

## Chapter 120

# Grounding Principles for Governing Web 2.0 Investments

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### INTRODUCTION

During the early years of the World Wide Web, also commonly referred to as the internet, there was relatively little engagement between content providers and end-users, or between end-users. Although some specialized communities, such as newsgroups, approached the internet as an open, decentralized, participative platform, not many content providers really did. Communication occurred mainly in a top-down, one-to-many, centralized mode of content broadcasting. In many ways the internet remained similar to already existing media such as television or radio. This first era of development is now being referred to as web 1.0.

The advent of Web 2.0 has been about embracing the inherently open and social characteristics of the internet. It supports a profound change in

communication toward a many-to-many, decentralized format. The latter favors the emergence of bottom-up trends rather than the design of top-down, paternalistically imposed strategies and structures. Web 2.0 applications aspire to make maximal use of the level playing field for engagement offered by the internet, both technologically and socially (O'Reilly, 2005, 2006). The World Wide Web has thereby entered “the realm of sociality” (Bouman et al., 2007), where software becomes fused with everyday social life. Social software applications such as Wikipedia, Facebook and MySpace have all but become household names.

Both practitioners and researchers are converging on the usefulness of Web 2.0 for professional organizations. Companies like Procter & Gamble, Amazon and many others have indeed started to garner a respectable amount of experience on their use of Web 2.0 technologies. What we have observed, and others with us (e.g. Bughin & Manyika, 2007;

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Koplowitz & Young, 2007; McAfee, 2006a), is that the way for organizations to capture benefits from Web 2.0 technology differs substantially from the way they attended to information technology (IT) projects in the past. It is still early days in terms of learning from enterprise 2.0 experiences. What stands out already, however, is that management will have to find new ways of governing to respect the freedom, openness, and sociality inherent to Web 2.0 technologies.

In this chapter we propose a set of grounding principles for governing Web 2.0 investments. These grounding principles refer to attention areas and key choices that management ought to pay heed to if it wants to successfully invest in Web 2.0 for the enterprise. The position presented in this chapter stems from a combination of literature review and case studies of Belgian companies with experience in introducing Web 2.0 into their enterprise. We are grateful to the Flemish government, more specifically the government agency Flanders District of Creativity, for having supported this research. A word of gratitude also goes out to Deloitte, Möbius Consulting, and SAS Institute.

The chapter is organized as follows. We first provide some background information on Web 2.0. We then move on to problematize the notion of governance and introduce the need for an appropriate type of governance. Finally, we outline our set of grounding principles for governing Web 2.0 investments.

## **BACKGROUND**

If anything, information systems (IS) researchers have established that there can be a wide gap between investing in an IT resource and realizing business value from its use. Consequently, any such investment comes with a certain degree of risk. From Peppard & Ward (2004), we borrow a general view on organizational benefits realization from IS. Their framework allows us to

distinguish between three categories of concepts which co-determine the value created by an IS: the ends (organizational objectives), the means (IT artifacts), and the ways (new working practices). We use this framework to organize this background section on Web 2.0.

### **Web 2.0: The Ends**

McAfee (2006a) coined the term enterprise 2.0 to describe companies buying or building platforms with wikis and social networking software to support and enhance the continuously changing and emergent collaborative structures of knowledge work across the (extended) enterprise. Organizations that have chosen to embrace the next generation internet are using the technologies not least to provide users, inside and outside of the enterprise, with the operational means for achieving high-aimed objectives such as stimulating collective creativity and open innovation.

- **Collective creativity:** “Collective creativity reflects a qualitative shift in the nature of the creative process, as the comprehension of a problematic situation and the generation of creative solutions draw from – and reframe – the past experiences of participants in ways that lead to new and valuable insights,” (Hargadon & Bechky, 2006, p. 484). This concept forms a counterweight to a traditional approach to innovation as a chain of top-down initiated innovation projects executed by relatively fixed and closed teams.
- **Open innovation:** “Open innovation is the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively. Open innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to

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