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Adopting Enterprise Web 2.0 collaborative technologies in business: The implications for management accountants

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Key findings:

- Businesses are confronted with Enterprise Web 2.0 as an emerging set of disruptive technologies characterised by their informality and accessibility.
- Our case studies highlight changes in workplace co-ordination and collaboration as a result of employees/accountants using instant messaging (IM), social networking sites, blogs, wikis, and other tools to collaborate and form ad-hoc communities across departmental and organisational boundaries. Nevertheless these changes can only be described as being evolutionary rather than revolutionary.
- Different professional groups are embracing these tools in their interaction with customers (e.g. sales and R&D) however accountants in our research sample are not currently using these technologies to enhance their customer accounting practices.
- Contrary to perceptions that these tools are mainly adopted by the under 30s (Generation Y), the evidence shows these tools are used much more widely in the companies we studied.
- Quantification of the 'soft' or intangible benefits of Enterprise Web 2.0 (such as improving co-ordination, knowledge accessibility, and relation building amongst people and teams) remains a challenge for management accountants. Nevertheless, an important and tangible benefit is a reduction in travel costs.
- An implication for management accounting is the emergence of a set of rich tools and techniques to improve co-ordination especially at a distance. These tools have the potential to provide ways to present, annotate and distribute structured accounting data in innovative ways to business managers who are becoming increasingly familiar with social networking technologies.

Acknowledgements

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Introduction

This report seeks to augment the ability of executives, managers and accountants to better understand one of the most recent examples of technologically enabled change, Web 2.0, and its business related variant, Enterprise 2.0. It analyses their current usage and their implications for management accountants through the experiences of two companies which are early adopters of Enterprise Web 2.0 techniques. Management accounting practices are entangled with and dependent on different types of technologies that have always been an unstable source of promise and disruption. Changes in management accounting, enabled at least in part by technological change, can be traced over the last century (Bromwich and Bhimani 2009). The spread of information and communication technologies such as Enterprise Resource

Planning (ERP) systems, Customer Relationship Management (CRM) systems, and Supply Change Management (SCM) systems confronts accountants with challenges. However, the advent of Enterprise Web 2.0 presents another digital technology that is credited with transformative abilities for business and having implications for management accountants (Ross 2009a).

In 2004, the term Web 2.0 was coined by Tim O'Reilly to describe a different use of web technologies which are user centred and where value is added as more people use them. Examples include Flickr for sharing photos, Wikipedia and Facebook. In 2006, Andrew McAfee described the introduction of Web 2.0 techniques into business organisations as Enterprise 2.0 using the example of Dresdner Kleinwort Wasserstein (now Commerzbank) a European investment bank. Although the line between what Enterprise Web 2.0 is and what it isn't remains unclear and open to interpretation, it is regarded as encompassing a set of tools including blogs, wikis, mashups, tagging and social networking sites that are deemed important in collaboration, innovation, participation and knowledge sharing (see figure 1 and table 1). This lack of clarity extends to our informants hence we describe these technologies as 'Enterprise Web 2.0' throughout this report.

By 2007 the Economist Intelligence Unit was reporting that 85% of senior executives considered that Enterprise Web 2.0 could be transformative, increasing collaboration within and between organisations and growing revenues. Interestingly, the only group of senior executives that were consistently sceptical was chief finance officers (EIU, 2007).

Figure 1: Enterprise Web 2.0 techniques and products

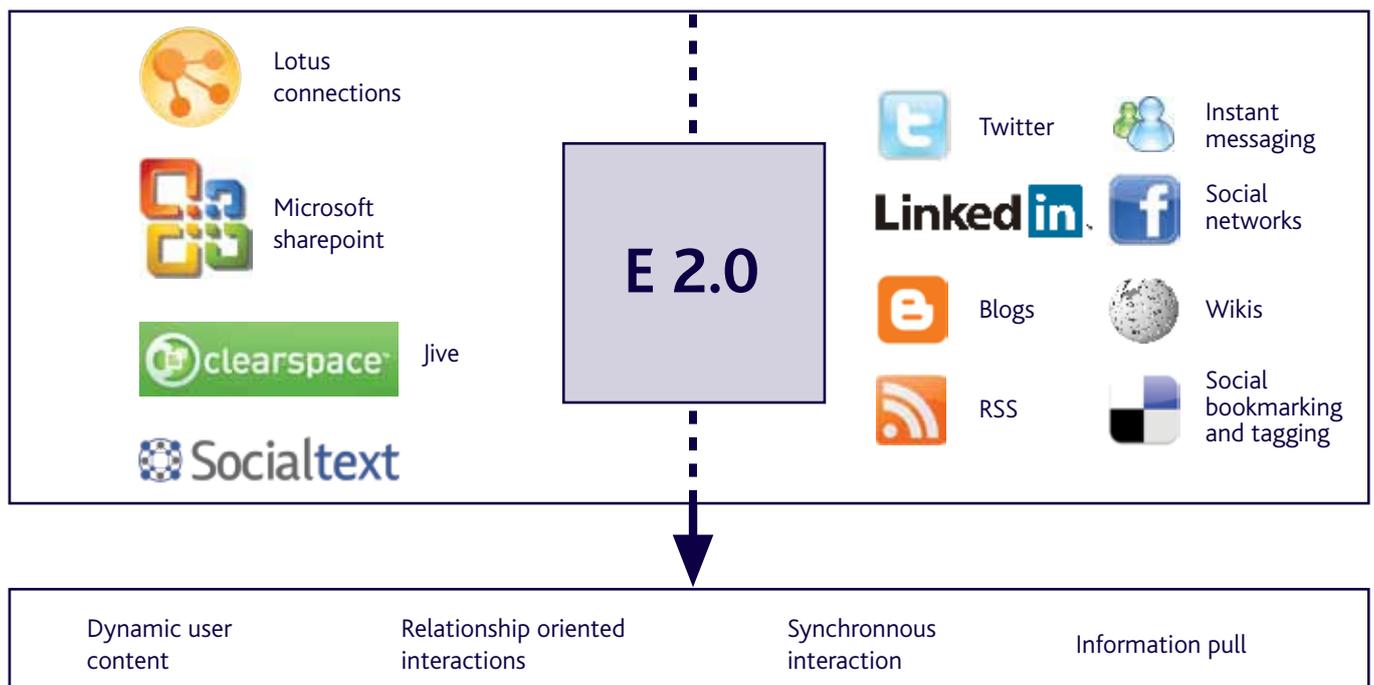


Table 1: Enterprise Web 2.0 techniques and their proposed capabilities

Tools	Description
Blogs	An informal yet structured website where users can publish stories, opinion and links to other websites of interest. Readers can subscribe to a blog and post comments in an interactive format.
Microblogging (Twitter, Yammer)	A microblog is similar to blogs but differs in terms of its content which is typically a short sentence fragment, an image or embedded video.
Wikis	A wiki is a collaborative platform that allows multiple users to add, remove, or edit content. It tracks online discussions among users and allows the content to be archived and reviewed.
Social networks (Facebook, LinkedIn)	Social networks are online communities for expanding users' social or business contacts. They allow people to interact, meet, keep in touch and locate each other.
Social bookmarking and tagging	Capability for users to save their bookmarks and tag them with keywords to organise documents and share information with others.
Real time collaboration tools (instant messaging (IM), web meeting, webinars, Google wave)	Integrates disparate channels for voice communications, data communications, instant messaging, email, and electronic conferencing into a single experience where users can seamlessly switch back and forth between different communication modes.
Mashup	Web application that combines data from multiple sources and mashes it up into a new use or tool.
Aggregator (RSS)	Consolidates specified content from websites and feeds it to users' computers and sourcing of information from various sources.

Enterprise Web 2.0 enthusiasts, widely referred to by the term 'evangelist', adopt a language of transformation and cultural shift. For them Enterprise Web 2.0 promises to revitalise organisations by harnessing the 'wisdom of crowds' and helping companies face the challenges of a dynamic, digital and volatile environment. It is deemed to give rise to new forms of workplace collaboration and participation through handing control to users to create their own way of organising knowledge, workplaces and business processes. By loosening organisational hierarchies and shifting increasingly to self-organised, distributed, and collaborative networks, Enterprise Web 2.0 is seen as giving more power to employees, which is argued, will lead to faster innovation, lower cost structures, greater agility and enhanced business value.

Additionally, an important feature of Enterprise Web 2.0 is its potential to bring organisations closer to their customers, where companies can learn more about their customers' desires and preferences through a richer dialogue and open interaction. This is seen as enabling customers' voices to be heard and facilitating their participation in the production and the creation of business

value. Advocates of Enterprise Web 2.0 also point to the rise of a generation of under 30s - known as 'digital natives', 'millennials' and 'Generation Y' - who have grown up using different forms of digital technologies almost intuitively and who are entering the workplace (Tapscott, 2009). For this generation their social life is often organised through Enterprise Web 2.0 technologies, and it seems to be a natural step for them to seek to use similar technologies in their workplaces.

In contrast, a number of corporate executives and commentators are sceptical, regarding these technologies as a time-wasting distraction for employees, negatively affecting productivity and having potentially damaging effects on business reputation. In addition, there are concerns regarding the existence of any value in the use of these technologies for business organisations, and if there is, how this value is framed, measured and more importantly, by whom (Howlett 2009).

Models and consultancy surveys (Forrester 2010, McKinsey 2010, KPMG 2008) regarding the benefits and challenges/risks of Enterprise Web 2.0 are available. However, few case studies

describe how these tools are used within adopting organisations, and how they are perceived and used by management accountants whose role as knowledge workers is seen as shifting towards the strategic management of their organisations. The list of major corporations using Enterprise Web 2.0 tools to promote productivity and foster innovation is growing and includes BBC, Dell, P&G, FedEx, Shell, Motorola and many others but we don't know how these tools are used and how accountants are engaging with these technologies.

Objectives

This research is a first step to find out how Enterprise Web 2.0 techniques are understood and engaged with by practicing management accountants. In particular how accountants view the current and future prospects of these technologies, how business value is realised from their use, and how such techniques complement and supplement enterprise systems. The research is based on a combination of case studies and surveys. Case studies were conducted in 2009/2010 in two companies, Corp and Enumerate who identify themselves as early adopters of these technologies. Corp is a global company in the information technology industry and it is also a manufacturer of one of the Enterprise Web 2.0 technologies available on the market. Enumerate is one of the big international accounting firms. Both companies have a globalised infrastructure, a mobile workforce, and teams from all over the world, working sometimes in the same location but usually remotely. We interviewed both accountants occupying a number of roles and other managers and/or professionals in these companies.

Two calls were placed in CIMA Insight asking CIMA members using these technologies to contact the project team which resulted in a small response. Nevertheless, these responses provide a valuable insight into the use of these technologies by practitioners. In addition, a questionnaire was given to those in the category of 'digital natives', 'millennials' or 'Generation Y'. Data was collected from first and third year students studying management accounting at a UK university. Two hundred students completed the questionnaire used in this study.

Findings

The findings of the study can be divided into four themes:

Changes in the workplace co-ordination

The case studies highlight changes in the workplace as a result of employees using Enterprise Web 2.0 tools to collaborate and form ad-hoc communities, across departmental and organisational boundaries, and to connect with other participants who could add value to the firm's ecosystem. Let's look at these changes in more detail.

Varied use of Enterprise Web 2.0 technologies

'If someone is trying to take you financially through a set of figures, rather than distributing it as a spreadsheet in an email... and having to cut and paste and put it into a PowerPoint, people just take you round the live spreadsheet via the collaborative tool and there is also sorts of positives around that particularly if you are talking about sensitive things,' finance director, Corp.

We find certain groups and occasionally individuals are intensive users of these technologies, whereas other groups hardly know anything of the terminology and profess not to use these technologies at all. However, without exception, all our informants work in intensely digitally-mediated environments where the resources of online systems are critical to even basic work activity. Features such as IM and the ability to share information and collaborate on documents and presentations in real time sometimes using video conference facilities, are seen by most as essential tools in organising with others. These tools enable collaboration across space, the ability to collaborate at different times and accommodate language and cultural differences. Within companies and groups these technologies facilitate an intensification of communication. For example, it was not uncommon for us to find informants having ten or more IM conversations ongoing. Managers and other informants use IM to check who is online and available especially in different time zones and countries. It is widely agreed that these tools are reducing the amount of travel needed within the companies though no metrics were available to specify the costs saved. On the other hand, these tools are always seen as much more useful if they are combined with occasional face to face meetings which are important in creating an initial relationship and subsequently providing situations to resolve problems, or quite simply to spend time getting to know others better. None of the technologies used in this intensive online collaboration are necessarily recognised or presented as Enterprise Web 2.0 applications. Rather we find that many of our informants incrementally start using or discovering new technologies or capabilities in existing technologies often in an ad-hoc way as they find other colleagues using them.

Wikis are used in a few cases but seem to be most useful in very specific areas and for small groups of employees. A small number of employees blog either internally or externally. External blogging is particularly important for those promoting new or enhanced products or being seen as creating a climate for these products. Internal blogging is less common and most of our informants do not use or read them. However when specific and perhaps controversial workplace issues arise it appears that blogging can galvanise opinions and provide a locus for self organisation. Tagging and mashups of information do take place but appear very patchy in their uptake at present.

Repositories of information

'How do you build up the profile of the individual who worked in the UK, gone on to the US, then gone to Switzerland worked with different clients and got all this knowledge, how do you sort of map that out in some sort of format and make it accessible to somebody else ...how do you bring that to the surface, it's a really difficult thing and how do you map and capture those social connections that people make and that's something we have really been struggling with,' project manager, Enumerate.

Both companies find it important to have clear repositories of information about employees which provide basic information, and the authorisation and digital identity for that employee within the intranet. Identity management raises two key issues; how to keep this information up-to-date and how additional information on employees should be collected and presented. All informants agree that keeping their information up-to-date is important but many admit to not being diligent in doing this and there are mixed feelings on how much information on contacts, activities, preferences and so on should be placed on a corporate database. Both companies are using corporate 'Facebook' type pages for their employees though with mixed results at present. A number of our informants are enthusiastic users and want to link these pages to their external Facebook accounts and save having to duplicate material. This shared information is normally a limited subset of information on their external Facebook. Another large group also uses the internal system but has LinkedIn as an external business networking system. This is found to be very helpful in developing contacts. A further group of informants rarely use the internal systems at all even if a majority has an external Facebook account.

Finding experts

'We had a very large proposal to a very large international brewing company and the team could not identify people who worked in brewing or in previous life and it was around procurement of a very specialised area...we won it anyway but there was this running around trying to find someone who understood the brewing industry and the requirements of that industry and just had some extra knowledge about it and its about capturing that side of things in a more flexible way,' programme manager knowledge and IT, Enumerate.

Most of our informants suggest that finding digital information within or outside the company is much less of a problem, but for many of their queries what they often want is to find someone with experience and knowledge on a topic within their company. This is becoming easier as firstly, individuals are keeping their profiles more up-to-date but more importantly, they are leaving digital traces of what they do which can be retrieved from searches. Nonetheless many informants still consider personal contacts a very useful resource in finding the right people quickly.

Blurring of boundaries

We notice that most of our interviewees experience a blurring of boundaries between work and social life. How they organise and use time is changing and their use of time is intensifying. For some, the boundaries that once demarcated work and social life seem to have faded, and some of them described themselves as being 'always online'. 'Always online' changes the boundaries between online and situated reality, between work and leisure, between identity as employee and as blogger. This has been facilitated by the use of smart phones that become rich multi-channels for communication and collaboration.

Self governance

'Web 2.0 takes that a step forward...we are not throwing out the rule book here but it's the common sense approach... saying to people just be sensible but similarly do what you think is appropriate and that's a difficult thing organisationally to get our heads around,' project manager, Enumerate.

'If anyone wants to do something bad, they can still do something bad anyway. If I want to take some confidential information and share it with someone else, I could do that on the bus or on my phone, I could photocopy it and sent it to them,' meta evangelist, Corp.

Our informants talk about new modes of self governance based on users' 'common sense'. In both our companies, we find that special policies and guidelines are adopted to provide guidance to staff on how to use these tools. However what becomes evident is that these companies are drawing on individuals' judgment, 'common sense' and self surveillance when it comes to dealing with these technologies. Rather than seeking to provide security measures, companies instead rely on employees abiding by a strong code of conduct which is enforced when necessary. All our informants consider this is the appropriate way to manage these technologies. They described this new mode of self governance as a major change from the usual governance processes. *'I definitely think that the big challenge or the big shift for us is that we have spent a great deal of money and a great deal of effort building environments to articulate who we are as a business, to our internal structure as well as to our external sources but I just think that the next version of things is starting to move away from that and instead of it being a structured organisation who we are as an entity, its much more about who I am as an individual professional as a part of this organisation and that is a big shift,'* global advisory services practice manager, Enumerate.

Interaction with customers

We find that while companies are using different tools such as Facebook and Twitter to reach their customers, our companies are cautious about using such tools internally in their interaction with customers. Corp is experimenting with different tools

to create dialogue with their customers but this is limited to certain business areas, mainly product development and sales. However, we find these tools have negligible implications in for example, pricing decisions which as explained by the accountants we interviewed, are pretty much dictated by prior knowledge and engagement with customers. Enumerate, on the other hand, avoids the use of any of these tools in their interaction with customers. They tend to use formal, structured means of communication. These different responses show that engagement with customers is highly firm and sector-specific and the collaborative characteristics of these technologies appear to be only useful if there are already close and informal relationships in place. Even in those instances we find that concerns about risk mitigation and Intellectual Property Rights (IPR) are paramount and restrict the degree of engagement. In short, these techniques appear by themselves not to produce closer engagement with customers but can facilitate it if the conditions are already present in a specific relationship with a customer.

A surprising finding from this research was the limited response from the CIMA membership when we tried to find innovative management accountants adopting Enterprise Web 2.0 tools. This appears to reflect the restricted extent to which smaller companies are embracing these tools and using them to facilitate dynamic and digital collaboration with clients. We had expected that some smaller accounting companies, particularly those which have clients in dynamic industries such as media, music, and entertainment, might be developing or using these tools as some evidence in the US suggests (NWN Blue Squared, 2010).

Generation Y and work-life issues

'If you went into a restaurant, what would you think if there was no knife and fork ... there is a generation coming through for whom Facebook, Twitter, social networking is like that knife and fork, they don't think of them as wonderful whizzy new tools, they are the knife and fork of how you live your life,' manager in innovation management, Enumerate.

One of the most frequently encountered arguments for Enterprise Web 2.0 is the observation that a new generation currently under 30 years of age, has grown up with digital technologies, uses them extensively and will expect to have such technologies in their working environments (Tapscott, 2009). We find the picture much more mixed than this.

Our experience is that a significant number of our informants over 30 years of age are extensive users of social networking technologies both at work and in their social lives. Their views on balancing work and other areas of their lives vary. A sizable minority welcomes the advent of technologies that allows them to work at home or elsewhere. This allows them to have more control over how they juggle work and other commitments. A

second group feels these technologies lead to expectations of extending work into other areas of their life, about which they often had mixed and sometimes quite negative views. A third group is keen despite such technologies, to maintain a clear demarcation between work and other activities and prefers to keep work to within the realm of the workplace even if it means working longer hours.

The Generation Y employees we interviewed are extensive users of social networking technologies outside the workplace and tell us they began their working life with expectations that they would be using such technologies in the workplace. They quickly found that company policies and cultures limited their options and increased the formality in how these technologies were used. On a few occasions we did encounter people who, by using IM and having fellow employees as different classes of friends on Facebook, are able to conduct much more informal and productive relationships with an international peer group which is not always recognised by older employees. For managers there are concerns about how social networking technologies could lead to an inadvertent disclosure of the company by an employee in non work situations that clearly is not appropriate. This is an ongoing issue in particular for younger employees and a serious concern for managers.

The results of the questionnaire reveal that of students, all respondents are extensive users of social technologies with Facebook being very popular. While this is expected, interestingly we find that a high percentage of students are familiar with and are using wikis. On the other hand, we find a very limited use of tools such as Twitter, blogs and social bookmarking. With respect to the respondents' views on their future workplace, the majority stated they prefer working in a workplace that is organised around teamwork and collaboration, work with the latest technologies, and they are interested in the integration of work and social life through social networking where their co-workers, managers and customers are their friends on social sites.

Value creation

In general, not knowing how to measure the business 'value' of these technologies is one of the major challenges to their adoption and use (cf. Ross 2009b). In neither company had the introduction of Enterprise Web 2.0 technologies been decided after detailed ROI analysis. In both companies, senior management made explicit decisions to promote these technologies but in different ways. In Corp, whose employees are often highly technically oriented, the decision was to allow different tools to be developed and let employees or workgroups choose the technologies they wish to use. In Enumerate, a specific Enterprise Web 2.0 system was implemented with plans for global usage where employees were encouraged to learn and use the capabilities of the technology. Our informants have often divergent views on the usefulness of these technologies.

A number of middle managers feel they had no time to learn how to use these technologies and develop them. What they want is technologies whose use is self-evident and provide value for the current work commitments. On closer discussion, most informants could find examples where these technologies enable things to happen that would not otherwise occur. This includes the creation of new contacts, the identification of new ways of transacting business and so on.

How to recognise how individuals perform using such technologies and its impact for the organisation is a key area of concern for individuals and management. New measures such as the citation of blogs, peer recognition or the engagement of new customer contacts, are being discussed or developed to measure the contribution of employees and identify the value of what they do. In Corp, the presence of an annual personal appraisal is seen as helpful as elements of social networking could be discussed here. For example, a senior management accountant found a new accounting technique for pricing in the US which resolved a problem his team had in Europe.

The case studies highlight the difficulties of using accounting frameworks to identify and express the business 'value' of these tools. While some of the cost and benefits of these tools can be measured and quantified, there are other intangible non-quantifiable benefits that cannot be expressed through accounting models which are important when assessing

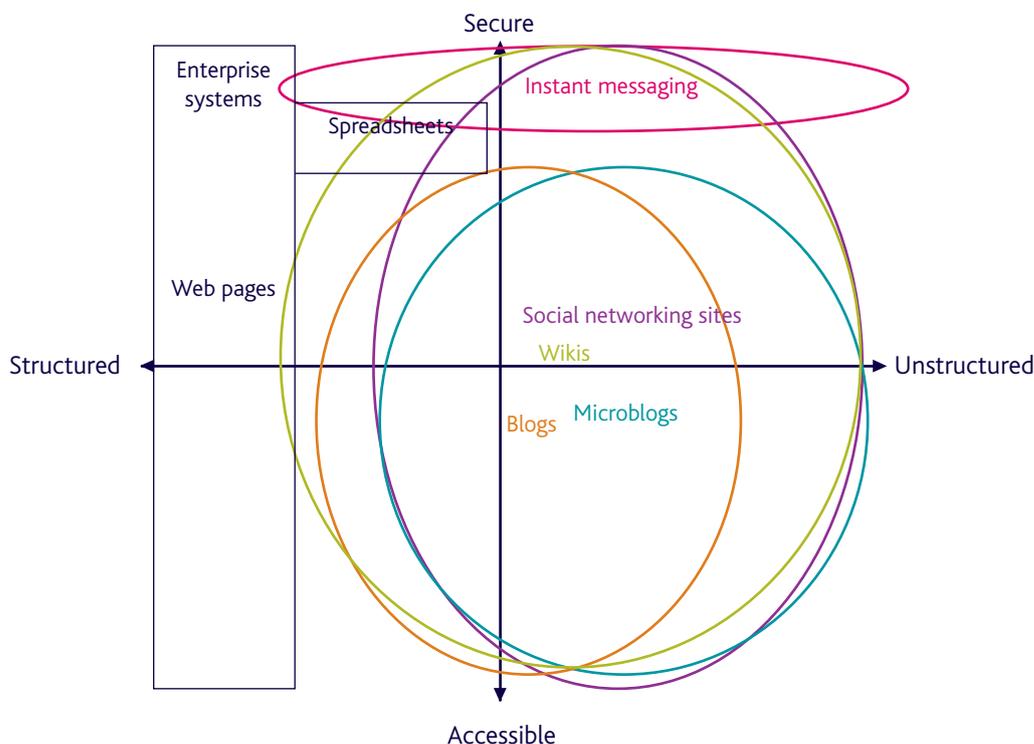
the business 'value' of these tools. These benefits tend to be relational and depend on how these tools are applied by a multitude of users with diverse agendas, needs and purposes. The non-quantifiable benefits for our informants who are extensive users emerges from greater ability to organise with others, to access information in different ways, and to keep in touch with a number of colleagues. On the other hand a number of informants complain of too much unnecessary information which leads to information overload and a sense of powerlessness.

Conclusions and recommendations

This study highlights several implications of Enterprise Web 2.0 tools for management accountants. First, accountants are witnessing a continuing elaboration of software systems which promote social networking and facilitate co-ordination with colleagues in multiple locations. It has become much easier to conduct a network of conversations, to collaborate and have meetings around shared and dynamic documents and data. In doing so, management accountants are using different digital tools. Many of these tools could be called Enterprise 2.0 but some have been developed as enhancements of existing software platforms and their usage has evolved over a period of time.

Figure 2 illustrates how software systems can be placed on a continuum between systems that are secure/closed and those that are accessible. When the content of these systems

Figure 2: Enterprise Web 2.0 tools augment accessibility and informality while raising issues of control



is considered there is another continuum between structured and unstructured content. Taken together they map how software can be used and the options available for management accounting. Figure 2 shows that most accounting systems are found in the top left quadrant (secure and structured) at the expense of accessibility and the ability to annotate these systems with commentary and guidance. Different Enterprise Web 2.0 technologies provide capabilities to extend accessibility and integrate structured and unstructured information, but raise issues of how this can be done and whether sufficient benefits will be generated.

A second finding is even in companies that are early adopters of Enterprise Web 2.0 technologies, few accountants are systemically using social networking but those that do report improvements in their effectiveness. We suggest that accountants need to consider and think innovatively about how to embrace social networking tools and benefit from their increasing accessibility and informality in improving communication with others in the business (moving towards the bottom right of figure 2).

Third, as figure 2 shows, wikis, mashups and tagging of financial and other information are obvious areas of application for the near future. They are likely to provide better resources to understand and explain financial data and procedures held in more inflexible, transaction based systems such as enterprise systems.

Fourth, the use of formal and social networking tools is likely to enhance collaboration with internal and external customers of accounting information and provide an appealing approach to improving customer accounting practices. We suggest the use of these tools by management accountants is likely to promote greater levels of customer engagement, hence a new way of understanding and serving customers' interests rather than focusing mainly on business interests.

Finally, the use of these tools is not limited to a specific age group, yet it seems clear that younger employees and new entrants to the workforce are habitual users of these technologies and are more likely to be comfortable with using them in the workplace.

In summary, Enterprise Web 2.0 tools present opportunities and challenges for management accountants that require them to act in innovative ways. The emergence of these tools is enabling a change in the type and scope of management accounting information production and exchange. They provide informal accessible data that require management accountants to consider how to embrace and make use of them in thoughtful ways. Mashups, wikis and tags provide relatively easy resources for accountants to improve collaboration with their business users. They offer new opportunities to improve co-ordination,

especially at a distance, and to provide ways to present, annotate and distribute structured accounting data in innovative ways to business managers, who are becoming increasingly familiar with social networking technologies. How accountants should capitalise on these systems remains unclear as there are very limited examples of accountants even in early adopter companies, using Enterprise Web 2.0 techniques in a systematic and deliberate way.

For management, this research raises challenges for senior managers, executives and management accountants as part of senior management. Demonstrating value remains a difficult proposition as the use of these technologies depends on individual choices about which technologies to use for communication, collaboration and interaction. Most informants agree that value arises from improving their organising with colleagues and customers. This is an incremental change in performance and not a transformation as some Enterprise Web 2.0 enthusiasts would argue. Clearly a variety of software tools and platforms are allowing self organisation in areas of the two companies, but these developments stem from ongoing changes based on prior relationships between employees and customers as much as it does on technologies. We suggest the value from these tools and techniques will be shown to be adjuncts and complementary to existing formal systems, and learning about the productive use of these tools will be an emergent set of processes. Most of our informants suggest these tools are reducing the need for travel and the ensuing costs which could deliver important environmental, and financial consequences in future.

Second, a small number of employees are extensive users of social networking technologies in and outside work. They tend to be more technically minded, of managerial or professional background and seek to organise their work and outside work activities together. For organisations, the presence of such employees poses some difficulties. How can the organisation ensure that sensitive information is not inadvertently disclosed or the activities of an employee's social life remain sufficiently separate from corporate reputation?

Perhaps the major challenge for management is how to control and learn from the use of Enterprise Web 2.0 tools and technologies. As the use of these technologies is by definition user led, it requires a ceding of control by management and relying on the ability of employees to develop social networking tools in a productive way.

To conclude, is Enterprise Web 2.0 relevant to management accountants and what should be done? The research shows Enterprise Web 2.0 is an evolutionary process not revolutionary as many advocates suggest. It is part of a trend towards rich collaborative environments with continuous online presence. Our research points to a longer term learning process to

understand and gain benefits of these technologies for business purposes. Two areas have immediate relevance for management accountants. Using these technologies to improve collaboration and reduce the need for travel has rapid productivity implications. A second benefit is the scope to build up wikis and the tagging of accounting data will improve the accessibility of structured accounting data and promote dialogue between accountants and their clients, internal or external. It is likely Enterprise Web 2.0 tools will be part of a long-term trend towards employees themselves developing a rich digital presence that is central to how they work and becomes a major organisational resource to co-ordinate work and identify competencies. Accountants who are excited about these trends have probably already started using these technologies. For small accounting practices there is scope to

provide a sophisticated digital environment with interested clients. In large organisations, senior accountants need to provide leadership to promote the early benefits of Enterprise Web 2.0 technologies, but also supply the necessary caution towards some of the more high blown claims of Enterprise Web 2.0 vendors and consultants. For the profession it is clear that a generational effect is emerging as both trainee accountants and newly qualified professionals are using technologies more extensively than others. Revising the training of accountants to take account of these techniques is a pressing issue. For accountants it is important to recognise that newly trained accountants may wish to accomplish tasks in different ways using Enterprise Web 2.0 techniques. This is a question of control and of future innovation for the profession.

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