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MOST COMPANIES AVOID INTEGRATING SOCIAL MEDIA DESPITE EVIDENCE OF BENEFITS

SEATTLE—September 8, 2008— Most companies have no formal plans to manage the adoption of social media or leverage its benefits, despite early evidence such tools bring improved customer relationships and increased sales.

Fear and apathy emerged as key barriers to using social media, according to an independent global survey commissioned by Avanade, a global IT consultancy company.

More than half of the respondents to the survey said senior executives and IT staff resist adoption out of fear it will sap worker productivity. Sixty percent believe management does not understand the potential social media offers employees and customers.

“Social media technologies are reaching a turning point –they are no longer lingering outside the domain of IT departments. Companies that do not adapt to these changes or move fast enough will lose customers,” said Mike Pazak, Vice President of Enterprise Business Solutions at Avanade. “We’re working with organizations to deliver solutions that take advantage of the ways social media can impact customer relationships, opening up a new level of internal and external collaboration, trust and loyalty.”

More than 500 global top executives who responded to the survey also said that:

1. Social media technologies have the potential to transform the way companies build and manage relationships with their customers.
2. Apathy, fear and uncertainty – more than costs – are preventing companies from formally adopting social media technologies.
3. Social media technologies are invading the workplace by stealth. Companies know this, but most have no formal plan to manage them.

Key data includes the following:

- More than 75 percent of companies worldwide admit that social networking will come into the business by stealth if not proactively managed.
- 9 out of 10 companies understand that the next crop of employees will usher social networking into the workplace.
- Approximately 60 percent of respondents say integrating social media technologies is not on the agenda.
- Only 18 percent of respondents have any kind of strategy in place to integrate these technologies within the company for employees.
- More than 60 percent agree that social networking is the next major step in collaborative activities and technology for a business.
- The key barriers to adoption of social media technologies are concerns about security (76 percent); senior management apathy (57 percent); and, fear of using unproven technologies (58 percent).
- Half of companies fear a negative impact on productivity.
- 3 out of 5 companies agree that senior managers do not understand the potential that social networking offers both for employees and customers.



On the other hand, for early adopters of social media technologies surveyed:

- Two-thirds of companies see improved customer satisfaction from the adoption of social media and 64 percent report an improved reputation in the marketplace.
- Already 2 in 5 companies can directly associate an increase in sales with the move to using new forms of media.

U.S. Findings

Companies based in the United States differ from international counterparts in their approach to adopting social media in the workplace. They differ in their adoption strategies, barriers to usage and the impact of the economy on the way companies communicate with their customers.

- Only 5 percent of the U.S. companies surveyed have a fully documented and implemented strategy for integrating social computing for use by employees within the enterprise. Of companies worldwide, more than three times this percentage has a strategy in place.
- While executive apathy, security concerns and fear of unproven technologies are key barriers to adoption, the technology is not a major barrier in the U.S. Only 15 percent of U.S. respondents said they were waiting for better technologies before adopting social networking technologies in the company, compared to 33 percent worldwide.
- The economy is a more influential factor in customer relationship management for U.S. companies than their international peers. 85 percent of U.S. companies agree that as we enter a possible economic downturn, companies need to focus on new ways of communicating with customers that add real value.

About Avanade

Avanade is a global IT consultancy dedicated to using the Microsoft platform to help enterprises achieve profitable growth. Through proven solutions that extend Microsoft technologies, Avanade helps enterprises increase revenue, reduce costs and reinvest in innovation to gain competitive advantage. Avanade consultants deliver value according to each customer's requirements, timeline and budget by combining insight, innovation and the talent of our global workforce. Avanade, which is majority owned by Accenture, was founded in 2000 by Accenture and Microsoft Corporation. Avanade has more than 8,000 professionals serving customers in 22 countries worldwide. Additional information can be found at www.avanade.com.

About the Survey

The Coleman Parkes Research survey, *CRM and Social Media: Creating Deeper Customer Relationships*, interviewed 541 top executives spanning senior management, lines-of-business management, IT managers and sales and marketing executives across North America, Europe and Asia-Pacific. For more information on this study and Avanade's CRM expertise, please visit www.avanadeadvisor.com/CRMsocialmedia.

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