

Headline: Workplace by Facebook opens up social network for business

Description: Facebook targets share in crowded enterprise software market by connecting mobile employees

Date: October 10, 2016

Publication: Financial Times

Author: Hannah Kuchler

Facebook is officially launching its first software product for businesses, Workplace by Facebook, after a testing phase that has included pilots at 1,000 organisations including RBS, Oxfam and the government of Singapore.

The world's largest social network is trying to win market share in a crowded enterprise software market by focusing on connecting employees who are mobile and often do not have a desk: including ship workers at sea, Starbucks baristas and Danone factory workers.

Facebook announced it will charge companies by active users, rather than for each employee. The product, which looks and works similarly to the main social network but functions as a company's internal network, will cost \$3 per active user for the first 1,000 users, falling to \$1 per active user if a company has more than 10,000 employees active on the platform.

Julien Codorniou, director of Workplace by Facebook, formerly known as Facebook at Work, said it had seen a gap in the enterprise software market.

"Our ambition is to connect everyone in the company, not just knowledge workers, people who have never had a desk," he said. "At Starbucks in the US, [previously] when the chief executive wanted to talk to baristas, he had to have an email printed, and the piece of paper put up in the toilets. Now, when they want to connect with the rest of the company, they can have a Facebook Live question and answer session."

Companies are spending trillions of dollars a year on enterprise software
Craig Le Clair, analyst at Forrester Research

Facebook is also keen to become the enterprise social network of choice in emerging markets, where its existing social network is focused on expanding. During the trial, more Indian companies adopted the platform than from any other country, and Workplace was even rolled out to Yoma Bank in Myanmar, replacing a newsletter and fax machines that had been used to communicate with bank branches.

Vivek Gambhir, chief executive of the Indian conglomerate Godrej Consumer Products, said he chose Workplace by Facebook because his employees were already familiar with how Facebook worked.

“Almost every single one of our employees is probably also a consumer of Facebook at a personal level,” he said.

“And if they are not I say: ‘If you don’t know how to use Facebook, just go home and if you have children, ask your children to show it to you’.”

About 2,000 managers use the site to brief each other on promotions launched by competitors in their regions, to get updates on quarterly performance and publicly praise high achievers.

Previously, the company had tried to use Microsoft’s Yammer to encourage online collaboration. “We implemented Yammer about two to three years ago and that didn’t go off particularly well. The tools were a little bit more complex to use and our employees were not used to it,” Mr Gambhir said.

But Craig Le Clair, an analyst of enterprise software at Forrester Research, said Facebook may be focused on these new areas because it is harder to compete with existing products for large companies.

Salesforce’s Chatter and SAP’s collaboration tool are built directly into other products that people use for their work every day, ensuring chatting with colleagues is focused around being productive.

“The trend in the collaboration market is not a history of great adoption. A lot of systems have been put in in the last four or five years and adoption falls off after a while,” he said. “The reason is knowledge dissemination wasn’t embedded well enough, it wasn’t helping people get work done, it was about *Game of Thrones* chat, more of a digital water cooler.”

This perception is particularly acute with Facebook, because consumer accounts have been seen as a place to waste time at work, he said.

Facebook is trying to add more features focused on getting work done, for example, launching multi-company spaces where employees can communicate with workers at partner companies. It is also announcing a partner programme in which other technology companies and professional services firms can help it launch Workplace in more organisations.

The social network is also competing with a new generation of workplace chat apps such as Slack and Hipchat, which have spread virally as teams have adopted them and pushed information technology departments to pay for company-wide subscriptions.

If Facebook is serious about getting into the enterprise, it might want to buy one of these fast-growing start-ups, Mr Le Clair suggested, helping it to develop a different revenue stream from the advertising on which the consumer product depends. "Companies are spending trillions of dollars a year on enterprise software," he said.