

Ten Years of Enterprise 2.0: The Power Law of Enterprise 2.0 Revisited

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1. INTRODUCTION

Social web-based technologies, including wikis, blogs, microblogs or video-sharing tools, often dubbed Enterprise 2.0, had once been perceived as powerful technologies for enhancing companies' competitiveness (e.g. Tapscott & Williams, 2006; McAfee, 2006, 2009). The underlying logic is that those technologies would unlock the barriers of information among company employees, and their customers and suppliers, for their mutual advantage (Alberghini et al., 2013).

A large set of case studies had been put forward to confirm this claim. This includes the FMCG company, Procter & Gamble, which launched its 'Connect and Develop' open crowdsourcing platform and helped the company successfully secure a large stream, up to a third, of its marketed new product innovations. Another case is the chemical company BASF, whose major internal social network platform is used by more than a third of its global 100,000 workforce for faster information flows among employees in order to boost the company's productivity¹. Early high profile cases included Lockheed Martin, Siemens, Motorola, or Cisco (Payne, 2008).

A quick look at "Google trends" would however show that search query intensity about the term "Enterprise 2.0" had peaked in July 2008 in the US, and in May 2010 in Germany, while resurfacing between November 2009 to November 2010 as the term, "Social Enterprise 2.0"². Since then, the hype about Enterprise 2.0 in the media and in the business press seems to have faded away. This decrease of interest correlates with the recognition that only a few companies have been largely embracing those technologies. This asymmetry in adoption and in reaping benefits was called "the Power Law of Enterprise 2.0" by this author, in an early work (Bughin, 2010³).

But recently, the buzz about Enterprise 2.0 has been re-emerging, along with the recent announcements by major Internet companies such as Facebook deploying their own technology suites, or with the rapid spread of Jive as a social care solution across many industries⁴. It seems that companies are now learning how to use these technologies to maximum effect, and that diffusion has finally come to scale: even pundits of Enterprise 2.0 have noticed, see Hinchcliffe (2015).⁵

Given the above, this chapter is concerned with a refreshment of the work by Bughin (2010), using data on Enterprise 2.0 from a recurring series of worldwide Enterprise 2.0 surveys since 2006 to 2014, or roughly a decade of data. After describing the data source (Section 2), we update the core stylized facts on Enterprise 2.0 and in particular, reconsider key findings regarding the time series dynamics of adoption and diffusion (Section 3) as well as the evolution of the Power Law of Enterprise 2.0 (Section 4) We conclude with some evidence on the return to Enterprise 2.0 (Section 5). Sections 6 and 7 are concerned with avenues for research and conclusions.

Three major findings stand out. First, the dynamics of Enterprise 2.0 adoption and diffusion both follow a typical S-curve, with strong imitation effect for each social technology. While Enterprise 2.0 has continued to spread, the dynamics have peaked around 2010, interestingly in line with the "Google

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trends” statistics mentioned here-above. Second, given this adoption, the power law has become less and less important, but has not fully disappeared: a few companies still are clearly reaping the most benefits out of using those technologies. Third, the impact of Enterprise 2.0 on added value is actually relatively visible, in the range of up to 6% increase of added value for some key social technologies such as social networks. This productivity upside matches the boost of productivity introduced by computer adoption in the Nineties (see Brynjolfsson, 2003) and by big data use within companies (see Tambe 2014, or again Bughin, 2016).

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2. ENTERPRISE 2.0 SCOPE

The Enterprise 2.0 literature is mostly known for its various use cases and for the benefits of adopting Enterprise 2.0. Case studies entail two major caveats however. First, there is no systematic, statistical evidence of population adoption, diffusion and relative success/failure of Enterprise 2.0; second, case studies often use different definitions of Enterprise 2.0, and focus on a variety of technology use cases, from social networks to video-sharing technologies.

In this chapter, we refer to Enterprise 2.0 as the use of social web-based technologies for enterprise. Technologies such as e-mail, or web services are thus excluded. Further, the technology set on which we concentrate is composed of (micro)-blogs, prediction markets, podcasts, video sharing, social networks and wikis. Those seem to be the most prevalent set of technologies adopted in both academic works and case studies (Bughin, 2014).

We further rely on a unique series of Enterprise 2.0 surveys performed by McKinsey & Company, since 2006 until 2014 inclusive, or nine years of time series, on a worldwide panel of 11,000 companies. These surveys are unique in scope, and have been used in many instances, see Bughin and Chui (2011). Other articles leveraging the panel for Enterprise 2.0 are Bughin and Manyika, (2007; 2008). An example of the questionnaire is for instance provided in Bughin (2010).

The panel is private and owned by TNS, a major global market research firm. The survey is typically completed by C-suite companies, with TNS guaranteeing that respondents have been trained to fill the complete questionnaire. There is also an incentive to answer appropriately as outliers are removed, and only non-outliers receive the comparison of insights among peers as confidential files for their own use.

The originality of the current work is that we have been able to draw a random, unbalanced sample of 1,500 companies which completed the questionnaire, for each year of the survey. This means that we have 12,000 company data points at hand for our review of Enterprise 2.0. As the data originates from more than 60 countries, we also have sub-selected 20 countries, for which we have at least 50 company data points each year. The countries list includes USA, Germany, UK, Italy, Spain, France, the Netherlands, Poland, Russia, Mexico, Brazil, Argentina, South Africa, Nigeria, India, China, Indonesia, Japan, Australia and Malaysia. Likewise, we also have a zoom per sector, and impose that an industry has at least 50 companies for it to be included in our dataset; this results in eight aggregated clusters: finance, manufacturing, retail, telecom and high-tech, healthcare and pharmaceuticals, and service companies, as well as public administrations. Companies from our sample of 1,500 companies which belong neither to countries or sectors are the default group in our analysis.

As the data is unbalanced at the company level, we use the aggregation of data at both country and sector levels for the macro-analysis of adoption and return to Enterprise 2.0 in later sections of this chapter. The aggregation still leads e.g. to 180 data points for countries.

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