



# Beyond Web 2.0

Implications For Business

(A Chapter from Enterprise 2.0)

*August, 2010*

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## Introduction

Our story starts in Hagerstown, Maryland in September of 2008. Carolyn Motz, the Hagerstown Regional Airport Director didn't say a word, but smiled slightly as she climbed up the stairs to the podium. The area of the airport where the press conference was assembled was only partially filled with uniformed airport employees, reporters and a few local government officials. As such, her voice echoed and sounded sharper than it normally would. "Today is a big day," she announced. "This four state area now has commercial service on Allegiant Air to Orlando, Florida."<sup>i</sup> Motz then invited the sales director for Allegiant Air to join her at the podium. He briefly outlined the price and schedule for the non-stop MD80 flights – and then asked the crowd to guess where they were going as he and Motz donned Mickey Mouse ears. The crowd laughed appropriately at the well rehearsed stage craft and applauded politely. Most of the subsequent newspaper stories however, ignored that bit of comedy, and took the angle of what a "relief" it must have been that the year-long drought of commercial air service at the airport was over. But what happened? Why was this so significant?

To understand that, we need to go almost ten years back in time. Right after 2000, the city government in Hagerstown made the case to construct a longer runway at their regional airport. They did this in an effort to lure the more lucrative, regional airline jets instead of the turboprop planes that had historically been the exclusive traffic. At the time, there was this amazingly explosive growth of regional air carriers, and they were all beating the pants off of the national airlines. Hagerstown was going to be an early adopter of this hot trend and capitalize on this "new" capability. So in November of 2007, several years and a whopping \$61 million later, Hagerstown opened its new runway. There was only one problem; two months earlier they lost scheduled air service altogether when Air Midwest had flown its last flight out of the airport. Airlines in general, but regional airlines in particular, were now feeling the pinch from fuel prices<sup>ii</sup> and disappearing at an alarming rate. You might remember that around that time, the national retail average for gas prices was hovering just over the \$3.00 per gallon mark<sup>iii</sup> and were going up every week.

So, 10 years ago, when the city government put forth this plan to open this new runway, and adding all this space it must've been very reminiscent of what we all felt like when we first heard about Web 2.0. Surely there were calls of "we have to take advantage of this trend", and "we have to plan ahead". But then, they come stumbling into 2008 with a brand new runway and no one to land on it.

Now fortunately this story has a happy ending. Allegiant has been operating out of the airport since that announcement in September. Additionally, in January of 2009, a second airline joined Allegiant.<sup>iv</sup> Now the more expansive moral of the story here is probably something about why it takes \$60 million and 10 years to add a new runway. But, more relevant to our discussion here is that this is an object lesson for us as business managers specifically in charge of our Internet strategy; and how we get beyond the hype

that we now know as Web 2.0. The days of making huge bets against only what we know today is the surest way to failure.

Let's quickly look at another story to illustrate that point – and if only because it is more relevant to our roles in the organization. For this one we need to go all the way back to 1996. There was this really, really hot trend. It was one that Wired called “the radical future of media”<sup>v</sup>. It was called “Push Technology”.

Remember PointCast? PointCast was an online service where you downloaded this big application to your computer. Once opened, it sat in your computer's toolbar and then periodically downloaded information including news and video from the web in content categories that you chose. People were calling it “the new television”. In fact, Jupiter Research predicted in 1997 that “perhaps a third of all electronic revenues will go to push technology products over the next three or four years.”<sup>vi</sup>

The CEO of PointCast was a guy named David Dorman. He was the Mark Zuckerberg<sup>vii</sup> of his day – as he was the youngest CEO of Pacific Bell, and then went on to join Pointcast when it was a 260 person company. At the time, PointCast had just over 1.2 million subscribers and the business model – revolutionary for its time – was selling advertising. In 1997, he was interviewed in the Los Angeles Times and he predicted a mass consolidation in the internet advertising space. He said that “break-even was \$50 million for web sites in advertising”<sup>viii</sup> – meaning no small company could ever hope to compete with an advertising based business model. He was quoted in that interview as saying “you simply won't see 400 web sites selling advertising”<sup>ix</sup>.

Just for a point of reference, Google alone is now serving ads on hundreds of thousands of web sites now that use advertising as a revenue model. Certainly some of them are more profitable than others – but the point is that I think we can safely say that Dorman's prediction was slightly off. And, neither PointCast nor Push technology as an idea would even last to see the .com bubble burst.

Now, in all fairness, David Dorman was (and I'm sure still is) a talented business executive. As of this writing at the beginning of 2009, Dorman is on the board of Motorola<sup>x</sup>, after having served as the President and CEO of AT&T. And, in that same interview where Dorman said you'll never see 400 web sites selling advertising; he also alluded to the rise of an internet based phone service delivered by IP Address. Of course we all know this now as VOIP delivered by companies like Skype.

## But What Does All This Mean?

The PointCast lesson is a good one because it illustrates how a fundamental assumption in how Internet technology distribution will work, subsequently eliminates a complete business. In 1997, it was generally assumed that broadband to the desktop would be a premium, available to only a very few, and that experiencing rich media such as audio and video would only be able to be accomplished by loading it while you were doing

other things. The problem was that PointCast never evolved – and its fundamental architecture of downloading content (never mind the irony of the term ‘push’ technology) to the user’s desktop infuriated people like System Administrators who subsequently blocked the application through their company networks.

So, PointCast basically built a huge runway, and then when it was finished, discovered that they had two fundamental problems – one was that there were fewer and fewer people to land on it – and that as broadband penetration to homes and businesses grew, and web sites became more media rich, their content became increasingly irrelevant.

## Web 2.0 In 2009

In 2009, Web 2.0 was everywhere. If you were in business in 2009, you couldn’t get away from it. It promised to revolutionize your business, save you money, generate more revenue, bake you cake and save the world.

But what lies beyond Web 2.0. Where are we going with the “business web” and what lies beyond the hype of building huge runways and trying to turn our web sites into the next Google, Twitter, Facebook.com or Digg.com.

Now, to be fair, just like every new fast assimilation of technology solutions, there are many things in the concept of Web 2.0 that are real, functional and profitable solutions for organizations of all sizes. In some cases it *is* driving revenue, and it *is* saving money. But none of the success is built on hype. So, whether or not we’ve put into place a strategy to deal with Web 2.0 – now is the time we can start thinking about how we go beyond Web 2.0 and position ourselves most optimally for what is coming.

To do that, let's talk through a couple of global trends in business and internet technology – how they apply to Web 2.0 – and certainly how you can utilize these trends to determine a more effective strategy for what might lie beyond.

## Trend #1 – The Consumerization of IT

In 2005, Gartner introduced this and called it “the most significant trend affecting information technology (IT) during the next 10 years<sup>xi</sup>”. This trend, which has become a hotter and hotter topic was really pointed at internal technology managers and how they were going to have to learn how to manage more and more consumer related technology devices into the workflow and processes of the enterprise. An example of this are how Network System Administrators are dealing with the incorporation of the huge proliferation of consumer-oriented, internet connected devices (cameras, phones, PDA’s, notebooks etc...). Likewise, how they are dealing with access to internet based software such as Twitter, Facebook, Gmail and YouTube is also causing some challenge. But as

one starts to examine this trend – there’s an expansiveness to it that actually leads to something more profound.

In June of 2008, Linda Musthaler, principal analyst with Essential Solutions Corporation wrote an article for Network World<sup>xii</sup>. She reported that at the Altiris ManageFusion conference a few months earlier, there had been a panel on the Gartner focused subject of the “Consumerization of IT”. Appearing on that panel was Peter Varhol, the executive editor of Redmond Magazine. And he said *“the social networking technologies are providing today’s businesses with a competitive advantage. Your marketing people are using [Web 2.0] as a focus group to test new ideas with new markets. It’s a fair bet your PR people are putting customer success stories up on YouTube as well. You might be able to prohibit people in your enterprise from getting to YouTube because it’s a security risk and a bandwidth hog, but you’re not doing your company a competitive favor by doing so.”*

The key takeaway here is that while the consumerization of IT is a challenge for us operationally, it’s an enormous opportunity for us as well. What the consumerization of IT really boils down to is that all the wonky technology stuff that everyone screamed about during Web 1.0 actually now works. It really works. It’s just taken longer than everyone thought. Consumers are now finally becoming alot more technologically savvy. They are actually adopting technology and having it help their lives. The whole idea of social networks connected by web technology, whether it’s Twitter, or MySpace or Facebook, or the online community on your company’s web site is a direct result of this.

People are starting to be comfortable using the web to interact with one another. As users become more technically savvy, and connect to the internet via their iPhone or their laptop or whatever device, then the web technology itself becomes more and more of a commodity. Or, more simply, as a specific function of the business the web technology becomes much less strategically important.

You can certainly see it in the surge of the iPhone app store. As of this writing the App Store has more than 15,000 applications. Installing an iPhone application is as easy as tapping a button, waiting for it to download, and using it. With Apple products (for better or worse), the technology just functions. It’s just not simply as “cool” any more to see the virtual gears turning, or to have interfaces to be enabled to configure infinite things about your software. You just need it to work - because frankly you’ve got too much information to deal with to care what’s going on under the hood.

Looking at this from other side is of course the business. Consider that when the Apple iPhone Appstore launched, the average price of an app was about \$4.70. Within just the first 100 hours of opening, the average price had dropped to \$4.25<sup>xiii</sup>. Then, consider that as of November of 2008, that had dropped to \$3.21<sup>xiv</sup> and by May of 2009 it was \$2.50. That’s a 46% drop in the average price of an application in the first year of existence. Not that Apple should worry. As of that same date, there were 50,000 applications in the app store and Apple was making millions per day on it.<sup>xv</sup>

The point here is that the web technology applications themselves are becoming disposable. Many are free, or so nearly free as to be simple impulse buys for people. The idea that software that I run on my portable device is a “considered purchase” is now becoming anachronistic.

You can also see it happening all over the web with social networking applications launching on Facebook and the apps themselves becoming disposable. If you’ve ever been poked, or superpoked, or had a pillowfight on Facebook, you know what I’m talking about.

This is really the effect of the consumerization of IT. It’s not only how consumer adoption of technology is affecting the day to day life of the IT Manager in the enterprise – it’s how consumer adoption of technology is affecting the business-to-business adoption of web technology. And there is huge opportunity here that hasn’t existed before.

Consider the recent, rapid rise of Software-as-a-Service and Cloud Computing. Now, consumers took to Software-as-a-Service almost immediately. The adoption of Gmail, MSN (aka Hotmail) and Yahoo for the critical application of Email happened very quickly. Then consider the adoption of Flickr as a way for families to share and store photographs, Wikipedia as the definitive source of information, or even Twitter as a way for us follow “real-time” news such as the death of Michael Jackson or the voter turmoil in Iran. Or consider now that television, as a percentage of video media watched, was down to almost half for kids between the ages of 12-17<sup>xvi</sup>.

And it’s now happening in Business-to-business technology as well. Salesforce.com has become a juggernaut in leading the On-Demand way to handle CRM. Gigantic corporations such as Microsoft, Amazon and Google have announced huge cloud computing infrastructures where companies can “lease” server space on demand. Consider just anecdotally, the cost and effort of launching a web site with the ability to feed leads into a CRM System, have an email newsletter have it all managed by a content management system. That project 8 years ago would be measured in (at least) tens of thousands of dollars and months of design, programming and effort. Today, (and this is only slightly hyperbole) you can launch that for “free” with a few clicks and some minimal effort and start publishing content in the same day.

Key Takeaways:

1. **Stop Revolutionizing. Start Evolving.** Stop taking 10 years to build long runways to nowhere. Consider that Web 1.0 went from approximately 1995 to 2004<sup>xvii</sup> – and that we’re talking now about Web 3.0 a mere 5 years later. Time is compressed. At a macro view start looking at smaller bite-sized experiments with your web strategy that allow your strategy to evolve more quickly. Worry more about your ability to measure these experiments. Launch your community – sure. But launch it small and limited. Test it. Let it grow (or not). Understand if it

- starts to provide benefits. If it does, then feed it – figure out how to monetize it in your business. Nurture it. If it doesn't kill it and move on. Don't just launch a blog, a wiki or a social network and leave it out there for your users to find. One rant on your web site is not a blog. One audio file is not a podcast. Understand that you need to evolve your process, as much as you do your web site.
2. **Technology is easy – or should be easy.** We used to be concerned about having a web team, whether outsourced or hired, to build our web site, our web technology and manage everything having to do with our Internet strategy. We need to get out of that mind set. Businesses need to fundamentally change the paradigm that you have to build anything as it relates to web technology. It's hard enough to keep up with the business you're in - much less the business that you're not. Where the lack of resources created the imperative for us to understand web technology in the early 2000's – the web is now merely a platform by which we leverage the applications that are already built for us. Businesses should get out of the software development business. Stop custom building functionality for your web site. Stop.

## Trend Number 2: The New “No Rules” Rule of Web Strategy

In 2005, Clay Shirky, author of *Here Comes Everybody: The Power of Organizing Without Organizations* spoke at the Ted Conference on how more loosely affiliated networks will replace the idea of the rigid, hierarchical corporate structure.<sup>xviii</sup>

One of the main themes in that talk – and his subsequent book published three years later – is that small, infrequent, contributions provided by outlying members can have great impact on an effort of work. Of course, as he points out, this is anathema to many corporations – where the main idea is that it's better to have a small, expert group of people produce the greatest results. In the institutional model it is in the company's best interest to doggedly protect this rigidity in order to remain competitive – or eat least competitively efficient. Clay illustrates extraordinarily well how this is really the heart of the 80/20 rule.

The 80/20 rule is better known in statistical or mathematical circles as a “Power Law Distribution”, “Pareto Distributions” – or as some in e-commerce (made famous by Wired Magazine's Chris Anderson) know as the “long tail”<sup>xix</sup>. The idea of course in the institutional management model is that 80% of the effort and, therefore value, of the work will be provided by 20% of the people. Shirky's point in his Ted Talk, and his subsequent book, is that the Internet (and today's technology more generally) is a disintermediation of this model; that a much more compelling model for effort is a loose collaboration that accepts contribution all the way down the long tail.

The rise of Open Source software is certainly an indicator of this trend – where software is developed, distributed, fixed and improved much more quickly than software in a rigid institutional (e.g. company) environment. You may have thousands of people contributing to the overall project; but in general 20% of the people will have the most individual contributions. 80% of them will only contribute one or two features or pieces of code. The important thing is that many of these small contributions can be extraordinarily important. In other words, the best feature that makes the application might be contributed by one guy, and be his only contribution. This would never happen in an institutional “company” model – where that guy would have been fired long ago for never making anything but the one contribution.

An example of this outside of technology – and one that wasn’t as self-evident in 2005 when Clay originally gave the talk – is what’s happened in the music business. Major music labels have always had an inherently hierarchical “expert-based” philosophy. They hired and subsequently produced only the “best-of-the-best”, leaving the rest as amateurs who aren’t “good enough” to get into the club. This is the epitome of the old joke – how do you get to Carnegie Hall? Practice, practice, practice. The television series *American Idol* is the frozen juice concentrate of this model – and produces all the subsequent drama, heartache and mostly mediocrity in terms of ultimate output. But, because of the ultimate inverted pyramid shape of its selection process, it makes for great television. Only one person can be the American Idol.

But the thing is - the reason that it worked for the Music Industry for so long isn’t because they had focused attention on it. It was because producing professionally sounding music was difficult, technical and expensive. And, furthermore, it was simply because *distribution* of the produced music was difficult, technical and expensive. But the explosive advancement of home studio equipment changed producing and the Internet changed distribution. In other words, the technology is easy. Suddenly it was possible for a musical artist to produce their own record, distribute it themselves over the Internet and iTunes and make a career out of it.

Now, that’s not to say that anyone with a Macbook and a copy of Garage Band will be the next Taylor Swift or Jonas Brothers. Certainly there is value in having the marketing machine of a major label financing your career. But, that’s really the point here. Just like the consumerization of IT brings both challenges and opportunity to the enterprise, so does the openness of loosely affiliated networks bring opportunity to the institution willing to be more open to that idea.

The music business has assuredly had its challenges with technology. Digital technology has made music easier to copy and trade, and debates rage as to whether this is good or bad for the industry. For example, a Pew Internet study found that 78% of teenagers don’t think downloading pirated music to their hard drive is stealing<sup>xx</sup>. But conversely, the Music Business is finding opportunities that they’ve never had before. Consider the deal that MySpace made in September of 2008 with Sony BMG, Universal Music Group and Warner Music Group to form MySpace Music<sup>xxi</sup>. In that deal, consumers are able to listen to any piece of music in the participating companies’ catalogs streamed through

their player – all while consuming advertising. That’s a new and previously untapped business model for Record Companies - advertising as a revenue stream? Or consider how new phenomenal artists are found erupting out of the long tail of MySpace mediocrity. It used to be the A&R (Artists and Repertoire) people from the major labels would listen to stacks of CD’s, attend thousands of local music performances and scour the country looking for the next big act. Now, with the Internet, you can see the meteoric rise of an artist like Soulja Boy from MySpace and YouTube. He started on his own, developed his own fan base and is now a major star. After generating more than 300 million views on YouTube, he has a new album, a line of sneakers and an animated series in the works.<sup>xxii</sup>

And music labels have definitely gotten this message. In July, 2009, Universal Music Group (UMG) made a deal with an internet startup company called TuneCore. Independent musicians can go to TuneCore and utilize the marketing and other benefits of a major label (for a fee) and also retain the rights to their own songs. Artists that belong to this new site will be able to take advantage of the technology that allows them to sell their music directly to their fans – and also (when applicable) pay for the services that a major label would normally provide such as expert recording sessions and marketing support. Subsequently, the label of course gets a window into new artists and save opportunity costs by watching the market develop around any one artist that they want to proactively invest in.<sup>xxiii</sup>

But how does this apply to our business and getting beyond Web 2.0?

### Key Takeaways:

There are two key takeaways from this trend:

1. **Wag The Long Tail:** Understanding the long tail and how we can apply it to our Enterprise is essential. The Web is now the functional platform we’ve always wanted. And it’s one from which our business model can be challenged, or helped – or both. Regardless, valuable ideas can come erupting out of the long tail and we need to be able to take advantage of that. We need to ask ourselves: How can we begin to make our Enterprise more open? How can we establish our customers, prospective customers and partners as a community? Where can we leverage the great ideas that may come from the one, outlier member of that community? It may be that we need to set up a Web 2.0 style community for all of these groups – so that they can communicate and network with one another in order to leverage the best out of our organization. Or, if we’re a smaller organization it may simply be that we can join other likeminded organizations, and get the power and “wisdom of crowds”.

2. **Think Differently About The Web:** It's okay if we use the Web differently than we have in the past. In 2009, we need to tell ourselves that it is okay if we in marketing, or we in sales, or we in accounting use the Web differently than do other teams in our organization. And it is also okay if not all the teams are involved or even know about every single web initiative we do.

Finding the long tail through the organization means letting departments explore the platform that is the Web in a more meaningful and open way. That means that each may have a different use for it. Just like in the record company where the new A&R process has a very different and almost inherently tense relationship with way music is distributed, so too can our different departments find different value out of the web. And those departments should be encouraged to explore (see Technology is Easy) and experiment.

You don't need an e-business team, or a six week technology engagement strategy to launch a blog. You shouldn't spend six weeks on a strategic IT Engagement to understand the value of launching a microsite with a community around a product launch. These marketing sites can be - and sometimes maybe should be - separate and distinct from some of the other web efforts we may be involved in.

## Beyond Web 2.0: It Changes Everything I Know – And Nothing I Do

There's a great quote from Yogi Berra who said:

*“I never blame myself when I'm not hitting. I just blame the bat and if it keeps up, I change bats. After all, if I know it isn't my fault that I'm not hitting, how can I get mad at myself?”*

It's certainly not lost on me that as 2010 gets started, many business managers I talk with are saying, “I never got my organization into Web 2.0, and now people are talking about Web 3.0?” That's okay. Just grab another bat.

It's not linear. If you get anything out of this chapter, I hope that it's to understand that what's happening here is nothing new – the lessons learned from Web 1.0 to Web 2.0 was that good business sense needed to be paid to a new technology. The lessons from Web 2.0 to Web 3.0 are just that the new platform is just that – and while it's revolutionizing the ease in which we communicate – if we don't have something valuable to say – well, we still won't be heard. This is really the “no rules” rules of managing your web strategy. Getting beyond hype, and the buzz – embracing the power of community and the ease of facilitating conversation – and letting the flow of the Web work for you.

Web 3.0 and beyond will be the same. It's starting already to get the buzz around it. Depending on your point of view, you might hear about the “semantic web”, the “real-time” web or “the intelligent web”. Some people like Erik Schmidt at Google said this:

*"Web 3.0 will ultimately be seen as applications which are pieced together. There are a number of characteristics: the applications are relatively small, the data is in the cloud, the applications can run on any device, PC or mobile phone, the applications are very fast and they're very customizable. Furthermore, the applications are distributed virally: literally by social networks, by email. You won't go to the store and purchase them... That's a very different application model than we've ever seen in computing."<sup>xxiv</sup>*

These ideas, the intelligent web, and how they relate to our business are just the next step in the evolution. So, regardless if you haven't gone into Web 2.0 yet, let's look at how to make the takeaways real. What can you do today. How do we make this process real for you:

### 1. Look To De-Geek Your Web Strategy

It's a tried and true consultant trick, that whenever you attempt to convince a customer that they shouldn't build technology, that you break out the “you don't generate your own electricity” argument. But, actually, even as late as the beginning of the 20<sup>th</sup> century, individual companies were still installing their own electrical generators to provide their own supply. And, if you were rich enough, you might have even had your own electrical generator for your house.<sup>xxv</sup> To operate these generators, there were many people employed by companies as Electrical Managers. Their sole job was to ensure that electricity flowed evenly through the company.

Or, consider in 1980, the IBM 5120 was a \$10,000 personal computer. These micro-computers (as they were called then) were about the size of a large microwave oven. And they were all designed to run very specific programs. You could run the computer for accounting systems, or database management or word processing – but only one at a time. These micro-computers were installed by large consulting firms into businesses and they finally allowed these businesses to have computing at the desktop level without having what (at the time) was a quite popular job – a computer operator.

When Web strategy for the enterprise really took off in 1997, there was no one around who understood this technology. Companies hired consulting firms, who in turn, hired the people who understood how to code and assemble web sites and web applications. Organizations that were large enough employed teams of technology professionals who's job it was to build software applications for the organization's web site. In 2010, that job should and will go the way of the Electrical Manager and the Computer Operator.

Unless you are actually building an Internet-based business that is, in and of itself, trying to become something that actually becomes part of the platform – then your organization

should stop developing software and start using the Web as the simple communications platform that it is.

## 2. Look To The Clouds For Your Infrastructure

The days of large computing infrastructure are coming to an end. Again, unless you are a specialized business that somehow requires a large hardware infrastructure – you should stop building your “web generators” and look to host your computing services in the cloud.

Put simply, “Cloud Computing” means subscribing to server space and using only what you need to perform the functions you need to function. This can mean everything from web site hosting, to housing your CRM system, to your records management, to providing your desktop productivity tools. Connectivity is becoming ubiquitous and storage is becoming more and more inexpensive – so subscribing to those services and being able to scale as you grow is a much more cost-effective method of building a computing infrastructure than buying servers and/or leasing space in a data center.

There are a few different trends in Cloud Computing including:

1. **Software-as-a-Service.**  
These types of companies deliver a single computer application, usually through a browser interface. Business Web examples of this type of company include Salesforce.com for CRM and Sales Force Automation, NetSuite for Accounting and CRM, ExactTarget for email campaign management and Omniture for web analytics and online marketing.
2. **Platform Based Services**  
There is another type of Software-as-a-Service application and these are providers that open up their entire application to let developers create new types of applications on them. For example Salesforce.com has a subscription called AppForce. This allows creative developers to write entirely new applications based on the SalesForce.com platform. So, for example, someone could write an entire online marketing application based on the AppForce.com platform. This way a startup doesn't have any infrastructure costs – and can scale quickly should their new application become successful. Google has recently announced a similar type of platform
3. **Grid Computing (or Utility computing)**  
Amazon.com, IBM and Dell have all announced offerings for this type of service which provides customers with the ability to use virtual servers and computers for large, usually supplemental tasks. This allows organizations that need temporary server farms for large projects the ability to subscribe to a large data center for some large computing project.

#### 4. Cloud-based Web Services

These types of services are usually provided by larger organizations that make aspects of their applications available via a subscription service. For example Google makes their “maps” application available via a Web service – meaning that if anyone wants to create a web based application that requires a mapping component, they don’t have to build that – they can simply use Google’s mapping services. Other types of services include news wires for content services, social networking aggregation for community and even things like credit reporting and credit card processing.

These are not things that you have to switch to immediately, but as your infrastructure ages, begin consideration of cloud-based services to replace your infrastructure – and the cost-savings it will provide.

### 3. Start Developing Your Own Long Tail

Annheuser-Busch’s embrace of the long-tail is a great example of how a company can think outside the box and take advantage of the outliers. In 1997, the company offered 26 brands of beer. As of 2007, the company had more than 80 brands. And, today, the company is brewing beer that is organic, beer that is specifically targeted at women, and even a beer that is made with sorghum (e.g. no wheat or barley) and so is theoretically “non-allergenic beer”.<sup>xxvi</sup>

The key for Annheuser-Busch was that they certainly had the resources to produce these niche beers, and what – at first glance – would seem to be the biggest challenge (how to get shelf space for them all) was solved by Annheuser-Busch’s unique size and ability to distribute on it’s own. For example, they can take local microbrews and distribute them nationally, or find simple and small regional market places for beers targeted at special demographics.

So, how your business applies a “long-tail” strategy will of course differ greatly, depending on the business you conduct. However, here are just a few areas for examination. Perhaps they will spur you to get creative to wag your own long tail.

#### 1. Wag the long tail of revenue

You probably have a primary, and even secondary source of income for your business. These probably come from one or a set of products. But ask yourself how you can add multiple, even if they’re small, types of revenue. For example, if you have complex products – have you established a set of training courses, or online videos that you could perhaps charge for? Or, if you sell content – have you considered new and innovative ways to package (either breaking up or aggregating) the content to make for new product.

#### 2. Wag the long tail of knowledge

How many times is knowledge only derived and established at the head of an

organization. How can an organization establish a more free-form set of ideas being traded within the organization? Consider Wikipedia.org – where the world’s knowledge is being assembled by hundreds of thousands of users – who get no remuneration for it other than the satisfaction of knowing they contributed. How can you create your own Wikipedia in your organization. How can you use technology to establish a more free-running and conversational style of knowledge transfer.

### **3. Wag the long tail of relationships**

How can we open our organization up for finding new customers, hiring more expert employees, attracting more partners? Of course there are those people and organizations that are close to the company; the employees, the customers and the partners. But how can our organization either utilize existing social Web networks such as LinkedIn or FaceBook, or MySpace and open ourselves up. Here’s a simple example. Why not have every person in your company start a LinkedIn account – and invite their networks to join. Every person with 100+ connections has access to millions of other people. And if when you’re looking for that new, hard to find position – everyone updates their “status” to say “we’re hiring and looking for XYZ position” – you’ve just reached millions of people.

Now, of course it’s inefficient, and it’s not targeted. That’s the point. It’s the long tail. But, if the perfect new employee sees that notice from someone in you or your employees networks, was it worth the small amount of effort to establish that long tail?

### **4. Wag the long tail of experimentation**

If your organization is successful, there are established workflow processes and methodologies that you utilize to get your business conducted. These are the best practices that you utilize every day. But ask yourself if there’s not a new type of practice that you can try as a small experiment. It might involve applying technology – and it might not. But, instead of establishing a huge research project to determine if it will work – just take the Google way. Launch a “beta” and see if it takes off, or improves things. If it does, feed that process. You may be surprised. Even if the entire process doesn’t eventually replace anything – you may find one or two small elements that can be applied to the existing process to make it better.

An example of this would be in marketing. Let’s say you buy keywords and key phrases for your Search Engine Marketing programs. To that end, you probably buy the top ten key words that you come up with and that are core to your business.

Why not try 1,000 key words and phrases. You can certainly come up with that many even if you only have one or two products or services. You may find that one of those really odd key phrases produces only one or two searches. But,

perhaps both those searches turn into customers. This is the long tail performing at it's best.

## Getting Beyond Web 2.0

In 1960, Theodore Levitt wrote the classic “Marketing Myopia” in the Harvard Business Review when he was still a lecturer in business administration at Harvard.

Even if you're not familiar with it in specifics, you will certainly know of its classic theme of asking yourself "*what business you are in*". This is the classic that is often quoted, and rarely acknowledged cautionary tale of the Railroads not realizing that they were in the "transportation" business, rather than the "railroad" business. He writes brilliantly of how to succeed in marketing by thinking of customer's needs, rather than selling product.

One of the other examples that Levitt uses in the paper, and one that often goes forgotten when talking about the paper is his pointed critique of the Hollywood Studios. In 1960, the "Movie" business was being threatened by this new-fangled technology called television. You might even call it Movies 2.0. Levitt chastised the studios saying "*today, TV is a bigger business than the old narrowly defined movie business ever was. Had Hollywood been customer-oriented (providing entertainment) rather than product-oriented (making movies), would it have gone through the fiscal purgatory that it did*". Replace the word "TV" with "Internet", or “Web 2.0” and we'll see that there's still much to learn from Professor Levitt.

Applying new types of strategies to your business isn't, itself, new. Again, moving your business beyond Web 2.0 should change everything you know – because the Web has finally arrived. It can provide the insight we desire as business managers, and it can facilitate the conversations we want to have with our customers, our employees and our partners.

But it should change very little, if anything, of what we do. The reason we are successful in our respective businesses is because we have a specialized expertise in our particular niche. We provide a differentiated product or service – and we've asked ourselves the question “what business are we *really* in”. Assuming we still agree with that answer, the Web beyond 2.0, 3.0 or even when we stop assigning versions to it, is just another evolving communications platform that helps us become more differentiated, waste less of our resources, serve our existing customers better and attract more new prospects. For better or worse – it's that simple.

## End Notes

- <sup>i</sup> [http://www.herald-mail.com/?module=displaystory&story\\_id=203744&format=html](http://www.herald-mail.com/?module=displaystory&story_id=203744&format=html)
- <sup>ii</sup> <http://www.nytimes.com/2008/05/21/business/21air.html?pagewanted=print>
- <sup>iii</sup> <http://blogs.consumerreports.org/cars/2007/11/us-gas-prices-3.html>
- <sup>iv</sup> [http://www.flyhagerstown.com/airport\\_info/news/newsRecent.html](http://www.flyhagerstown.com/airport_info/news/newsRecent.html)
- <sup>v</sup> [http://www.wired.com/wired/archive/5.03/ff\\_push\\_pr.html](http://www.wired.com/wired/archive/5.03/ff_push_pr.html)
- <sup>vi</sup> SOURCE NEEDED
- <sup>vii</sup> 24 Year Old CEO Of Facebook
- <sup>viii</sup> LA TIMES ARTICLE
- <sup>ix</sup> LA TIMES ARTICLE
- <sup>x</sup> [http://en.wikipedia.org/wiki/David\\_Dorman](http://en.wikipedia.org/wiki/David_Dorman)
- <sup>xi</sup> [http://www.gartner.com/press\\_releases/asset\\_138285\\_11.html](http://www.gartner.com/press_releases/asset_138285_11.html)
- <sup>xii</sup> <http://www.networkworld.com/newsletters/techexec/2008/060908techexec1.html>
- <sup>xiii</sup> <http://www.medialets.com/blog/2008/07/14/app-store-day-4-observations-coming-out-of-the-smoke>
- <sup>xiv</sup> <http://blog.charlesteague.com/links/2008/11/5-months-and-9000-applications-later.html>
- <sup>xv</sup> <http://www.examiner.com/x-14813-iPhone-Apps-Examiner~y2009m7d11-Happy-birthday-App-Store--Apples-App-Store-turns-one-year-old-today-with-over-50000-apps>
- <sup>xvi</sup> That was even more pronounced among teens. In the 12-17 age group, PC watching was 24%, while TV was down to 55% of screen time.
- <sup>xvii</sup> [http://en.wikipedia.org/wiki/Web\\_2.0](http://en.wikipedia.org/wiki/Web_2.0)
- <sup>xviii</sup> [www.ted.com/index.php/talks/clay\\_shirky\\_on\\_institutions\\_versus\\_collaboration.html](http://www.ted.com/index.php/talks/clay_shirky_on_institutions_versus_collaboration.html)
- <sup>xix</sup> [http://en.wikipedia.org/wiki/The\\_Long\\_Tail](http://en.wikipedia.org/wiki/The_Long_Tail)
- <sup>xx</sup> [http://www.pewinternet.org/PPF/r/7/press\\_release.asp](http://www.pewinternet.org/PPF/r/7/press_release.asp)
- <sup>xxi</sup> <http://www.cnn.com/2008/TECH/09/22/music.future/>
- <sup>xxii</sup> <http://www.variety.com/article/VR1117996035.html?categoryid=16&cs=1>
- <sup>xxiii</sup> <http://arstechnica.com/media/news/2009/07/universaltunecore-deal-opens-major-doors-for-indie-artists.ars>
- <sup>xxiv</sup> [http://en.wikipedia.org/wiki/Web\\_3.0](http://en.wikipedia.org/wiki/Web_3.0)
- <sup>xxv</sup> <http://www.localhistory.scit.wlv.ac.uk/articles/electricity/history1.htm>
- <sup>xxvi</sup> [http://www.longtail.com/the\\_long\\_tail/2007/02/anheuserbusch\\_a.html](http://www.longtail.com/the_long_tail/2007/02/anheuserbusch_a.html)