

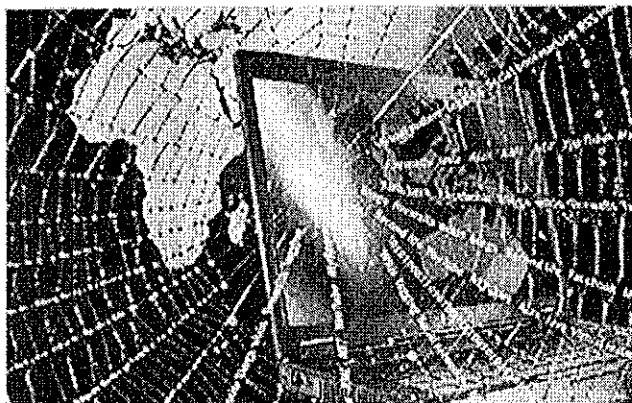
AUSTRALIAN IT

March 11, 2008 12:34am AEDT

Business yet to harness Web 2.0

Andrew Colley | March 11, 2008

BUSINESSES are starting to mine Web 2.0 for economic gain, but many lack a firm understanding of what it is and what value it brings.



Web 2.0 systems are becoming part of everyday business processes

Current definitions of Web 2.0, sometimes called second-generation internet, are as diverse as the remarks of commentators on the subject.

Blogs, wikis, tagging, social bookmarking, RSS feeds, social networking and online 3D virtual realms are widely viewed as the fruits of Web 2.0, but there's little commonality between all of them.

Some identify Web 2.0 by the presence of web technology such as Java, Ajax (Asynchronous JavaScript and XML) and Microsoft's .NET framework.

Web 2.0 has also started to turn up in quasi-ideological debates over the web's decentralising power and undermining of traditional media.

Gartner analyst Steve Prentice says it is hard to get to grips with the subject.

"You have to define exactly what Web 2.0 means, and that's a challenge anyway, because it means different things to different people.

"It isn't a single, focused idea, it's more the conceptual approach and a toolbox of options," Prentice says.

Most settle for a know-it-when-I-see-it approach when defining Web 2.0 and there's broad agreement that sites built on its principles are more interactive and allow users have a role in content creation.

Websites such as YouTube, MySpace and Facebook are among the most popular examples of Web 2.0 technology.

IDC analyst Phillip Allen says there's a lot of confusion about the term.

"Inherent characteristics of Web 2.0 are things like going to a website and instead of accessing information from the edge you're contributing.

"So, in some way you're either uploading or participating in some sort of forum, or you're putting information back in. It becomes a two-way engagement rather than from the centre to the edge," Allen says.

As woolly as the concept of Web 2.0 is, businesses can't ignore it.

Business strategy analyst Ross Dawson says Web 2.0 systems are becoming part of everyday business

processes, like it or not.

"Virtually every large organisation is using these tools and in many cases it's not sanctioned as part of an overall technology strategy.

"However, partly in recognition that many users are doing this anyway, large organisations are deciding this is something they need to think about, develop a strategy, and understand the value and the risks," Dawson says.

A survey by IDC shows that 50 per cent of businesses across the Asia-Pacific region see Web 2.0 as a business opportunity, while about 8 per cent see it as a threat.

There's no shortage of large enterprises that say they're testing Web 2.0. Telstra has joined a growing list of companies that have established a presence in the online virtual world, Second Life.

Most corporate forays into Second Life are marketing experiments or branding exercises, but last year Westpac tested an employee training induction centre in the virtual realm.

There's a long list of companies that say they're testing Web 2.0, but at the big end of town most strategies for doing so are kept under wraps. Lend Lease, AMP and Suncorp say that they're testing Web 2.0, but all three declined to comment on their projects, saying it was too early to discuss them publicly.

Most commercial and government organisations prepared to discuss their Web 2.0 projects are using blogs and wikis to share information internally.

Hearing-aid maker Cochlear says it uses wikis to spread information around its engineering teams and update staff on projects.

Cochlear software development manager Victor Rodrigues says it has changed the way the company works.

"People are a lot more aware of things that are happening around them just by the mere fact that anyone can go to a wiki and publish information internally. Its use certainly has picked up.

"Over the past two months, for example, the number of contributors has increased by almost 100 per cent," Rodrigues says.

Examples of more complex use of Web 2.0 are harder to find.

"It is a bit disappointing that there are no Australian success stories in all of this," Allen says.

"It would be nice if we had a couple of good companies that we could point to."

There may, however, be a surge in start-up activity using creative applications of Web 2.0 outside the enterprise realm.

Scott Rigby is seeking approval from Australian regulators to establish a new kind of web-based financial instrument, called [Peakmint.com.au](http://www.peakmint.com.au).

Peakmint is a kind of online meeting service linking borrowers and lenders in an auction-style environment.

Similar services established in overseas markets are often lumped under the Web 2.0 banner.

Rigby says he hasn't quite come to grips with the term Web 2.0, but Peakmint offers a form of "social lending"; a financial instrument that has been around for centuries. He concedes that social computing principles have given it new life.

"It uses communities in that sense," Rigby says.

"Social lending in the past, in India for example, was common in rural communities. Women would get together and form collectives to provide money. That's what's being used in social lending," he says.

In Peakmint's case the model is taken online, enabling lenders to form collectives to supply money pools for which potential borrowers can bid.

The concept of the Web 2.0 is not without its critics. Andrew Keen, author of *The Cult of the Amateur*, says too much is expected of the concept, particularly in the enterprise space.