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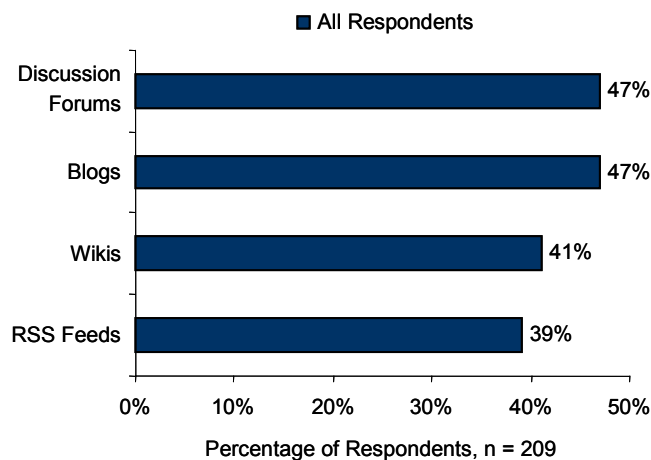
SAP Collaborates with Crowdcast to Enable Collective Intelligence in Risk Management

On March 16, 2010, SAP announced its collaboration with Crowdcast, provider of collective intelligence solutions, to extend the capabilities of SAP BusinessObjects GRC Solutions. The additional features offered by Crowdcast include the ability to reach out to a different set of stakeholders within an organization to gather information about key risks. These assessments can include anything from the probability of a product missing a launch date to the prediction of a competitive threat. The underlying concept of leveraging Crowdcast within SAP BusinessObjects GRC Solutions is to provide an open communication platform between executives and their employees. Understanding the risk exposure in any organization is a top priority among industry leaders. By providing an effective conduit and proper incentives for employees to share their risk predictions with their leaders, organizations can better take action to mitigate these risks.

Business Context

The practice of crowdsourcing is increasingly being leveraged across various industries and by different departmental roles. It has proven its effectiveness by offering organizations the means to gather the "wisdom of the crowds" for business executions. The format of such information-sharing varies among organizations, but is most commonly presented via Web 2.0 plug-ins (such as Wikis, blogs, and discussion forums).

Figure 1: Use of Crowdsourcing among Companies



Source: Aberdeen Group, January 2010

Market Alert

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"[The purpose of crowd-sourcing is] to create a wisdom-of-crowds mechanism to assess the environment as it is, and not as we think it is."

~ EVP of Marketing,
Communications Equipment
Manufacturer

In Aberdeen's January 2010 study, [Enabling Community Collaboration in Product Development](#), over 200 organizations were surveyed, and more than 40% of companies were implementing Web 2.0 and other crowdsourcing technologies in their business processes (Figure 1).

As a note of caution, with ease of input from the crowd comes the importance of information quality. For effective decision-making, the type of information solicited should be focused and made relevant to the decision-makers. In Aberdeen's December 2009 study, [Translating Product Documentation](#), crowdsourcing in technical publishing is discussed, and the result demonstrates that the quality of information is often times sacrificed with the uncontrolled-nature of crowd input. Adopting proper technologies and processes for crowdsourcing becomes pertinent for maintaining information relevancy in support of business initiatives.

An important distinction between crowdsourcing and a collective intelligence solution is in their objectives. While the concept of reaching out to the crowd may be similar for both solutions, crowdsourcing focuses more on relying on the audience's decision to deliver a product or solve a company's business problem, while collective intelligence leverages the audience's feedback as a means for a company to make its own assessments / decisions. At the core of collective intelligence lies the ability to exchange ideas among its users, regardless of their level within an organization. Often times, an employee abstains from sharing risk information with executives out of fear of retribution or pressure from mid-level management. Business objectives become negatively impacted when visibility to such critical information is lost.

Using Collective Intelligence to Predict Risks

It is evident that the value of collective intelligence grows with the number of participants. The use of collective intelligence to assess risk becomes a great value proposition for SAP customers. While BusinessObjects GRC Solutions is still the primary form of risk identification and assessment, the Crowdcast platform enables users to collect an additional set of supplementary risk information from a different and potentially larger stakeholder audience. SAP BusinessObjects GRC today leverages risk data both in the form of key risk indicators from underlying source systems and external feeds, as well as risk assessment data collected through standard methods. The true power of risk assessment comes into play when all the risk data and information are evaluated side-by-side. Executives are then able to gain valuable insight by comparing the level of "risk as calculated" with the level of "risk as predicted." If the difference is minimal, this tells executives that there are effective communication and risk evaluation mechanisms in place within their organizations. That said, if the difference is significant, this points towards a lack of transparency to risk factors / metrics, or worse yet - a lack of effective communication within their organizations.

"[With] Crowdcast, customers can leverage the collective intelligence of their employees to gain a rich understanding of the risks facing their organizations to increase business performance."

~ Narina Sippy,
SVP & GM, SAP

So what gives the users of the Crowdcast within SAP BusinessObjects GRC Solutions the incentive to participate? First, the user has the option of remaining anonymous in their risk predictions - screen names are used in place of employee names. So this reduces the fear of retribution by others in the organization. Secondly, Crowdcast designs its application around a points-reward system. The better the risk predictions as compared to actual risk outcomes, the more points the user earns, giving them more votes and therefore adding more weight to their opinions. This also provides executives with the opportunity to reward the top risk forecasters (e.g., a gift card) which keeps these participants participating.

Even more importantly, a key advantage is the ability to identify those with the most knowledge of risks and potential outcomes. These risk experts would otherwise go unnoticed. Participants have the option of casting their votes where they feel most knowledgeable and comfortable, providing a natural selection of risk experts by domain expertise.

Key Insights

The concept of leveraging information from crowds may not be new, but the strategic integration of risk management with collective intelligence is an innovation that SAP is presenting to its customers. In a market where companies have learned to become more efficient, forecasting and mitigating risks effectively is no longer an option, but a necessity towards managing costs. Crowdcast augments SAP BusinessObjects GRC Solutions offerings by:

- Providing executives with visibility into risk possibilities as presented by employees at all levels of the organization
- Providing employees with incentives to share their risk predictions with management
- Allowing executives to understand the gap between a formal risk assessment and a supplementary risk assessment performed through collective intelligence
- Enabling executives to identify and prioritize risks, and to decide whether to mitigate, transfer, or accept them

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[Enabling Community Collaboration in Product Development: Accelerating Time-to-Market](#); January 2010

Author: William Jan, Senior Analyst, Financial Management & GRC
(william.jan@aberdeen.com)

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