ultimately, it was a top-down decision informed by consultation with users.

Initially, a few of us sat down and created draft policies in the various areas, and then we decided who we would need to consult within the organization to make them real policies. For example, I wrote a draft blogging policy and held a workshop where we invited security, legal, human resources, and some of the people we knew were already blogging. We all sat together and discussed the issues, then we looked through all of the security and HR policies that were already on the books to make sure that our new social media policies were consistent with those areas.



Richard Dennison,
Internal Programme
Manager, BT Group plc

Tools in the Trenches at BT

Blogs. BT uses WordPress as its internal blogging platform. Any employee can have a personal blog or a group blog.

Wikis. BT employees have been contributing to the enterprise-wide wiki, BTpedia, since 2006.

Collaboration platforms. BT uses two project collaboration tools. The first is Confluence—but employees are using it as a publishing tool as well as for collaborative content. The second is Microsoft® SharePoint® 2007, which offers wiki and blogging functionality. In addition, BT uses its proprietary Podcast Central, which acts as an internal YouTube-type platform for audio files. BT is considering adding support for videos as well, so employees can archive live presentations.

“About 80 percent of human experience is based on individual perception. So the only way to create “shared significance” in the corporate culture is to allow people to have a conversation around their own experiences.”

—Richard Dennison

“Internal communications is going to have to redefine itself to be more about participation, about keeping a finger on the pulse of the organization and how it’s being perceived.”

—Richard Dennison

The first time we approached our communications council, the members weren’t particularly happy with our proposed external blogging policy. But then our CEO met with the director of communications and made the decision that BT employees should get to blog whatever they want. So when we went back the next time to present our revised policy, it was like leaning against a door and having the whole wall come down—we got a much more liberal policy than I bargained for.

Because E2.0 tools support collaborative discussion rather than top-down information distribution, internal communications teams have to relinquish some control over the messages they want to send out. How has the BT internal communications team adapted?

Soon, internal communications is going to have to redefine itself. Internal communications will be more about participation, about keeping a finger on the pulse of the organization and how it’s being perceived. Internal communications people will probably have to act as ambassadors for senior executives and for the organization; their role will be more public, less behind-the-scenes. The ability to influence the conversation will be very important—the communications team will have to have deep knowledge of how and when to use the various channels to have the greatest impact. Otherwise, internal communications is in danger of becoming irrelevant because the conversations will be happening in the social media channel and people will be able to select what they listen to.

How does BT measure the benefits of E2.0 technologies?

We haven’t invested heavily at this point, so return on investment hasn’t been a big political issue for us yet. Personally, I think the drive to quantify everything sometimes overshadows quality and innovation. I have a feeling that there will be battles around this space in the future. But provided you’re not spending millions and millions on E2.0, I think it’s a real waste of time to even try to quantify the benefits. I think our executives simply feel that E2.0 is the right thing to do.



MTS ALLSTREAM

As one of Canada's leading national communications providers, MTS Allstream is in the business of staying on the cutting edge of new communication technologies. See page 16 for a profile of MTS Allstream. Craig Brown spoke with KPMG about how his company is using E2.0 within its own ranks.

How did MTS Allstream choose which E2.0 tools to use?

The decision came from different parts of the organization. Some executives wanted to communicate better with their teams and with others in the organization, and they started to use blogs to do that. At the same time, some groups began using wikis to share information among project teams.

How has your corporate culture factored into E2.0 adoption?

Our culture is becoming more accepting of an online environment. I think people are starting to feel less need to be in the same room as others to, say, conduct a meeting or hold an idea session. Still, participation patterns have been similar to what we see in a traditional meeting-based culture. It's an 80/20 rule, or maybe a 90/10 rule: In every meeting, a few people will dominate the conversation because they're eager or excited or it's just their personality, and the other 80 or 90 percent of people just sit and absorb what is said, then take it back with them to their desks.

That pattern is pretty similar to what we're seeing with E2.0 tools. We're finding that the people who are really eager about using them and sharing what they know are doing that, especially in the wikis. We also see a large group of "lurkers" who are taking information, absorbing it, and using it.

Given the fact that it is not always easy to demonstrate return on investment, or ROI, for E2.0 projects, did you encounter any challenges getting budget approval?

No. One of the advantages of E2.0 tools from a cost standpoint is that they are a relatively modest investment, and by leveraging our existing SharePoint infrastructure we have been able to incorporate them into our intranet without much resistance. However, as with any IT expenditure, when we acquire and start using these tools externally, we will have to provide a cost justification. Still, I have a sense that the decision won't be based so much on ROI as on the reality that this is the new "way of the world." In 2008, few people would consider doing a full ROI analysis to justify the creation of a Web site; executives take it as a given that their company needs a site to go to market.



Craig Brown, Senior Manager,
Customer Experience Strategy,
MTS Allstream Enterprise
Solutions

Tools in the Trenches at MTS Allstream

Blogs. The company uses the Microsoft SharePoint platform to support open discussion through blogs on its intranet. Several senior executives are in the process of launching their own blogs.

Wikis. The IT department uses wikis to share expertise, and the customer operations group uses them to share customer support tips and training materials. The marketing and sales department has also developed a pilot wiki to assemble competitive intelligence.

What do your legal guidelines look like?

Our internal guidelines are fairly standard—almost identical to our guidelines for Web and e-mail use. Don't spread confidential information. Don't use information that is copyright protected by someone else. Don't use abusive language in your blog postings or in your comments. And, of course, nothing you do on our intranet is anonymous, so you will be held accountable if you violate these rules.

While I'm not a fan of moderating every comment before it's posted—to me that's a little heavy-handed—I believe it is a best practice to monitor the comments on these public forums and take action when there's abusive or foul language, or anything that is otherwise inappropriate or clearly a violation of your guidelines.

What advice would you give to other companies that may be considering E2.0 technology?

Get the legal issues sorted out first. You don't want to jump into something and have the legal team find out afterward, because they'll shut you down right away. Just take the position that this is another new technology and another shift in society—help them understand how E2.0 works. Show them examples of what some industry leaders are doing with their blogs.

Also, start internally. Get your employees comfortable working in this environment. And cultivate senior sponsors at the executive level. Get them involved. Get them set up with a blog. Encourage your employees to visit the blog and comment back.

As far as encouraging a culture that supports E2.0 adoption, look for groups within the organization that would most benefit from these tools—usually teams that are geographically dispersed or that depend on the knowledge held by a few subject matter experts. Engage the younger workers in the organization to be early adopters. And don't be afraid to experiment!

“Look for groups within the organization that would most benefit from these tools—usually teams that are geographically dispersed or teams that depend on the knowledge held by a few subject matter experts.”

—Craig Brown



T-SYSTEMS

T-Systems strives to be a one-stop shop for comprehensive information and communication technology solutions for business customers. See page 16 for a profile of T-Systems. Hardy Rehmann told KPMG how his company employs social media within its own infrastructure.

How did T-Systems select which E2.0 technologies to use, and how do they fit into the company's overall business strategy?

T-Systems, as part of the Deutsche Telekom Group, enables "connected life and work." Everything we do for our customers must foster "connected life and work" using integrated information and communication technologies. Within the group, T-Systems is responsible for business and corporate customers and realizes connected life and work for them. Thus, it should almost go without saying that Enterprise 2.0 technologies are an essential part of our business strategy. No other technology is better suited for what we mean by connected life and work. We are talking about a paradigm shift that is transforming what was previously a purely technological perspective into a more integrated social and business perspective.

By the way, our group-wide marketing slogan is "Life is for sharing," which perfectly describes the paradigm shift we are talking about. Future unique selling propositions will be based on the way social relationships and technological connections are designed and no longer on things I know that you don't know. T-Systems wants to play a major part in this development.

Every E2.0 tool we use within the company is about to be offered to our customers as well. But to represent E2.0 authentically, E2.0 must first be "a given" in the minds of our employees.

In terms of choosing technologies and platforms, we tried to find out which tools will help employees do their jobs and which are the most efficient. Of course, we also considered how new applications might compete with our existing IT applications. And each department answered those questions in their own way. So today we have several departments using similar technologies for very different purposes.

Support from our CEO and CIO has been critical in encouraging adoption of E2.0 technologies. Our executives use our E2.0 tools to be more in touch with their employees and to make communication more transparent across units and hierarchies. Employees use the tools to submit ideas on how to increase performance. They appreciate being in touch with top management. It seems to change the entire culture of our company and makes many decisions more transparent and understandable.

We have a video-streaming platform where we collect ideas in the form of videos that are up to three minutes long. At one point, we asked for ideas on new products for the Apple® iPhone® and received hundreds of videos. All of our employees voted for their favorites, so we are now working on implementing a handful of the best ideas.



Hardy Rehmann, Head of the Red Flag Initiative and E2.0 Lead, T-Systems Business Services GmbH

Tools in the Trenches at T-Systems

Blogs. For over a year, nearly every board member has written his or her own blog. In addition, several internal communities run group blogs.

Wikis. Approximately three years ago, T-Systems began using wikis to create an enterprise knowledge base and to support project management for various communities.

Collaboration tools. A video-streaming platform allows employees to upload and share new product ideas, while a document-management system promotes content reuse and efficient change management, including closed blogs and discussion forums.

Social networking tools. A corporate social network will go live toward the end of 2008.

Has there been any resistance to adopting E2.0 tools at T-Systems?

People have been very keen to use social media at work. Most of our employees are already familiar with the technologies through their own personal experiences. For example, many subscribe to social networks on the Internet.

How has T-Systems approached security and governance as it relates to E2.0?

Our blogs and wikis are on our intranet and are limited to an internal audience. The only applications we frequently use with customers are the collaboration tools we use for project management. For those applications, we have an extra layer of built-in security.

What is your blogging policy?

Everyone can participate by either reading or writing blogs. Our board members use blogs as a way to have direct contact with employees. We want to foster self-organization so we leave it up to the community to regulate itself. Nothing is anonymous in our blogs, so when employees post or make comments, they know they can be held responsible for their behavior.

Are your blogs and wikis localized for Germany or are they global?

We want employees around the world to be able to use our E2.0 tools, so we have blogs in both German and English. We have a very highly developed wiki implementation in T-Mobile UK. We intended from the beginning to first implement the platform in one division and then later roll it out to everyone.

How do you see the use of social media evolving within T-Systems?

We have a limited amount of funding, so we will continue focusing on blogs and wikis over the next year or so. However, we are looking at new ways to use these technologies—mainly for our interactions with customers. We expect our dialogue with customers to change dramatically with the use of social media.

What advice would you give to other companies that are looking into E2.0?

I see huge potential in E2.0. I would strongly encourage other companies to take a very active and open look at using social media in the enterprise. And management attention is extremely important—once top executives support an E2.0 strategy, adoption will spread organically throughout the organization.

“It should almost go without saying that Enterprise 2.0 technologies are an essential part of our business strategy. No other technology is better suited for what we mean by “connected life and work.” We are talking about a paradigm shift that is transforming what was previously a purely technological perspective into a more integrated social and business perspective.”

—Hardy Rehmann



NEC SOFT

A prominent Japanese IT services firm, NEC Soft offers deep expertise in using technology to achieve business goals. See page 16 for a profile of NEC Soft. Yoh Nosaka explained to KPMG how E2.0 is helping his company achieve its own objectives.

How has internal communications changed as a result of adopting E2.0 technologies?

Communication has become much more efficient. In particular, I'm seeing relief from what I thought was an excessive reliance on e-mail.

Since e-mail is exchanged between specific individuals, the information sometimes does not reach the people who need it. This problem can be addressed to some degree through mailing lists, but the problem with mailing lists is that it is not clear to whom the ball has been passed, that is, who should respond to the questions and by when.

The advantage of E2.0 content is that the information can be uploaded easily and those who are interested or need the information can access it at any time. It is also easy to trace the information. I think it is a very effective tool for preventing information loss.

Our E2.0 content developed organically and is not managed by the IT or human resources departments. All of our content was created by various individuals and departments—within the limits of what is allowable by company rules—and was eventually linked. I think this organic growth is ideal from the standpoint of E2.0, and it will be the path our company continues to take. E2.0 at NEC Soft is really a type of employee-generated media.

How is NEC Soft planning to enhance its use of E2.0?

As is the case with any content, it is important to make the interface user-friendly. This will dramatically improve the experience for both content authors and readers. I also think we will need a system to link the information that is exchanged on blogs and other E2.0 technologies with knowledge management. For information to become a business asset, it must be systematically categorized and thereby turned into knowledge. This will require dedicated staff whose responsibility it is to monitor content on internal sites and transform the fragmented information into knowledge.

What advice would you give companies considering E2.0?

Even E2.0 requires top-down decision making. Executives must take the lead in creating flexible internal communications rules that enable employees to learn by trial and error, while making sure that measures are put into place to protect against information leakage and other potential damages. And the IT department must provide the appropriate platform. Think of E2.0 as a pasture: there are fences, but within the fences everyone is free to move about.



Yoh Nosaka, Leader, Sales & Marketing Division, Marketing & Promotion Group, NEC Soft

Tools in the Trenches at NEC Soft

Blogs. The advertising and promotion department manages its own Movable Type Enterprise, which functions as a departmental site within the company's intranet portal. Since 2006, NEC Soft also has used Alkacon OpenCms® as a content-management system for its external Web site.

Social networking tools. The company plans to use in-house social bookmarking to help make it easier for employees to find recommended resources.

“Executives must take the lead in creating flexible internal communications rules that enable employees to learn by trial and error, while also making sure that measures are put into place to protect against information leakage and other potential damages.”

—Yoh Nosaka



Daniel Kraft, Senior Vice President, Open Text Corp.

OPEN TEXT

Since 1992, Open Text has helped organizations across virtually every industry overcome the challenges associated with business content management. See page 16 for a profile of Open Text. Daniel Kraft described for KPMG how Open Text is adapting its expertise to guide clients through E2.0 adoption.

Is it imperative that companies adopt E2.0 technologies to communicate with younger-generation employees and clients?

That depends. E2.0 represents a major opportunity for internal communications, but it is useful externally only for certain industries.

In terms of internal communications, the E2.0 environment provides an enormous opportunity because it allows the company to capture feedback. For the first time, you can have dialogue with employees without having to communicate one-on-one.

But in terms of customer dialogue, it really depends on the vertical market. Companies that provide support services constantly need to know what's going on with their customers, so dialogue is key. However, that dialogue may not be so important for companies such as fashion brands that are built around setting standards rather than incorporating immediate customer feedback. Their goal is to reach cult status by *not* providing the expected. But even in those cases, knowledge about the customer's view is of interest.

Tools in the Trenches at Open Text

Open Text has been active in the collaboration space for about 17 years. The company combined its collaborative know-how with its approximately 15 years of Web experience to create its E2.0 platform.

Open Text takes a balanced approach to creating an outstanding user experience and maintaining the level of control that is needed in an environment where users are allowed to express their opinions freely. The Open Text platform allows companies to use E2.0 components both internally and externally on their customer-facing Web sites. In both cases, the platform enables Open Text to keep a record of all comments and other activity.

How does Open Text work with clients to implement E2.0 tools?

The first step of a project is always to have the client clearly define the business goal and the strategy. Many people believe E2.0 is the goal, but it is actually just the means to achieve the goal. Your real objective could be employee efficiency, or better customer communications, or improved lead generation. Getting your goals straight from the beginning gives you a way to measure success and build a business case later.

What are some of the challenges you've encountered during customer implementations?

One of the most common challenges we see is that companies are so excited to use E2.0 technologies that they tend to rush into it without enough planning. Often, organizations implement either an open-source or a cheap downloadable solution and then realize that the tool isn't getting them closer to achieving their goals.

In these cases, we have to explain to the customer why they need a fully integrated strategy. E2.0 isn't just social networking. It isn't just rich media, and it's not just a nice-looking interface. It is a solution for achieving a business goal, and it should be evaluated just like any other tool—in the context of the company's overall business strategy.



How do you address customer concerns about measuring return on investment?

We make sure that clients start by establishing a clear goal. Then they can measure against that goal.

For example, one of our clients is a travel agency. They have made massive investments in travel content—and in the past they had to put a lot of money into refreshing that content each month. Now they are using E2.0 tools to allow their customers to create content about their own trips—they're using mashups that integrate the content with Google™, and they integrated Facebook, MySpace, and YouTube.

Based on the client's initial goals, they were able to analyze content consumption and prove that the user-generated content was more popular than the professionally written content. Within six months they were able to finance their entire investment infrastructure to support E2.0, just by saving the amount they used to spend on the purchase of additional content. And companies can do the same for marketing initiatives—if you can measure your customer satisfaction levels and your retention rates, then prove that those retention rates are higher when you have closer interactions with your customers, you can calculate a pretty good case for return on investment.

Where do you see E2.0 technologies going?

The raw technology will appear less prominent in the future. The E2.0 tools that succeed must be completely intuitive—people will not work in an environment where things are complicated. I think companies will also need to implement control mechanisms, similar to the controls that we have on e-mail and document management today. If there is a dispute over compliance regulations or a product warranty, companies have to be able to verify how data has changed over time and who made which changes under what circumstances.

What advice would you give other companies that are just getting started with E2.0?

Do it! If you don't, you will be left behind. You can always decide to keep it contained within a certain environment, but you need to be familiar with what's happening out there. The second thing: define your goals. Goals will help keep your project under control and give you a way to measure your success. Third, take an integrated and balanced approach. Make sure you have scalable, secure infrastructure in place to protect your assets, and try to have a mix of user-generated and professionally generated content.

“Many people believe E2.0 is the goal, but it is actually just the means to achieve the goal. Getting your goals straight from the beginning gives you a way to measure success and build a business case later.”

—Daniel Kraft

“E2.0 should be evaluated just like any other tool—in the context of the company's overall business strategy.”

—Daniel Kraft

Company Profiles

International Business Machines Corporation (IBM) is a multinational computer technology and consulting company with operations in 170 countries worldwide. IBM manufactures and sells computer hardware and software, and offers infrastructure services, hosting services, and consulting services in areas ranging from mainframe computers to nanotechnology.

Headquarters: Armonk, New York, USA

Oracle Corporation is the world's leading enterprise software company. The company develops, manufactures, markets, distributes, and services database and middleware software as well as applications software that help organizations manage their businesses.

Headquarters: Redwood City, California, USA

BT Group plc (formerly British Telecommunications plc) is one of the largest communications companies in the world with more than 16 million customers in more than 170 countries. The company's activities include the provision of networked information technology services globally; local, national, and international communications services; broadband and Internet products and services; and converged fixed/mobile products and services.

Headquarters: London, England, UK

MTS Allstream Inc., one of Canada's leading national communications companies, provides telecommunications services as well as infrastructure management and IT services to businesses and government agencies across Canada. Its fiber-optic network links business centers and provides international data services. MTS Allstream also offers some residential customers Internet access and telephony services.

Headquarters: Toronto, Ontario, Canada

T-Systems is an information and communications technology (ICT) service provider for large corporate customers. Its services include integration of new ICT solutions into existing customer systems, implementation and operation of desktop systems, data centers and networks, telecommunications services and solutions for international carriers, as well as ICT infrastructure, ICT solutions, and business process management services. It is a part of Deutsche Telekom AG and operates in 24 countries worldwide.

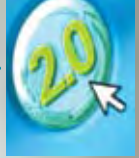
Headquarters: Frankfurt am Main, Germany

NEC Soft, Ltd., a private corporation, is the leading software company within the NEC Group and provides a wide range of services from ICT strategy creation to development, implementation, operation, and outsourcing to a large number of customers, including government offices, local governments, and industry.

Headquarters: Tokyo, Japan

Open Text Corporation produces and distributes computer software applications designed to enable enterprise content management solutions for large corporate systems. Open Text supports approximately 46,000 customers and millions of users in 114 countries and 12 languages.

Headquarters: Waterloo, Ontario, Canada



About KPMG's Global Information, Communications & Entertainment Practice

KPMG member firms are predominantly the business advisers of choice to many of the world's leading technology and communications companies. KPMG member firms' client base and resources continue to grow, as do the capabilities of KPMG's Information, Communications & Entertainment (ICE) practice.

KPMG's Global ICE practice thrives on meeting the needs of our global member-firm clients. These clients' requirements have become ever-more exacting and complex against a background of unprecedented commercial, economic, and regulatory change throughout the world.

KPMG's ICE practice helps its clients deal with the challenges that change brings in terms of both how their existing business is impacted and the way they wish to shape their operations in the future. We provide this help by applying the skills and ingenuity of our people, the understanding and insights that come from our knowledge of the industries, and the dedication and commitment shared by professionals in KPMG's ICE practice.

For more information on KPMG's Global Information, Communications & Entertainment practice, e-mail go-fmglobalmarketsic@kpmg.com or contact your local KPMG office.

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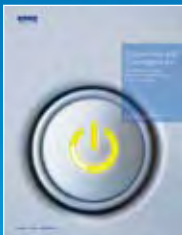
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Consumers and Convergence II

In recent years, consumers have started to view media content as separate from its delivery device. Phones, computers, and televisions all offer similar multimedia content delivery capabilities, so people increasingly expect a similar user experience across devices and locations.

This groundbreaking report, now in its second year, surveyed nearly 4,400 consumers in Asia, Europe, and the Americas to examine consumer adoption of digital content and Web 2.0 technologies. The results shed light on consumer behavior—specifically

the factors that keep a consumer loyal to a given carrier, content provider, or platform—and the factors that might persuade them to switch.

The third annual report is slated for publication in December 2008.



The Impact of Digitalization—A Generation Apart

In just a few short years, Web 2.0 has thrown traditional media companies into turmoil. Generation Y is using technology in ways that vendors never anticipated. The cost of media distribution has declined, making a wider range of content more commercially viable. User-generated content and collaboration are making it more difficult for media outlets to capture and monetize user attention—and are forcing the industry to rethink the entire Western copyright and intellectual property system.

At a more fundamental level, collaborative technologies are eroding common national cultures. People are building online communities with others who share their interests at home and abroad. How will the media habits and preferences of Generation Y continue to shape the technology industry? Can companies use the “wisdom of crowds” to their advantage?

This report discusses what it means to conduct business in an economy based on content creation rather than consumption.



The Video Games Market in China: Moving Online

As video games move online, the gaming experience becomes more about community. Online games are no longer products—they are service marketplaces that can support multiple revenue models, ranging from subscription-based access to in-game advertising to merchandise campaigns. But how can companies determine the most effective combination of revenue streams? Which companies have already demonstrated success in the market?

Which gaming trends are gaining momentum elsewhere in the Asia Pacific market, and what impact will they have on China? The Chinese online video gaming market represents enormous opportunity for game providers that can develop the right mix of revenue models and connect effectively with their target demographic.