

ChangeWave Research Report:

Corporate Use of Web 2.0 Technologies

An Explosion in Corporate Usage of Web 2.0 Software

Overview

A recent ChangeWave survey took a close-up look at corporate use of Web 2.0 technologies – including blogs, wikis, social networks and collaborative tagging. A total of 2,081 Alliance members participated in the survey, of which 665 work for companies that currently use or plan to use what we collectively refer to as "Web 2.0 social software".

Bottom Line: The survey results point to growing corporate usage of Web 2.0 technologies – with one-in-four respondents (24%) saying their company is already using Web 2.0 social software. Another 8% say they'll begin using it within the next 12 months.

All told, two-in-five respondents (39%) report their company is *Very or Somewhat Willing* to use Web 2.0 social software for business purposes.

Future Spending Trends Are Up. Among respondents whose companies currently use or plan to begin using Web 2.0 software, 35% say they'll be spending *More Resources* on it over the next 90 days, while only 2% say they'll *Spend Less*.

Why Companies Are Using Web 2.0. Currently, the top two reasons given by respondents for why their companies are using Web 2.0 software are both *internally* oriented:

- To Improve *Internal* Employee Communication and Collaboration, and
- To Increase *Internal* Efficiency and Productivity

However, a wholesale transformation is occurring between current and future corporate users in terms of why they're making use of Web 2.0 software. While current users are more 'Internally Oriented' in their usage, future ones will be far more 'Externally Oriented.'

Reasons for Using Web 2.0 Software	Companies Currently Using Web 2.0 Software	Companies That Will Begin Using Web 2.0 In Next Year
Internally Oriented Reasons		
Improve Internal Employee Communication & Collaboration	79%	48%
Increase Internal Company Efficiency and Productivity	56%	33%
Improve Internal Collaboration With Business Partners	38%	37%
Externally Oriented Reasons		
Improve External Customer Service and Support	38%	40%
Increase External Brand Awareness and Loyalty	29%	39%
Increase External Sales of Products and Services	25%	38%
Improve External Customer Retention	22%	28%
Increase External Advertising Revenues	7%	9%

(A) The Horserace Between Web 2.0 Technologies

To better understand where this corporate investment is headed, let's compare current Web 2.0 users vs. future ones – first in terms of where they'll be investing the most money:

Overall, which one of the following Web Technologies do you see your company investing the most money in over the next 12 months?

	Companies Currently Using Web 2.0 Software	Companies That Will Begin Using Web 2.0 in Next Year
Wikis	26%	15%
Blogs	15%	21%
Social Networks	13%	22%
Mashups	5%	6%
RSS Feeds	5%	6%
Collaborative Tagging (Social Bookmarking)	3%	4%

While current corporate users are investing the most money in Wikis (26%), future users will clearly make their greatest investment in Social Networks (22%) and Blogs (21%).

Moreover, while current users find Wikis (37%) most beneficial to their company, future users think Blogs (26%) and Social Networks (21%) will be most beneficial.

Which one of the following Web Technologies do you think is most beneficial to your company?

	Companies Currently Using Web 2.0 Software	Companies That Will Begin Using Web 2.0 in Next Year
Wikis	37%	20%
Blogs	16%	26%
Social Networks	17%	21%
Mashups	7%	12%
RSS Feeds	3%	4%
Collaborative Tagging (Social Bookmarking)	4%	4%

Of course, these trend lines could change once new users get their feet wet with Web 2.0 technologies – but for now there are measurable differences between the two groups.

(B) Top Web 2.0 Vendors

So who benefits from all this? Our survey shows it's a relative handful of vendors – with Microsoft the dominant player in terms of market share across virtually all Web 2.0 technologies, and IBM ranked either second or third within each.

Here are the leading software vendors identified within each Web 2.0 technology:

	#1	#2	#3
Social Networking Software:	Microsoft	IBM	LinkedIn
Wikis:	Microsoft	IBM	Google (Jot Spot)
Collaborative Tagging:	Microsoft	IBM	Yahoo (del.icio.us)
Blogs:	Microsoft	Google	IBM
Mashups:	Microsoft	Oracle	IBM
Social Networking Websites:	LinkedIn	Facebook tied with MySpace	

Summary of Key Findings

<p>Growing Corporate Willingness to Use Web 2.0 Software</p> <ul style="list-style-type: none"> • 24% say their company already uses Web 2.0 software • Another 8% will begin using it within next 12 months • All told, 39% say their company is <i>Very or Somewhat Willing</i> to use Web 2.0 for business purposes <p>Spending Trends Up</p> <ul style="list-style-type: none"> • Among current and future users, 35% say they'll spend <i>More Resources</i> on Web 2.0 software in next 90 days • Only 2% will <i>Spend Less</i> 	<p>Why Companies Are Using Web 2.0</p> <p>Current Web 2.0 Users -- Top Reasons are <i>Internal</i>:</p> <ul style="list-style-type: none"> • Improve <i>Internal</i> Employee Communication and Collaboration (79%) • Increase <i>Internal</i> Company Efficiency and Productivity (56%) • Improve <i>Internal</i> Collaboration With Business Partners (38%) <p>Future Web 2.0 Users – Top Reasons will be far more <i>Externally Oriented</i>:</p> <ul style="list-style-type: none"> • Improve <i>External</i> Customer Service and Support (40%) • Increase <i>External</i> Brand Awareness & Loyalty(39%) • Increase <i>External</i> Sales of Products & Services (38%) 	<p>The Horserace Between Web 2.0 Technologies</p> <p>Current Web 2.0 Users – Wikis Lead the Pack</p> <ul style="list-style-type: none"> • 37% of current users think Wikis are most beneficial web technology for their company • 26% say they'll invest most \$ in Wikis over next year <p>Future Web 2.0 Users – Blogs and Social Networks Will be Hottest Technologies</p> <ul style="list-style-type: none"> • Future Users see Blogs (26%) and Social Networks (21%) as most beneficial to their company • Future users say they'll invest most \$ in Social Networks (22%) and Blogs (21%) <p>Top Web 2.0 Vendors</p> <ul style="list-style-type: none"> • Microsoft • IBM
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The ChangeWave Alliance is a group of 13,000 highly qualified business, technology, and medical professionals in leading companies of select industries—credentialed professionals who spend their everyday lives working on the frontline of technological change. ChangeWave surveys its Alliance members on a range of business and investment research and intelligence topics, collects feedback from them electronically, and converts the information into proprietary quantitative and qualitative reports.

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I. The Findings

Introduction

A recent ChangeWave survey took a close-up look at corporate use of Web 2.0 technologies – including blogs, wikis, social networks and collaborative tagging. A total of 2,081 Alliance members participated in the survey, of which 665 work for companies that currently use or plan to use what we collectively refer to as "Web 2.0 social software".

(A) Overall Trends in Web 2.0 Social Software Use

(1) Does your company currently use social software for business purposes or will you begin using social software in the future? (n=2,081)

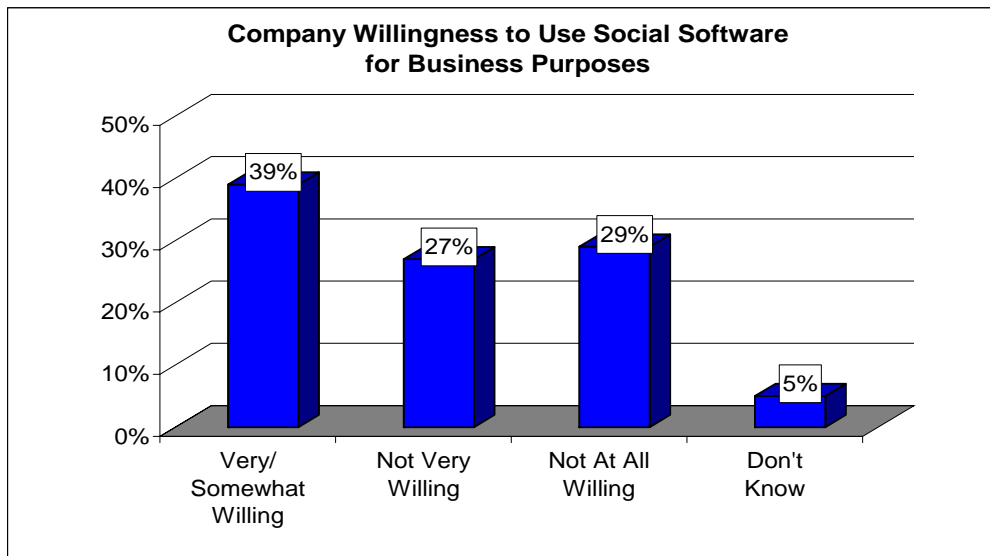
	Total
Currently Use Social Software	24%
Will Begin Using Social Software Within 3 Months	3%
Will Begin Using Social Software Within 6 Months	2%
Will Begin Using Social Software Within 12 Months	3%
Will Begin Using Social Software More than 12 Months From Now	4%
No Plans to Begin Using Social Software	58%
Don't Know	6%

Corporate Usage of Web 2.0 Social Software. In terms of actual corporate usage of Web 2.0 technologies, one-in-four respondents (24%) say their company is already using Web 2.0 social software. Another 8% say they'll begin using it within the next 12 months.

(2) Overall, how would you characterize your company's willingness to use "Social Software" – including blogs, wikis, social networking, and collaborative tagging technologies – for business purposes? (n=2,081)

	Total
Very Willing to Use Social Software	14%
Somewhat Willing to Use Social Software	25%
Not Very Willing to Use Social Software	27%
Not At All Willing to Use Social Software	29%
Don't Know	5%

Growing Willingness to Use Web 2.0 Social Software. All told, two-in-five respondents (39%) report their company is *Very* or *Somewhat Willing* to use Web 2.0 social software for business purposes.



The next several questions were answered by 665 respondents who work in companies either currently using Web 2.0 social software (n=503) or who plan to begin using Web 2.0 within the next 12 months (n=162).

Why Companies Are Using Web 2.0

Currently, the top two reasons given by respondents for why their companies are using Web 2.0 software are both *internally* oriented:

- To Improve *Internal* Employee Communication and Collaboration, and
- To Increase *Internal* Efficiency and Productivity

However, a wholesale transformation is occurring between current and future corporate users in terms of why they're making use of Web 2.0 software. While current users are more 'Internally Oriented' in their usage, future ones will be far more 'Externally Oriented.'

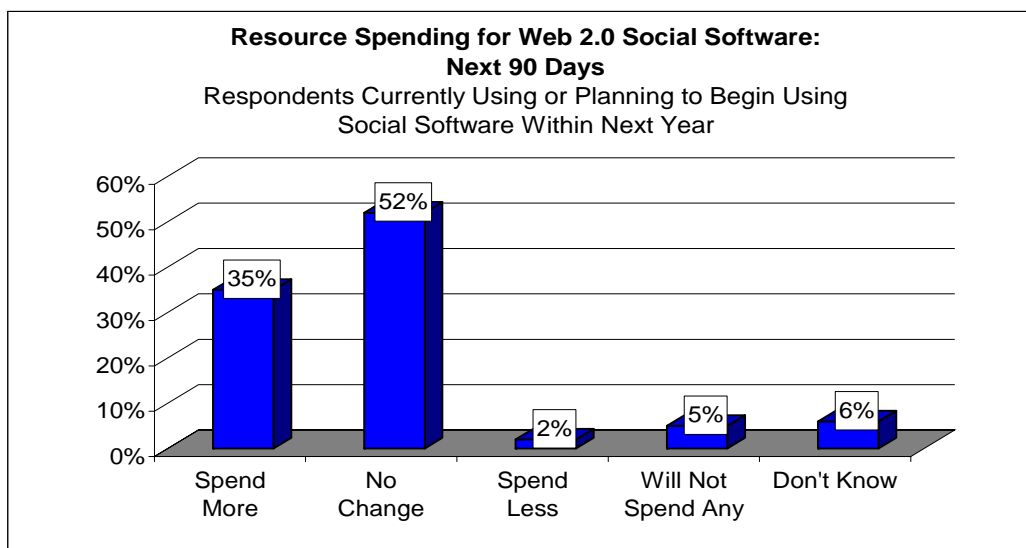
(2A) For which of the following reasons does your company currently use or plan to begin using social software? (Check All That Apply) (n=665)

Reasons for Using Web 2.0 Software	Companies Currently Using Web 2.0 Software	Companies That Will Begin Using Web 2.0 In Next Year
Internally Oriented Reasons		
Improve Internal Employee Communication & Collaboration	79%	48%
Increase Internal Company Efficiency and Productivity	56%	33%
Improve Internal Collaboration With Business Partners	38%	37%
Externally Oriented Reasons		
Improve External Customer Service and Support	38%	40%
Increase External Brand Awareness and Loyalty	29%	39%
Increase External Sales of Products and Services	25%	38%
Improve External Customer Retention	22%	28%
Increase External Advertising Revenues	7%	9%

(2B) Looking ahead, do you think your company will spend more resources on Social Software over the next 90 days, less resources, or will there be no change in the amount of resources spent compared to the previous 90 days? (n=665)

	Companies Currently Using or Will Begin Using Web 2.0 Social Software In Next Year
Will Spend More Resources on Social Software Next 90 Days	35%
No Change in Amount of Resources Spent on Social Software Next 90 Days	52%
Will Spend Less Resources on Social Software Next 90 Days	2%
Will Not Spend Any Resources on Social Software Next 90 Days	5%
Don't Know/NA	6%

Spending Trends Are Up. Among respondents whose companies currently use or plan to begin using Web 2.0 software, 35% say they'll be spending *More Resources* on it over the next 90 days, while only 2% say they'll *Spend Less*.



(B) The Horserace Between Web 2.0 Technologies

The ChangeWave survey also focused on corporate use of wikis, blogs, social networking, mashups and collaborative tagging, as defined below – to learn which are proving to have the greatest value.

- A **Wiki** is a collaborative website that can be directly edited by anyone with access to it.
- **Blogs** – short for Web Logs – are frequent, chronological web publications which typically allow readers to post real-time comments.
- A **Social Network** is an online community of people who share common interests and/or activities, or who want to explore the interests/activities of others.
- **Mashups** are simple business applications which collect data from multiple sources and present it in a useful manner.

- **Collaborative Tagging** (including Social Bookmarking) is an independent classification system for online content whereby individual users tag or bookmark information for future use with freely chosen keywords.

We asked all respondents about their company’s current plans for using each of these web technologies.

Current Plans for Web 2.0 Social Software Use (n=2,081)

(3) Does your company currently use any of the following web technologies or will you begin using them in the future?

	Currently Using	Will Begin Using Within Next Year
Overall Web 2.0 Social Software	24%	8%
Wikis	20%	4%
Blogs	18%	6%
Social Networking	15%	5%
Mashups	7%	4%
Collaborative Tagging	5%	3%

Most Utilized Technologies. Among current users, Wikis (20%) and Blogs (18%) are the two most utilized Web 2.0 technologies.

But looking ahead, there is movement toward Blogs, with 6% saying they’ll begin using Blogs within the next year. Social Networking also looks strong going forward, with 5% saying they plan to begin using it within the next year.

Current Corporate Users vs. Future Corporate Users

We next compared current Web 2.0 corporate users with future users to better understand where these trends are heading. First, we asked where they'll be investing the most money:

(4) Overall, which one of the following Web Technologies do you see your company investing the most money in over the next 12 months?

	Companies Currently Using Web 2.0 Software (n=503)	Companies That Will Begin Using Web 2.0 in Next Year (n=162)
Wikis	26%	15%
Blogs	15%	21%
Social Networks	13%	22%
Mashups	5%	6%
RSS Feeds	5%	6%
Collaborative Tagging (Social Bookmarking)	3%	4%
Don't Know/Other	34%	26%

Investment Plans. While current corporate users are investing the most money in Wikis (26%), future users will clearly make their greatest investment in Social Networks (22%) and Blogs (21%).

(5) Which one of the following Web Technologies do you think is most beneficial to your company?

	Companies Currently Using Web 2.0 Software (n=503)	Companies That Will Begin Using Web 2.0 in Next Year (n=162)
Wikis	37%	20%
Blogs	16%	26%
Social Networks	17%	21%
Mashups	7%	12%
RSS Feeds	3%	4%
Collaborative Tagging (Social Bookmarking)	4%	4%
Don't Know/Other	16%	14%

Moreover, while current users find Wikis (37%) most beneficial to their company, future users think Blogs (26%) and Social Networks (21%) will be most beneficial.

Of course, these trend lines could change once new users get their feet wet with Web 2.0 technologies – but for now there are measurable differences between the two groups.

(C) Web 2.0 Social Software Vendors – Market Share

We also asked respondents to tell us which Web 2.0 software vendors and websites their companies are currently using or plan to begin using. This chart below provides a summary across all the technologies we looked at, immediately followed by a more detailed view of top vendors for each technology area.

I. Summary -- Top Web 2.0 Vendors by Technology Type

	Wiki Software (n=499)	Blogging Software (n=485)	Mashup Software (n=218)	Collaborative Tagging (n=156)	Social Networking Software* (n=103)	Social Networking Websites (n=407)
Microsoft	16%	23%	22%	21%	20%	NA
IBM	8%	10%	10%	16%	15%	NA
Google	7%	14%	NA	NA	5%	NA
Oracle	3%	4%	14%	6%	2%	NA
SAP	2%	4%	NA	4%	NA	NA
BEA Systems	2%	2%	6%	3%	NA	NA
Adobe	NA	8%	NA	NA	NA	NA
Salesforce.com	NA	2%	NA	NA	NA	NA
del.icio.us (Yahoo)	NA	NA	NA	15%	NA	NA
LinkedIn	NA	NA	NA	NA	11%	30%
Facebook	NA	NA	NA	NA	3%	11%
MySpace	NA	NA	NA	NA	3%	11%
We're Using Open Source Software	31%	14%	6%	6%	NA	NA
Developed In-House	16%	17%	28%	18%	17%	NA
Don't Know	23%	31%	27%	26%	NA	21%
Other	4%	4%	10%	7%	26%	15%

* Responses for Social Networking Vendors are based on an open-ended question.

Our survey shows handful of vendors controlling this space – with Microsoft the dominant player in terms of market share across virtually all Web 2.0 technologies, and IBM ranked either second or third within each.

Here are the leading software vendors identified within each Web 2.0 technology:

	#1	#2	#3
Social Networking Software:	Microsoft	IBM	LinkedIn
Wikis:	Microsoft	IBM	Google (Jot Spot)
Collaborative Tagging:	Microsoft	IBM	Yahoo (del.icio.us)
Blogs:	Microsoft	Google	IBM
Mashups:	Microsoft	Oracle	IBM
Social Networking Websites:	LinkedIn	Facebook tied with MySpace	

We also note that above and beyond the big guns, open source software still remains the number one option for Wikis and is also relatively popular for Blogs. Similarly, software developed in-house ranks as the top option for Mashups and is also rather common within the other Web 2.0 technologies we asked about.

II. A Closer Look at Vendors for Each Web 2.0 Technology

A. Wiki Vendors

Which of the following vendors is your company currently using or planning to use for its Wiki software? (Check All That Apply) (n=499)

	Companies Currently Using or Will Begin Using Wikis Within Next Year
Microsoft	16%
IBM	8%
Google (JotSpot)	7%
Oracle	3%
Atlassian	2%
BEA Systems	2%
SAP	2%
Jive Software	1%
We're Using Open Source Software	31%
Developed In-House	16%
Don't Know	23%
Other	4%

B. Blogs and Blogging Software Vendors

Which of the following vendors does your company currently use or plan to begin using for its Blogging software? (Check All That Apply) (n=485)

	Companies Currently Using or Will Begin Using Blogs Within Next Year
Microsoft	23%
Google	14%
IBM	10%
Adobe	8%
Oracle	4%
SAP	4%
BEA Systems	2%
Salesforce.com	2%
Six Apart	1%
Developed In-House	17%
We're Using Open Source Software	14%
Don't Know	31%
Other	4%

C. Social Networking Software Vendors

Which vendor(s) does your company currently use or plan to begin using for Social Networking software? (Open-ended) (n=103)

Microsoft	20%
IBM	15%
LinkedIn	11%
Google	5%
Second Life	3%
Facebook	3%
Yahoo	3%
MySpace	3%
Oracle	2%
In House/Proprietary	17%
Other	26%

D. Social Networking Website Vendors

Which of the following Social Networking websites – if any – does your company currently use for business purposes? (Check All That Apply) (n=407)

	Companies Currently Using or Will Begin Using Social Networking Within Next Year
LinkedIn	30%
Facebook	11%
MySpace	11%
Friendster	1%
Don't Know	21%
Other	15%
None	26%

And looking ahead, which of the following Social Networking websites – if any – does your company plan to begin using for business purposes within the next 12 months? (Check All That Apply) (n=407)

	Companies Currently Using or Will Begin Using Social Networking Within Next Year
LinkedIn	21%
Facebook	10%
MySpace	10%
Friendster	1%
Don't Know	35%
Other	8%
None	22%

E. Enterprise Mashup Vendors

Which of the following vendors does your company currently use or plan to begin using for Mashup software? (Check All That Apply) (n=218)

	Companies Currently Using or Will Begin Using Mashups Within Next Year
Microsoft	22%
Oracle	14%
IBM	10%
BEA Systems	6%
Laszlo Systems	2%
Developed In-House	28%
We're Using Open Source Software	6%
Don't Know	27%
Other	10%

F. Collaborative Tagging Vendors

Which of the following vendors does your company currently use or plan to begin using for its Collaborative Tagging software? (Check All That Apply) (n=156)

	Companies Currently Using or Will Begin Using Collaborative Tagging Within Next Year
Microsoft	21%
IBM	16%
del.icio.us (Yahoo)	15%
Oracle	6%
SAP	4%
BEA Systems	3%
Connectbeam	1%
Developed In-House	18%
We're Using Open Source Software	6%
Don't Know	26%
Other	7%

(D) Additional Findings – Web 2.0 Technologies

Projected Change in Social Software Activity Over Next 12 Months

Over the next 12 months, do you think your company will increase its activity for each of the Web 2.0 technologies, decrease its activity, or will it remain the same?

	Increase Activity	Decrease Activity	Remain the Same	No Activity	Don't Know
Wikis	63%	1%	30%	0%	4%
Blogs	63%	1%	31%	1%	5%
Collaborative Tagging	59%	0%	30%	1%	6%
Mashups	58%	0%	32%	1%	8%
Social Networking	56%	0%	32%	1%	7%

Better than three-in-five (63%) say their company's Wiki activity will *Increase* over the next 12 months. The results are similar for Blogs (63%), and only slightly less optimistic for the other technologies.

How Social Software is Being Used Within Corporations

And within your company, are each of the Web 2.0 technologies used on a departmental basis, enterprise wide, or both?

	Enterprise Wide	Departmental Basis	Both	Don't Know	No Answer
Blogs	32%	19%	38%	10%	2%
Social Networking	32%	18%	36%	11%	3%
Mashups	29%	21%	39%	9%	2%
Collaborative Tagging	26%	21%	37%	10%	6%
Wikis	19%	32%	41%	4%	3%

Blogs, Social Networking, Mashups and Collaborative Tagging are more likely to be used enterprise wide than on a departmental basis. However, the opposite is true for Wikis.

II. ChangeWave Research Methodology

This report presents the findings of a ChangeWave survey on corporate use of Web 2.0 technologies – including blogs, wikis, social networks and collaborative tagging. The survey was conducted September 19 – 25, 2007. A total of 2,081 Alliance members participated – of which 665 work for companies currently using or planning to use what we collectively refer to as "Web 2.0 social software".

The Alliance's proprietary research and business intelligence gathering system is based upon the systematic gathering of valuable business and investment information directly over the Internet from accredited members.

ChangeWave surveys its Alliance members on a range of business and investment research and intelligence topics, collects feedback from them electronically, interprets and reconciles the information in a cohesive manner and converts the information into valuable quantitative and qualitative reports.

The Alliance has assembled its membership team from senior technology and business executives in leading companies of select industries. Nearly 3 out of every 5 members (56%) have advanced degrees (e.g., Master's or Ph.D.) and 93% have at least a four-year bachelor's degree.

The business and investment intelligence provided by the Alliance provides a real-time view of companies, technologies and business trends in key market sectors, along with an in-depth perspective of the macro economy – well in advance of other available sources.

III. About ChangeWave Research

ChangeWave Research, a subsidiary of InvestorPlace Media, LLC, identifies and quantifies "change" in industries and companies through surveying a network of thousands of business executives and professionals working in more than 20 industries.

ChangeWave has a very unique asset in its 13,000-member Alliance. We have assembled our membership team from a broad cross section of more than 20 vertical markets such as telecom, semiconductors, data storage, and biotechnology, along with a wide range of professional disciplines including CIOs, IT managers and programmers, executive management, scientists, engineers and sales personnel.

The ChangeWave Alliance is composed of senior technology and business executives in leading companies - credentialed professionals who spend their everyday lives working on the frontline of technological change.

This proprietary research and business intelligence gathering system provides a real-time view of companies, technologies and business trends in key market sectors along with an in-depth perspective of the macro economy - well in advance of other available sources. ChangeWave surveys its 13,000 Alliance members on a wide range of investment research topics and converts the findings into valuable investment and business intelligence reports. ChangeWave delivers its products and services on the Web at www.ChangeWave.com.

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