

Social business



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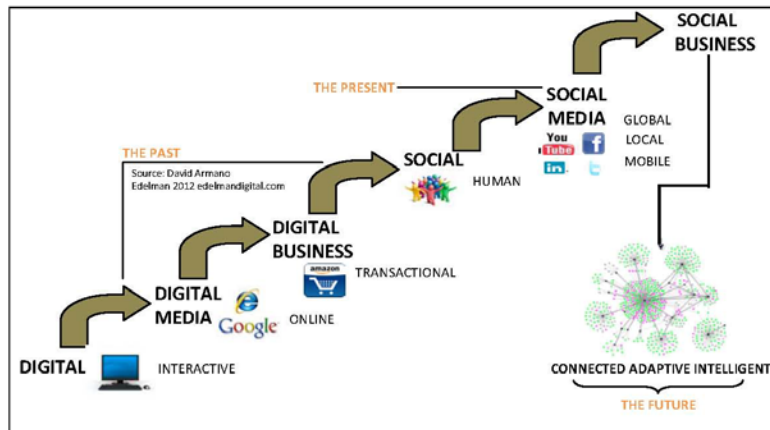
Searching the Web for definitions of “social business” you will find hundreds of different interpretations. Social business was a concept originally described by Nobel Peace Prize laureate Professor Muhammad Yunus as a cause-driven business where the investors/owners can gradually recoup the money invested, but cannot take any dividend beyond that point (Source: [Yunus Centre](#)). However, the original concept of social business has been watered down, if not completely reinvented. It is no longer only about “doing social good” but also about the world of opportunities that are being created by disruptive and transformational social media technologies, shifting consumer behaviors and changing business models. A new era of social business is beginning to take shape based on the social technologies that increasingly underpin the digital economy.

For most organizations social business is still in its early days but organizations failing to engage in social business will most likely be stuck with traditional, low-tech approaches inside and outside their organizations in the future. Are you ready? In this briefing we take a look at the social technologies aspect of social business – we will cover the definition provided by Professor Yunus in other briefings and reports. So what are the social technologies that underpin social business – and who controls them? And how are companies using them – or being forced to use them by tech savvy consumers – to create value in their marketplaces externally? And to drive new ways of working and productivity internally?

A brief note: What we mean by social business

“Social business” has become a popular trend, even a buzzword, revolutionizing the way companies function and generate value for the broad range of stakeholders in a business network, including customers, employees, suppliers, business partners and social stakeholders such as governments, communities and NGOs. Yet, as noted above, many definitions are being tried out but none has been agreed upon so far.

One we like is from Edelman’s David Armano who looks at the evolution of the concept in a broader, more historical perspective. In [“Social Business: Where It’s Been & Where It’s Going”](#) he points out: *“Despite much of the chatter around “social business”, the reality is that most organizations are currently dealing with the realities of social media and only a few truly recognize the potential of social business. Not unlike how digital media evolved into digital business – social business takes the foundation of social media and begins to build new economic models on top of it.”*



Source: Redraw of Social business by David Armano
 (http://darmano.typepad.com/logic_emotion/2012/05/social_biz.html)

The social technologies underpinning social business

The World Wide Web along with its continuously developing technological interfaces plays a crucial role in all aspects of our lives. It impacts and influences what consumers know, want and how they interact with brands, products, services and businesses. It shapes future attitudes and the behavior of businesses and society. As the digital world develops, social technologies are shifting control of value creation and capture away from businesses towards consumers and the intermediaries that provide the interfaces between consumers and firms.

When companies think “social” the first point of call is usually trying to connect and interact with consumers. However, increasingly the intermediaries are the power brokers, controlling the digital stream of information and technologies that shape the relationships between consumers and businesses. Let’s take a look at some of the key social technologies which are reshaping businesses and how they interact with their target markets – and be sure to look carefully at who controls the interfaces now and potentially in the future. These players will be as, if not more, important as the consumer/customer relationship in future.

In Action!

Social networking: Today [Facebook](#) and [Twitter](#) dominate the social networking industry globally, although there are many other homegrown players in large and fast-growing internet markets including Sina Weibo, Renren and Tencent in China. On top of these many other networks, e.g. [Google+](#), [MySpace](#), [Pinterest](#), [Foursquare](#), and [Yelp](#), are fighting for space in the minds of consumers and businesses while we can only wait for the next social media “hit” to be launched. The social media landscape is increasingly crowded with today’s major players facing yet more competition from newly funded startups like [StatusNet](#) aiming to take on [Twitter](#) and new products from existing internet leaders (e.g. [Google’s Google+](#) and [Microsoft’s So.cl](#)). For organizations it can be difficult to know which social networks to focus on, so many have taken a shotgun approach, establishing presence everywhere. But “being everywhere” could soon be replaced with “being where it matters to our business.”

Everything cloud: Welcome to the cloud – a new way to optimize costs, streamline operations, connect seamlessly with key stakeholders and access your information anywhere, anytime, on any device. It’s a marketplace that will grow from US\$40.7 billion in 2011 to more than US\$241 billion in 2020 according to [Forrester forecasts](#). In just a few years the “cloud” has gone from being “buzz” to becoming a widely accepted business tool, with [Deloitte](#) predicting that cloud-based applications will replace 2.34% of enterprise IT spending in 2014 rising to 14.49% in 2020 (Source: [Source Digit](#)). The cloud storage industry is exploding and there are hundreds of cloud services available today, offered by the giants as well as small private businesses. Popular cloud services available today include [Apple iCloud](#), [Google Gdrive](#), [Amazon CloudDrive](#), [Microsoft’s cloud services](#) and [Dropbox](#). [Amazon](#) has ruled cloud services to date but now

faces an increasing number of competitors with deep pockets – Apple, Microsoft and Google. While Microsoft announced its new cloud service plans in June 2012, Google is likely to launch its new, improved platform at Google I/O by the end of the year (Source: [Gigaom](#)). The competition to own business and consumer information is intensifying!

Adopting Web 2.0: In 2011, according to [McKinsey](#), 72% of companies reported using social technologies in their business and 90% of the users reported seeing benefits. The most adopted social media technologies among employees are [Facebook](#) (50%), [Blogger](#) (41%), [YouTube](#) (38%), [Wikis](#) (25%) and [Twitter](#) (23%). While organizations are increasingly adopting social technology the adoption rate among employees (average of the above technologies is 35%) is only about half the rate of consumer adoption (56%). Looking across industries, the adoption of social technologies is highest among high tech, and telecom companies (86%), business, legal, and professional services (77%), public administration (74%), pharma (74%), retail (69%), transportation (69%), health care and social services (67%), manufacturing (64%), financial (64%), energy (62%). (Source: [McKinsey Global Institute](#)) Where does your organization stack up?

Look Out For...

Gamifying engagement: Gamification is radically changing the way the way we learn, companies do business and driving unprecedented engagement with customers, employees and stakeholders. [Gartner Research](#) estimates more than 70% of Global 2000 organizations will have a gamified application by 2015. A separate industry firm, [M2 Research](#), forecasts that the gamification market will reach US\$242 million in 2012 and climb to US\$2.8 billion by 2016. Big brands already adopting gamification include [AOL](#), [Coke](#), [Dell](#), [Nissan](#), [Nike](#), [Pepsi](#) (Source: [42terabytes](#)). Other examples are [UPS](#) which began using video games to train newly recruited drivers after finding that 30% of candidates failed the company's traditional training program (Source: [Mashable](#)). [Samsung Electronics](#) created the Web page [Samsung Nation](#) as a place for Samsung enthusiasts to look at new products, provide reviews, socialize, troubleshoot and more. As Samsung Nation members complete these various activities they earn points, unlock badges and can be featured on a leaderboard. (Source: [Deloitte](#)). It is a new industry – spellcheck does not even recognize the term – and for now [Badgeville](#) is by far the biggest player in gamification technology. Lately it has acquired [Gamification.org](#), grabbed the “Gamification” username on [Twitter](#), [Facebook](#) and [YouTube](#) (Source: [Techcrunch](#)) extending its lead over other gamification companies, such as [BigDoor](#), [Bunchball](#) and [Gigya](#).

From e-commerce to m-commerce: Still in its infancy, mobile payment is changing the face of e-commerce. According to [Juniper Research](#) consumers will use their handsets to make mobile payments valued at US\$180 billion (€145 billion) in 2017. [Gartner Research](#) is forecasting global mobile transaction value to be worth US\$617 billion with 448 million users by 2016. These are both astonishing numbers given the relative immaturity of the complex technology and the value chain that is involved. However, NFC technology and mobile wallets are making rapid advances. In May 2011 [Google](#) announced [Google Wallet](#), a mobile commerce and payment application, while others are anticipated soon. [Apple](#), which has yet to officially launch a mobile wallet service, is rumored to be readying its phones with payment-making NFC sensors and software in 2012. (Source: [Technorati](#))

Social recruiting: [Apple](#) might be the most valuable company in the world, with [Facebook](#) adding the most new users but [LinkedIn](#) is the one with the highest year-on-year revenue growth in the first six months of 2012 at 94%, versus Apple with 39%, Facebook at 38% (Source: [Mashable](#)). The main reason? Recruiting is going social, disrupting recruiting as we know it and LinkedIn is still the key player in this space. According to the annual global [Jobvite 2012 Social Recruiting Survey](#) social recruiting is on the rise as recruiters continue to find higher quality candidates through social networks – 73% have successfully hired a candidate through social networks, a 15% increase from 2010-2012. 89% have hired through [LinkedIn](#), 26% through [Facebook](#) and 15% through [Twitter](#). Take good care of your social profile – 86% of recruiters are likely to look at it!

The future of the market place - the active, connected consumer

Consumers are better educated, more connected and have more opportunities than ever before to inform themselves about practically anything – increasingly via their personal networks and communities. They are only going to become more so, changing the dynamics of the future market

place. In this market place there is no longer room for businesses only engaged in one-to-one communication and marketing. Today, and more so in future, communication will need to be interactive, i.e. two-way, and relevant not only to the consumer but to the extended network with which they exchange information and opinions.

In this environment consumers are no longer passive receivers of the buying options from firms but active people voicing their opinions and seeking information on and endorsement of potential choices via social networks and communities. In the fight to own the new consumer (see GT Briefing February 2012), the consumer is winning, controlling their own buying journey and shifting the power balance between consumers and businesses.

The good news for business? The voice of the consumer offers an abundance of information for businesses and to survive in any future market place businesses need to tap in to this potential source of value. Is your business ready for the connected, demanding and insightful consumer?

In Action!

Sharing our opinion: According to [Nielsen's State of the Media: U.S Digital Consumer report Q3-Q4 2011](#) consumers are sharing like never before. In 2000 132.2 million Americans had access to the internet and in 2005 6.6 million minutes were spent on member community sites (now known as social networks/blogs). By 2011 the number of Americans with internet access had more than doubled to 274 million and 81 billion minutes were spent on social networks/blogs. The digital wave has definitely hit the American consumer and what is happening in America tends to spread to the rest of the world. Globally there are more than 1.5 billion users of social networking sites (Source: [McKinsey Global Institute](#)); users that are increasingly willing to voice their opinion. What does this increasing habit of sharing, especially among the younger, always connected generations' mean for your business and your brand?

The power of the connected, social consumer: If you were not happy with a product, service or business practice even a few years ago, typically you just stopped buying from the company and perhaps told some friends and family to do the same. Today, social technologies have completely changed the game with tweeting, liking, disliking and sharing good as well as bad experiences on social websites – social outcries can be heaven or hell for brands and businesses. Many companies, e.g. [Bank of America](#), [GoDaddy](#), [Netflix](#), [Armani](#) and [Versace](#), have already experienced the wrath of social outcries, driving the giants to apologize or pull back on products or fees. [Frugal Dad](#) has put together a cool [infographic](#) illustrating some examples of the power of the connected, social consumer!

The giving, engaged consumer: A new study from [Fenton and GlobeScan](#) suggests that donations to nonprofits in 2012 will remain at 2011 levels. The survey found that 72% of U.K. respondents and 65% of U.S. respondents expect their 2012 giving will remain the same as last year. Many new platforms to feed the hungry, house the homeless and support other charitable and philanthropic activities have seen the light of day in the new interconnected world. [DoSomething.org](#) is a platform that mobilizes teens to effect social change. Issues range from recycling to teaching senior citizens how to use the internet to dealing with bullying. [Live Below the Line](#) is an international challenge and social media campaign that asks participants to live below the poverty line, on a budget of US\$1.50 per day for five days. [Benelab](#), founded by Seattle teenager Jack Kim, is a search engine that donates 100% of revenues to charity. (Source: [Mashable](#))

Look Out For...

Treat "Me" as a partner: In the past the relationship between consumers and businesses was largely transactional with a limited number of suppliers controlling the flow of information, products and services, placing business in a position of strength. As the power balance shifts, consumers no longer want to be treated as consumers but as partners. Healthcare is an excellent example of an industry where patients (the consumer) are changing from being passive receivers of treatment to actively taking matters into own hands. Point-of-care is moving from hospitals and clinics to the home, into the hands of the patient and

other caregivers as cutting-edge technologies improve self-monitoring and, eventually, self-understanding of one's medical conditions and lifestyle, along with control of personal health histories.

Craving the new: In a world of information overload and increasing choice, the race to capture and hold the consumer's attention is heating up. Trying something new is becoming a part of many consumers' mindset (Source: [Trendwatching](#)). Real-time connection to the market place is a must, as demand for new and different products increases. Innovation is speeding up in response, creating new products, services and experiences on a frequent, sometimes hourly, basis in basically every B2C industry. Globally in 2010, 2 million patents were applied for, up from 1.4 million in 2000. The US saw 7.5% growth in 2010 – after two years of near zero growth – posting the largest total number of applications (490,226). China (391,177 filings) overtook Japan (344,598 filings) to become the second largest source of patent applications in 2010 mirroring wider economic trends in a year in which China overtook Japan to become the second largest economy in the world, as measured by GDP. (Source: [WIPO](#))

Everything mobile: It's a brave new world, and businesses that embrace the interface will take advantage of the coming opportunities that emerge as mobile devices become the dominant way consumers access the internet. New devices, from tablets to ultrabooks, along with the mobile web are heralding the post-PC era which will be characterized by new interfaces and consumer behaviors. By 2015 (in the U.S.) [IDC](#) suggest that more internet users will access the internet through mobile devices than through PCs or other wireline devices. This will offer new channels for global B2C e-commerce, where IDC expects spending will grow from US\$708 billion in 2010 to US\$1,285 billion in 2015. Worldwide online advertising will also go more mobile, with IDC suggesting total online advertising will increase from US\$70 billion in 2010 to US\$138 billion in 2015, an increase in share across all media growing from 11.9% to 17.8%. Is your business ready for a world going wireless and mobile?

The future of the firm – transforming organizations internally and externally

Social technologies have taken off in society and reshaped our world. Now they are finding their way into corporate life, triggering a reinvention of business and organizational behavior from within. This requires rethinking how social technologies change the relationships between businesses and consumers, firms and their stakeholders, as well as between management and employees.

Companies need to be where their consumers and customers are – so they need to be present in the social arena. Rethinking the relationship between firms and consumers is not just about connecting to build relationships and gather data; becoming social means that the boundaries between the firm and its customers are falling, co-creation is the new paradigm. There is a growing list of benefits that open boundaries can deliver which firms are increasingly recognizing, including better customer-facing processes, crowdsourcing to drive faster, more relevant innovation and crowdfunding models to help finance new projects.

Social technologies also allow businesses to build broader more flexible and agile networks to create and deliver value to customers that increasingly demand holistic experiences and solutions. Often these experiences and solutions are more than one company can deliver alone, but using social technologies can allow rapid identification of potential partners, close integration of solution teams and real-time communications. The result: Businesses are increasingly nodes in a broader network.

Looking internally, the adoption of social technologies is partly being driven by the Ne(x)t generations entering the workplace with new expectations that blur the lines of personal, professional and social life. Not only do younger generations expect the latest in technology in the workplace, they expect it to allow them to pursue the social and collaborative behaviors they have developed outside work. The result is increasing blurring of boundaries between work and life: *“We wanted to hire ‘workers,’ but ‘human beings’ show up. Social media is driving that. Work is becoming an expression of personal values.”* Arkadi Kuhlmann, *Founder, ING Direct USA* (From IBM Study “Leading Through Connections”).

The other key driver of social technologies internally is the quest for productivity and creativity. [McKinsey Global Institute](#) estimates suggest that by fully implementing social technologies, companies have an opportunity to raise the productivity of interaction workers—high-skill knowledge workers, including managers and professionals—by 20 to 25%. How can your organization use social technology to improve business, productivity and brand awareness? Are you doing enough?

In Action!

Co-creation in a connected world: We have mentioned it before and we are doing so again because it is so important: Brands and businesses need to tap into the global brain using crowdsourcing, tribe sourcing, community sourcing, open innovation or co-creation platforms to fulfill their consumers' lust for new, better and different products, services and experiences as well as making them feel like a partner in their own buying process. Social technology is reinventing connections with and among employees, customer and partners. As a consequence businesses big and small are changing their mindsets about the origin of innovation. To create the products, services or experiences of their consumer's dreams an increasing number of businesses choose to involve consumers in the innovation process. Among many [Danone](#), [Universal Music](#), [Belgian Telenet](#), [Expedia](#), [The Young Vic theatre in London](#) have used social technology to innovate. What and how did they do it – click [here](#) for more information.

Customer service goes social: According to the study [Consumer Views of Live Help Online 2012: A Global Perspective](#) commissioned by Oracle, consumers want a response and they want it fast. More than half of consumers on [Facebook](#) expect a same-day response to questions and posts, while 52% of consumers using [Twitter](#) expect a company to respond to within two hours. The customer service department is undergoing a once-in-a-generation transformation forcing it to adapt to the connected world. Social technologies have vastly altered both the expectations of customers and the capabilities of businesses. Businesses can no longer relegate consumers to call centers as consumers anticipate that customer support is listening and participating in online social media. Is your business?

Too much data – what to do? Many businesses have already discovered the importance of collecting and owning consumer digital data created through social technologies. However, as digital data goes from “big” to “huge”, the challenges for businesses increase: Tools for analyzing these vast amounts of data are still not good enough and there is already a lack of skilled people to analyze and put the data to effective use. By 2018, the United States alone faces a shortage of 140,000 to 190,000 people with analytical expertise and 1.5 million managers and analysts with the skills to understand and make decisions based on the analysis of big data. (Source: [McKinsey Global Institute](#)). A whole new industry of Big Data companies is emerging as businesses realize that the use of digital data will become critical to increase growth and win consumers but lack the expertise and talent to actually exploit the data. Is your organization prepared for the Era of Big Data? Do you have talent in place to tap into and utilize social media data?

Look Out For...

The social intranet: For many years the intranet has played an important role as medium for communication and dissemination of knowledge inside the organization. However it has typically evolved as a one-way medium controlled from headquarters, so fails to engage employees in active collaboration and knowledge sharing. Now the Social Intranet or Enterprise 2.0 is changing the way businesses think about internal communication, collaboration and knowledge assets. The aim: A powerful and friendly knowledge platform supporting all kinds of collaboration and communication. It is instant messaging, emails, blogs, video-sharing, podcasting, forums, discussion threads, wikis, communities, forums and groups inside your company. In short it is [Facebook](#), [YouTube](#), [Skype](#), [Blogger](#), [Twitter](#), [Wikipedia](#) and it is happening right now! (Source: [Episerver – The Social Intranet Workbook](#)) Check out [CQSPark](#) to see the next generation of collaboration, knowledge-sharing and creativity in action!

The changing face of leadership and employees: The disruptive technological environment is pushing senior executives to rethink critical leadership characteristics for the future. In the study “[Leading Through Connections](#)” [IBM](#) has interviewed more than 1,700 CEOs and senior public sector leaders round the globe.

One result is: Of all the external forces that could impact their organizations over the next three to five years, technology now ranks as the number-one factor – 71% see technology change as the most critical. Though these CEOs acknowledge the need for continued operational control, they also believe their organizations will be impacted more by the pressure to be open than by the need to control. Across industries and geographies, CEOs consistently highlight four personal characteristics that are most critical for employees' future success: collaboration, communication, creativity and flexibility.

SoMoClo: According to [Aberdeen Group](#), The **Social Mobile Cloud** represents a strategic roadmap for companies where everyone's connected (social), everywhere they go (mobile), and have access to data when they need it (cloud). These three disruptive technologies will transform businesses and society, increasingly blurring how we work, play and interact with our families and friends. It reshapes how we look at what we do, how we do it, where we do it, and with whom. Nothing seems to be impossible. It is a new infrastructure having the possibility of creating and distributing value driven by the social component.

From one-to-one to many-to-many

Social needs, mobility, communities, societal impact and connectedness are at the heart of the business environment of the future. The bottom line of the trends we have outlined above for business: We are moving from a world where relationships, communications and marketing were focused on forming strong one-to-one bonds, to a world where we need to manage many-to-many relationships – at the same time as we nurture the individual, personalized relationship.

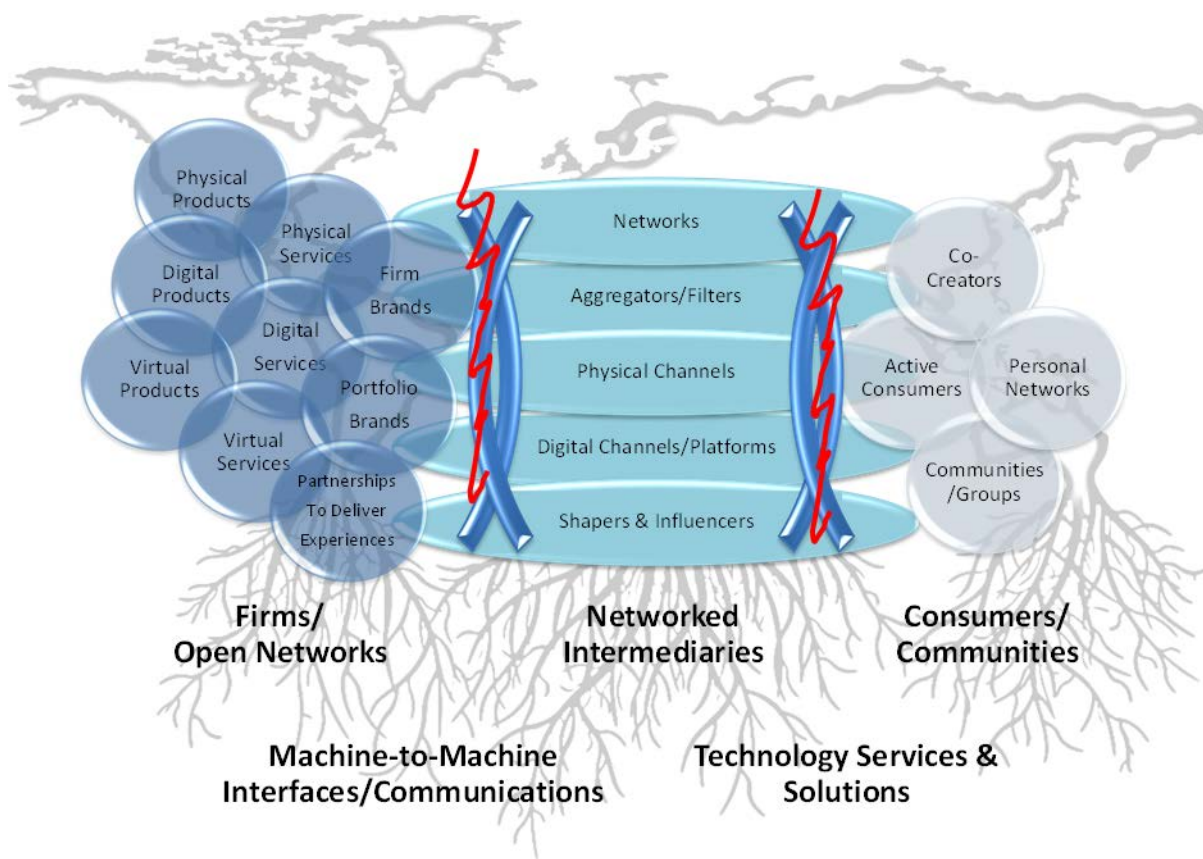
In this world the consumer can no longer be regarded solely as an individual, self-determining entity. They are connected, for better or worse, and that means for business that the impact of the business-consumer relationship extends beyond the “target” of the relationship, i.e. the consumer, out to the extended networks and communities of which that individual is part. This is a world where word of mouth and, increasingly, word of mouse dominate. There is nothing new about using our friends as source of best advice. What is relatively new is the way more and more people do it. We are moving away from “wisdom of crowds” to the “wisdom of friends.”

At the same time firms are moving from being the central player in a physical value chain to a node in an open network of value creation, which spans the physical and digital. To be able to deliver on experiences and solutions for customers and consumers, companies are increasingly partnering and innovating around their value propositions. Traditional business patterns are being disrupted as organizations are increasingly turn to open source and collaborative networks using their consumers' opinions to find, create and leverage knowledge and expertise, faster and at lower cost than in old “closed loop” models controlled within a company.

Between them, businesses and consumers increasingly need to manage a growing array of channels and intermediaries through which their information is filtered, aggregated and relayed to target audiences, including search engines, social networks, news sources, mobile communications providers and purchasing portals such as apps stores. And there are intense battles going on among a diverse range of intermediaries for control of these key interfaces. The intermediaries are competing for attention of both businesses and consumers, with the potential to have tremendous impact on future development of societies, values, politics, markets, consumer and business behaviors. They are the controllers of the digital stream of information and the new social technologies. Therefore, conflict of interest is likely to emerge because at times it will not be clear in whose interest an intermediary is acting.

The effect of this increase in networking/partnering at the firm side, network and community power at the consumer side and exploding numbers of often competing interfaces means that building relationships in the world of social business is no longer about one-to-one relationships, but about many-to-many relationships.

The World of Social Business



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How does your organization fit into this new world? How are social technologies reshaping your markets, your business networks and your intermediaries? How will your organization stay ahead?

In October: Look out for trends in action on BRICS & Beyond!