



Online Communities

Getting Closer To Your Customers

A Discussion with Vanessa DiMauro, CEO Leader Networks

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Agenda

1. Define online customer communities: what they are, how they work, what value they can generate
2. Examine three successful communities: LexisNexis, Palladium and SAP and the value they generate
3. Offer ways to help you determine whether you (and your customers) need an online community
4. Discuss lessons from the pioneers on how to build thriving communities

What Are Online Customer Communities?



What we mean by online customer community

- An interactive, often gated website that a company sets up for customers to collaborate on topics of mutual interest

What we're not talking about

- Customer service websites
- E-commerce sites where goods and services are bought and sold
- Online customer panels that focus on customer research
- Online publications that let readers comment on articles
- Blogs, twitter and general use of social media broadcast tools

There Is A Growing Trend Towards Using Online Communities To Support Customer Relationships

49% of businesses report having a customer community.

[Business.com Business Social Media Benchmarking study, 2009]

34% said they plan to create a customer community in 2011-12.

[Leader Networks New Symbiosis of Professional Networks study, 2010]

24% plan to use an online community to support senior-level client relationships in 2011-12.

[Leader Networks New Symbiosis of Professional Networks study, 2010]

And The Growing Need Is Driven By A Changing World

Competition is truly global



Competing solely on price against offshore firms is a losing game

Customers' problems are far more complex



Customers need much more help to fulfill their business mandates

Innovative products have become table stakes



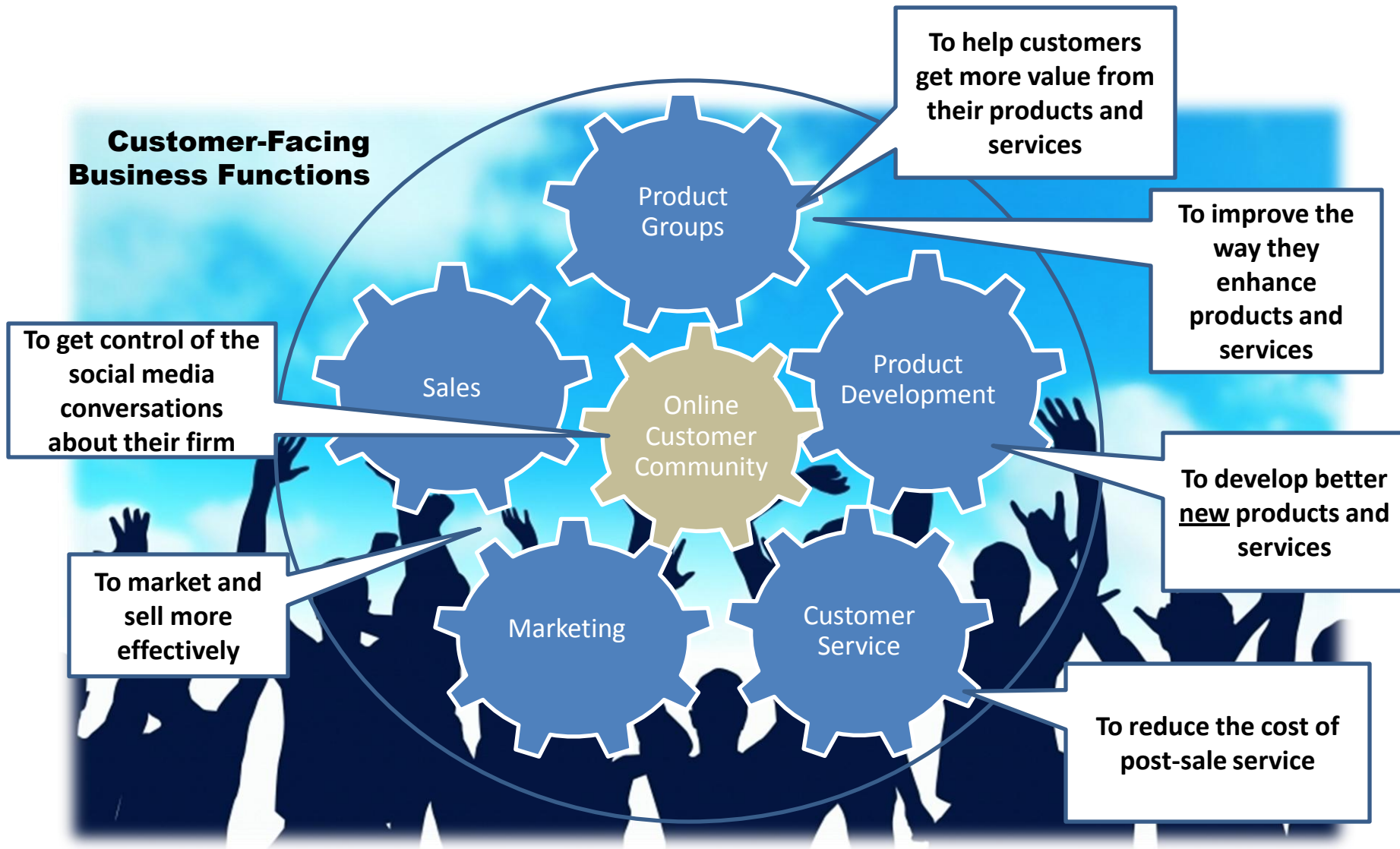
Companies need to understand customers' changing needs much faster and better

Company missteps become known quickly via social media



Lack of sophistication in social media is starting to hurt

From Research and Experience, We See Six Reasons Why Firms Launch Online Customer Communities



Online Customer Communities: 3 Models



Information Dissemination

- **Goal:** Keeping customers informed on your products/services and how to use them
- **Methods:** Company-written blogs with comments; using Twitter and other social media tools to broadcast information
- **Typical community hosts:** Regulated industries, topics where engagement is unlikely to be high



Shop Talk

- **Goal:** Helping customers troubleshoot transactional problems with your products/services
- **Methods:** Organized discussion forums that allow viewers to share knowledge
- **Typical community hosts:** IT companies whose customers help other customers solve technical problems



Professional Collaboration

- **Goal:** Helping customers solve longer-term issues that involve your products/services
- **Methods:** Participation in studies; providing white papers and other articles; holding webinars; etc.
- **Typical community hosts:** Firms whose customers are professionals who need to share information to stay current in their fields



EXAMPLES OF SUCCESSFUL ONLINE COMMUNITIES AND WHY THEY WERE BUILT

Helping Customers Get More Value from Your Products and Services

The case of LexisNexis Martindale-Hubbell's Connected Community

The screenshot shows the user interface of the martindale.com connected platform. At the top, there is a navigation bar with tabs for 'People', 'Law Firms & Organizations', 'Groups & Topics', and 'Jobs'. A search bar is located below these tabs. The main content area is divided into several sections:

- Welcome, Jon Johnson:** A personalized greeting at the top left.
- Community In Focus:** A section with tabs for 'Featured Event', 'Featured Discussion', and 'Member Spotlight'. The featured event is 'Connected Pulse: Women in Law', which includes links to join the NAWL group, read about shattering the glass ceiling, and discuss women in law.
- Recent Activity:** A section with a 'Share' button and a list of recent activities, such as 'Marlon Gotto has posted a new blog post: Billable hour vs. fixed price.' and 'Marlena Preston Has just watched Kramer vs. Kramer.'
- Profile Card:** A card for Jon Johnson, Partner at Dolce Law Group, with a profile completion progress bar (80% complete) and 56 connections.
- I Want To...:** A list of suggestions: 'Add connections to my network', 'Find and join a new group', and 'Read legal library documents'.
- Advertisement:** An advertisement for 'INTRODUCING THE CADILLAC OF CROSSOVERS' featuring a Cadillac SUV.
- Get Connected:** A section with 'Suggestions' and 'Invite Connections' options.



Community Fast Facts

Sponsoring Company: LexisNexis Martindale-Hubbell

Audience: Global legal professionals

Size: More than 40K registered members

Launch date: June 2009

About the Connected Community



Company Background

- Martindale-Hubbell a 140-year-old international business unit of LexisNexis (\$3B+ firm)
- \$190M revenue and 27,000 clients in legal market (law firms, corporate counsel)
- Especially known for Martindale-Hubbell Legal directory and Peer Review Ratings

Case for Community

- Launch and grow legal industry's premier online community
- Make Martindale.com more interactive for its 1 million lawyers and law firm customers
- Retain existing clients and gain new ones

What They Built

- A global online community for corporate counsel, law firm attorneys and other legal professionals, beta launch in June 2008
- Lets them network and collaborate in a trusted environment
- More than 270,000 pieces of counsel-created research, online events and other content contributed by members
- Members can tap LexisNexis information and other legal data: statistics, research, news, law firm profiles, marketing trends, ratings, polls and client reviews
- Integrated LinkedIn users from the legal profession

About the Connected Community (cont'd.)



Results to Date

- Has grown to >40,000 members (10X growth in 1 year)
- Members from over 120 countries
- 700 active groups, 110,000 blog posts by members and 2,500 members have participated in community webinars
- Improved value to Martindale customers: Martindale is sending more qualified visitors to law firm websites than Google search results (average 4% bounce rate vs. 83% bounce rate from Google)
- Winner of numerous awards and focus of many articles

Executive Comments

"I regularly use Martindale to learn more about attorneys that will be involved in my cases and to advice clients...It is the most trusted way to locate attorneys (especially out of town)."

-- **Neil Rose**, Partner, Willcox & Savage

Improving the Way You Enhance Your Products/Services

The case of Palladium Group's Execution Premium Community

The screenshot shows the XPC Execution Premium Community website. The header includes the XPC logo and navigation tabs for HOME, FORUMS, MEMBER CENTER, GROUPS, and SOLUTION CENTER. The main content area features a 'THIS WEEK ON XPC' section with an article on performance analysis, a 'FEATURED CONTENT' section with a survey on Web2.0 tools, and 'RECENT DISCUSSIONS' on topics like organizational priorities and scorecard performance. A 'QuickPoll Question' is also visible, asking about centralized strategy teams. The right sidebar includes a 'Member Spotlight' for Mark Hefner, a 'Get MORE Involved!' section with buttons for launching discussions and sharing content, and a 'WELCOME NEW MEMBER!' section listing several members.



Community Fast Facts

Sponsoring Company: Palladium Group
(founders of the Balanced Scorecard approach to corporate measurement)

Audience: Senior strategy professionals from organizations worldwide

Size: More than 2,700 companies

Launch date: April 2010

About Palladium Group's XPC



Company Background

- Palladium Group is a consulting and conference firm whose founders invented the Balanced Scorecard measurement system (Robert Kaplan and David Norton)
- Positions itself as the global leader in helping organizations execute their strategies.
- Services include consulting, technology, conferences, communities, and certification.

Case for Community

- Designed Execution Premium Community (XPC) to help practitioners of the Balanced Scorecard share knowledge and experience
- Increase customer intimacy and raise awareness of products and services
- Tap into leading trends in strategy execution
- Create a new revenue-generating service line for Palladium Group

What They Built

- Launched XPC in beta September 2009 as a private, gated online community for worldwide strategy professionals from around the globe to access resources, participate in research, share in discussions and work with Palladium group strategy consultants.
- Before launch, conducted beta testing with 700 Palladium clients worldwide to determine content and social interaction model

The Case of Palladium Group XPC (cont'd.)



Results to Date

- Global online community with more than 50% of the membership from non-US countries, deepening Palladium's market reach
- Membership from over 2,600 organizations worldwide
- Drives conference attendance, consulting projects and publishing arm of Palladium
- Revenue-generating in first 6 months
- Over 15% of new members come from peer referrals

Executive Comments

- *"Collectively, we will advance the science of strategy management and help organizations achieve execution premiums with XPC."*
-- **Dr. David Norton**, Palladium Group Founder and Director
- *"Palladium's Execution Premium Community (XPC) provides those of us dedicated to improving the strategic performance of our companies the ability to exchange best practices with peers and access the expertise of the pioneers of performance management."*
-- **Takehiko Nagumo**, SVP & Strategic Performance Manager, Union Bank

Boosting Product Development

The Case of SAP's Community Network

The screenshot shows the SAP Community Network homepage. At the top, there's a navigation bar with the SAP logo and 'COMMUNITY NETWORK' text. Below that, there's a search bar and a 'Log in' section. The main content area features a 'Getting Started' sidebar on the left, a central article titled 'INSIDE SDN FEED YOUR INNER GEEK' with a sub-heading 'BEST PRACTICE EXPERIENCES FOR SMOOTH SAP NETWEAVER MDM IMPLEMENTATIONS', and a 'MEMBER LOGIN' section on the right. The article text discusses MDM 5.5 platform updates and includes a 'FEATURED BLOG' section with a link to 'NEW AND IMPROVED TEST COMPOSER - PART 1'. There are also sections for 'SDN SOFTWARE SUBSCRIPTION NOW AT A LOWER PRICE' and 'CONTRIBUTE AND CONNECT EARN POINTS ON SDN AND BPX'.



Community Fast Facts

Sponsoring Company: SAP

Audience: SAP customers, partners, employees and experts.

Size: 2.3 million members

Launch date: 2004

About the SAP Community Network



Company Background

- \$17 billion enterprise software company (based in Walldorf, Germany)
- World's largest business software company (more than 52,921 employees)
- Offices in more than 50 countries worldwide

Case for Community

- In 2003, SAP was introducing a crucial upgrade of its software (to be delivered via the Web) called NetWeaver. Convincing customers and business partners to upgrade to it was not easy
- SAP executive board member Shai Agassi's idea: Let SAP customers, integrators and ISVs teach each others about their experiences with NetWeaver through an online community
- Goals were to use the SAP Community Network to:
 - Increase awareness of NetWeaver and other SAP products and services
 - Generate more leads for the firm's offerings
 - Accelerate adoption of NetWeaver
 - Help channel partners (ISVs, etc.) sell their services

What They Built

- Launched the SAP Community Network (SCN) in 2003
- Today, SAP has five online communities for different audiences (developers, business process experts, ECOHub, universities and Business Objects customers).

About the SAP Community Network (cont.'d)

SAP COMMUNITY
NETWORK



Results to Date

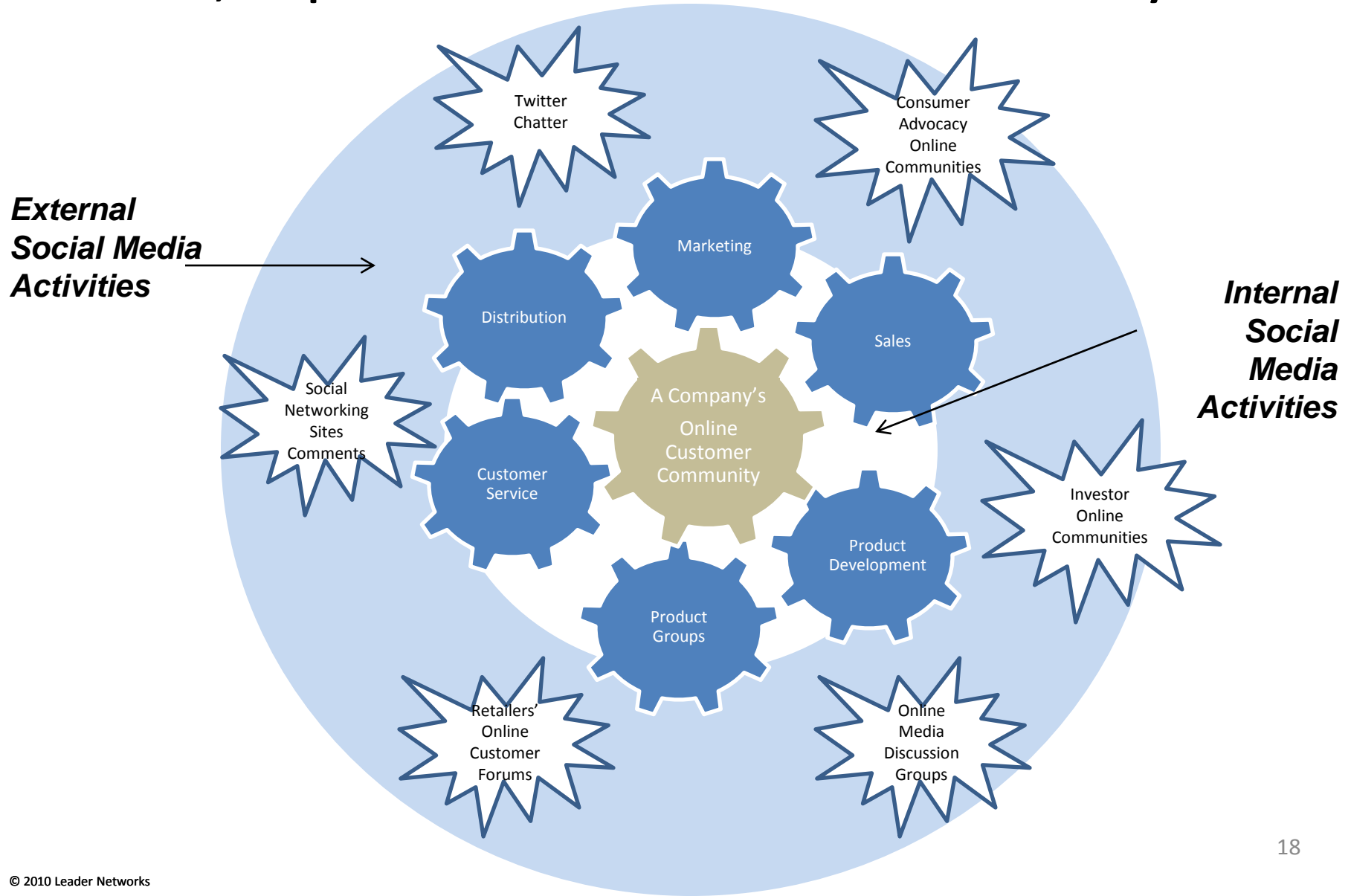
- 6 million visitors and >2 million registered members from 200 countries (30,000 new members/month)
- 6,000 forum posts every day, and the median time before the first reply is 17 minutes
- More than 20 million total visits and 400,000 bi-weekly newsletter subscriber
- Net Promoter score in the 60% range. A good score would be in 30-35% range
- Generate partner program leads to > 2M members globally
- Value to SAP: Faster uptake of new products and enhancements
 - Faster product/service adoption and market ramp-up
 - Higher customer satisfaction and loyalty
 - Up-sell and cross-sell
 - Better products and customer experiences from external feedback
- Value to SAP's customers and partners:
 - Helps individuals and companies accomplish their jobs faster and with higher quality through feedback from surveys, comments to blogs, discussion forum replies
 - Lower cost of operations

Executive Comments

"Being engaged in community and social media has brought SAP tremendous benefits, including product adoption, market penetration, and so on — and also richness of relationship which can translate into customer satisfaction and success — and I would guess that would translate into customer loyalty. I know that these communities have brought SAP tremendous financial and non-financial benefits." --**Mark Yolton**, SVP of SAP Community Network

"It has allowed us to save a lot of time and resources and ... to get to a deliverable solution much faster than we would have otherwise without the community." -- **David Hull**, IT Infrastructure Architect, Walt Disney Company

Online Customer Communities Gives A Company Ways To Monitor, Coordinate, Respond To And Influence What Customers Say About It



**SO DO YOU NEED AN ONLINE
CUSTOMER COMMUNITY?**

Which Companies Need Online Customer Communities the Most?

Common Characteristics of the Early Community Builders

Customers

- Willing to share information with other customers
- Have purchased a platform product and need to communicate with each other about how to capitalize on it
- Willing to participate in off-line user groups or in person customer summits

Customer problems

(which their products or services addresses)

- Critical, ongoing and ever-changing
- Knowledge for solving problems becomes obsolete quickly
- Customers gain major value by learning from the experiences of other customers
- Urgent need to share experiences

Products/services

- Company's offerings solve important problems for its customers
- Company must supply continual product enhancements to meet customer needs
- Company revenues depend on product/service upgrade decisions by customers

**IF YOU NEED A COMMUNITY, HOW
SHOULD YOU BUILD IT?**

Online community
It's all about connecting
data + people



Building a Vibrant Community: 9 Key Success Factors

- 1. Community has to provide big value to members and not just to your firm** → *Create a strategy that defines the target member, problems they need to solve, and how the community will address them*
- 2. Agreement on what member problems it will solve (and they must be big ones)** → *Interview target members to surface key unfilled needs that an online community could address*
- 3. Having key assets and conditions in place before launch** → *Deciding whether customers have strong connection to your firm; whether you help them solve key issues, etc.*
- 4. Creating a steady stream of content that stimulates members and addresses their key problems** → *Create thought leadership content on site, in part thru collecting, dissecting and aggregating their experiences*
- 5. Value and respect all members** → *Creating Golden Rules for integrity and transparency*
- 6. Building the community in an evolutionary way** → *Erecting Sherpa tents instead of Mausoleums*
- 7. Actively keep your finger on the pulse** → *Monitoring and measuring to know and grow; and thread key information through-out the organization*
- 8. Attracting members to the community** → *Not using old marketing tactics to drive members*
- 9. Making it feel like THEIR community, not YOURS** → *Getting members to take ownership of community discussions and enforcing the culture*

Thank You!

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