



Serious business Web 2.0 goes corporate

Even after the Internet bubble burst in 2000, consumers, businesses and governments around the world continued to flood online. Internet innovators took advantage of this growth with applications that helped users express themselves and connect to other users. Start-ups exploiting things such as social networking, consumer-generated content and the wisdom of crowds—such as News Corporation’s MySpace, Google’s YouTube and community-generated Wikipedia—took off. All garnered extraordinary media attention, and the first Web 2.0 conference in 2004 promoted the idea of the Internet as a participatory platform rather than a mere collection of static pages (see Web 2.0 glossary).

To many people outside the IT industry, however, and even at some traditional information technology (IT) shops, these innovations seemed frivolous. Although they generated enormous buzz among enthusiasts, especially the young, they appeared to have little to do with the serious business of industries like financial services, manufacturing, energy and consumer goods.

In January 2007 a research programme conducted by the Economist Intelligence Unit and sponsored by FAST gauged the relevance of Web 2.0 to large corporations throughout the world and across a wide range of industries. The research, which consisted of an online survey plus follow-up interviews with senior executives at large public corporations, found that Web 2.0 now has significant implications for big business across a wide range industry sectors. By 2006, and even earlier at some companies, the world’s multinationals began to see many Web 2.0 technologies as corporate tools. In fact, according to our survey, 31% of companies think that use of the web as a platform for sharing and collaboration will

“I think that eventually these kinds of Web 2.0 technologies will transform the business model through community development, 360-degree view of important product enhancements that should be made.

Harvey Koepfel, chief information officer and senior vice-president at Citigroup Inc’s Global Consumer Group in New York.

affect all parts of their business.

Why are large corporations interested in what many see as no more than the latest dot-com fad? The answer is growth and profitability. Almost four-fifths of executives surveyed see the sharing and collaboration aspects of Web 2.0 as an opportunity to increase their company’s revenue and/or margins. “Web 2.0 is no longer bleeding edge,” says Harvey Koepfel, chief information officer and senior vice-president at Citigroup’s Global Consumer Group in New York. “Now it is leading edge.”

About the survey

In January 2007 the Economist Intelligence Unit polled 406 senior executives from around the world on the impact of Web 2.0 on their businesses. Sponsored by FAST, the online survey focused on the prospects for improved internal and external collaboration, increases in revenue or profitability, and implementation challenges.

Respondents included 406 senior executives, of which 41% were from the C-suite or the board. The average company size was about US\$2.5bn in revenue, and major industry segments included financial and professional services, life sciences, IT/telecoms and media. Two-fifths of the respondents were located in North America, about one-quarter each in Europe and the Asia/Pacific region, and the rest from elsewhere in the world.

The survey was supplemented with in-depth interviews with senior executives across a range of industries, including financial services, telecoms, advertising and publishing.



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Web 2.0 glossary

Blog	Personal or corporate online journal that offers reporting and opinion about people, things and events.
Enterprise 2.0	The use of Web 2.0-type concepts and software (see below) within an enterprise. Enterprise 2.0 was first used by Andrew McAfee of Harvard Business School in the Spring 2006 MIT Sloan Management Review.
Mash-up	An application that pulls and displays information from multiple sources in response to user queries to deliver a customised result.
Network effect	A situation in which a product or service becomes more valuable the more people use it.
RSS	Really Simple Syndication, an online system that lets average consumers designate what news or information they want multiple sources to deliver directly to them.
Tagging	An online labelling system that lets consumers create a default index for the purposes of identifying and sharing content.
Web 2.0	“Web 2.0 is the network as platform, spanning all connected devices; Web 2.0 applications are those that make the most of the intrinsic advantages of that platform: delivering software as a continually updated service that gets better the more people use it, consuming and remixing data from multiple sources, including individual users, while providing their own data and services in a form that allows remixing by others, creating network effects through an ‘architecture of participation,’ and going beyond the page metaphor of Web 1.0 to deliver rich user experiences.” ¹
Wiki	A collaborative website that average users can update, without a need for programming skills. Wiki is a Hawaiian word for quick.

¹ From a 2005 blog posting by Tim O’Reilly, chief executive officer and founder of O’Reilly Media, the company that coined the term.

Web 2.0’s progress into the mainstream

Web 2.0 is gaining significant ground across a range of business sectors.

- Nearly 60% of big companies in our survey say that they are, for example, inviting customers to contribute content that explains, supports, promotes or enhances their products, or that they plan to do so within the coming two years.
- Further, 47% of companies are, or are planning to, treat customers as co-developers of products that they constantly improve in a continual “beta” testing phase.
- Big business expects the repercussions of these new tools and methods to be far-reaching: 58% say that their use of the web to partner with customers will impact on some or all parts of their business.

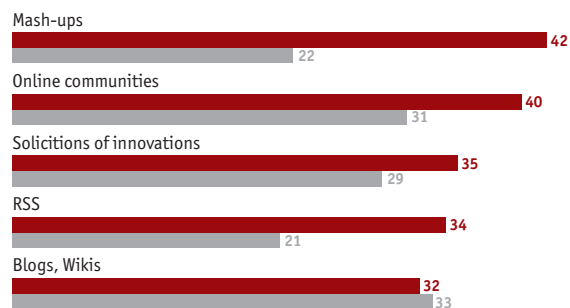
Companies based in countries such as the US, Germany, China, India and the UK are among the early adopters of these Web 2.0 tools and methods, according to our survey, while early-adopter

How early adopters are using Web 2.0

Does your company currently use web technologies or processes to increase sharing and collaboration, or plan to use them within two years?

(% respondents)

■ Plan to use ■ Use now



Source: Economist Intelligence Unit survey, January 2007



industries include entertainment and media, technology, travel and tourism and professional services. So far, early-adopter companies have focused their Web 2.0 efforts on the creation of online communities that can help with product marketing or the development of new products. Right behind that, companies are setting up blogs or wikis to initiate conversations either inside or outside the company.

Going forward, companies expect Web 2.0 methods and tools to have the greatest impact on either the way that their company interacts with customers (according to 68% of survey takers), or on how employees interact with each other and the company (49% of survey takers).

The financial impact

The desire to cut costs and increase revenue is behind this widespread adoption of Web 2.0. A full 79% of companies surveyed see the collaborative aspects of Web 2.0 as a way to increase corporate revenue and/or margins. As a cost-reducer, 30% of companies expect Web 2.0 tools to trim the most in customer-service and -support costs. "Instead of a call centre with 5,000 people, you could have one with 2,000," says Citigroup's Mr Koeppel, because customers can find their own answers to questions online.

However, 21% of companies also expect Web 2.0 tools to lower public relations, advertising and marketing costs, while 17% expect to reduce the costs of product and service innovation. Blogging, for example, "is very effective from a marketing and branding standpoint," says Anthony Christie, executive vice-president and chief marketing officer at Global Crossing Ltd, a US\$2bn telecoms company that provides broadband, voice, data and multimedia communications solutions in more than 600 cities in 60 countries on six continents. "It's an extremely efficient, low-cost approach to building your brand."

For example, in 2006 the world's largest car manufacturer, General Motors (GM), followed its successful launch in 2005 of a blog called FastLane with a second blog called FYI. GM wanted to "change the perception that GM is a giant corporation that is impersonal," says Bill Betts, manager of web services at GM in Detroit. So, in addition to the executives who blog on FastLane, GM put employees from factories and offices on the blogging front lines at FYI. "It has put a human face on the corporation," Mr Betts says. "We're very pleased that we've got the return we've hoped for and maybe even more than that. This has been money well spent."

As well as cost reduction, though, many businesses also expect Web 2.0 to add to their revenue. Which department will reap the biggest revenue advantage from Web 2.0 methods depends on the company's

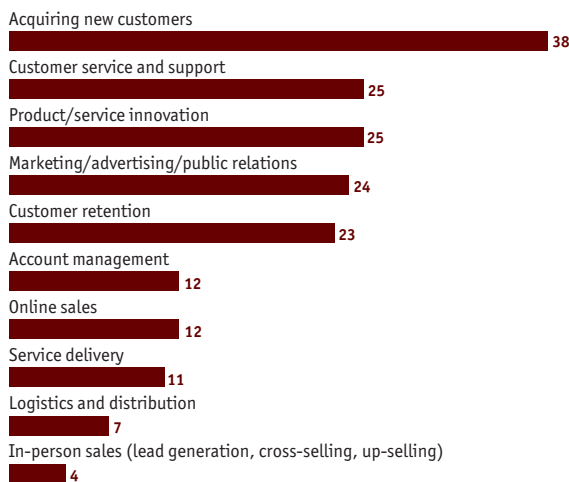


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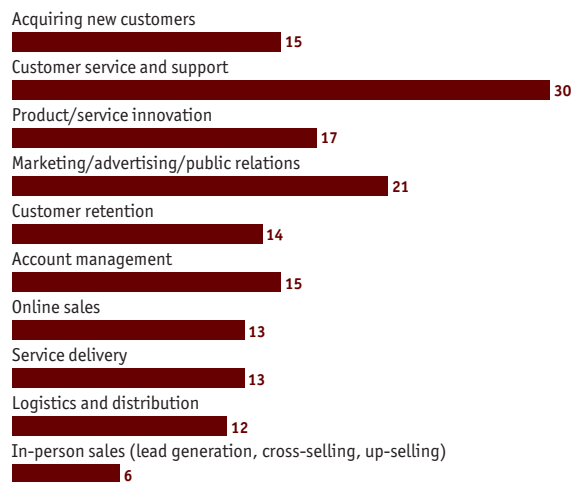
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How Web 2.0 will impact on revenue and margins

Increasing revenue
(% respondents)



Reducing costs
(% respondents)



Source: Economist Intelligence Unit survey, January 2007

sector, says Colleen DeCourcy, chief experience officer at J Walter Thompson (JWT), the largest advertising agency in the US and the fourth-largest advertising-agency brand in the world. Product-development departments at the Googles and Yahoos of the world are likely to get the biggest revenue boost from Web 2.0, for example, she explains, while service firms like JWT are likely to achieve the most financial success with Web 2.0 tools in the business-development department.

JWT, for example, has expert groups that follow various industry sectors such as banking, entertainment and travel. These expert groups or “pods” use online collaboration tools (customised internally on top of existing open-source software) to

monitor industry trends. The “pods” then use those Web 2.0 tools to communicate the intelligence they’ve gathered to JWT’s business-development executives, saying, for example, “Here’s an idea for how to acquire new customers.”

“You need to use Web 2.0 to bring people together,” Ms DeCourcy adds. “We need these virtual spaces for our internal experts. Wikis work well, blogs work well and tagging puts a structure around it all.”

“If everyone has a little bit to contribute, we get someplace big. There is a quickness, a rapid-release nature to consumer communities. Businesses need to learn how to move with that [consumer] speed.”

Colleen DeCourcy, chief experience officer at J Walter Thompson (JWT), the largest advertising agency in the US.



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Investing in online communities

To go about reaping such internal and bottom-line benefits, companies expect to focus most on community building. In our survey 71% said that they are already using or plan to use online communities for things such as marketing and product development within the coming two years.

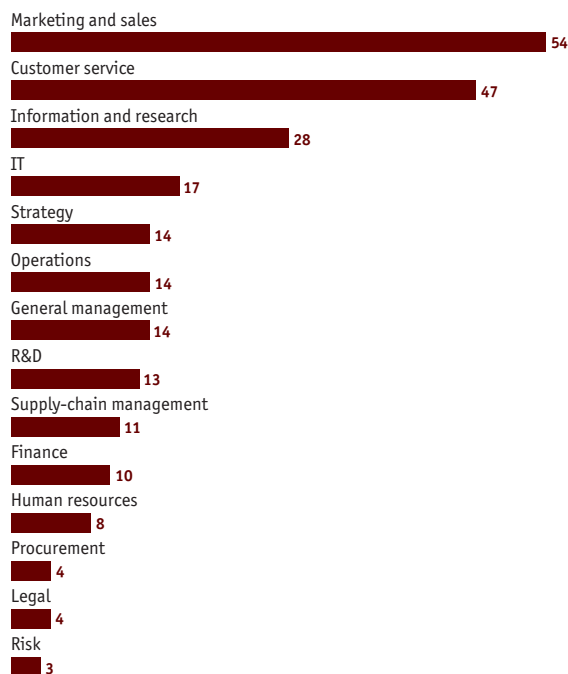
In January, for instance, Procter & Gamble (P&G) launched Capessa.yahoo.com, an online community where women share inspirational stories and practical tips about life. Having created the site in conjunction with Yahoo and the Zizo Group, P&G expects that Capessa will help the firm gain insight into women's likes and dislikes at different stages of life. To target the younger set, P&G's Crest toothpaste brand last year launched a MySpace page that featured a fictional character called Miss Irresistible, while P&G's Herbal Essences shampoo brand created a MySpace page that allowed people to show off pictures of their hairstyles.

"Anything Web 2.0 begins with community participation," says Stephen Baker, New York-based chief executive officer of search at Reed Business, the business-to-business division of Anglo-Dutch company Reed Elsevier. Reed Business, for example, could build a social network around a conference it is planning so that chief executive officers (CEOs), professionals, and vendors, could network with other professionals prior to the conference. "A key criterion for Web 2.0 is to have a community."

Communities often form online around blogs and wikis as well, so it is no surprise that nearly two-thirds of survey takers said that they are using blogs or wikis to initiate conversations either inside or outside the company. GM's FastLane blog, for example, acts "as sort of a focus group," says Mr Betts. And not an insignificant one: more than 1.2m people visited the blog in its first nine months. Today, more than 5,000 people visit daily and more than 100 consumers

Where Web 2.0 will be applied

Which functions in your company do you think will make the greatest use of use Web 2.0?
(% respondents)



Source: Economist Intelligence Unit survey, January 2007

post comments monthly. Thanks in part to responses posted to FastLane about a concept car that GM introduced at an auto show, GM decided to go ahead with the now popular Camaro Convertible.

Firms are also using Web 2.0 tools to improve communication and dialogue within the corporate walls, an internal use of Web 2.0 often called Enterprise 2.0. "Internally we have started using wikis for knowledge management in large projects where there is lots of terminology or processes to be followed," says Citigroup's Mr Koeppel. "Anything that helps collaboration helps us," he adds, noting that Citigroup has staff in more than 100 countries.



Collaborating for product development

Web 2.0 is also about collaborating with customers: 64% of companies said that they are using, or are planning to use, the web to solicit and engage talent to help with innovation both inside and outside their organisation. At Staples.com, for example (the site run by the US firm, Staples, the world's largest office-products company), consumers and employees can enter their product ideas in the Staples Invention Quest. The annual contest solicits thousands of product ideas, some of which now grace Staple's store shelves.

Even when a company does not set up an official contest or feedback channel for product ideas, the very nature of Web 2.0 tools can inspire innovation. Global Crossing, for example, hasn't set up any wikis or other official feedback channels to solicit input on its product or services. However, its corporate blog elicits plenty of comments that Mr Christie expects will work their way back into the company's product pipeline. "The feedback that some of the bloggers get makes its way back into the development process," he says.

Other popular Web 2.0 tools make product customisation a straightforward task. In our survey, for example, 64% of executives said that they either are now or will be creating in the coming two years mash-ups that pull data from multiple sources for personalised results. Reed Business, for example, serves three primary customer segments, but on any given day, any one customer can fit all three segments: buyer, browser hound or researcher. To deliver on a single customer's diverse needs, Reed Business in the future plans to "make it easy to mash up Reed content or allow customers to tell us how they want to consume our content and information."

Reed Business, along with more than half of our survey takers, is also planning to use RSS for the same

thing: to syndicate data so that customers can select what they want to receive, rather than having data and products pushed at them. In the future, Reed Business may let readers of its magazines customise their search preferences and have information delivered to them through custom RSS feeds, for example.

Similarly, Citigroup brokerage unit, Smith Barney, already e-mails clients about investment opportunities. In the future, though, Citigroup may use an RSS feeder so that customers could select the information they want Smith Barney to deliver: fluctuations in mortgage rates, new mortgage products or services, and so forth. Such a service could easily drive sales. "This could let me know the customer better, and talk to the customer and target their needs," says Mr Koeppel, summarising the thoughts of many executives when he says "potentially, the sharing and collaboration aspects of Web 2.0 could have an enormous impact on the bottom line."



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The challenge of internal buy-in

Still, several challenges stand between big companies and Web-2.0-powered revenue. For one thing, many in the corporate world have never heard of Web 2.0, while plenty of those who have heard of it do not know what it means. "I would guess that most of the business users are probably going to look at you funny if you asked them if they wanted to use a 'wiki'", says

Mr Koeppel. While more than one-half of our survey takers identified social networks, user-generated content and online collaboration as Web 2.0 trends, only 39% identified tagging as a way to harness the wisdom of crowds with Web 2.0. Less than one-quarter associated mash-ups with Web 2.0, while almost one-third cited the decidedly Web 1.0 e-mail and instant messaging as examples of Web 2.0.

However, even where Web 2.0 concepts are clear, there can still be a lack of buy-in at the top. For several questions in our survey we asked executives

Web 2.0 words to the wise

Ten tips for Web 2.0 success

Web 2.0 applies to you

According to a few of the most recent statistics from the Pew Internet & American Life Project, 50m Americans get news online, 73% of American adults (18 and older) are online and more than half of all online Americans aged 12-17 are online social networkers. So if you think that Web 2.0 trends won't apply to your company, think again. "All I need to do is look at the time spent online versus the time spent offline," says Global Crossing's chief marketing officer, Anthony Christie. "I don't care what industry sector they're in. There is mindshare to be captured."

Bridge the generation gap

Many young workers are hard-wired with Web 2.0 reflexes, having grown up with the Internet. It helps to have a few of them around the office. "Go hire some young people," suggests Tim O'Reilly, chief executive officer and founder of O'Reilly Media Inc, company that coined the term Web 2.0. "Listen to people coming up in the ranks and be prepared to learn from them."

Do your homework

Each industry sector has its own quirks and history. Before you launch a high-profile Web 2.0 initiative, look around to see who's doing what and what has already been done. Before launching its own corporate blogging site early in 2006, for example, Global Crossing "looked closely at

the question for a number of months," says Mr Christie. "I talked to a lot of folks who had already skinned their knees using blogging for advertising. This stuff has to be fresh and relevant."

Borrow what you can't build

Web 2.0 programming skills are in high demand. If you can't hire the talent that you need, consider partnering with a firm that has already built the technology that you are lacking "In many cases, it doesn't make sense to build the tools on your own," says Stephen Baker, New York-based chief executive officer of search at Reed Business, the business-to-business division of Anglo-Dutch company, Reed Elsevier, "You just can't get things done fast enough alone. That's why the partnership path becomes so attractive."

Don't mistake Web 2.0 tools for online advertising

As Colleen DeCourcy, chief experience officer at J Walter Thompson (JWT), the largest advertising agency in the US, aptly puts it, "Web 2.0 is built less around advertising than it is around discussion and conversation." Before launching its blog, for example, Global Crossing watched another telecommunications firm launch a blog that "was a proxy for free advertising. And it fell on its face," says Mr Christie. Capessa, the community site run by Procter & Gamble (P&G), is not heavily branded, for example, with only a discrete tagline at the bottom of the page saying that Capessa is produced for P&G.

Give up control

Rather than fearing what consumers might say about a



for their opinions on Web 2.0 adoption and benefits, and then asked how they think their company's senior management views the same issues. In each case, results revealed a gap between how executives feel and how they think their bosses feel. In general, survey respondents see senior managers as being less convinced of Web 2.0's ability to increase company revenue and/or margins, and as less likely to see Web 2.0 as a way to enlist the customers to support and improve products. "At many companies, upper management doesn't have a clue," says Schibsted

Sok's Mr Rohde. "They don't know what Web 2.0 is."

Ironically, however, executives in the C-suite are actually the most likely among our survey takers to know and understand the ramifications of Web 2.0. Compared with middle management, for example, the C-suite is more optimistic about the prospects of Web 2.0 to increase revenue. A full 85% of C-suite executives see the sharing and collaboration aspects of Web 2.0 primarily as an opportunity to increase their company's revenue and/or margins, compared with 75% of middle management. The C-suite is also

company given free reign online, smart companies realise that since consumers are going to talk about them publicly anyway, they might as well join the conversation, says Ms DeCourcy. "We debated that within our own company," says Global Crossing's Mr Christie, "but you absolutely want them coming in and posting questions and comments, because then you can factually reply to their comments." When a New York Times article last year compared General Motors (GM) to a "crack dealer" for the gas addicts, for example, GM struggled to have a letter-to-the-editor published. Eventually, it posted a full response on its blog, FastLane. "We're able to answer directly when we feel something inaccurate has been written about us," says Bill Betts, manager of web services GM in Detroit.

Make a straightforward business case

If you're struggling with a reluctant chief financial officer who dismisses Web 2.0 as the latest best-seller management theory, build a business case. Whenever considering a new Web 2.0 tool—whether it's a blog, a wiki or a community site—Citigroup puts costs and risks through a "weighted scoring process" against benefits, for example, and then "decisions get made," says Harvey Koeppel, chief information officer and senior vice-president at Citigroup Inc's Global Consumer Group. "We take a pragmatic approach to these Web 2.0 technologies, driven primarily by ROI. At the end of the day, there is always a business case that needs to be met."

Look in your own backyard

Depending on the age and size of your company, you may have talented programmers and technologists working

throughout the corporate ranks and not just in the information technology (IT) department. Don't hesitate to call on their expertise for cutting-edge technology skills. JWT's Ms DeCourcy, for example, often relies on skunk works efforts of department executives with a flair for IT to develop specific Web 2.0 tools. "We have technology experts here who aren't necessarily part of our IT structure," she says.

Avoid the hype

Don't adopt a Web 2.0 tool just because your competitor has. Consider all new Web 2.0 tools carefully, judging them by business case in order to get the most for your time and effort. "You want to avoid being a me-too player," says Global Crossing's Mr Christie. "They're called bandwagons for a reason—if it gets too crowded, weave through the clutter so you're not just a 'me too.' It's the authenticity that makes this cool and a little edgy." Shiny corporate blogs with no evidence that customer feedback is penetrating the corporate walls, for example, won't get a company anywhere.

Get your toe in the water

Web 2.0 is catching on in spirit and practice at big businesses. So keep up, in order to avoid getting left behind your competitors. "If we don't make it easy for our customers to find content and information and treat them as members of a community, we're going to lose them," says Reed Business's Mr Baker. Citigroup's Mr Koeppel adds, "within the next two years, Web 2.0 will be less hypothesis at big companies and more experience."



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more inclined to view Web 2.0 as transformative, affecting all parts of the business (35% versus 28%) and having a significant impact on the company's business model (41% versus 22%).

The one exception to this rule can provide an extra challenge for companies trying to move forward with Web 2.0: when compared with the CEO, the chief information officer (CIO) and other members of the C-suite, chief financial officers (CFOs) lag in

understanding and support of Web 2.0. CFOs are less likely to view Web 2.0 as transformative, likely to affect all parts of the business, or likely to change the company's business model. They are also less optimistic than their C-suite peers about Web 2.0's prospects to

increase revenue and/or margins.

Certainly, some of this has to do with the age of senior managers. "There are definitely people in senior management in this country that know how to turn their computer on, but that's about it," says Citigroup's Mr Koeppel. "Some of it is generational."

However, a larger factor in a company's Web 2.0 awareness and plans may be its industry. In our survey, for example, executives from the agriculture and manufacturing sectors were less likely than executives from the media/entertainment or financial-services sectors correctly to define Web 2.0. In the advertising industry, for example, JWT's Ms DeCourcy says that there is an ongoing "major shift". Clients no longer ask the advertising agency to cloister themselves for a few months to develop a top campaign and then come back to "blow the customer's mind," she says. Instead, clients are more likely to say "talk to me, help me harness our combined knowledge." There is less value placed on individual knowledge silos and more on the ideas that previously unconnected silos can create together. As a result, the atmosphere is less dictatorial and more collaborative. "The value is not on the delivery of knowledge, but in

the alchemy of knowledge, in the ability to connect thoughts that weren't previously connected," Ms DeCourcy adds. "That's why we need things like tagging, to connect previously unconnected ideas."

A company's industry sector also influences whether it is likely to use Web 2.0 initially to connect with customers, as two-thirds of survey takers are doing or expect to do, or to connect internally with their own staff, as about one-half of our survey takers are doing or expect to do. Any sector handling private information online, for example, is more likely to use Web 2.0 internally, at least at first. "Web 2.0 technology opens up opportunities and dangers," says Citigroup's Mr Koeppel. "Data integrity is of primary importance at Citigroup. So when you think of blogs or wikis or other Web 2.0 things, there is a lengthy testing process, so that we can assure that internally and externally there is no violation of security or privacy. It may be different for consumer goods, but financial services has a risk-averse nature."

Yet some say that it is just a matter of time before corporations that aren't already doing so use Web 2.0 tools inside the company as well as outside the company to connect with customers and partners. "Why would companies change the game and make us work differently internally from how we are working in the outside world?" asks JWT's Ms DeCourcy. "Socially and intellectually, people will work internally at companies [just] as they live externally as consumers."

Corporate winners and losers will be designated simply by "who figures out how to use the network."

Tim O'Reilly, chief executive officer and founder of O'Reilly Media.



The challenge of IT resources

As companies work to get Web 2.0 adopted internally and externally, they may need to look beyond the IT department for help. This is not for lack of support on the part of IT managers: survey takers, in fact, say that the understanding, buy-in and commitment of senior IT managers is the key thing that the IT department can offer to help most with the challenges of Web 2.0 sharing, collaboration, search, and partnering with customers. However, 26% of survey respondents cite the competence level of their IT staff as the department's weakest link. Even at firms where the IT department is Web 2.0 savvy, there may not be enough to go around. More than one-third of survey takers cite a lack of resources to invest in new technology as the issue that most hinders the IT department's ability to help with Web 2.0. "Reed has been extremely accepting of Web 2.0," says Reed Business's Mr Baker. "But it's a matter of freeing up or hiring new [programming] resources. There are too many projects to complete and not enough resources. I can't find enough people."

Finally, Mr O'Reilly, CEO and founder of O'Reilly Media, the company that coined the term Web 2.0, suggests one more challenge for companies: in applying the spirit and essence of Web 2.0 to industries far and wide, companies can get caught up in the trappings of Web 2.0 tools and lose sight of what the tools are meant to build. As our survey shows, the danger is real: more than two-thirds of respondents failed to identify applications that harness network effects as a Web 2.0 characteristic, when in fact network effects are the essence of Web 2.0. Tools such as corporate blogs can become "just such a trivial part of Web 2.0" says Mr O'Reilly, if they are not accompanied by the network effects that blogs are meant to build, for example.

As he points out, Web 2.0 trends come in a variety of shapes and sizes and not just in archetypical tools such as wikis and blogs. "Web 2.0 is about building

applications that harness the power of the network," Mr O'Reilly says. However, "network" does not necessarily equate to "web." By way of example, he points to two non-traditional examples of companies harnessing network effects. Both use networks and personalisation to address business problems in the spirit of Web 2.0, but do not use the web directly.

- In October [2006] Norwich Union, the UK's largest insurer with more than 6m customers and £332bn (US\$643bn) of assets under management, launched the "Pay As You Drive" insurance option. Global positioning system (GPS) technology is installed in the cars of drivers who agree to participate. The driver data generated is then used to calculate monthly insurance premiums based on how often, when and where customers drive. Customers willing to provide the company with their driving information can benefit from lower insurance premiums.

- This year in New York, Swedish telecoms-equipment provider, Ericsson, is launching a technology trial that could help mobile-phone service providers identify and correct so-called "dead spots" in their coverage area. Owners of taxi medallions can generate extra cash by allowing Ericsson to place mobile test equipment in the trunks of taxicabs to test, as they drive around, mobile-phone reception coverage and quality. The cigar-box-sized test units will track mobile-phone signal strength and clarity and transmit the data back to engineers through the phone network. The randomly circulating taxis should let Ericsson cover vast amounts of territory in a cost-efficient way.



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Your turn to play

Such examples illustrate the broad impact that Web 2.0 strategies and tools are having at some of the world's biggest organisations. Stretching far beyond the IT sector, Web 2.0 is reaching a level of maturity that demands the attention of businesses across a wide range of sectors. While Web 2.0 challenges may be numerous, many emphasise the importance of surpassing those challenges in years to come.

To see how it may all play out in the future, Mr O'Reilly recommends looking backwards in time to the personal computer (PC) industry. At the moment when something becomes a commodity, such as the PC did when IBM published the specifications for building "IBM-compatible" computers, the value in an industry migrates elsewhere, such as to software as it did in the PC industry. So to consider the future of Web 2.0, Mr O'Reilly suggests that the value of being online—now something of a commodity—will migrate to those who capitalise on the network effects that come with being online.

"There were also companies reluctant to adopt the PC," says Mr O'Reilly. "The market will eventually convince them. Their competitors will convince them. Some people will get [Web 2.0] sooner than others and they will lock up a position of power. The companies that are better at this stuff will outperform others." The trick, he says, is for companies to ask themselves "How can I harness collective intelligence to improve my business? What data am I going to own and build so it gets better and so that more people will use it?"

"Web 2.0 will be very important in the future," concludes Schibsted Sok's Mr Rohde. "People have to wake up and see what is happening."

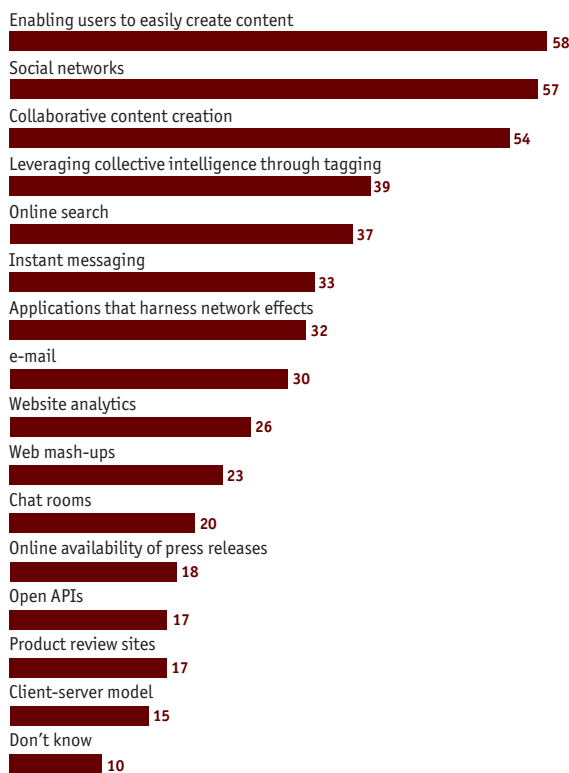
Appendix

In January 2007 the Economist Intelligence Unit polled 406 senior executives from around the world on the impact of Web 2.0 on their businesses. Our sincere thanks go to all who took part in the survey. Please note that not all answers add up to 100%, because of rounding or because respondents were able to provide multiple answers to some questions.

Which of these concepts or technologies would you say characterises Web 2.0?

Select all that apply.

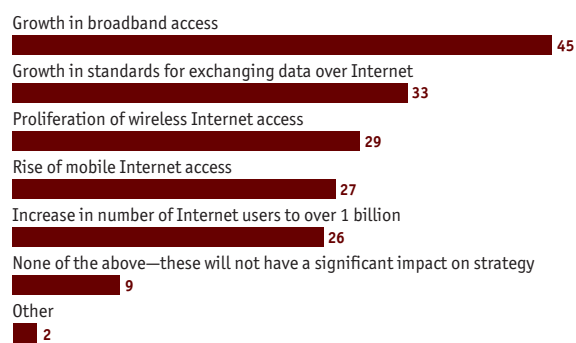
(% respondents)



Which of the following changes promise to have the biggest impact on your company's business strategy?

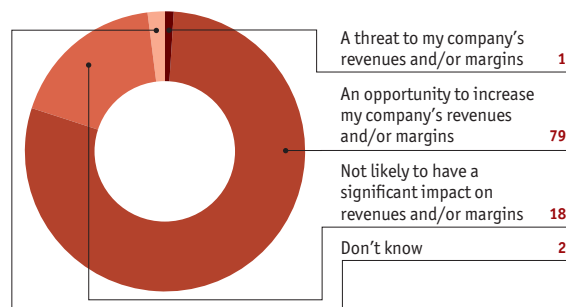
Select up to two.

(% respondents)



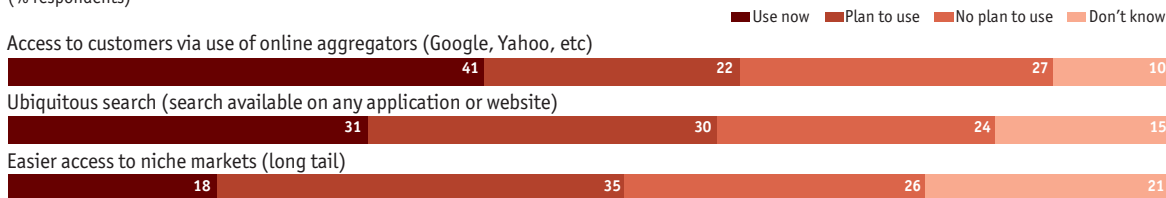
From my point of view, the use of the web as a platform for sharing and collaboration is primarily:

(% respondents)



Does your company currently use search technologies, or plan to use them within two years?

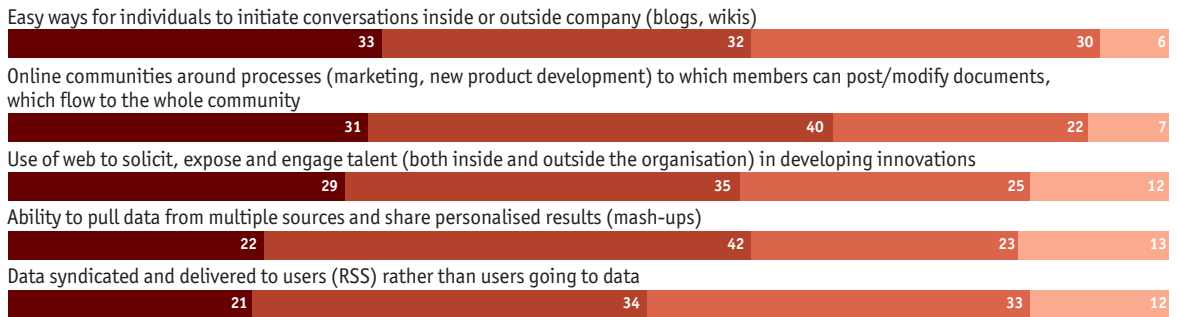
(% respondents)



Does your company currently use web technologies or processes to increase sharing and collaboration, or plan to use them within two years?

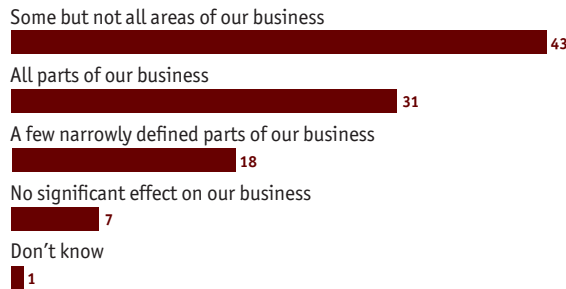
(% respondents)

■ Use now ■ Plan to use ■ No plan to use ■ Don't know



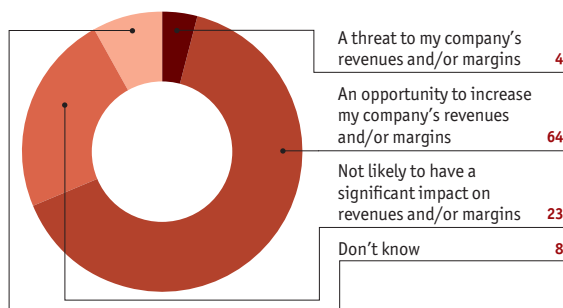
The use of the web as a platform for sharing and collaboration have the greatest impact on which areas of your business?

(% respondents)



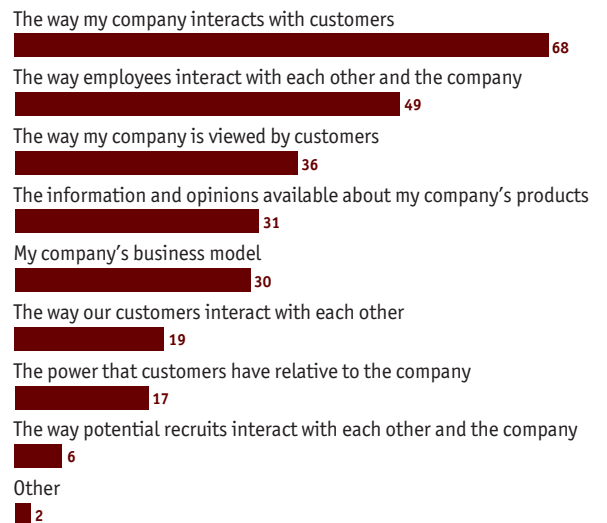
From the viewpoint of my company's senior management team, the use of the web as a platform for sharing and collaboration is primarily:

(% respondents)



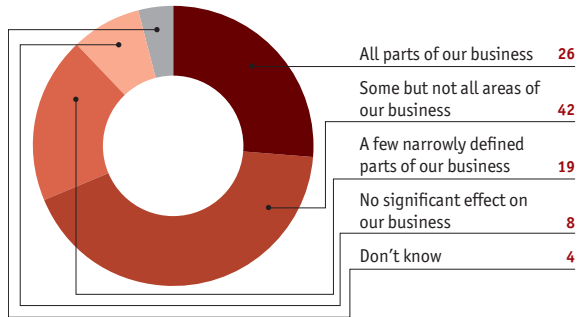
Which areas of your business will feel the greatest impact?

(% respondents)



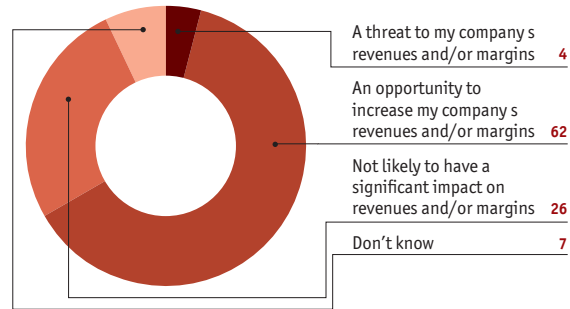
Search will have the greatest impact on which areas of your business?

(% respondents)



From the viewpoint of my company's leadership, the increasing importance of search technology is:

(% respondents)



Given the growing importance of search technology, which areas of your business will feel the greatest impact?

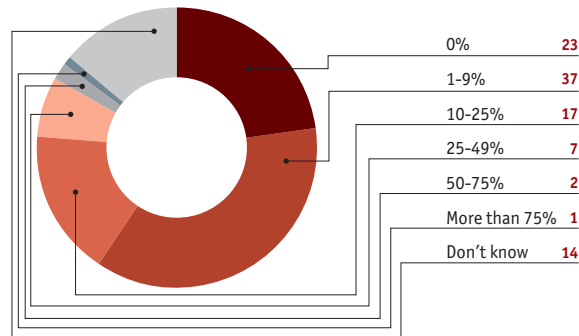
Select up to three.

(% respondents)



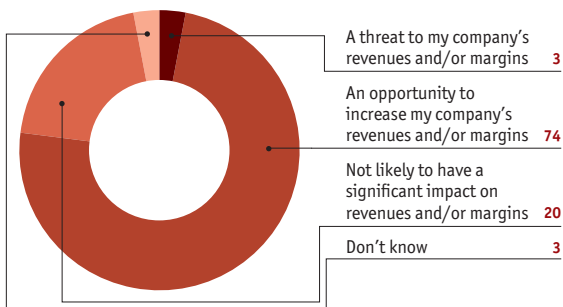
Approximately what percentage of your company's revenues can be traced to searches or advertisements on web aggregators such as Google or Yahoo?

(% respondents)



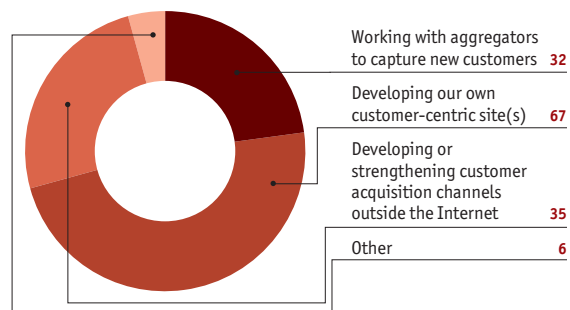
From my point of view, the increasing importance of search technology is primarily:

(% respondents)



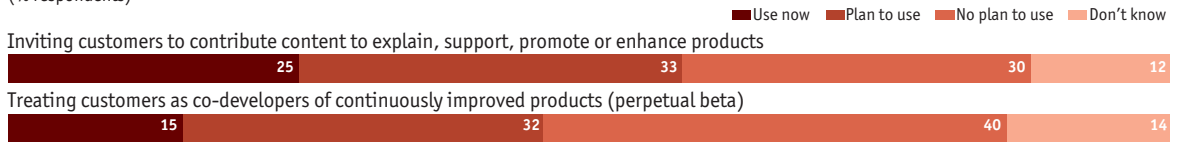
What is your company doing to develop Internet sales channels?

(% respondents)



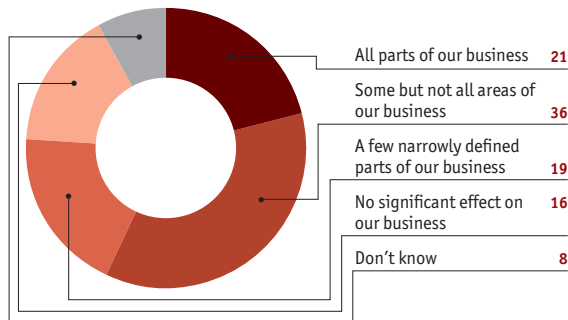
Does your company currently use the web to partner with customers, or plan to use it within two years?

(% respondents)



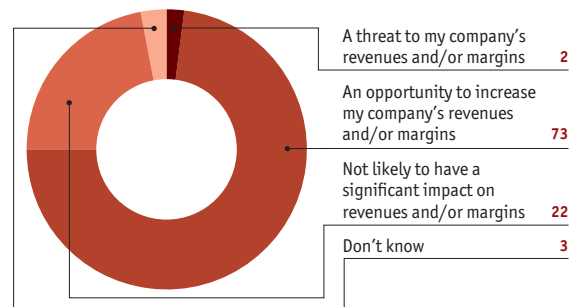
The use of the web to turn customers into partners will have the greatest impact on which areas of your business?

(% respondents)



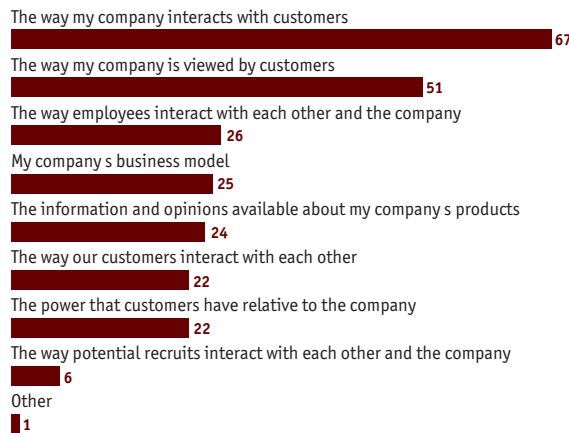
From my point of view, the use of the web to enlist the help of customers to support and improve products is primarily:

(% respondents)



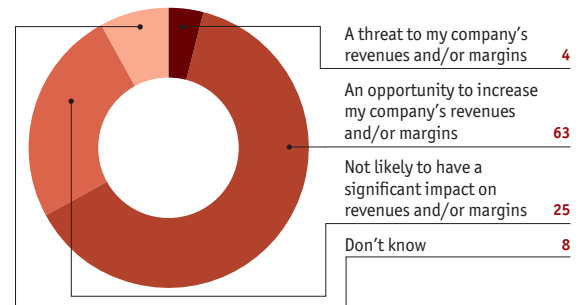
Which areas of your business will feel the greatest impact?

Select up to three.
 (% respondents)



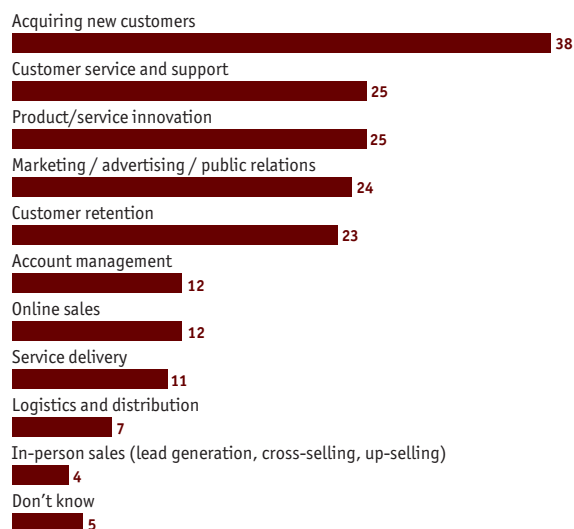
From the viewpoint of my company's leadership, the use of the web to enlist the help of customers to support and improve products is:

(% respondents)



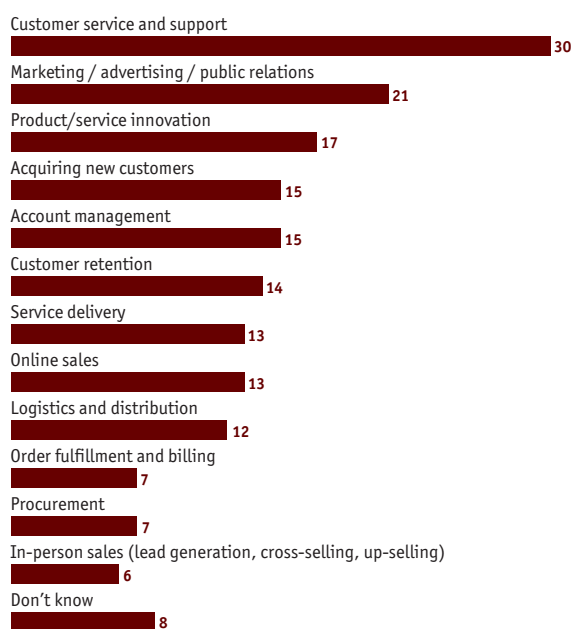
In the area of increasing revenues, where do you think Web 2.0 (including the ways described in this survey: sharing/collaboration, search, and customers as partners) will have the greatest effect for your company?

Select up to two.
 (% respondents)



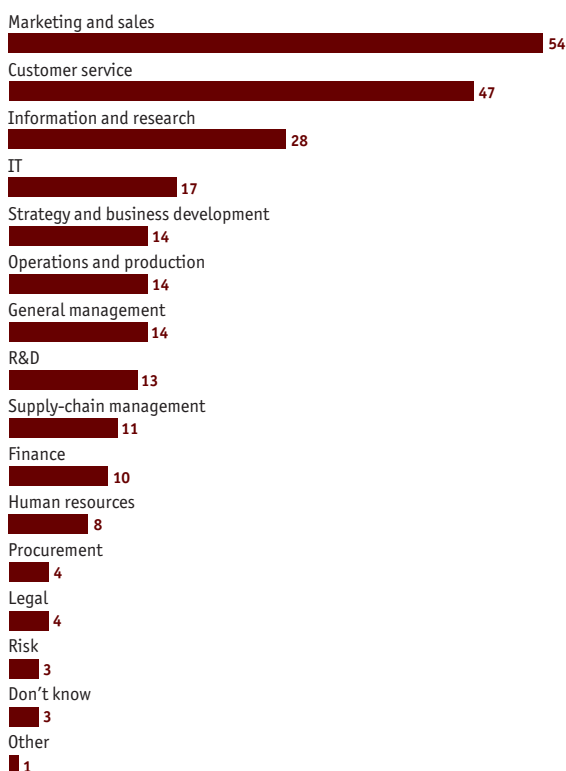
In the area of reducing costs to improve operating margins, where do you think Web 2.0 (including the ways described in this survey: sharing/collaboration, search, and customers as partners) will have the greatest effect for your company?

Select up to two.
 (% respondents)



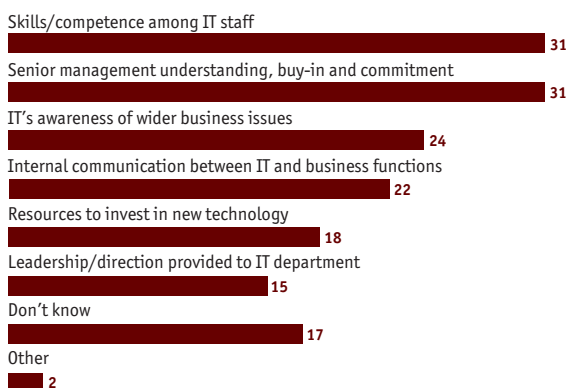
Which functions in your company do you think will make the greatest use of use Web 2.0 (eg, sharing/collaboration, search, and customers as partners)?

Select up to three.
 (% respondents)



In terms of the ability to help your company address the changes described in this survey (eg, sharing/collaboration, search, customers as partners), where is your IT department strongest?

Select up to two.
 (% respondents)



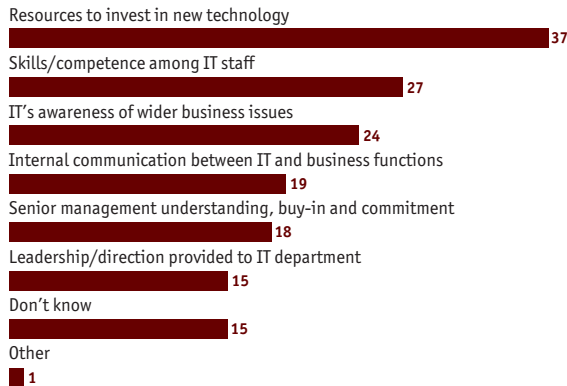
Appendix

Serious business

Web 2.0 goes corporate

In terms of the ability to help your company address the changes described in this survey (eg, sharing/collaboration, search, customers as partners), where is your IT department weakest?

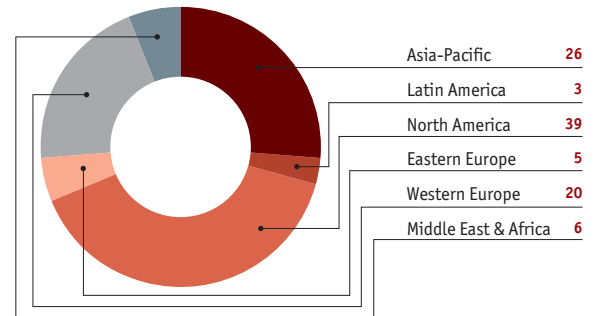
Select up to two.
(% respondents)



About the respondents

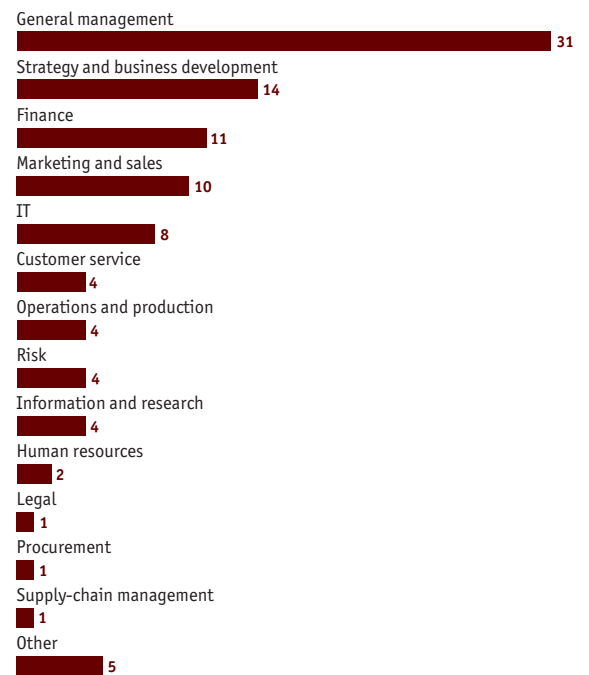
In which region are you personally located?

(% respondents)

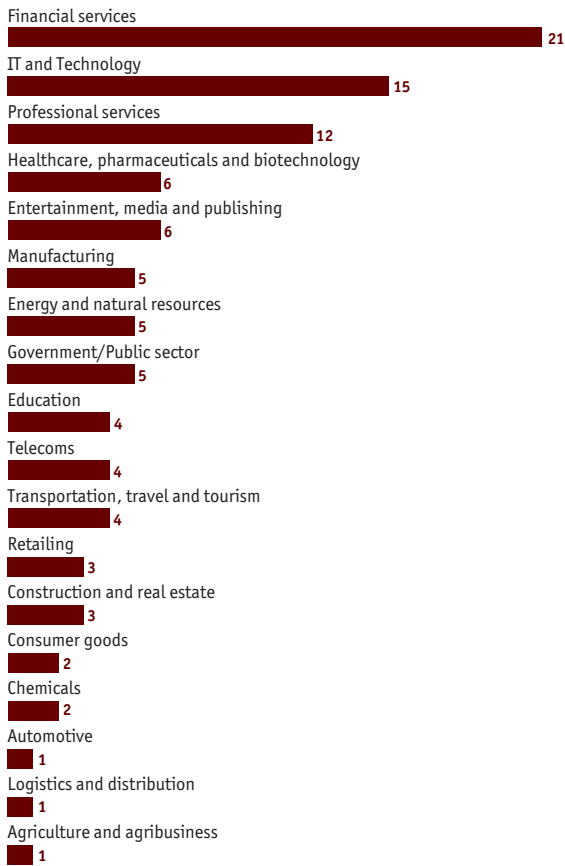


What is your main functional role?

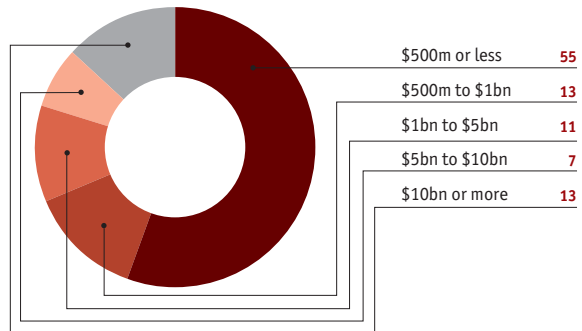
(% respondents)



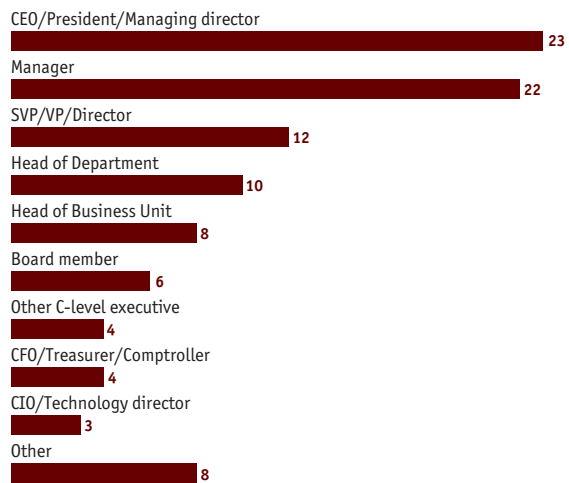
What is your primary industry?
 (% respondents)



What are your organisation's global annual revenues in US dollars?
 (% respondents)



Which of the following best describes your title?
 (% respondents)



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