Social Business
How to Create Measurable Value in Today’s Evolving Business Environment

Social business involves the adoption of tools, such as social networking, microblogging, social search, and instant messaging, as well as smartphone technology and cloud computing, to enable people to work more collaboratively and efficiently both internally and externally. As the principles of social business become more widely understood and accepted, it is important to be able to demonstrate a return on investment in social technology. This means that solutions must provide clear benefits and offer opportunities to measure their impact beyond rosy predictions. In this paper, we discuss the factors driving adoption of social technology and highlight some notable achievements by a variety of businesses, including an important OpenText customer.  

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Introduction

Without question, the workplace is evolving. The traditional office environment is being replaced by one in which employees work anywhere, anytime, and with anyone. Email was an important early technology enabler in this new environment, but over time the limitations of email have become apparent. A new approach was necessary to support the increasingly virtual nature of workplace and teams.

Many organizations today are reducing their reliance on email and augmenting its use with tools that are inspired by consumer-based, social media applications and designed specifically for collaboration. Applications such as Facebook®, Twitter™, instant messaging, and even chat rooms provide a better model for sharing, informing, and connecting than email and other traditional approaches to collaboration. The shift from email-based collaboration to social media-enabled collaboration is part of a larger movement within organizations in which technology is being used to create more open, social, collaborative work environments.

This movement is often referred to as social business. It leverages innovation – such as social networking, microblogging, social search, smartphone technology, and cloud computing – to enable people to work more collaboratively and more efficiently in today’s virtual work environment. The benefits to organizations are greater productivity, responsiveness, and agility. In this paper, we’ll look at research that supports social business and benefits companies can gain by embracing social media technologies in various departments across the enterprise.
The Benefits of Being Social

A good deal of research supports the benefits of embracing the evolution in the workplace, referred to as social business. “Social business is statistically correlated with important bottom-line benefits,” says Dion Hinchcliff, a ZDNet blogger widely regarded as an expert in this area. Citing McKinsey’s fifth annual survey on social tools and technologies for business, Hinchcliff says that “Better operating margins and market share gains are all closely correlated with companies that are distinctly better networked socially.”

Social business is not about having a Facebook page and a Twitter account; it is about using social networking tools to enable fluent communication across organizations and between people inside and outside the company. These social networking tools enable employees to engage in productive conversations through blogs, communities, and forums, creating deeper relationships with customers, partners, and suppliers.

According to Hinchcliff, executives are taking note and believe that adoption of social platforms in the workplace “will transform and remake the way they work across the board, especially how they find new ideas, operate their functions, strategically plan, how they allocate resources, match workers to tasks, and assess worker performance.”

The benefits that companies realize from implementing social technology is driving a 61% compound annual growth rate in software products that support social business, according to Forrester Research, which predicts that the market for these products will reach $6.4 billion by 2016, compared with $600 million in 2011. Analyst Henry Dewing believes that “a new generation of social enterprise apps will finally deliver the productivity businesses desire by systematically grouping and rating people, information, and processes required to answer business needs.”

2  Ibid. ZDNet.
Calculating the ROI of Social Business

Three of the most important ways that the social technology helps businesses include:

- **Supporting purpose-driven collaboration**, not only internally but with partners and customers.
- **Fueling conversations and connections** across organizations.
- **Improving business effectiveness** by enabling more accurate measurement in areas such as marketing and R&D.

**Purpose-Driven Collaboration**

Numerous companies have proven the value of online communities in fostering collaboration—internally, between employees and customers, and even between customers themselves. In some cases, online communities have reduced support costs by enabling customers to answer questions and solve problems that other customers have raised:

- **National Instruments™** reported that 46% of support questions were answered by peers rather than the company’s support team.
- **Dell™** has a Social Media Listening Command Center which filters Dell-related topic posts to identify customer service issues and offer customer support.

In some cases, communities have reduced new product development costs, cut time to market, or encouraged innovation—either by involving customers in the process or enabling smoother collaboration between employees:

- **Precyse Technologies™** realized $250,000 savings by crowdsourcing new product design.
- **Intuit®** developed an internal collaboration platform that reduced time to market from 13 months on average to 5 months.

Online communities can make employees more productive by reducing the friction that often slows down processes:

- **FONA International** built a wiki that eliminated almost 50,000 emails a year from one process.

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4 The examples in these two sections are from the web sites: http://www.beingpeterkim.com/2012/01/social-business-roi-examples.html (January 2012) and http://www.somema.org/5-companies-that-are-rocking-social-media/ (February 2012).
Conversations and Connections

If we conclude anything from the rapid adoption of social media, it’s that we’re social creatures who prefer to do business with people, rather than faceless companies. We want to connect to other people and hear their experiences. We want to use their expertise to help us make decisions. And this trend is increasing with younger employees and consumers. Indeed, 86% of Millennials (aka Generation Y) say that user-generated content (UGC) is generally a good indicator of the quality of a brand, service, or product⁵, and more trustworthy than what companies themselves say.

You can turn this trend to your advantage. By using social media tools to encourage conversations between customers as well as with employees at your company, you can help customers feel more engaged, more connected and, ultimately, more loyal. By implementing social networking and collaboration in the workplace (as well as social search and UGC such as blogs and reviews), employees are empowered to find people and information to help them do their jobs more efficiently.

Here are some examples of the effect of UGC or reviews on sales:

- **Epson⁶** found that visitors who interact with reviews are 67% more likely to convert to customers, and the customers have a 25% higher average order value. Moreover, it found that customer reviews drove 98% higher revenue per visitor.

- **Jewelry TV**⁷, like Epson, found that average order value increased by 25% when reviews were available.

- **Rubbermaid**⁸ noted that video reviews increased online sales of new products by 21%.

These examples point to the impact of employee-generated content and communities as a way to connect to customers and influence sales:

- **Indium** reported that its company blogs increased B2B leads, prospects, conversions, and sales by double digits.

- **NetApp**⁹ has a community that has impacted $500 million in sales and drives 28% of all NetApp web traffic.

- **Toshiba** has a community that helped new sales reps and dealers reach six-month sales goals in four months, increasing sales revenue attainment by 30%.

Business Effectiveness

Although many companies are achieving success with social media (as the statistics above illustrate), many are still unable to quantify its value to their organizations. According to Econsultancy’s “State of Social Report 2011,” some 37% of companies say the value of social media, and 41% of marketers surveyed had no return on investment figure for any of the money they had spent on social channels (as of October 2011).⁶

The popularity of social media has too often led companies to jump in and experiment without first defining clear goals or figuring out how to measure the results. According to eMarketer, this will all change in 2012 as social media metrics become an integral part of business:

“Marketers will need to focus more sharply on hard metrics to gauge digital and social marketing ROI. They will be pushed in this direction by economic and competitive forces, and by rising expectations from internal stakeholders who are more interested in the bottom line than in creative experimentation.”⁷

Fortunately, as the examples above illustrate, with the right solution in place, it is possible to measure the impact of social technology and determine your return on investment.

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⁵ Ibid. Baazarvoice.
OpenText: Proven Technology for Social Business

With sales of social media applications and social platforms expected to reach $6.4B in 2016, there is no shortage of products on the market. However, developing a social media strategy that is right for your business can be challenging. Many organizations choose to add social media applications as individual point solutions (sometimes developed internally), which can prove time-consuming, expensive, and risky from a compliance perspective.

Moreover, while the benefits of social business are clear, it’s worth emphasizing that the goal isn’t to become social, per se. The goal is to use the innovations of social media and related technologies (such as mobile and cloud computing) to achieve business goals more efficiently while mitigating risk or exposure. And that’s what OpenText Social Business does.

A Complete Solution

Understanding the need for a unified approach, OpenText offers a complete Social Business solution, which includes a set of flexible, easy-to-use applications that can be deployed and adopted quickly. These applications provide social collaboration, web and social analytics, and portal and social compliance. They help organizations to socially enable their current business processes – while providing the degree of compliance and measurability is required.

OpenText Social Business allows organizations to improve existing intranet or extranet sites and evolve them into Tempo Social that encourage collaboration and innovation among employees, partners, and customers. The solution enables employees to build one-to-one and one-to-many relationships with colleagues and customers to improve efficiency and responsiveness. It also enables businesses to measure the impact of their efforts in order to continually improve processes. In simplest terms, the OpenText Social Business solution enables organizations to share, engage, and measure.

WHAT’S THE VALUE OF ENGAGEMENT FOR YOUR COMPANY?

To estimate the impact of providing customer reviews on a retailer’s website, let’s use Epson’s results. If the retailer generates online sales of $10 million per year, with an average sale of $40 and an average conversion of 2%, that would imply 12.5 million visits to the site (with 250,000 sales). Increasing conversions by 67% (to 417,500) and increasing sales by 25% (to $50) would result in increased revenue of $20.9 million.

“57% of companies who have invested in social business tools have outperformed their peers citing collaboration as having a direct impact on their organization’s growth. In order to compete in today’s business environment, you can’t opt out of social.”

OpenText Social Business is one of five inter-related solutions for Customer Experience Management (CEM).

Enable Sharing to Support Purpose-Driven Collaboration

OpenText Social Business helps teams focus with a sense of purpose, work efficiently, and connect with relevant resources and expertise throughout the organization. With OpenText Social Business you can:

- Fuel productivity and innovation by bringing people and ideas together in online communities.
- Augment work processes and applications with social capabilities such as microblogging, employee profiles, and status updates that encourage collaboration and efficiency.
- Improve the ability of employees to locate and engage with corporate knowledge and subject matter experts.
- Help teams focus, come together with a sense of purpose, and organize around tactical goals.
Create Engagement to Fuel Conversations and Connections
OpenText Social Business can help you drive more business by enabling users in the enterprise to connect not only with each other, but to customers in the marketplace and partners in the supply chain. With OpenText Social Business you can:

- Enable employees to connect not only with each other as well as customers and partners, and give them the tools to have productive conversations.
- Gain insight into customer and user preferences.
- Create a feedback loop that provides quantitative and qualitative information you can use to improve how you do business.

Employ Measurement to Improve Business Effectiveness
OpenText Social Business allows you to weave social capabilities into your existing work processes and applications within a compliance-driven environment. And it enables you to generate quantitative data you can use to improve the way you do business. With OpenText Social Business you can:

- Measure the impact of your marketing and social media efforts and use that feedback to readjust strategy and processes.
- Use blogs, microblogging, status and content updates to build social capital and improve SEO.
- Balance the risks and reward of social media by adding new social capabilities and applications in a safe and compliant way.

OpenText Case Study: Commonwealth Connects

In October 2011, OpenText and the Commonwealth Secretariat introduced Commonwealth Connects, an innovative social networking and information portal. It was launched prior to the Commonwealth Heads of Government Meeting (CHOGM) 2011 held in Perth, Australia. Commonwealth Connects is a unique, global system designed to connect people, organizations, and governments across the Commonwealth.

SOURCES
Conventional Processes No Longer Feasible

The decision to create the Commonwealth Connects platform was based on the realization that citizens and government administrators within the 54 country members of the Commonwealth needed a better way to engage with each other. Conventional ways of connecting – relying on in-person meetings, using telephones, or even using emails – do not promote easy coordination and cooperation among a diverse set of stakeholders in different countries and continents.

Commonwealth Connects supports and complements the traditional means of networking by providing a cost-effective mechanism for professionals to interact and share knowledge, resources, and best practices without having to meet face-to-face. Commonwealth Connects also provides a good opportunity for associations within the Commonwealth to create and share coherent messages about what they stand for and showcase the work that they do.

As a cloud-based, social platform based on OpenText technology, Commonwealth Connects was developed through contributions of Commonwealth countries, including Canada, India, Australia and Singapore. This multi-purpose platform provides a single window to Commonwealth news, events, activities, and programs. Individuals can access information and resources such as jobs, scholarships, funding, and training from over 70 Commonwealth organizations and associations via the platform. Using a secure “digital workplace” feature, professionals, experts, and associations can collaborate and share information, knowledge, best practices, and experiences in real time.

In this video, Commonwealth Connects demonstrates the power of sharing across the 54 countries of the Commonwealth.
Fostering Global Dialogue and e-Democracy

Commonwealth's decision to create Commonwealth Connects offers a powerful Web platform and a single digital future for a community of countries that are diverse and span six continents. “There are a whole range of important applications for Commonwealth Connects, including helping youth groups or government officials from across the Commonwealth collaborate; playing a role in election monitoring; or helping to fuel economic growth through digital business enablement,” said Commonwealth Secretary General, Kamalesh Sharma.

In addition to creating Commonwealth Connects, OpenText and the Commonwealth Secretariat are working together to help speed technology adoption in member countries of the Commonwealth by jointly supporting the development of effective national strategies for information and communication technology (ICT) adoption and use.

Lay the Foundation for Success with OpenText

As demonstrated in this paper, a social business solution can help companies support purpose-driven collaboration, fuel conversations and connections, and improve business effectiveness. These goals are important as the workplace continues to evolve, replacing the traditional office environment with one in which employees work anywhere, anytime, and with anyone.

In this virtual work environment, people find that email, while useful, is limited. Employees are turning instead to tools inspired by consumer-based, social media applications and designed specifically for collaboration. The OpenText Social Business solution uses innovations in social media and related technologies, such as mobile and cloud computing, to achieve business goals more efficiently while mitigating risk or exposure.

While companies may understand the benefits of implementing the solution, they also need to have a firm grasp of the ROI before investing. That’s why we built OpenText Value Engineering. The mission of OpenText Value Engineering is to help organizations understand and document the potential value of an investment in OpenText solutions, and then to guide customers toward realizing that value. As a service that OpenText offers current and prospective customers, it is a zero-risk proposition for you with the potential to deliver substantial value before, during, and after your technology deployment. For more information about OpenText Value Engineering, contact us at value@opentext.com.