Build A Modern Social Enterprise To Win In The 21st Century

Economic pressures, demographic shifts and new technologies are re-shaping enterprise work in profound ways. Many business-technology decision-makers sense something big is happening and are wondering how to take the next critical steps. But the path is becoming clear: Winning means applying social, mobile, cloud and analytic technologies to first reform and then re-align work processes with emerging digital value chains.
Executive Summary

Social technologies – integrated with mobile tools, big data and cloud enablement – are already embedded in our daily lives. These consumer-based technologies and mindsets are rapidly moving into the enterprise and beginning to profoundly impact how real business work is accomplished.

Industrial work models have run their course, and businesses across most industries are at a profound shift point. From the ashes of lost opportunity, inflexible organizational structures and vertically integrated processes, a new social enterprise is emerging, one that leverages social collaboration tools to seize the high ground in emerging digital value chains.

The social enterprise will be a virtual, global, cloud-first organization that is asset light and has shifted much of its fixed capital costs to operating expenses. This new type of business will:

- Leverage technology to perform essential work more efficiently and effectively.
- Be born or re-born digital, as well as agile from the get-go.
- Be iterative in how it anticipates and responds to change.
- Seek to fail fast and learn from that failure.
- Be designed to reap the benefits of impermanence.
- Focus on the modernization of “core” rather than “contextual” activities.
- Embrace the fulcrum of power and influence as a “born global,” networked social enterprise, unconstrained by physical location.
- Use collaboration technology to hard-code serendipity and create innovative services and solutions.
Savvy senior leaders already recognize the need to recreate their businesses against a backdrop of tremendous economic volatility. As such, we’d like to propose an early manual that illuminates how and what to change and provides advice, guidance and some tactical recommendations on how to modernize your business in line with new opportunities and challenges.
Physical Value Chains Are Becoming Increasingly Digitized

The Industrial Revolution changed organizational structures, and many organizations today are built on business models and structures that date back to the 1800s. While not all of these operational approaches are ready for retirement, many are encumbering organizations from dealing with big problems and embracing promising opportunities because they are simply unfit for the competitive exigencies of the 21st century.

The Industrial Revolution transferred hired help from the fields into centralized physical factory work models. Co-locating labor in factories made the most economic sense due to the prohibitively high cost of shipping, communication and oversight. But as Western economies became increasingly post-industrial, businesses created knowledge factories along the same conceptual lines. Workers who manipulate data, rather than physical materials, were situated in centrally controlled “knowledge factories.” (Think rooms of bankers, insurance actuaries, telephone operators, etc.) And that’s the problem. With the emergence of the commercial Internet, interaction costs for knowledge workers have plummeted to near zero, rendering obsolete old-world industrial operating models.

But old habits die hard; in fact, many companies still apply old physical value chain thinking to the emerging digital value chain, and this adherence to outdated business models is severely undermining the competitiveness of many companies.

Astute decision-makers are starting to recognize this shift. Economic volatility and pressures are combining with new technologies to ignite a fundamental shift that sees companies reforming work into digital value chains powered by new social technologies. Many entrenched organizational strategies, principles, methodologies, processes and systems are decreasing in relevance, so decision-makers are rethinking Old World organizational blueprints to manage this fundamental shift in how business will be conducted in the coming years.

Need proof? The road is littered with casualties who missed the early days of this shift: Barnes & Noble, Blockbuster, Newsweek, American Airlines, Kodak and on and on. Organizations that are embracing this shift — Amazon, Facebook, Ford Motor Co., the U.S. Intelligence Community, etc. — are seeing great success by embracing new ways to leverage social technologies and digital value chains.

The Social Enterprise: Not Just ‘Facebook at Work’

Social technologies – integrated with mobile tools, big data and cloud enablement – are already embedded into our daily lives, but now they are moving into the enterprise. This is not executives saying, “Let’s just give Facebook to our teams to keep them happy.” In only a few short years, cloud-enabled technologies have changed how we communicate, collaborate, engage, game, bank and shop in our personal lives (think Gmail, Facebook, LinkedIn, iTunes, Kayak, Call of Duty, etc.).

What’s new is that these technologies – and the mindsets for using them – are driving companies to actively modernize and reform work (see Figure 1). And these changes will only accelerate.

Winning 21st century businesses will look and feel different because social collaboration and mobility are built in. Interaction, therefore, will be multi-layered and overlapping, facilitating real-time conversations with customers, partners and employees all around the world, using video, text, voice and e-mail on devices from the ultra-large to the microscopic (perhaps with 3-D and holograms in due course).
Personifying the characteristics of the millennial generation, winning enterprises will be social to the core. As such, they will be open, global, tolerant, informal, passionate, iterative and zealous. They will exemplify leading-edge thinking about business and technology models by functioning in an asset-light model and a cloud-first, mobile-first, supplier-first, global-first manner, built to thrive in an era of acceleration and dynamic volatility. They will, in our view, be social enterprises.

Collaboration is Key
Enterprises are embracing social tools and technologies.

Social tools and technologies currently used by companies
Percent of respondents* whose companies use each technology

<table>
<thead>
<tr>
<th>Technology</th>
<th>2011 (n=4,261)</th>
<th>2010 (n=3,249)</th>
<th>2009 (n=1,695)</th>
<th>2008 (n=1,988)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social networking</td>
<td>50</td>
<td>40</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Blogs</td>
<td>41</td>
<td>38</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>Video sharing</td>
<td>38</td>
<td>33</td>
<td>31</td>
<td>27</td>
</tr>
<tr>
<td>Microblogging</td>
<td>23</td>
<td>19</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

* Respondents who answered “don’t know” are not shown.
** Microblogging was not offered as a technology in the 2008 survey.
Source: McKinsey Global Institute

By 2014, the market for social enterprise tools, software and services is predicted to reach $4.6 billion worldwide.
Sources: Altimeter Group, ZDNet.com

One-quarter of firms expanding collaboration technology
“What are your firm’s plans to adopt the following collaboration technologies?”
(Web 2.0 tools such as wikis, blogs, social networks, discussion forums, microblogs like Twitter or Yammer)

Figure 1
Redefining Work: Deconstructing the Social Enterprise

Although every organization has critical differences, we believe that by looking at the most elemental processes of a company, companies can begin to rethink how they can best align with new opportunities. This work process orientation is what makes the social enterprise different from simply turning on a collaboration tool (which often fails to deliver business benefits).

Here are six macro-level activities that define all 21st century businesses and that will be significantly altered by using social technologies. Outperforming 21st century businesses will rethink, reinvent and rewire these six elemental activities with new organizational principles, mainly by applying what we call the “New Master IT Platform.”

Think. Decision-makers in every successful company, business unit or team spend time and energy setting strategy and guiding the broader team toward goal achievement. Essential to “thinking” is getting the best available insights to inform critical strategic decisions, building a context that balances teamwork with individual inspiration and aligning effort around the set strategy. This may sound simple, but failure here means wasted effort and missed opportunity.

Design. In the context of our blueprint, “design” means creating new ways of solving problems. This includes organizing design communities of employees, external partners and consumers to create new products and services. Collaborative product and service design is already changing how companies create new products and services.

Build. Whether it’s a physical product such as an airplane or factory, or a virtual solution like a healthcare policy or provider ecosystem, once a solution is identified and designed, it must be “built” and delivered. This is the work that differentiates a bank from an insurance company from a retail outfit. Success in the 21st century will be even more dependent on just-in-time build capabilities provided by qualified external partners and suppliers.

Sell. “Selling” is about connecting value-added goods and services to real-world business problems in exchange for capital, but this requires a healthy relationship between buyers and sellers. Whether leveraging sophisticated CRM systems or sticky notes, selling encompasses the management of transactions, as well as the ongoing relationship. Next-generation companies are already using new technologies to establish more seamless and perpetual connections to customers; new technology architectures such as social CRM will only accelerate this trend.

Run. Although perhaps not considered as glamorous as other work processes, “run” is the operations engine that keeps every complex organization going, including functions such as human resources, IT and vendor management. Relatively speaking, these functions have been more aggressively sourced, but this work remains a major cost component for many enterprises. Most companies — even lean, successful ones — will continue to seek innovation for improving “run” work.

Count. This work is essential to modern commerce because every major company must prioritize its cash position (historically, currently and future-wise). Some of this function is about simply keeping score, but effective capital management requires control and transparency of company financials. This includes planning, tracking, managing and reporting on all debits and credits. For large companies, this is a massive challenge; failure here can result in professional and personal catastrophe.
Rethink the Fundamentals to Build the Social Enterprise

Each of these six elements of organizational activity will need extensive re-imagining to employ social collaboration tools that deliver tangible business benefit. What follows is our blueprint — along with many successful examples — for delivering benefits across the emerging digital value chain.

Think: Catalyzing Strategy, Empowering Leadership

“Think” includes the crucial functions of setting, communicating and implementing a business strategy and objectives. Companies lacking a sound strategy and mature leadership around social collaboration and digital value chains will become rudderless and ultimately end up like tribes fighting for survival.

The business road is littered with companies that failed to make full use of the information readily available to them (Digital Equipment Corp., Kodak, Nortel Networks, etc.). If the company is big enough, it will likely end up as a business school case study where students pick through the wreckage and wonder, “What were they thinking?” The fact is that people were thinking, but perhaps not well nor clearly, and they weren’t in a context where direction-setting was an expected norm. Modern companies that embrace the notion of digital value chains — along with social decision-making, communications and better use of analytics — will avoid a death spiral of misguided effort.

Savvy decision-makers are embracing new ways of collaborating and extracting business meaning from the flood of available information. Analytics technologies, collaboration systems and a new leadership mindset are orienting companies toward more effective value-generation.

- Technologies are decreasing collaboration friction. Lower interaction costs are igniting richer interaction among decision-makers. New technologies such as social collaboration platforms are already helping to improve decision-making while decreasing friction in learning, acting and communicating. Leveraging these tools can help sharpen decisions by facilitating interaction, idea-sharing and risk management.

- Big data drives insight and smarter decision-making. Decision-makers in 21st century companies will leverage robust analytics — built on big data — to set and refine their course. More often than not, the explosion of available data has merely led to information overload, rather than better decision-making. This is changing, as companies like Amazon, Netflix and others convert these data streams into information that drives better customer experience, along with better business decisions. Analytics tools are opening new thresholds of corporate understanding about status and direction, and that means more informed business decisions.
Think. Setting strategy and guiding the broader team toward achieving business goals. Essential to this “thinking” work is getting the best available information to inform critical strategic decisions and aligning effort around the set strategy.

Design. Organizing design communities comprising employees, external partners and consumers to create new products and services.

Build. Building physical products (airplanes and factories) or virtual service solutions (healthcare policies and provider ecosystems). The bulk of industry-specific delivery work fits here.
**Sell.** Managing both the transaction and the ongoing relationship, whether to leverage sophisticated CRM systems or sticky notes.

**Run.** Operating business functions such as human resources, IT, sourcing management, etc. Relatively speaking, these functions have been more aggressively sourced, but this work remains a major cost component for the enterprise.

**Count.** Planning, tracking, managing and reporting on all company financials.
The New Archetype for Leading a Social Enterprise

It’s seductive — but unfortunately misguided — to think that technology alone will keep a company from going off the cliff. Effective leaders will need to embody a fundamentally altered skill set from previous generations of leaders, including the ability to do the following:

• **Balance consensus with making tough calls.** Having more information and collaboration capabilities may not make things easier, as it’s all too possible to become paralyzed by the flood of data and availability of multiple opinions. Successful decision-makers require access to better and deeper data. They must be culturally acclimated to the power of collaboration. Moreover, they must demonstrate enhanced capabilities that balance consensus-building and analysis with an ultimate reliance on individual vision and leadership.3

• **Think “global first.”** Leaders should be facile working in different cultures, comfortable with mixed organizational cultures and accustomed to seeing the world as integrated value systems. The balance of global commerce has shifted from traditionally Western centers of gravity to emerging economies. Enterprise leaders who consider a single location as the primary source of innovation and value will soon appear highly old-fashioned and provincial in their thinking.

• **Fail fast.** The cadence of social knowledge work is accelerating. Increasingly digitized industries — such as banking, insurance and healthcare — no longer rely exclusively on physical supply chains and/or infrastructure. Successful enterprise leaders will adopt best practices from entrepreneurs such as Elon Musk (eBay and Tesla), Arianna Huffington (AOL’s Huffington Post) and Blake Mycoskie (Tom’s Shoes) to leverage social, model, cloud and big data to accelerate all aspects of their businesses, and they will manage “fast failure” to learn about markets, products and customers at a pace previously unseen.4

• **Be instinctively digital.** The geeks have already inherited the earth, and now they are being promoted. Leaders will embrace new social technologies for business value; tolerance for Luddites will quickly dissipate.
• **Keep “think” at the core.** External opinions, advice, data and tools can help leaders make more informed decisions, but this is work that should generally not be externalized. Decision-makers will get guidance on strategic decision-making, but it will become even more critical to retain clear ownership over vision and leadership – while maintaining an external perspective – over ensuing business cycles.

New ways of setting – and communicating – a strategy and leading the business may sound like a challenge for tomorrow, but progressive companies are already demonstrating the payoffs of building the social enterprise.

• **Google.** Google’s leaders have created a culture where collaboration and experimentation is central to work (including building their own collaboration tools). The company is continuously empowering decision-makers to use market feedback on which new products to kill (Desktop, Wave, Buzz, etc.) and which to nurture (Mail, Chrome, Android, Maps, etc.).

• **Intellipedia.** In response to several intelligence gaps and the 9/11 attacks, the U.S. intelligence community established a virtual environment – consisting of multiple wikis, blogs, etc. – to enable information-sharing among intelligence analysts. Success data is scarce (and understandably so), but if usage can be seen as a proxy for health, the approach is working well. As of 2009, the system was receiving 5,000 contributions daily, and there is evidence that it is positively impacting intelligence analysis.5

• **Verizon.** Although telecom companies are often the source of customer frustration and vilification, providers such as Verizon have overcome huge structural challenges to boost performance. The move to embrace and leverage digitization, mobile, VOIP, optical technology and a new generation of customer expectation has required major investment and nerves of steel to navigate uncharted waters. By co-opting new ideas, attitudes and business models, Verizon has virtually changed the wheels on a speeding car in motion. Roughly 65% of Verizon’s revenues (approximately $70 billion) originates from business lines established within the last 15 years.6

**Design: Embracing Collaborative Tools and Techniques**

The conceptualization and development of new products and services is the fuel of any healthy business. However, product design, for the most part, often seems to remain closer to alchemy than science. True inspiration and innovation will likely never be fully harnessed into an iron-clad methodology – that’s just not how humans work – but there is little doubt that differentiation will increasingly be driven by companies that find better ways of harnessing new product and service innovation.

Successful companies – even from business sectors not known for being innovative – are implementing new systems and processes to accelerate and enhance new product design. Even more exciting is that new models for “design” encompass both digital and physical value chains.

• **P&G harnesses innovation from outside the company.** The firm’s Connect + Develop program has led to more than 50% of new products being developed in collaboration with outside partners. The consumer goods giant has created a broader community as well, and intellectual assets can even be harnessed by other companies (such as food products, plastics manufacturing, etc.).7

• **The Pentagon crowdsources to improve application development.** The U.S. Department of Defense is planning to combine gaming and crowdsourcing to test highly complex weapons software via VehicleForge.com, a Web portal for
gathering, sharing and testing ideas. This multi-year program will publicly release games – based on weapons system technology – to the public and then harness the data and feedback to improve application design and security.8

• Amazon leverages analytics to dial into true client sentiment. Amazon continuously re-designs its Web-centric channel interface and creates a customized and evolving customer experience based on prior user behavior, data and insight from the broader user community, as well as groundbreaking process design. Beyond the Web-centric experience, Amazon also showcases 21st century design practices related to innovative products and services (i.e., Kindle and EC2, which has evolved into an Uber platform for all commerce, not just books and music).

Build: Creating a Production Ecosystem

Over the last 20 years, production virtualization (of both physical and digital goods and services) has become increasingly common. The management mindset has swung firmly away from the concept of a vertically integrated business, where every business activity is kept in-house, from raw materials extraction to, in some cases, the provision and management of permanent housing (famously seen in Hershey, PA, and at Cadbury’s factory town in Bourneville, England). Over the next 10 years, the externally-sourced approach is destined to become the uncontroversial norm.

The notion of the “disaggregated” enterprise has become most commonly manifest in the production arena (film-making, aerospace and electronics manufacturing). Modern businesses look to leverage externally delivered expertise and benefit from the economies of scale that these external suppliers can often provide.

Such virtualization and disaggregation has gathered momentum as enterprises look to shed expensive fixed assets, leverage increasingly sophisticated financial engineering approaches to unlock value in sub-optimal business models, and benefit from expanded globalization.

The 21st century social enterprise will, by definition, be a virtual business that favors:

• Specialist partners over in-house teams.
• Production capabilities distributed globally.
• Just-in-time logistics for production and fulfillment.
• Cloud-enabled partner, production and supply chain management tools.

More and more evidence has emerged that an increasing number of leaders across disparate industries succeeded by re-thinking their production processes to exploit virtualized ways of working.

• Boeing: With the development of its next-generation 787 airliner, Boeing pioneered the management of highly virtualized and globally sourced production and assembly processes using multiple sub-contractors in every region of the world.9

• Ford: Once a perfect example of a business predicated on an “in-house” philosophy (going as far in the 1920s to build a city, Fordlandia, in the Brazilian jungle to source rubber for tires), Ford reversed its integrated approach dramatically in the 1990s. It now operates via a highly virtualized model in which it focuses on design, financing, brand management and supplier management, with most other elements of production sourced to partners and suppliers.10

• New Line Cinema: Movie production today is a heavily virtualized business. Long gone are the days in which the dominant studios owned everything from
production stages, to cinemas, to actor’s contracts. Now companies like New Line Cinema, developer of The Lord of the Rings franchise, are simply financiers and managers of highly diverse sets of sub-contractors and sole practitioners (including top-line talent) who assemble and disperse on a film-by-film basis.

Countless other examples exist — in financial services, pharmaceutical R&D and healthcare (among other industries) — of widgets and digits being made in ways that exploit modern technology and modern management techniques.

Sell: Proactively Addressing Customer Likes, Needs

The art of selling has always been rooted in customer relationships, and that’s not changing; in fact, modern technologies are merely enhancing relationship-building. Social tools, analytics and mobile interaction allow a greater understanding of customer needs, wants and motivations (and at greater scale). A sales territory was once limited by an individual’s Rolodex, but social CRM software today facilitates customer knowledge and insight of unprecedented depth and breadth, all at the tap of an iPad.

The practice of “cold” sales is withering, and in its place is a selling method that anticipates the buying impulse. The interaction with a car salesman that leaves you wanting to take a shower is being replaced by a “you might like” algorithm so seductive that your debit card feels no pain.

Modern selling is hardly selling at all. “Pushing” product to consumers is now secondary to facilitating consumer “pull.” Search, expert systems, predictive analytics, software-driven customer service, and sentiment analysis are all technologies that allow modern business to “sense” latent demand. Leveraging these technologies, businesses can know more about what customers and prospective customers want than they may explicitly or consciously know themselves. The accident of serendipity is being hard-coded.

In tandem, the art of buying has also been rooted in knowledge and perception. Socially-mediated buying and selling allows buyers to know more than ever before, and make better buying decisions, based on “likes” and community feedback forums and consumer Web sites. A virtuous cycle is under construction in which buyers and sellers know more, inefficient friction is reduced, and deals are better, for both parties.

Many enterprises that play by these modern rules are flourishing:

- **Amazon:** Its roots in online book-selling now look quaint as Amazon has pioneered many of the software and sales approaches that are now de rigeur for any type of enterprise. Amazon’s onward march increasingly includes pushing sales into other business areas (such as publishing) where the disaggregating impacts on traditional business models are being strongly felt.

- **Netflix:** Another pioneer of algorithm-based selling, Netflix has gone from being a fringe, marginal outsider to a key player in the fast re-configuring $745 billion global entertainment industry. By being open to today’s zeitgeist — facilitating and encouraging community feedback, leveraging “prosumption” and “gamification” and adopting a “cloud-first” operations mentality — Netflix has signposted the corporate characteristics that have meaning for a new era and exposed many of those (including physical world-based retailing) that don’t.

The practice of “cold” sales is withering, and in its place is a selling method that anticipates the buying impulse.
• **Alibaba:** This pioneer of online selling in China has proved that the e-commerce model has few limits. Few today would blink at buying a $20 book or CD online nowadays. Cars and boats in the thousands of dollars are routine purchases, too. But how about buying a Boeing 747 online? Alibaba has some for sale and has sold many in the past. What historically would have been a highly complex, expensive, salesmen-led endeavor can now be transacted online at a substantially reduced execution cost.

Those playing by the old rules, sowing FUD (fear, uncertainty and doubt), sustaining customer ignorance and depending on unidirectional communication, are increasingly seeing younger, savvier customers’ eyeballs, mouse clicks and wallets go elsewhere.

**Run: A New Spin on Back-Office Processes and Operations**

A winning 21st century enterprise will take advantage of the leapfrog nature of progress and use tomorrow’s best practices rather than salvage and reheat approaches from the past. Primary among these is an embrace of the theory of “core and context” and a rigorous avoidance of the pursuit of diminishing returns for anything perceived as “context.”

This theory can be made manifest for a wide range of operational processes such as HR, facilities management, sourcing management, IT and some industry-specific processes, through the use of cloud-based systems. These systems are deployable quickly and inexpensively, can be managed efficiently and help avoid the commercial entropy that previous generations of software have long carried.

Candidates for modernization include processes and their enabling systems and technologies that provide only marginal contribution to brand eminence and bottom-line results. The winning 21st century social enterprise will focus on selecting and managing expert suppliers and perform less rowing and more steering. Elements of these approaches can be seen within many large enterprises; some smaller organizations are exclusively oriented around these principles.

• **Esurance:** This online insurance provider exhibits many, if not all, of the characteristics of the 21st century social enterprise. Born digital in 1999 as an upstart challenger to the incumbent offline insurance behemoths, Esurance has become a successful provider as a result of its online, consumer-friendly, millennial-minded approach — so successful that it was acquired by the insurance giant AllState in 2011 as part of its own reinvention. Esurance is now set to act as a model of best practices for the larger parent organization.

• **37 Signals:** A leader of the cloud movement, 37 Signals is a business with little physical infrastructure, a mindset of speed and agility and a crusading approach to the limitation of “bloatware.” Its mantra is to provide “software that does just what you want and nothing you don’t.” Though still a small company, and to a degree still unproven, 37 Signals illuminates a business and technology approach that has management school circles buzzing about radical reformation of organizational design.
Count: Reporting, Finance and Accounting to Inform Better Thinking

On its own, capital does not create value, but it is the lifeblood of any commercial endeavor. Business leaders ground critical decisions on the best available understanding of past, present and future financial conditions. Unfortunately, nothing can elicit more eye rolls – or worse – than asking an enterprise how it performs financial tracking and reporting. Most honest admissions will include an over-reliance on Excel spreadsheets and armies of clever folks doing their best to precisely ascertain financial status. Whether tracking, cleaning, analyzing or reporting, the work of financial management processes for most companies still bears a striking resemblance to our business ancestors and their armies of diligent clerks.

New technologies and ways of working are already beginning to demonstrate how the future of work will be manifested in financial accounting processes. In addition to stalwart ERP systems, new technologies from providers such as NetSuite and FinancialForce – combining modern functional capability and the improved economics of software as a service (SaaS) – are creating a fabric of tools to drive efficiency and transparency into all aspects of financial tracking and reporting. Next-generation companies like Groupon, Square and Yammer are all NetSuite customers. “Counting” may not be brand-differentiating, but if finance and accounting fails, the entire company is at risk.

To modernize this function, business decision-makers are already beginning to create “count” systems that help minimize reliance on legacy ERP systems of record and open up opportunities for analytics to replace the dependency on spreadsheets that constrain planning at most enterprises. (This meaningful information then becomes input into “think” activities).

- Software AG integrated accounting, project planning and controlling. With over 5,500 employees and 10,000 clients, Software AG is leveraging NetSuite to streamline accounting, project planning and collaboration across multiple locations. This has helped save money and improve overall project control.

- Société Générale improves budgeting with Oracle. Granted, the combination of a bank founded in 1864 and a massive ERP software purveyor might not be the first place one would look to illustrate the future of work in action. By implementing technology that enables online analytical processing of large multidimensional datasets, Société Générale intends to significantly improve financial planning, tracking and reporting.14

- Blue Shield of California Foundation moves financials to the cloud. BSCF implemented the cloud-based FinancialForce accounting suite to drive efficiencies in ordering, billing, accounts receivable and reporting. This move has helped improve data quality, speed new employee on-boarding, accelerate reporting and embed collaboration into “count” processes.15

Create a Social Enterprise Blueprint for Your Organization

Decision-makers are wrestling with questions about what the future of work will bring. What does a 21st century airline carrier look like? How should we manage claims processing? How should our employees collaborate effectively? What technologies should we own and operate, and what should we source from the cloud?

The winning 21st century social enterprise will focus on selecting and managing expert suppliers, performing less rowing and more steering.
All are looking to build — some quickly and some incrementally — a social enterprise to win in the future world of work.

The social enterprise will be designed to reap the benefits of impermanence. Achieving this modern, idealized state will not be easy. But by recognizing the need to rethink, reinvent and rewire — and demonstrating the will to implement these changes — enterprises can succeed in a time when traditional thinking falls short. Organizations should act now to win at this shift point.

• **Build a vision for modernized work.** Start by thinking about the work to be done. This plan should include technologies, but it must focus on work processes that require modernization. Though it is tempting to believe that “contextual” areas should be the early candidates for transformation, as they represent lower risk opportunities for experimentation and beta versions, it is in fact “core” areas of business activity that should be fast-tracked for modernization. Areas such as design, supply chain management, production and sales must be brought into line with the key 21st century principles outlined above to ensure material impact on future performance.

• **Target work for modernization.** For many organizations, the journey to the future of work should start with identifying processes (and their enabling systems) that are ripe for reformation. Look for processes that meet these criteria:

  > **Emphasize your digital value chain.** Begin with work that is already digitized but that can be injected with innovative social and mobile technologies.

  > **Empower globally distributed work teams.** Target workflows that can benefit from collaboration by distributed team members. Collaborative tools can heighten the quality of interaction and output for globally distributed teams, allowing the enterprise to fully benefit from talent residing anywhere in the global network. The fulcrum of power and influence in a “born global” social enterprise is the network, not any single physical location.

  > **Let your customers guide you — really.** You actually can buy large aircraft online, but not many people do. Start by targeting work where the value chain can be “rewired.” Chances are, if you are really listening to your customers, they are telling you where to start. Focus on interactions with employees and customers who have a millennial mindset and are willing to explore and utilize the emerging social sell/relate interaction models.

  > **Find needles in your haystack.** “Let’s do analytics” is hopelessly broad, so — here again — focus on the work. Targeting a specific work process will allow you to leverage big data analytics to uncover new opportunities and risks previously unrecognized and unrealizable, buried amid exponentially growing transactional data. Don’t just churn garbage; use analytics to listen to your customers. For example, high-frequency trading systems are uncovering new gold mines of value from signals that were historically noise.

  > **Look for “plateauing” processes and sun-setting systems.** Seek out processes and systems where productivity improvements or brand differentiation has hit a wall (e.g., rights management in media, F&A processes, high-value but routine knowledge processing for activities such as order management, etc.). These are your urgent candidates for decommissioning or reconfiguring.

• **Develop ecosystem governance acumen.** Management of the social enterprise will require precision governance to implement and run sophisticated partner ecosystems and manage hybrid internal/external service models. Competitive differentiation and advantage will be achieved through excellence in management and execution of these new business models.
BUILD A MODERN SOCIAL ENTERPRISE

• **Drop your asset anchors.** The virtualized, disaggregated, asset-light, social enterprise will exist in a cloud-first world where information services such as those provided by Amazon will originate from data centers more secure than any organization can achieve themselves; where work teams participate in 24/7 follow-the-sun process flows; where asset acquisition is the last—not first—resort; and where leadership stems from exploiting new uncertainties rather than milking conventional wisdom.

**Footnotes**


2 The convergence of cloud computing, mobility, social media and advanced analytics is fundamentally altering IT as we know it. Each of these forces in isolation is transformative in nature, but in combination, their impact is profound, as they create the underpinnings of the 21st century social enterprise that is digital-centric, real-time-oriented and highly engaging (owing much to its consumer IT roots). Use of the cloud will allow the social enterprise to be asset-light and agile and to sense and respond to change in environmental factors. Mobile technologies are enabling the collapse of time and space and the unplugging of the historically tethered. Social media adds a new layer of richness to all interpersonal interactions and dissipates the arbitrary and artificial barriers between people in their work guise, time and place. Advanced analytics provides new insights and outcomes buried in the exabytes of data in which we now all swim.

3 In his description of airplane crashes, Malcolm Gladwell illustrates—in a rather horrifying way—the criticality of communications to avoid systemic failures of strategy, collaboration and leadership. See *Outliers*, Little, Brown & Co., November 2008.

4 See Eric Ries, *The Lean Startup*, Crown Business, September 2011, for a more comprehensive point of view on accelerating learning and driving an entrepreneurial mindset into the enterprise.


12 2010 figure from *PricewaterhouseCoopers/iDate*.

About the Authors

Paul Roehrig is Cognizant’s Associate Vice President of Strategy for Business Process Services and co-director of Cognizant’s Center for the Future of Work. In this role, he is responsible for developing next-generation technology and business service solutions and leads associated go-to-market programs, alliances and business development with key strategic accounts. Prior to joining Cognizant, Paul was a Principal Analyst at Forrester Research, where he researched and advised senior IT leadership on a broad range of outsourcing topics, including sourcing strategy, trends and best practices. Paul also held key positions in planning, negotiation and successful global program implementation for customers from a variety of industries, including financial services, technology, federal government and telecommunications for Hewlett-Packard and Compaq Computer Corp. He holds an undergraduate degree in journalism from the University of Florida and graduate degrees from Syracuse University, where his doctoral research was on decision-making related to quality improvement in organizations. Paul can be reached at Paul.Roehrig@cognizant.com.

Ben Pring co-leads Cognizant’s Center for the Future of Work. He joined Cognizant after spending 15 years with Gartner as a senior industry analyst researching and advising on areas such as cloud computing and global sourcing. Prior to Gartner, Ben worked for a number of consulting companies including Coopers and Lybrand. His expertise in helping clients see around corners, think the unthinkable and calculate the compound annual growth rate of unintended consequences has brought him to Cognizant, where his charter is to research and analyze how clients can leverage the incredibly powerful new opportunities that are being created as new technologies make computing power more pervasive, more affordable and more important than ever before. Ben graduated with a degree in philosophy from Manchester University in the UK. He can be reached at Ben.Pring@cognizant.com.

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world’s leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 140,500 employees as of March 31, 2012, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at www.cognizant.com or follow us on Twitter: Cognizant.
