Executive Summary

Communication in the business environment has seen massive changes in recent years. Especially for Generation Y (born from 1980 to 2000), whose members have grown up with smartphones and the Internet, communication via social channels such as Facebook or Yammer is almost second nature. This change not only has affected how people behave as customers. This generation expects a culture of collaboration in the workplace, too, with corresponding tools and applications. IT departments are feeling the pressure. If CIOs and their teams do not want to discover shadow IT solutions down the road, they need to respond now to their employees’ needs and provide tools that are similar to Dropbox, Miranda NG and others.

Corporate IT departments cannot escape this ongoing cultural transformation. But this development also offers an opportunity: IT can give up its role as infrastructure provider and shake the perception of IT as a cost center, and instead reposition itself as a core business enabler, providing collaboration solutions for employees, partners and customers that help the company respond more quickly to customer needs and better adapt to market changes. This new role — and the new solutions IT presents — will help generate a competitive edge.

Mastering the transformation to a collaborative business is crucial. Collaboration needs to be seamlessly enabled on three levels: between employees (team collaboration), between businesses (cross-company collaboration), and with user and consumer groups (mass collaboration).

Four strategic imperatives provide guidance for a successful transformation to a collaborative business:

1. **All IP**
The Internet protocol (IP) should be consistently implemented for voice as well as data and video. This ensures the technical basis to merge platforms and bundle different functions into applications.

2. **Cloud**
Cloud solutions make geographically distributed systems become uniformly available; information can be centrally furnished. High scalability and excellent flexibility are two more arguments for cloud computing.

3. **Security**
Security is a hot-button issue in the context of cloud. This is why obtaining resources from a private cloud presents an interesting alternative as a sourcing model. For public cloud models, a reliable cloud provider can offer much higher security standards than an expensive in-house solution from the company’s own IT group. When choosing a provider, CIOs should look to certificates and privacy seals for guidance.

4. **Integration**
Once collaboration is IP-based, “cloudified” and secure, the next step is integration. CIOs need to link the different competencies, not just from terminals but also from the world of IT, telecommunications and mobile devices. This eliminates problems caused by processes running in separate channels and on different devices.

How comprehensive this integration is depends on the associated costs, benefits and complexity. At any rate, the initial basis for seamless collaboration is established once all functions and data are available rapidly, securely and independent of specific devices.

Not only employees and partners but also customers have come to expect a new communication culture with greater proximity. IT needs to respond to these needs with the right collaboration strategy.
“It’s not the customer who adapts to us; rather, we have to adapt to the customer,” says Dr. David Bosshart. The futurologist and CEO of the Gottlieb Duttweiler Institute in Zürich is addressing the issue of changes in society and the consequences for companies. Bosshart sees a transformation in the business world, which from his perspective is both strongly driven by IT and driving IT in companies. IT is being consumed on a broad societal basis, says Bosshart. “Such IT consumerization is changing the way companies, their customers and employees communicate with one another — and is consequently highlighting what is expected of companies,” he explains.

A recent study by IDG Enterprise backs up Bosshart’s thesis, finding that U.S. companies expect to see significant, largely positive effects from IT consumerization in 12 of 14 areas. Seventy-six percent predict that IT consumerization will have a positive effect on the productivity of users in the company; 70 percent expect greater agility in general; and 69 percent expect to see more efficient processes in collaboration with others. Companies also see the downside of the trend: 44 percent believe that consumerization will have a negative impact on the company’s security. Thirty-two percent, meanwhile, expect positive effects, while just under a quarter anticipate no impact on security.

Market figures illustrate the extent to which technology has already infiltrated everyday human life. IDC predicts that the total number of smartphones sold in 2014 will exceed one billion worldwide, and this figure should hit the 1.7 billion mark by 2017 (Source: IDC PR 10 and 11/13). Forty-five percent of those surveyed in a Loudhouse study of industrial countries confess to being dependent on a mobile phone to organize their lives. In emerging countries, the proportion is as high as 75 percent (Source: Loudhouse Mobile Consumer*).

NEW MEDIA, NEW FORMS OF COOPERATION

Generation Y communicates differently

Smartphones and Internet use are enabling new ways of communication — and changing consumer behavior. This is especially true of Generation Y (those born between 1980 and 2000), which has grown up with simple and intuitive terminals and applications as constant companions. The World Wide Web is like a second home for these “digital natives,” where they frequently roam even more freely than they do in the offline world. There is little reticence among this group at posting their ideas openly on the Internet to be commented on by their peers. Indeed, according to a study by the American marketing agency Berkley, 68 percent of
Employees are not willing to wait long for IT to respond to requests; rather, they simply get themselves the tools they want — like Dropbox or Miranda NG — on their own, and use services like WeTransfer or Zet Uploader without consultation. That can have fatal consequences in terms of IT security.

But there’s another side to this consumerization of IT: the opportunity for IT departments to move away from their role as infrastructure provider and cost center toward becoming an enabler of the core business by addressing imminent questions and seeking answers. Through collaboration solutions for employees, partners and customers, IT can contribute enormously to the success of the business by enabling faster response to customer requests or market trends. The successful implementation of collaboration projects can significantly improve the standing of the IT department in the company.

“Only those who respond quickly and flexibly to technological developments will get their share of the spoils in the future,” says Bosshart.

The success of the company depends in no small way on whether it can succeed both technically and culturally in making the transformation to a collaborative company. What is important is enabling seamless collaboration at three levels: between employees (team collaboration), between companies (cross-company collaboration), and with large groups of users and consumers (mass collaboration). (See sidebar, page 3).

CUSTOMER PROXIMITY
Creating new service offers

Apart from employee collaboration, perhaps the most promising activity for IT is the development of customer collaboration channels. By implementing collaborative solutions in an attractive way for customers, IT can help the company not only retain existing customers but also develop new customer segments. Customers today want to be able to communicate via multiple channels with their product and service providers for support and issue resolution. Contacting a call center — and possibly paying for it too — is no longer sufficient to satisfy their needs. They expect to get answers to their questions quickly and expertly via Facebook and other channels.

Incorporating customers collaboratively means they can be provided with new service offers. Where in-depth technical expertise is not available
locally for consultancy or for answering customer queries, this expertise may be brought on board virtually — for example, by means of remote expert models that can support highly complex products and services, even in remote branches or dealer locations, via video or chat. A small number of centrally placed top experts who are well trained in providing advice remotely by video can suffice to provide consulting expertise for an entire country.

Barmer GEK, the German health insurance company, engages in constructive dialogue with its customers. Before designing its new website, for example, policyholders and interested parties were queried as to their preferences and interests. Among the many ideas suggested was a request for a forum for knowledge exchange — something Barmer was able to do. Users now can submit questions about topics such as “Lose Weight the Healthy Way,” “Back Care,” “Children” and “Sport and Fitness,” and quickly get knowledgeable answers from experts.

ONLINE FIRESTORM

Problem cases have explosive impact

Caution is advised with collaborative services, however, as problems can arise and customer reactions can spread at an explosive rate. A negative posting about a service blunder can result in tens of thousands of comments within a matter of days. Vodafone learned this in 2012, when a customer had a negative experience with the company’s customer service team. She made her displeasure known on Vodafone’s Facebook page and garnered widespread support — more than 100,000 users clicked “like” within a very short time and reported their own problems with Vodafone’s customer service. Vodafone finally posted its own contribution and clarified the customer’s incident, but the mobile communications operator had completely underestimated the consequences of an individual incident and thereby provoked an image blunder.

Where a greater number of or essentially differentiated services can be offered, revenue can be earned using the right tools, as illustrated by the German online shop “myMuesli.” At myMuesli.com, customers can create their own individual and unique cereal blend and discuss different topics relating to muesli with the company. myMuesli offers its customers an individualized product backed by an expert advice service, which makes the myMuesli brand more identifiable. Customers receive their self-made product from the supplier and build a greater affinity with the brand.
MASS COLLABORATION  
Fiat listens to its fans

Fiat actively incorporates its customers into the value chain based on collaborative scenarios. Well before Fiat launched the Fiat 500, the car maker carried out a survey on its Fiat 500 website to solicit suggestions for the shape, design and technology of the small retro car. Fiat’s decision to paint the chrome bumpers and dashboard in the body color, as in the 1957 original, in fact resulted from a consumer suggestion. A successful example of so-called crowd creation: the participation of large consumer groups in product development.

Of course, there is always the possibility that dialogue with customers can go wrong due to lack of necessary care and seriousness, as seen from the example of the German detergent brand Pril, whose communications adviser asked Internet users to submit design suggestions. Because most of the suggestions received were absurd, the manufacturer filtered the list to such an extent that only the former design favorites seemed to survive, which caused a wave of indignation.

British Airways found out how customers can become dissatisfied if they feel they are not being taken seriously, as was the case with Hasan Syed, whose father was a business passenger on a flight with Britain’s largest airline in September 2013. Syed’s father’s luggage went missing on the flight to Germany, which meant he had no fresh clothes to attend his business meetings and therefore had to cancel his hotel. Syed requested clarification from the airline but had still not received a response two days later — at which point he lost his patience. As a warning to other customers, Syed tweeted: “Don’t fly with British Airways. Their customer service is terrible.” The message went out over the airline’s different Twitter channels to some 300,000 people, who used the tweet as an opportunity to report on their own experience with similar happenings. British Airways only noticed the tweet the next day and retweeted a lackluster excuse: Employees are only contactable from 9am to 5pm on Twitter.

These examples clearly show that community-based exchanges, especially when consumers are involved, must be characterized by honesty and tact. A social culture requires respectful handling of contributions from members. Such a culture requires professionalism in dealing with social channels and the people involved, and therefore proper training.

TRANSFORMATION  
Four strategic directions are mutually dependent

The changing requirement profile of users and customers presents a dilemma for IT decision makers. Even if collaboration with customers is desired on the business side, traditional IT, as it has evolved heterogeneously, is not geared in many respects today to meet the increased demands. From a technology perspective, heterogeneous and often regionally distributed telecommunication systems offer non-standard functions that may not be compatible with each other and prevent a structured, uniform exchange with the customer. The topic of Unified Communications as a basis for uniform collaboration is frequently implemented halfheartedly at best in the form of isolated solutions, while telephony is still operated the traditional way — in other words, not IP-based.

Cloud computing receives too little attention as a sourcing model because it is equated with non-secure services from the Internet. Companies in general still do not pay enough attention to the idea of collaboration as an integration approach, which at the same time means that too little attention is paid to the cultural transformation processes that have to accompany the technical implementation taking account of the human factor.

In order for collaborative companies to meet the requirements that employees and customers expect of them, their IT departments must undergo a transformation. IT has to be scalable, central, operated on the basis of standards and offer secure and compatible services. Only at this point will it be ready for wide-scale integration in business processes.

From an analytical perspective, four strategic imperatives can be distinguished, which are interdependent and have to be taken into account for IT transformation:

1. All-IP
2. Cloud
3. Security
4. Integration

Collaboration can be implemented gradually through flagship projects that comply with these four aspects in order to fully exploit their value for employees, customers and workflows. It is not necessary to work through all four steps in succession before collaborative tools can be used.

Where a greater number of or essentially differentiated services can be offered, revenue can be earned using the right tools.
1. All-IP
The Internet Protocol (IP) has prevailed. Yet many companies still have heterogeneous, delineated platforms that prevent the uniform exchange of information. The universal introduction of the IP protocol for voice, data and video (All-IP) offers the technical basis for integrating platforms and therefore for merging different functions into applications. All-IP is a basic prerequisite for collaboration. This trend is also being driven by the major network operators, which intend to gradually phase out non-IP technologies.

2. Cloud
The cloud offers the possibility to make geographically disparate systems available uniformly and to provide information centrally. Cloud systems allow simple and high scalability, and enable optimal flexibility for incorporating, for example, new employee groups in cases of acquisitions, subsidiary growth or other changes. Thanks to its standardized, interoperable central functions and excellent availability, cloud technology really is the only option for collaboration.

3. Security
Many IT decision makers feel clouds — primarily public clouds — do not offer adequate security for corporate applications, especially if these applications are considered to be business critical. Compliance and data protection regulations generally impose stricter requirements on security than can be fulfilled via the Internet. This includes, for example, the secure, guaranteed and verifiable whereabouts of data, as well as the high performance of all applications at all times, the strict separation of the in-house environment from other users, and professional protection from external access.

A more secure option exists with private clouds and hybrid models, which represent a combination of private operation and leasing of external resources. If the private cloud is being operated by the IT department, then security requirements may be controlled and implemented independently. However, there may be increased demands, and many IT departments admit that they are unsure whether the high standards imposed by legal regulations can be fulfilled.

If an enterprise provider or host is involved, then IT is dependent on the provider’s performance and quality level. IT managers must verify the extent to which the provider can fulfill its security requirements. This is because even as a user that simply acquires the services of an external cloud provider, the user remains liable for protecting the data transmitted. Choosing a highly reputable provider that has access to appropriate technical and organizational measures is recommended in order to protect the data from unauthorized access. Certificates from independent certification bodies or seals of approval for data protection of independent institutions indicate professionalism. Under certain circumstances, these providers may be able to fulfill the stricter standards than the IT department could, given its expensive in-house operation. The offer of a hosted private cloud from a reliable enterprise provider, therefore, quite often resolves the conflict between scalability and data security.

A special challenge for many companies in terms of data security involves collaboration in value-creation networks beyond the boundaries of corporate IT. The more complex the value-creation network and the more intensive the partnerships, the greater the risk that corporate data will end up in non-secure interchange locations (such as Dropbox), easy game for data spies but a disaster for companies. This challenge may be overcome by choosing a highly secure, neutral project platform with secure identity and access management from a reliable provider.

Even when non-sensitive development data is involved, the limits of in-house corporate IT represents a barrier when it comes to collaborating seamlessly with outsiders. Simple videoconferencing solutions that allow all participants to be interconnected quickly already represent a quantum leap in this regard — especially when such solutions are not equipped with their own HD TelePresence systems or are located in a partner’s corporate network. In such cases, global cross-company provider solutions equipped with interfaces to simpler UC or desktop video solutions can help.

4. Integration
Once collaboration is IP-based, “cloudified” and secure, a fourth or “premium” level is added in terms of business benefit: integration. Integration services should combine a variety of features, notably terminal expertise with know-how from the IT, telecom and mobile worlds. Otherwise, procedures can stagnate because of separate channels and tools, and at the end of the day offer scarcely any added value in terms of collaboration. If mobile field staff...
require SAP data, for example, their accessibility by phone, video, email and chat must be managed via an interface. Moreover, customer contacts have to be received centrally in the same competence center, regardless of whether such contacts are made by phone, email or fax.

A well-known German automaker carried out integration on a grand scale via the private cloud. The goal was to improve the collaboration and mobility of employees and enhance appeal as an employer for prospective employees. Two hundred thousand workspaces were migrated to Microsoft Exchange. This means that employees around the world now use the same services uniformly based on Microsoft Exchange, Microsoft SharePoint and Microsoft Lync, and can therefore spontaneously contact each other in a web conference from any work site. In addition, an up-to-date and available platform is guaranteed at all times.

The depth and scope of this project shows that optimal actually provides the desired effects for seamless collaboration. Even if the level of integration can be evaluated based on a fundamental analysis of costs, benefits and complexity, IT managers have to consider that the basis for seamless collaboration will only be realized when all functions and data are ideally available quickly and securely, independent of the terminal and independent of location.

CONCLUSION
The time for collaboration is now

“Companies have to learn again how to think flexibly, remain open for changes and be willing to constantly start over,” says Bosshart. IT plays an important role in this change process. While IT can drive this change, it must also be prepared to make changes in terms of its own orientation and composition. As the saying goes, “Go with the times or be gone in no time.” Current trends indicate that the time has come to adapt the IT infrastructure in order to be able to respond quickly and establish a high level of standardization and interoperability so that collaboration in the company can be realized efficiently, attractively and securely.

Whether CIOs succeed depends largely on the extent to which they can establish concrete services that offer a distinct advantage for the core business and offer a transparent ROI. CIOs would then be able to show that they can contribute to the core business with their collaborative strategy, develop new customer experiences and business models, and therefore play their part in ensuring the competitiveness of the company. What’s more, IT has an opportunity to elaborate on the changing role of technology in the value-creation process and position the IT leadership as the ideal contact for the specialist department units. The prerequisite for this, however, is close cooperation between IT and line-of-business decision makers — IT requires impetus from the specialist department units.

Collaboration with customers, employees and partners is the key to greater customer proximity and improved employee satisfaction. Organizations that recognize the signs of the times and focus their corporate culture accordingly will benefit in the end. IT holds this key in its hands and can use it to open the door and gate for the forward-looking, collaborative company.

*Sources: Berkley (Boston Consulting Group / Service Management Group): American Millennials, 2011 (Berkley Millennials)
IDC Press Release: Record Smartphone Shipments, 29.10.2013 (IDC PR 10/13)
Loudhouse: The Mobile Consumer, 2013 (Loudhouse Mobile Consumer)
Ute wants to know if her mother can get a prescription for a transcutaneous electrical nerve stimulation (TENS) unit. Paula wonders whether her health insurance subsidizes her Pilates class. Both women can find answers in the “Back Forum” on the website of Barmer GEK, where experts from the health insurance company answer consumer questions and provide information on coverage specifics. Jürgen Rothmaier from the Executive Board describes the objective of Back Forum in more specific terms: he wants to implement a fast, flexible and efficient range of services with the aid of an electronic resource platform.

Rothmaier is responsible for Group IT, HR, Marketing, and Sales at Barmer GEK. With about 15,000 employees, Barmer GEK is one of more than 130 German public health insurance companies. In this industry, there is little wiggle room, as the country defines the catalogue of services covered by public health insurers by up to 95 percent. With the goal of keeping its 8.7 million existing customers and gaining new ones as well, Rothmaier focuses on customer service and proximity as well as quality of performance and services.

Achieving this goal is only possible in conjunction with its business partners—in this case medical service providers. Take the medical aid market, which includes devices such as radiation equipment, glasses, hearing aids and walking support. There are nearly 10,000 stores offering such items throughout Germany, all of which have very different processes and work with their own systems. Barmer GEK also cooperates with about 23,000 pharmacies and 154,000 physicians.

Rothmaier’s objective was to create a dense web linking the operating processes between the insurer and the service providers using an online portal. Before the kickoff of the Online Medical Aid Platform, Barmer GEK’s medical aid approval process was paper-based and required more than 50 individual steps. This meant it might take several days before the company approved a request and the patient’s needs could be met. For Rothmaier, this time frame was far too long, as customers who had to wait for urgently required medical aids quickly became frustrated. Some even communicated their frustration with the insurer via social networks such as Facebook and Twitter, potentially opening up the company to negative publicity.

Working with an external IT service provider, Barmer GEK synchronized the different systems of various participants across all interfaces. The approval process has now been completely digitized. The new standardized Online Medical Aid Platform, of which Back Forum is a part, supports all steps, from the first medical assessment to the prescription, procurement, shipment and recycling of medical aids.

The result is that patients can now receive their prescribed medical aids within a matter of hours. Barmer GEK’s administrative staff has a far lighter workload, as well, with reduced processing times and lower costs.

Rothmaier sums it up: “We have been successful in positioning our IT as a process innovator that not only increases the proximity of our specialist departments and external suppliers, but also increases the quality of supply and with it patient care.” This means Ute’s mother will be able to use her TENS unit as quickly as possible, knowing that she is in good hands with a capable health insurer.