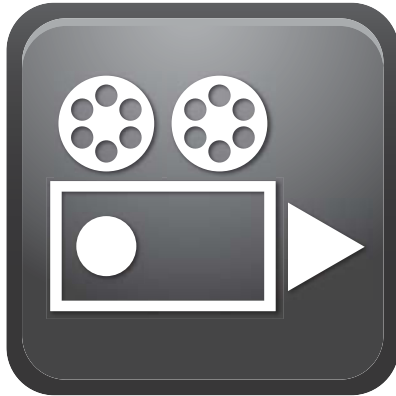


# Management Information Systems 14e

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## CHAPTER 2 GLOBAL E-BUSINESS: HOW BUSINESSES USE INFORMATION SYSTEMS

### CASE 2 **Salesforce.com: The Emerging Social Enterprise**



#### **(a) The Comcast Social Enterprise Story; L= 2:50**

**URL** <http://www.youtube.com/watch?v=FFOyKnu8lNY>; L=2:50.

#### **(b) Social Enterprise: Transforming the Firm; L=8:29**

**URL** <http://www.youtube.com/watch?v=WxC0X7ypaDQ&feature=relmfu>

**SUMMARY** Salesforce.com is the leading provider of enterprise cloud-computing applications with 2013 revenues of just over \$3 billion. It provides a comprehensive customer and collaboration relationship management, or CRM, service to businesses of all sizes and industries worldwide and a technology platform for customers and developers to build and run business applications. Recently they have made a number of acquisitions of social technology firms and now offer cloud-based social enterprise services to their primary customers such as Toyota, Gatorade, and Groupon. Salesforce is building private social networks for large corporations and their customers. In addition, Salesforce.com is attempting to transform itself into a social enterprise. Comcast (the second largest cable television network operator in the United States) has also begun to use social platforms like Twitter to respond to customers, a first step in the process of becoming a social enterprise.

**CASE** Social enterprise (also “social business”) refers to efforts by business firms to integrate social media and social computing tools into their enterprises. The hope is that new social tools and technologies will more closely integrate the firm with its customers, suppliers, and employees, resulting in greater productivity, stronger brands, more innovation, and faster time to market.

*continued*

Today many firms are rushing to implement social technologies throughout their firms on a global scale and increasingly using external social technologies like Facebook, Twitter, and Google+ to engage their suppliers, employees, and customers. One reason: customers and employees are sometimes spending a majority of their time online at social sites.

A recent McKinsey survey of 4,200 global executives found 72 percent of responding companies are using at least once social technology, and 50 percent are using social networks and blogs. Firms are rapidly improving their mastery of social technologies and using them to enhance operations and exploit new market opportunities. More than 80 percent of responding firms believe that when social technologies are integrated into the work processes of employees, they can boost a company's financial performance and market share.

A key word in the literature on social business is "conversations." As one wag put it, "your business is the sum of all conversations about the business." The idea is that customers, suppliers, employees, and firm managers, even oversight agencies, are having conversations about firms, without the knowledge of the firm or its key actors like employees and managers. Increasingly, these conversations are taking place on social networking sites like Facebook, Twitter, and Google+, or social networking platforms like blogs, online review sites, and online forums.

Supporters of social business argue that, if firms could tune into these conversations, they would strengthen their bonds with consumers, suppliers and employees. And therefore, the centerpiece of social business transformation efforts is to encourage firms to monitor all Web traffic that involves their firms, and to participate in online communities both public and private.

Social enterprise seeks to change three dimensions of firms: involvement, transparency, and velocity of change. The idea is to use social networking platforms, including Facebook, Twitter, LinkedIn, as well as blogs, collaboration environments, and YouTube, to tighten the communication links among consumers, employees, and suppliers and thereby increase their emotional involvement in the firm and the creation of value. In short, everyone involved in value creation within a firm will be more tightly connected to others. Customers will provide feedback on products and services on a social network, and these comments will be read by employees and managers. These are the very people who can make changes to products and improve on them, responding directly to consumer comments.

All of this requires a great deal of information transparency. People need to share their opinions and facts with others quite directly, without intervention from executives or fear of reprisal for saying what they believe. Employees get to know directly what customers think; suppliers will learn very directly what their customers think of them as supply chain partners; and even managers presumably will learn more directly from their employees how

well they are doing. In short, as on Facebook, nearly everyone involved in the creation of value will know a great deal about everyone else.

If such an environment could be created, it is likely that the velocity of business, the transaction rate, but also the rate of innovation and change, will increase. Why? In part because several time-based information impediments to business and innovation will be reduced or eliminated. If product designers can learn directly about how their products are doing in the market in real-time, based on consumer feedback, and comments, then they can start the redesign process faster. If suppliers did not have to wait for an annual evaluation but could learn nearly in real-time how well they are delivering goods to a firm, they might be able to improve faster. Because the information arrives faster in a social business, the decision making can be correspondingly accelerated.

#### VIDEO CASE QUESTIONS

1. Why did Comcast join public social networks? What difference did it make for Comcast's business? What might be the benefits for a consumer?
2. What issues and challenges is the use of social network monitoring supposed to solve or address at Salesforce.com?
3. Radian 6 (now owned by Salesforce) is described as a "listening and engagement platform." What does this mean and how does it differ from traditional marketing techniques for communicating with the customer?
4. What are some of the measures you can use to measure the success of a social business approach? Name at least four measures of social business impact. What does it mean to measure the success of a company in terms of its "share of conversation"?
5. How did Salesforce organize its social business initiative? Why was it important to make social enterprise a full time job?

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