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WEB 2.0 – MARKETING TOOL OR BUSINESS STRATEGY?

By Kevin DeSanto

Well, it is a little bit of both (typical investment banker answer). But not in the traditional sense in either case. Government contractors are constantly challenged to keep pace with sharp changes in their operating environment – changing regulatory requirements, evolving technologies, mission adjustments by customers, and pursuing unconquered areas, to name a few. These are typically signs of opportunity that will lead to growth in a business. This growth is obviously the goal of shareholders, management and employees alike. A number of our recent clients have utilized Web 2.0 tools to enhance their value proposition – to both their customers and in the context of a liquidity transaction. Kadix Systems and Project Performance Corporation, both companies that were sold by KippsDeSanto & Co. to larger strategic acquirers in 2008, leveraged these technologies to effectively provide creative solutions to their customers and drive attractive revenue and earnings growth. The chatter around and evolution of “Web 2.0” (or “Gov 2.0” as it is sometimes referred) represents a real opportunity for government contractors to differentiate themselves in a hyper-competitive marketplace.

Sample Government Used Web 2.0 Tools	
DoD Techipedia	Intellipedia
Facebook	YouTube
Twitter	Second Life
Blogs	RSS Feeds
Podcasting	Digg
SharePoint	Widgets

“Web 2.0” simply defines the suite of Web-based tools that allow widely dispersed partners to collaborate and share information. Your Federal government customers are embracing Web 2.0 tools as a way to share real-time information and develop strengthened relationships within their disparate organizations and with their broad ranging external constituents. From the White House to NASA, across the Department of Defense and Civilian agencies, these tools are being deployed in ways that are making the government agency “human.” Knowledge and interaction naturally create a feeling of being connected, having a say and fundamentally understanding these enormous organizations. While there are security concerns and official guidance on appropriate usage has yet to be completely defined by the Federal government, it is clear that these tools can serve a purpose for creating a more efficient and effective government agency. The same is true for the contractors that support them.

Web 2.0 as Marketing Tool

Some of the most fundamental and important company value drivers can be enhanced by effective utilization of Web 2.0 tools: Recruiting, Customer Relationships, Information Sharing and Perception. The question is: how do we effectively utilize these tools to enhance company value?

Contractors should endeavor to develop internal and external operating procedures to leverage Web 2.0 tools and drive business opportunities. Some examples include:

- *Recruiting:* One of the biggest challenges (and, subsequently, growth drivers) for government contractors is to attract and retain good people (and to do it quickly). Web 2.0 tools are incredibly well-suited to provide recruiting channels that are not accessible through traditional approaches. The limits of time and human touch points don't exist when broadcasting a new job opening to your followers. While Web 2.0 tools will not completely replace traditional recruiting means, they will substantially enhance the ability to disperse your message broadly and gain access to a critical mass of candidates in a very efficient, timely and cost-effective manner.
- *Customer Relationships:* Being knowledgeable about these tools and how to utilize them effectively is an easy way to become a resource. The statistics show we have an aging government workforce (2x as many government employees over the age of 50 compared to those under 30 years of age), which means that your customers typically aren't as comfortable with the technologies and openness provided for with Web 2.0 tools. By following the nascent Web 2.0 related actions of your customers you will learn about their strategies. By proactively supporting and embracing these initiatives, you will become a critical part of accomplishing their mission.
- *Information Sharing:* Both internally and externally this collaboration is important. The static web page that waits for visitors to arrive is no longer sufficient. Contractors and their customers need to proactively share information, although for different reasons. By getting your customers to follow you on Twitter you can get information to them in real-time. The first thing you should do when your company publishes a whitepaper is tweet the location to your followers. If you win an IT infrastructure support contract for one customer, other customers that could benefit from that knowledge should hear about it through your connections on LinkedIn or Facebook. In addition, employees that are dispersed throughout a geographic area (solving the same problems for a diverse array of customers) can benefit from the use of these tools. They will feel more connected and be able to share ideas that can lead to breakthroughs never before possible. Your "wall" of communication (whether through Facebook, Twitter, SharePoint or Wikis) can be a comprehensive, real-time resource.
- *Perception:* Maybe most importantly, companies that embrace these technologies will be viewed as "cutting-edge." All constituents (employees, customers, recruits, etc.) want to be associated with forward thinking organizations given how quickly technologies, industries and overall markets evolve. Simple adaptations of tools that are used by even grade-schoolers can enhance the image of a company and position them as a thought-leader and forward-thinking organization that is evolving as quickly as their surroundings.

Web 2.0 as Business Strategy

At this point in time, developing Web 2.0 tools is not a true business opportunity for most government contractors. Most are not going to choose to compete against the likes of YouTube, Facebook and Twitter in developing social networking tools that have a broad-based universe of customers. However, the underlying principles of these platforms are incredibly important for government contractors to embrace (in addition to the existing Web 2.0 tools). Most government customers are looking for ways to improve efficiency in a tightening Federal budget environment. By recognizing the power of these tools and applying them as part of the solutions that your contracts demand, you will be at the forefront of a movement that will continue for many years to come. You will also be in a position to benefit from the knowledge that is gained when your customers utilize and leverage robust information sharing to improve operating efficiency – you and your

customer will learn about problems that were not known to exist, ultimately leading to new contract opportunities or expanded scope on existing contracts.

Internally leveraging these tools can have the same effect on your company. Tools like SharePoint can be adapted for almost any use – with the prime objective to allow for a more collaborative and, in turn, creative work environment. The cost of deploying these solutions is relatively inexpensive. It only requires creativity and leveraging readily-available, low-to-no cost commercial technologies. Of course, this all sounds so easy and there is always a catch. As with any endeavor, you have to work hard at building a brand and gaining “followers.” Being consistent in your communications (and not overwhelming at the same time) and providing thoughtful, quality insights and information are fundamental to making the application of Web 2.0 tools an effective business strategy.

Embracing Web 2.0 tools represents a unique opportunity for any organization looking for a means to enhance growth / value and to strengthen customer, employee and community relationships.