

Executive Summary

Web and Enterprise 2.0: A Reasoned Perspective

by Vince Kellen



Web 2.0 represents one of those paradigm shifts that inevitably has people taking sides. Today, it appears most corporate enterprises are looking at Web 2.0 with a bit of bewilderment, if not some detachment. After all, the main participants in Web 2.0 are considerably younger than the executives who must make decisions regarding it. Many CIOs simply don't use technology in quite the same way as teenagers and young adults do and hence are not immersed in the Web 2.0 culture. Thus it follows that the use of Web 2.0 technology within the enterprise (aka Enterprise 2.0) is moving well behind the consumer rush.

However, strong proponents on the other side of the argument look at these old fogie naysayers and state, "They just don't get it." It's amazing how powerful, yet vacant, the phrase "they just don't get it" is.

I look at both groups and say that neither side "gets it."

The accompanying *Executive Report* looks at Web 2.0 from a new perspective, specifically regarding the role of information in this new world. The report begins by introducing five dimensions of information and examines how these characteristics affect Web 2.0. It then looks at the implications of the long tail concept before broaching the subject of why more information, as Web 2.0 encourages, may not always be a good thing. It concludes with some predictions for the Web 2.0 future.

UNDERSTANDING INFORMATION

To understand Web 2.0, one must understand the shape of information. Information is paradoxical and slippery and can be characterized along five dimensions:

1. **Abstraction** — how generic, removed from concrete reality, or high-level the information is
2. **Codification** — how much of the information is assigned known categories or aligned with structured metadata
3. **Diffusion** — how many people possess the information
4. **Affect valence** — the type of emotion (positive or negative) the information carries
5. **Affect intensity** — the intensity of the emotion the information carries

By understanding the shape of information along these five dimensions, it becomes easier to comprehend what Web 2.0 means and what specifically firms can and can't do to take advantage of Web 2.0.

For example, the rise of social bookmarks, tagging, and folksonomies makes perfect sense. Web 2.0 has generated an unprecedented amount of unstructured, poorly codified, and nearly valueless information. Here is where Web 2.0 "harnesses the power of collective intelligence." Web 2.0 sites get Internet users to increase the level of codification of and abstraction in this data. How? By

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tagging it. By bookmarking it. While this metadata isn't perfect, it is good enough to help link content to people. The main purpose of this increase in codification and abstraction in the data is equally clear. The linkage between people and tags is of vital interest to advertisers.

Information does not behave like tangible property. It is easily copied and diffused. When highly diffused, competitors can gain access to the same information, at which point the information then has very little value. Once revealed, any advantage from secret information is lost for any competitor, too. Firms still need to hide or obscure information of some kind in order to generate profit. *Full transparency would kill profits.*

With respect to the emotional side of information, both the affect valence (its goodness or badness) and the affect intensity are triggered by information itself as well as by factors not contained within the information, such as the person's current affective state and other contextual factors.

Positive affect facilitates users' cognitive involvement with the information. Negative affect tends to produce a more inductive and externally focused approach. In other words, when we feel "all is right with the world" we are more likely to use our own knowledge to process information, to trust our own instincts and use faster heuristics to process information, and to engage in unusual, unorthodox, or creative thinking. Negative affect suggests that the situation is difficult or problematic, resulting in us being more likely to focus externally, in a more piecemeal manner, using cognitive strategies that are less creative or unusual.

Firms wishing to engage audiences in deeper interactivity have to get a handle on the affective qualities of their information. Complex information (information that is capable of high levels of codification and abstraction) that has higher affective

intensity will generate the deepest interactions. Strong negative affect will encourage people to search the data in front of them deeply (bottom-up processing). Positive affect will encourage people to creatively apply their insights (top-down processing).

THE LONG TAIL

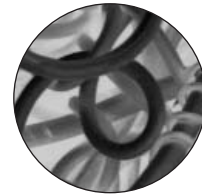
The Web 2.0 concept of the long tail, offered and promoted by Chris Anderson, is not without its problems. A deep feature of the long tail is the notion of fragmentation. The right end of the long tail contains collections of small product/customer niches that might not know much about each other and do not represent, except in aggregate, much power. For an oligarchic or tyrannical power, fragmentation is a good thing. It helps them control the people. Should a collection of customers, aggregated by any other firm, arise, incumbents controlling the long tail (e.g., Google) will feel the need to acquire them to prevent relative diminishment of their own tail. In fact, we are seeing this in 2007. Various media companies are buying potential competitors in a race to get big.

MORE INFORMATION IS NOT ALWAYS BETTER

While many are claiming Web 2.0 is empowering the masses, it may be ushering in a new age of an even more powerful center. Because Web 2.0 intermediaries require scale and, for now, secret proprietary technology to maintain an advantage, and because the long tail of consumption is highly fragmented, firms wishing to serve as Web 2.0 intermediaries need to think long and hard about the competitive strategies they would employ. Governments that need to control the spread of information will in some cases attempt to control Web 2.0 but will also find ways of exploiting it. The same tools that give the edge additional power are available to the center as well. Over the long term, the information arms race may not exclusively favor the smaller party.

CONCLUSION

Yes, Web 2.0 does represent a paradigm shift of sorts. It has ushered in a new era of engaging millions of people in new ways. Optimists may claim there is opportunity and potential. But as skeptics rightly point out, it isn't that simple. The slippery and often paradoxical nature of information will ensure this.



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