

# Chapter 1

## Web 2.0: An Emerging and Innovative Solution for SMEs

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### ABSTRACT

*This chapter critically analyses and assesses the concept and development of Web 2.0 within small to medium sized enterprises (SMEs). Web 2.0 is changing the way that business can be conducted, offering SMEs opportunities for developing strategies, business models and supply chains whilst adding value and gaining competitive advantage. There are many advantages for SMEs using Web 2.0 including them being easy to use, limited skills required and relatively low-cost and there are a range of emerging applications in fields such as marketing, collaboration, knowledge transfer, enhancing products and services, and research. Equally, there is an array of operational and managerial challenges that need to be overcome. This chapter suggests a set of questions that SMEs may consider using as a guide if they are considering Web 2.0 as a competitive weapon for the future.*

### INTRODUCTION

The aim of this chapter is to critically analyse and assess the concept and development of Web 2.0 within small to medium sized enterprises (SMEs). SMEs should be continually looking at ways in

which new innovative technologies may be applied strategically. Many new innovative technologies are emerging that can be used over the Internet which have different features, applications and challenges that can be very easily used to improve the impact and performance of SMEs. In particular, the new wave of Web 2.0 technologies is facilitating interaction, socialisation, creativity,

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information sharing, and collaboration amongst users. Advances in technology, may require SMEs to consider new ways in which booking, advertising and marketing is carried out. The specific objective of the chapter is to help the readers understand Web 2.0, their particular relevance and suitability to SMEs, enable them to better exploit emerging opportunities and comprehend the challenges posed by Web 2.0.

The chapter is structured as follows. It begins by presenting the background of the chapter, through examining various definitions of Web 2.0 and identifying some of its key characteristics. Following the background, the main body of the chapter identifies the relevance and key advantages of Web 2.0 for SMEs and then explores examples of innovative applications of Web 2.0 within a SME context, using technologies such as blogs, microblogging, wikis, social networking, RSS, forums, podcasting and media sharing and software as a service. The chapter then goes on to examine the adoption and embedment of Web 2.0, issues, controversies and problems that SMEs may face in this process and then provides solutions and recommendations on how SMEs can take Web 2.0 forward and make it an integral part of their strategic direction. Finally, the chapter closes by highlighting future research directions, summarising the chapter coverage and providing some concluding remarks.

## BACKGROUND

Web 2.0 is a concept which arose from a brainstorming session hosted by O'Reilly Media Inc in 2004. The term was developed to encapsulate the rapid development in the usage of the Web and associated technologies and applications, following the bursting of the dot.com bubble in the year 2000 (Sheun, 2008). Web 2.0 is the business revolution in the computer industry caused by the increasing move to the Internet as a platform but also through an attempt to understand the rules for

success on that new platform (O'Reilly, 2005). The embodiment of Web 2.0 is in "building applications and services around the unique features of the Internet, as opposed to building applications and expecting the Internet to suit as a platform" (Wikipedia, 2008). A range of services, technologies and applications commonly associated with Web 2.0 are blogs, wikis, podcasts, RSS feeds, social networks, forums, multimedia sharing services, tagging and social bookmarking, text messaging and instant messaging.

Web 2.0 relates to the concept of participation and interaction with Web users connecting and sharing data, collaborating and contributing their own thoughts, ideas, experiences and knowledge. It encourages interaction amongst businesses and customers who in a traditional trading environment would be restricted by direct, 'word-of-mouth' feedback from local customers.

Nations (2009) takes a social perspective and highlights that Web 2.0 is a social web, with people connecting with other people. It encapsulates the notion of being a more socially connected society including characteristics such as openness, participation, cooperation, community and collaboration. Web 2.0 necessitates a shift in the philosophy of society to one where we aren't just using the Internet as a tool – but we are becoming part of it.

King (2006) suggests that "collaboration has come to the Web to a much greater degree than was previously feasible" (p.88). This has facilitated collaborative working practices and has allowed a range of products to be developed such as Wikipedia and Linux.

Other definitions emphasise the interactivity of the web. Over the past few years the Web has changed from a passive, read only medium to a dynamic medium where multimedia content is created and shared by many. The YouTube video, "Web 2.0: The Machine is Us/ing Us" (Wesh, 2009), explains how through using XML to separate content from form, knowledge can be exported and syndicated without complicated code. This has given to a rise in the level of uploaded user

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