

## ENTERPRISE SOCIAL NETWORKING ADOPTION AND STRATEGY FOR MULTINATIONALS

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EMAIL USAGE FOR BOTH CONSUMERS AND BUSINESSES CONTINUES TO INCREASE GLOBALLY BUT THE GROWTH RATE IS BEING OUTSTRIPPED BY THE INCREASE IN USAGE OF SOCIAL NETWORKING TOOLS. THE EFFECTIVENESS OF EMAIL AS A COMMUNICATION TOOL HAS BEEN QUESTIONED FOR SEVERAL YEARS BY A NUMBER OF HIGH-PROFILE ORGANISATIONS AND THOUGHT-LEADERS. IS THE NEED TO ENABLE COLLABORATION AMONGST GLOBALLY DISPERSED TEAMS FORCING MULTINATIONALS TO LOOK BEYOND EMAIL AND INSTANT MESSAGING, AND ASSESS THE BENEFITS OF ENTERPRISE SOCIAL NETWORKING TOOLS? IN THIS INSIGHT WE FURTHER THE NEED TO ADOPT SUCH TOOLS, SERVICE OFFERINGS AVAILABLE AND POTENTIAL BENEFITS FOR MULTINATIONALS.

## 1 THE GROWTH OF EMAIL, INSTANT MESSAGING AND SOCIAL NETWORKING

According to the Radicati Group the global volume of email accounts is expected to increase at an average annual growth rate of 6% between 2013 and 2017 to over 4.9 billion accounts (24% of which are for corporate use). Instant messaging (where there were 2.9 billion accounts in 2013) is showing a slower growth rate due to increased use of social networking and text messaging.

The majority of email traffic is from corporate users and in 2013, the number of emails sent and received by corporate users per day was over 100 billion. This is expected to grow to 132 billion emails sent and received per day by 2017.

The predicted growth in email and instant messaging accounts is half that of social networking accounts, the global volume of which is expected to increase from 3.2 billion accounts in 2013 to 4.8 billion accounts in 2017.

The forecast expects the number of social networking accounts to almost equal the number of email accounts in 2017 despite social networking being a fairly recent phenomenon (for example Facebook was only launched in 2004). This remarkable level of growth will clearly lead to an increase in demand for the same or similar social networking tools in the workplace.

## 2 THE EFFECTIVENESS OF EMAIL AS A COMMUNICATION AND COLLABORATION TOOL

Several high profile individuals in IT companies have, since 2008, criticised the effectiveness of email as a communication tool, most notably Thierry Breton, CEO of Atos and a former French finance minister, who in 2011 announced a "zero email" policy to be in place within 18 months, stating that only 20 of the 200 messages his employees receive turn out to be useful. Instead these industry

leaders advocate the use of instant messaging and social networking tools including wikis, micro blogs and chat.

We use our inbox for many different purposes - messaging, meeting invitations, project management, document collaboration, file sharing, reporting, official correspondence, broadcast messages and marketing but a strategy focussed on complete replacement fails to appreciate the strengths of email including sending formal messages and integration with calendars.

LinkedIn, Facebook, Google and Twitter are all working hard to integrate email functionality into their social networking tools and this demonstrates an acknowledgement from these service providers that email is still valid and useful.

As well as questioning the effectiveness of email as a communication tool, the increasing cost of transporting, storing and retrieving email is forcing large enterprises to consider its cost effectiveness as well.

## 3 ENVIRONMENTAL IMPACT OF EMAIL USAGE

Global enterprises rely on email and the internet to facilitate a large portion of their internal communications and external marketing. Tasks as simple and routine as sending an email with an attachment, or using cloud-based storage to backup and retrieve documents has measurable carbon emissions.

The statistics below are rough estimates, and use CO<sub>2</sub>e or carbon dioxide equivalent, a unit of measurement used to account for both carbon dioxide (CO<sub>2</sub>) and other greenhouse gasses.

- An average year of email in your inbox equals approximately 135kg of CO<sub>2</sub>e, which is the same as driving about 200 miles in the average car

- a large attachment can use 50g of CO<sub>2</sub>e or more for each recipient
- worldwide data centre emissions are estimated to increase to 250-340 million tons of CO<sub>2</sub>e by 2020.

The increasing environmental impact is also encouraging organisations to investigate alternatives.

Enabled by social networking, mobile services and cloud technologies, groups of employees within organisations are already using their own mobile devices and cloud-based community collaboration solutions to create enterprise social networks, thereby significantly reducing the need to send, receive and store increasingly large email attachments.

## 4 THE NEED TO COLLABORATE GLOBALLY

In the current economic climate, a key focus for many multinational corporations is reducing the cost of working internationally. Organisations are seeking to reduce travel costs while maintaining the ability for international teams to work together effectively. It is commonplace for organisations to seek ways to remove the potential barriers of international working altogether, increasing overall business performance.

One of the ways organisations look to achieve this is through the use of collaboration tools. These can range from simple instant messaging or audio conferencing solutions through to enterprise-wide implementations that may incorporate document creation, real-time collaborative editing, content management, instant messaging, presence, telephony, and video conferencing.

The cost and effort required to implement enterprise collaboration solutions has reduced as more service providers are offering cloud-based services and offering enterprise social networking tools. Additionally, employees are introducing their own consumer

collaboration tools to the workplace, a phenomenon known as BYOS (Bring Your Own Software) and not necessarily with the knowledge or support of the IT department. This means that BYOS needs to be managed and controlled in order to reduce the risk of sensitive corporate data being made available unwittingly in the public domain.

This presents an interesting challenge for IT departments - how can they enable employees and the business to benefit from these technologies and improve collaboration while maintaining a securely managed IT environment? Enterprise social networking tools offer a potential solution.

## 5 ENTERPRISE SOCIAL NETWORKING SERVICE OFFERINGS

Research company Ovum estimates the current value of the enterprise social networking market to be in excess of \$500m. The key players in this area are currently:

- IBM Connections - a suite that provides social software, real-time social communications, and document management capabilities in a single offering
- Jive - hosted services including voice, video, data, messaging, and mobility
- Yammer - acquired by Microsoft and designed for company collaboration, file sharing, knowledge exchange and team efficiency
- Cisco Jabber - enables access to presence, instant messaging, voice, video, voice messaging, desktop sharing, and conferencing.

Recent acquisitions and new product offerings clearly demonstrate a rapidly maturing market populated by a mixture of established IT service companies, communications technology suppliers and software giants.

## 6 POTENTIAL BENEFITS AND RISKS OF ENTERPRISE SOCIAL NETWORKING TOOLS

The potential benefits are:

- using cloud enabled enterprise social networking tools removes the need for significant upfront investment in hardware and software;
- the learning curve for users is less steep as they are using familiar social networking sites;
- productivity can be increased, as users are able to work together regardless of physical location;
- travel related costs are reduced due to less need to physically co-locate when working;
- cloud enabled audio and video conferencing technologies remove the need to install and maintain expensive equipment locally;
- enterprise social networking service providers are offering pay-as-you-go models, which can reduce running costs and increase flexibility; and
- there is a reduced risk that intellectual property will be released into the public domain in an uncontrolled manner.

The potential risks are:

- if social networking tools are not introduced carefully and the features enabled without appropriate change management of business processes or working practices, there may be poor uptake and minimal value added to the business; and
- providing enterprise social networking services in to the cloud can result in a much heavier reliance on internet connectivity or third party network services. Unavailability of such services can make it hard to work collaboratively or individually.

## CONCLUSION

The biggest drivers behind the increased usage of enterprise social networking tools are the increasing use of consumer devices at work and the growing use of social networking sites in our personal lives. The ineffectiveness of emails for social networking and the increasing carbon footprint of email are contributing factors. But whatever the drivers, enterprise social networking deployment is clearly a growing requirement for multinationals and implementing a solution across large and complex organisations is never going to be easy.

Email is still one of the few truly universal and standardised communication modes for business and for this reason it will remain. Social networking tools are still relatively new, particularly for business users, and generally do not interoperate on the same scale as email.

For these reasons Wavestone believes that email will evolve to do the things it does well and will be developed to integrate with other collaboration and enterprise social networking tools. Furthermore, enterprise social networking tools will become more prevalent within multinationals although usage will be focussed internally rather than externally as interoperability between differing tools will hamper development in this area.

As well as assessing the business benefits of internal social networking, enterprises need to investigate how to leverage social networking tools with customers in order to further develop customer relationships, speed up interactions and gain a competitive advantage in their marketplace.

It is critical that any major enterprise social networking deployment is supported by a robust business case and a clear strategy that covers the far reaching implications on both the business, customers and IT department. The technical, service delivery and commercial impacts of any service offer need to be assessed as well as thought given

to the sourcing and operation of any solution.

### ABOUT US

Wavestone is an international consultancy that provides connected thinking, insight and capability to industry leading organisations. We work collaboratively with our clients to plan strategic business transformation and seamlessly turn strategy into action.

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