



# Social Media: Is it relevant for IT Outsourcing Industry

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*Internet and Information Technology, with the advent of social media, has brought in revolutionary changes in the way individuals and firms interact and transact commerce. The IT outsourcing industry has been taking steps to leverage the immense potential of social media to connect potentials buyers and influence and the contribution it makes to enhance the brand value of the service provider. Social media is providing a platform for IT services buyers and provider in a more effective fashion, through sharing of information. The social media platforms have become an effective marketing tool for IT service providers, to compete effectively and reach out to newer virgin markets. This paper takes a look at this media in shaping the decision making process when it comes to outsourcing IT services by buyers.*

"We are here to help..." with this message, Alaska Air's twitter account kicked off its customer twervice (customer service on twitter) addressing passenger queries, and flight updates. This beginning as a social media contact center bolstered the airline to shed its conservative outlook and bring down its operational costs. The early adoption of social media as a business medium by B2C brands influenced B2B businesses to embrace social media.

Initially B2B businesses adopted social media as a brand promotion channel but soon realized the innate business value that social media offered. Among B2B entities, technology companies including IT service providers joined social media with an objective to promote their services and create brand awareness through the medium. But gradual transition in their business objectives became evident as the clamor for business value and return on investment from these platforms grew. This led IT service providers to identify opportunities to leverage social media to differentiate their services offerings from competitors. Lately, IT service providers have enhanced their services portfolio by including solutions which leverage social media, and deliver business value to their clients.

On the other side, IT Buyer of outsourcing services have been using the content generated by IT service providers on social media to assess the providers capabilities, while making much informed outsourcing decision. This has further encouraged IT service providers to develop well researched content for their services buyers and position them on top of the buyers mind. Social media has provided an opportunity to connect the stakeholders in both IT buyer and provider firms and helped develop a business relationship essential for overall success of the engagement.

The transition in mode of communication from emails to social networks in a B2B environment is seen as a move towards transacting business with higher degree of objectivity. Adoption of social media by buyers and IT service provider organizations, to provide additional touch points to their customers and create regular engagement on social media through blogs, posts, thought leadership webinars etc. has seen tremendous rise in past 5 years. What started as an untested brand promotion medium for IT buyers and service providers, has transformed into a mode of consistent engagement and outsourcing decision guiding tool in a networked world.

With 9 billion interconnected devices globally, social media has changed the way businesses interact with their customers. Social media has added a new dimension to the marketing tool-kits of IT service providers, by making available creation of webinars, blog & wiki posts, participation in forums & communities. These help them garner greater brand recall in the minds of their buyers. According to IBM Global CEO Study in 2012, customer interaction on social media by CEO's is expected to rise by 256% in 3-5 years time, which emphasizes the importance of social media and a need for presence on it for the IT service providers.

IT giant IBM is among the early adopters to harness the power of social media by reorganizing its content strategy, to attract customers. IBM realized that more than information sharing, social media could influence buyer decision making process. The provider published well researched whitepapers to portray thought leadership in different industry domains, without being very promotional in its approach, resulting in significant value addition to IBM's market perception by buyers. There is a significant rise in the number of hours spent by buyer IT purchase decision makers per week to gather information to evaluate service providers before making a decision on outsourcing of IT services. IT decision makers use social media to engage in peer advice, and feedback on IT service providers, before making the decision.

Influence of Social Media at each stage of Decision Making



Source: Forrester/LinkedIn, 2012: **IT Purchasing Goes Social**

Facebook, Twitter, LinkedIn YouTube and Google Plus are among the large and popular social media platforms, with highest rate of adoption by IT executives in buyer organizations. These platforms have brought transparency in the mode of communication between IT decision makers and service providers, thereby helping in decision making, by validating the deluge of information available. IT buyers and service providers are constantly pursuing new ways to leverage social media effectively for their business. The new media has been used to foster industry contacts, gain peer feedback, lead-generation, product review, information on customer feedback to make business decisions. Apart from information gathering it is being adopted for implementing marketing and promotion strategies, through relevant information dissemination. The complexity of interaction on social media between buyer and providers has increased while transacting business. Larger buyer organizations are gradually transforming their internal processes by implementing and integrating internal social media collaboration tools, which supports information exchange and collaboration among its globally spread employees. LinkedIn is the most preferred professional social networking site for IT professionals to engage with their professional community and exchange ideas. IT buyers have been increasingly using LinkedIn as an outsourcing decision guiding tool and have made purchase decisions based on service providers proactive information sharing and engaging approach on the platform. Facebook and Twitter has helped IT professionals gather information on products and services. As a matter of fact, the world spends more than 110 billion minutes on social networking sites globally and the overall marketing expenditure, across the industry verticals, on social media marketing is expected to increase to \$ 4 billion by 2014.

**Social media usage pattern by Technology Professionals**

	Facebook	Twitter	LinkedIn	YouTube	Google Plus
Contacted a tech vendor for more info. About their product or service	37%	17%	40%	15%	17%
Joined a professional organization	28%	12%	77%	1%	10%
<b>Made technology purchase for the organization</b>	28%	19%	30%	24%	27%
Registered to download content	22%	20%	52%	10%	31%
Solved a technology problem at work	20%	20%	33%	42%	23%
Used Search to gather more information about product/services	21%	14%	29%	22%	45%
Visited a recommended website for technology information	36%	24%	43%	22%	29%
Went to a technology vendor site for more information on product/services	33%	26%	35%	25%	27%

Source: Adapted from the Survey Conducted by UBM Tech 2013

Service provider activities on social media have not only helped them to identify potential clients, it has also helped the service providers to position and brand themselves as influential and trusted thought leaders in their domain. Social media marketing efforts have helped to create greater brand recall about IT service providers and generate interest in their services. In the following section some of the key areas where social media has made an impact on IT outsourcing are discussed:

## Vendor Selection for IT Services

Social media has emerged as an important source to gather information and evaluate IT service providers for buyers in achieving their business goals. With freely available information, buyers are able to gauge prospective providers on the veracity of facts presented during selection process. At present, more than 50% of the IT decision makers at buyer organizations use tools such as web search, whitepaper download, social media presence and quality of content on website for evaluating their vendors. Blogs, LinkedIn, SlideShare and YouTube are some of the platforms which influence buyer behavior and are a good source of information for evaluating vendors. Buyers are actively engaged in discussions forums and peer feedback on social channels during the vendor selection process and gather information through Q&A groups, wiki's, technology websites and other social media platforms, in order to directly evaluate IT service providers.

IT service providers have started to care more about brand sentiments and mentions on social media sites in order to effectively engage with buyers. With time, IT service providers have realized that social media is not only about marketing and singing about ones achievements, but is also about developing an image as thought leader. Fujitsu UK & Ireland IT services provider engages with buyer IT decision makers through a twitter propelled campaign and attracts traffic to its content repository of whitepapers, blogs, educational materials, videos etc. The campaign launched in 2009 has not only helped Fujitsu to promote its Enterprise Class Cloud Computing Services but also helped create a pool of 500+ IT decision makers. IT service providers are actively reaching out to buyers with targeted solutions as industry thought leader by aligning themselves with corporate goals & outcomes of their clients. In a study by IDG Research, it is interesting to see how technology buyers in Latin America outpace their US counterparts in using twitter daily. However, the frequency of monthly visits by North American technology buyers still exceeds their counterparts in Europe, APAC and LatAm.

### Social Media Use by Technology Purchasers in Different Regions

Frequency of visit to each channel		North America	Europe	APAC	LatAM
Twitter	Daily	10%	9%	25%	57%
	Weekly	5%	6%	11%	9%
	Monthly	24%	20%	27%	9%
	Never	61%	65%	36%	24%
Facebook	Daily	29%	28%	24%	47%
	Weekly	16%	9%	15%	16%
	Monthly	26%	21%	20%	17%
	Never	28%	42%	42%	20%
YouTube	Daily	13%	17%	19%	29%
	Weekly	25%	23%	28%	41%
	Monthly	51%	45%	37%	25%
	Never	11%	15%	17%	5%
LinkedIn	Daily	11%	4%	11%	23%
	Weekly	15%	6%	11%	23%
	Monthly	34%	24%	20%	26%
	Never	40%	65%	58%	28%

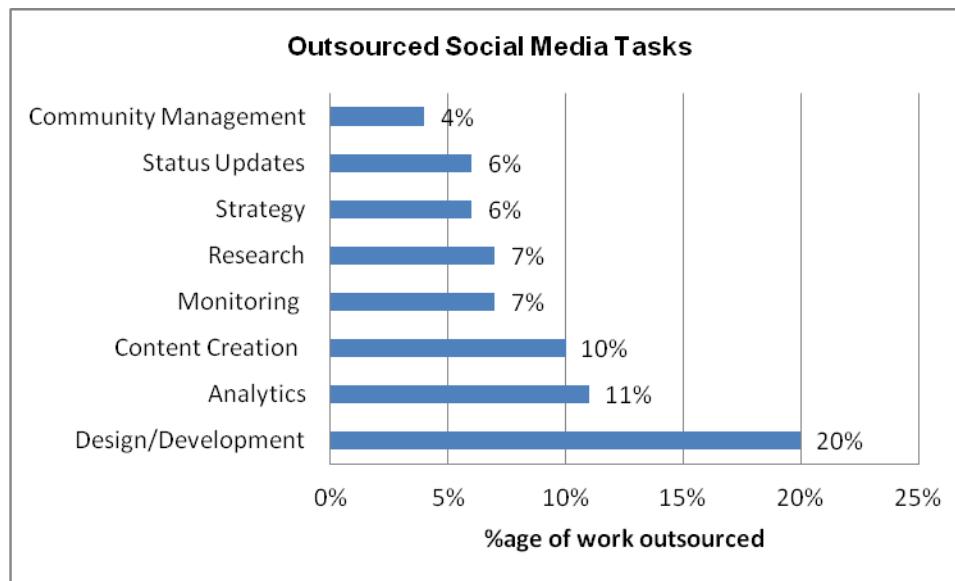
Source: IDG Research Audience Engagement Study

Base: 1723 (North America), 1566 (Europe), 206 (APAC), and 96 (Latin/South America) qualified respondents

## Social Media – A new Outsourcing Service for Providers

Service providers have moved a step ahead to adopt social media as a business proposition for buyers. More than 30% of the IT buyers globally, in 2012, preferred to engage a service provider to manage their consumer issues on social media platforms as compared to only 14% in 2010. With the inclusion of social media services as an offering, service providers have an expanded and differentiated portfolio in a mature IT services market. With more than 900 million active Facebook users, 200 million active LinkedIn users and 500 million active users on Twitter, the amount of information exchange on social media is startling and managing consumer related issues and negative brand sentiments is an arduous task for service providers clients. Service providers have realized this opportunity, to offer services which not only monitor social media mentions for their clients but provide business intelligence services drawing conclusive outcomes from millions of consumer-company interactions on social and other platforms. IT Buyers are ready to invest in service providers' social media services as they bring appropriate infrastructure, technology, analytics and intelligence on the table, to tackle their client's consumer issues on social media, in real time.

Large service provider firms such as Capgemini partnered in 2011 with Attensity, to offer social media analytics services to their clients. This was followed by Genpact, which acquired Empower Research and others followed the suit. Aegis Global, 24/7 Customer, West, Transcosmos, Sitel, Wipro, Teleperformance and TeleTech etc. have all joined the bandwagon to offer social media outsourcing services to their clients. These service providers have the tools & services which measure consumer related issues for their clients and have started to score over pure play social media providers who have less resource. Design and Development, Analytics and Content Generation are top areas of work that are being outsourced to service providers at present.



Source: Social Media Industry Report 2012, Social Media Examiner

## Recruitment & Training

Close to 98% of recruiters across industry verticals are already using social media to connect with and source talented individuals in the US. Each social media platform presents its unique strategies to source candidates. Hashtags, Tweets, Status updates etc. are engagement forms which help to promote job opportunities to targeted individuals. Facebook allows organizations to integrate their careers page with their company page on the platform using applications such as Smartrecruiter, Work4Us, Jobcast to mention a few of them. This helps to keep the job seekers engaged on Facebook without directing visitors to any third party site. LinkedIn is a great tool for job seekers and allows paid promotion of jobs and provides an enhanced career page where buyers and service provider organizations can post opportunities and attract talent. Google+ allows adding targeted individuals in circles before promoting job opportunities to them. Large IT service providers including Capgemini, Accenture, IBM, Infosys etc. have their own career page on Facebook, and a twitter handle to engage with prospective employees on social network. These providers create interesting employee centric and thoughtful content which helps to establish connect with the target audience thereby attracting specific talent needed for their outsourced client's engagements.

Training is an important area where IT buyers and service providers utilize social media platforms to engage with their employees spread globally. Social media is a new e-learning tool which helps to disseminate targeted content to their employees. YouTube is one of the largest video hosting sites which host a number of webinars every month. The site boasts of more than 800 million unique viewers and hosts more than 4 billion hours of video every month. More than 60% senior executive watch work related videos on YouTube every week and making it an important site for service providers for lead generation. Buyer organizations use social media to conduct training for its employees spread in different geographies, in both online and offline mode.

## The Road Ahead

**First Mover Advantage:** Capgemini's partnership with Attensity is a strategic business decision which laid the foundation of its social media services offering. Attensity with strong capabilities in managing & monitoring customer responses and offering tailored services support and strengthen the portfolio of Capgemini. With the launch of HP Social Enterprise Services aimed at converting endless chatter on social networks into revenue for buyer, the provider has clearly indicated that social media outsourcing as a service offering cannot remain neglected for now. Tier II and III service providers need to start building their portfolios around social media to challenge the supremacy of leaders offering services.

**Create Customer Experiences:** Amid the cloud ash generated by Icelandic volcano over Europe, KLM & Lufthansa rose against the odds to offer respite to its stranded customers using social media. With call centers unable to manage the call volume, these airlines switched to twitter to provide 24/7 customer support and answer queries live to all its guests. Best Buy has scaled its customer service support by encouraging all its 180,000 employees to use social media and trained them on content creation. With buyer firms engaged in creating outstanding customer experiences, IT service providers need to strike the right chord with the needs of their customers. IT service providers need to invest in understanding these new needs of the market and expand their service portfolios to manage customer experiences using advanced analytical tools which aid buyers in decision making and transform each tweet into revenue.

**Digital Campaign Partners:** IT service providers have been offering digital campaign management services through their propriety tools for quiet sometime now. Larger firms like Accenture, Sasken,

Infosys, IBM etc. have successfully launched campaigns which increase the brand reach and measure the effectiveness of their client's marketing campaign. With more than 150 million visitors engagements on Facebook pages per day and close to 300 million tweets in a day, buyer organizations require digital campaign management partners to successfully execute their social media campaigns. Service providers need to explore the opportunity to position themselves as business partners to their customers rather than social media service providing agencies.

The rise of social networking and its impact on buyers, in a decade's time, is phenomenal. IT service providers and IT buyers have gradually realized the potential of social media as a minimum investment maximum benefit platform. IT buyers and service providers have established community on social media sites for information exchange which helps them nurture their business relationship. IT service providers need to keep an open eye on social media platforms to listen to their buyer needs. Building trust is one of the prerequisite of creating a business opportunity on social media. Quality of content suited to business needs of the buyer and timeliness of response to establish the trust as a business partner are basic pillars to establish a strong buyer-service provider relationship on social media.



## About Avasant

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