Once-moribund Silicon Valley is suddenly returning to life. On the one hand, there’s the Google IPO; on the other, there’s the company Google reportedly almost acquired – Friendster, which just raised $13 million for a rumored $40-million valuation.

Social networks could be the hottest thing since airline miles! Friends are cheaper to get – though a lot more work to manage. Is it déjà vu all over again, with multiple companies signing up millions of registered users, and then looking around to see if anyone will pay? Despite all the excitement, the array of social-network platforms is mostly still in beta. Site outages, not to mention bugs, glitches and confusing interfaces, are commonplace.

Technically, the services range from giant, federated address books, with a business model of “friends fly free and merchants pay to send you messages or get address changes,” to platforms for exclusive networks of high-time-value individuals who will jealously control access to one another, with subscription-fee and/or advertising revenue sources. In the end, the basic models are two: ultra-personalized portals with the most compelling, mostly user-generated (=cheap) content of all – information about and links to people you do or should know; and enterprise software that marshals and leverages an organization’s social capital to increase sales, recruit better employees faster, influence public opinion and generally operate more efficiently by making employees more effective in their relations with other people inside and outside the company walls. In between, some individuals will use social-network tools (including blogs and blogrolls) for career and self-development.
These social network platforms are the technical/business instantiation of years of academic work about how people actually interact – a blend of psychology, sociology, economics, mathematics, statistics, game theory and other disciplines. For researchers, this could be a golden age, as networks become more visible and explicit online, and as people create – and tools analyze – detailed slime trails of data across mail systems, databases and social network platforms. (Though one has to wonder how online connections differ from those offline; will we study only what’s easy to study rather than what is “real”?)

For users, social network platforms are another toy or another tool, depending on how one is inclined. The tools make it easier to do what users are already doing (communicating) or want to do (find other things and people, in a relatively safe context mediated by other people they already know). The toys...well, everyone has his own way to stay amused.

For businesses, they promise a better way of leveraging what so many businesses tout as their “most important asset!” – their people.

Of course, a vendor simply cannot deliver a complete social network, since it requires members to make it whole (and useful). Most of the players in the field are not officially in it yet, with launch dates mostly ranging from a few months ago to a few months into the future. Thus market figures as well as product features are unusually fluid: All the companies here are working frantically to add features, fix bugs, and tweak details that have mysterious effects on response rates. There’s something of a land grab going on, as each player frantically signs up users; the endgame is distant, but everyone knows that one member today can produce several hundred by next week.

Over two issues of Release 1.0, we will survey this giant, distributed experiment in progress. There’s much that’s already visible – including a number of glaring unanswered questions around privacy, business models and sustainability. It’s clear that this is another bubble, but it’s also clear that, as with the commercial Internet overall, there will be pool of real liquid left when the questions are answered and the bubble bursts.
We focus first on the business networking platforms since they comprise a group of their own, with overall common goals: They can create real business value, but it’s not yet clear what business models will realize that value, and for whom. In a future issue of Release 1.0, we will examine the more-social services: The value they create in terms of personal relationships is less measurable, while their value as attractors of audiences is clear, with business models based more on traditional publishing metrics. In the second issue we also will look at services focused on listings and databases of contacts (as opposed to links), as well as the issues around federating networks and identities.

**What’s a social network?**

The “social” in “social network” indicates that the focus is generally unstructured, interpersonal interaction rather than formal interactions as in a corporate hierarchy. For our purposes here, social network companies provide tools that facilitate the connection process and support the connections online, whether simply by maintaining contact data or by providing a platform for the social activity; the network also – and this is the edgy part – comprises the actual people it connects. (You can imagine a nature vs. nurture, or platform vs. participants, debate here. How much do the rules of a SN platform affect behavior, and how much do they attract and keep just the kind of people whose behavior aligns with their rules?)

The market is ripe now, as it was not before (see comments from Andrew Weinreich of SixDegrees, page 9), because more and more people are communicating online, and they keep their contacts’ (increasingly complex) access information online, rather than in their heads or Day-Timers. All that information needs a way to be organized and used.

From the world of unconnected villages of the past, we now have the widely heralded global village where anyone can write to anyone, and most of it seems to be spam. These tools are an antidote to the reality of that promise: filters as much as connectors. With so many databases and listings and job candidates and potential matches and sales leads around, how can one choose? “It’s easy to identify candidates these days,” says recruiter Casey Shimamoto. “The challenge now is selection.” Indeed, Monster.com has just announced its own social-network functionality, which should help people to pick their way through and stand out among its millions of jobs and candidates.
**What they do**

One kind of business social-network platform is focused on increasing employees’ productivity on behalf of their employers (mostly for sales leads, recruiting, market intelligence and anything else where a circle of friends can help). The assumption is that the contacts belong to the company, and the software helps employees to share among themselves, since at least in theory they have aligned interests if not tangible incentives to do. These tools are generally sold to companies; their vendors’ primary business model is software license fees.

A second kind of platform is targeted to and operates more on behalf of individuals (and indirectly the companies that may hire them), mostly for general networking and perhaps even some discreet dating. They are sold virally, as users get their contacts to join. They support job-hunting and recruiting as well as less universal tasks such as finding the perfect speaker for a panel, a witness for a trial, an influencer or investor for a hot new service concept, or an expert for due diligence (popular among VCs!). Of course, any “general networking” opportunities, whether on- or offline, inevitably surface delicate issues: Is Juan looking for workers or looking for work when he uses LinkedIn? Although he may specify only that he wants to hire people, any good recruiter knows enough to look for people who “aren’t looking.”

The various platforms differ in technology and flavor. Certainly the technology is important, since scalability, integrity and reliability is essential, but social factors will determine their success. Platform developers need to understand the details of interfaces and the social norms that are fostered and supported by these systems. Generally, they do understand the need to give users control over their own data, but their major concern is avoiding complexity. How many options and how much visibility can you offer before your users become hopelessly confused?

The services also vary in where they store most of the data. In order to manage the linking beyond the first degree, obviously, they need to collect individuals’ contacts onto a server. In order to manage links of individuals outside a company’s firewall and especially across customers, the vendor must host that server. With the licensed-software services, there is an option to have a corporate server independent from the vendor’s control (and eyes) – but of course you get more when you give more, as the vendors remind their customers. Most of them have some vision of connecting their customers’ networks into one giant network; Spoke Software (see page 11) is most urgent about this mission.
HOW DOES IT WORK?

Most of the systems work in the same general way: A member invites an existing contact to join via a form on the vendor website, which sends the contact a boilerplate e-mail. The e-mail takes him to a website where he can accept the invitation and join as that individual’s friend, or decline (or fail to respond). In most cases, individuals can also join without an invitation and then either invite new friends as above or search for people they know who are already members of the network. Most of the services allow users to upload their address books to make the linking process faster and easier. Most networks require that links be confirmed by both parties before being officially established. To the extent that a network fosters responsibility (in any form) for those one lists as “friends,” the network will grow more slowly, but its value and robustness will be higher.

After that, the systems differ widely, but they all offer the ability to link through Juan to reach Alice. In some cases, you may know that Juan knows Alice; in others, you may simply know that Juan is the first step on the way to Alice, and more information is revealed only if Juan agrees to your request.

How do you know Alice is in there in the first place? Most of the systems allow you to see names (but no contact information) of your friends’ friends. . .out to three or four degrees. Meanwhile, you can specify for yourself whether you want to be visible only to your friends, or how many degrees out. Some services also support tribes, inner circles or other subnets of people with aligned interests, who are also more visible to one another. In the systems that support postings or listings, you can also limit what you see or what others see of yours by number of hops or to within specific networks or tribes. (Alice can also make herself invisible to specific people if she wishes.)

Registered in advance

Another model adds social-networking functionality to existing networks of people – within corporations (as with the corporate-sponsored networking tools listed here), alumni groups, a campaign database, or Monster.com’s existing registered-user profile databases. (And it’s what will happen, de facto, when Microsoft inevitably starts adding Wallop functionality for Hotmail users.) In this case, users may find themselves already registered, but invited to identify or confirm relationships with other members/co-workers.

Registered in absentia

In the cases of Spoke Software and ZeroDegrees, some people outside the corporate walls where their users sit are, so to speak, “pre-registered,” because their e-mails and perhaps more are already in the vendors’ database, courtesy of friends who have uploaded their e-mail addresses and contact information. Spoke claims a network of 7 million people. But these 7 million are not users; they are simply people the 2000 Spoke members could possibly reach – either because they are in those members’ mail systems, or just because they may appear somewhere on the Web together, in a third party’s blog, for example, or in a news article.

While Spoke and ZD don’t publish contact information without permission, they do use such open-source data to infer connections and establish routes by which users can contact one another. Thus people who are not Spoke or ZD members (and may never have even heard of the systems) may be contacted by people they don’t know as part of a multi-hop link between Juan and Alice. It is this capability/practice (and what it may lead to) that raise the most troubling privacy questions. (And it would certainly not be legal in Europe – and soon in Canada.)

Other trade-offs include (defaults for) how much people can see about other people’s profiles and contacts. How is one’s social network defined: friends, friends of friends, or friends of friends to how many degrees? Many systems allow users to set the parameters, both for whom they see and for whom they can be seen by. Of course, these answers are changing: Ryze, for example, has just added three user-selectable levels of “privacy.” (see page 28.) The basic mode of operation, other than looking for specific individuals, is to search by criteria – company, title, etc. – and then see whether you have any way to connect to the people who fill the bill.
And of course, what kind of data do the systems collect in the first place? Most systems provide a double-blind function where both parties need to agree to meet or to list one another as friends before a link is instantiated. Several of the platforms use sophisticated technology to crawl through internal corporate data – e-mail, employee profiles, calendars and the like – to derive and quantify the existence and strength of relationships among employees and with outsiders. Still others combine internal corporate data with external data that they collect from the Web. (Although the information they collect in theory is public-source, the “democratization” or commercialization of access to that information is troubling.) The privacy issues in this group loom large, and they can be only partially addressed by strict rules about what information is revealed about an individual – as opposed to what parameters are used in selecting that individual. Such promises of discretion are obviously easier to trust for systems that operate only behind a firewall.

Finally, there’s the help vs. interference question. Is the service a tool, or is it an environment? The more social services really want to be the user’s home page, a place for Juan and Alice to lead their social lives. So does Ryze; though somewhat more focused on employment and leveraging contacts rather than meeting people, it offers offline networking events to its members and attempts to bridge online and offline communities. In the future, many of the more “environmental” services are likely to include presence management and instant-messaging functionality.

Among the business tools, most acknowledge that their users probably live somewhere else. Contact Network is the simplest, providing only a simple ranked list of colleagues who have potential connections and a way to get in touch with them. It recognizes that people may make contact offline, by telephone or face to face. By contrast, Tacit Knowledge Systems and Visible Path offer substantial workflow tools and integration into a variety of corporate applications, while Spoke and ZeroDegrees are more focused on sales tools and “customer intelligence” specifically. RealContacts provides a variety of specific functions for recruiting/job-hunting.

One delicate issue unique to business networks revolves around data collection and ownership. Who owns an employee’s contacts? There’s no real answer, other than broad-stroke declarations in some companies’ employment agreements. Whatever the rules are, there are likely to be infractions in both directions: employees revealing data corporations want hidden or taking it with them when they leave, and corporations mining employees’ personal data. Meanwhile, individual users don’t always understand what happens to their data when they download one of these network
### ALL THE WORLD'S A SOCIAL NETWORK PLATFORM, AND ALL THE MEN AND WOMEN MERELY PLAYERS.

*With apologies to William Shakespeare*

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>LAUNCH DATE</th>
<th>MEMBERS/PROFILES</th>
<th>FOCUS</th>
<th>WHO PAYS?</th>
<th>FOR WHAT?</th>
<th>TYPICAL USER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Network</td>
<td>September 2002</td>
<td>6,000/1 million</td>
<td>gated Google</td>
<td>corporations</td>
<td>software license</td>
<td>corporate sales/research</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>May 2003</td>
<td>44,000/500,000</td>
<td>personal career management</td>
<td>individuals</td>
<td>premium services</td>
<td>your VC</td>
</tr>
<tr>
<td>RealContacts</td>
<td>May 2002</td>
<td>8,000</td>
<td>recruiting and job-hunting</td>
<td>hiring companies</td>
<td>10 percent of salary per hire</td>
<td>your next employee</td>
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<tr>
<td>Ryze Networks</td>
<td>October 2001</td>
<td>&gt;7000/70,000</td>
<td>personal business platform</td>
<td>individuals</td>
<td>gold membership; events</td>
<td>businesslike 25-year-old</td>
</tr>
<tr>
<td>Spoke Software</td>
<td>June 2003</td>
<td>2000/7 million</td>
<td>sales &amp; leads, business intelligence</td>
<td>corporations</td>
<td>software license, network access</td>
<td>Willy Loman</td>
</tr>
<tr>
<td>Tacit Knowledge</td>
<td>December 2003</td>
<td>n/a</td>
<td>from content to contacts</td>
<td>corporations</td>
<td>software license</td>
<td>knowledge workers</td>
</tr>
<tr>
<td>Visible Path</td>
<td>summer 2003</td>
<td>several pilots</td>
<td>sales &amp; leads</td>
<td>corporations</td>
<td>software license</td>
<td>corporate sales/marketing</td>
</tr>
<tr>
<td>ZeroDegrees</td>
<td>August 2003</td>
<td>2000/122,000</td>
<td>sales &amp; leads, business intelligence</td>
<td>individuals; corporations eventually</td>
<td>online service</td>
<td>corporate sales/marketing</td>
</tr>
</tbody>
</table>

*Member = user who knows he's a member!*

*Profile = a person in the database, but often only because some member uploaded his e-mail address.*

*Launch date = opening, often in beta.*

*Note: All are located in the Bay Area except for Contact Network (Boston), RealContacts (New Zealand), Visible Path (New York City) and ZeroDegrees (Los Angeles).*

*The services targeted at individuals generally offer free basic membership and charge extra for premium services such as multi-link contacts, a more detailed/visible profile, the ability to create and moderate networks and the like.*
clients; their employers may understand too well. These tools tend to erase the distinction between private and corporate information, in one direction or another.

Who’s the market?
The quality and nature of the clusters within each network service as well as across them will necessarily be uneven, reflecting the heterogeneity of the people they support. But each service will certainly have its own flavor and attract certain kinds of people more than others. Each will succeed by how well it fosters healthy networks and how effectively it supports people in making the connections they want and avoiding the connections they don’t want. That is, as we saw with the flawed concept of friction-free commerce, people want a little friction, to test and strengthen real relationships and to keep out the bad guys. Meanwhile, there’s an open question whether the people who use these systems are the same ones who used e-mail and the cc: line effectively. Are the platforms just a tool for good online networkers, or will they help the rest of us to achieve at least some of our intentions more easily, discovering and realizing the hidden value of their existing networks? And how will their vendors benefit by helping us to do so?

In essence, the systems are addressing the middle of the market. At the “top” are people whose main goal is to avoid connections because they (think they) have enough. They have their secretaries use these services. They can get to anyone they want. Occasionally they may need a new opportunity, but usually someone finds it for them. Some of them can be lured into an SN platform with the promise of strong quality control, but we don’t expect to see Bill Gates or George Bush (the real ones) on Friendster anytime soon. But note also that good networkers are often genuinely interested in helping people (and those who aren’t so genuine also know that what comes around goes around). That is, good networkers don’t want proposals just for themselves; they would gladly do their friends favors – especially with a tool that makes it easy to do so.

In the middle are people who are already okay networkers. They know how to use e-mail, cc: lines...or the telephone. They probably have a database of up-to-date contacts ready to load into, say, Spoke or LinkedIn...but do they want to? These people tend to be managers, salespeople, recruiters, organizers, consultants. On the social side, they are people who have not (yet) settled down with a close group of friends, and are still out looking for new people or mingling with hundreds of acquaintances. They are also what the academics call loose connectors – people who have lots of friends who don’t necessarily know one another, because they cross communities.
Then there are those who don’t network, either because they don’t know how or they don’t want to. Not everyone is out to improve his career or social life online.

How big is that middle segment? How much of a difference can these tools make? One part of their value is simply automating the process, providing templates, guidance, formality and follow-up. What’s the difference between help and nagging? More importantly, how much courage do these tools give the timid?

The other part of their value is the “only because of this tool” aspect: the fact that links that were occluded before are visible and traversable. Connections occur that would not otherwise happen, and people can spend more time on fruitful connections than on pursuing false leads. Those anecdotes are real, and indicate the real value of these tools.

**Business networking: linked for advantage**

In the next two sections of this issue, we cover social networking companies that aim to leverage the contact networks of their client’s employees. They sell licensed software that crawls internal corporate data to derive contact networks among employ-
ees and with outsiders. Over the long run, they will be a strong force for standardization of corporate infrastructure to make the internal data easier to parse. All of them work with Outlook/Exchange and standard corporate applications; most also work with contact managers such as ACT! and sales force automation and CRM applications. Spoke and ZeroDegrees also mine publicly available data, and offer access to a hosted outside-the-firewall contact network. (Although ZeroDegrees has the corporate business model, it is attempting to establish itself virally first before selling directly to corporations.) RealContacts sells primarily to recruiters and is more focused outside the firewall.

In the last two sections, we cover Web-based networks that operate more on behalf of individuals, for general networking purposes. These vendors focus on getting individuals to join and to bring in their contacts, and then sell both advertising and subscriptions or packages for additional services. LinkedIn has the most friction, and will likely have the strongest networks. While LinkedIn wants to manage your links, Ryze is a more gregarious system that seems to want to manage your life. It offers tools for posting, mailing and the like, offline events and circles/networks around interest groups, and has a certain fascination with people’s photos that seems to go beyond the purely professional.

**Weapons of Mass Detection**

The two services below combine internal corporate data with external data that they collect from the Web. The primary customer is the corporate client, who will (ultimately) pay a software license fee that also includes access to data the services collect from open sources. Although at least in theory all the data is either public or “cleansed” by asking people being contacted to opt in at the point when they are contacted, these services have troubling privacy implications.

They illustrate the dilemma we face as a society as more parts of our lives are conducted – and archived – online. On a small scale, tempered by the frictions of everyday offline life, knowing about your neighbors is fine; people have some ability to maintain their privacy. But online tools make it possible for everyone to know as much about anyone else as does the most nosy neighbor. It may be good for sales, but is it good for our social fabric?
Spoke Software: Total Information Awareness

Networking notes: Here’s the scene as Spoke Software treats some of its favorite clients, friends and partners to dinner at the tony Charles Nob Hill restaurant in San Francisco: One of the key influencers in the field, Mark Granovetter, head of Stanford’s sociology department, stands silently at the edge of a crowd of furiously networking Valley-ites.... A once-academic field has been taken over by master networkers. Granovetter himself joined the party because one of Spoke’s young interns was a student of his at Stanford. When the idea of an advisory board came up, he volunteered to get in touch with his professor. When they find out who he is, the networkers crowd around. Perhaps he can explain how it will all work as the network expands.

Spoke Software, like its competitors, gives users a console in which they can search for people whom they can reach through contacts, specifying the targets by name, company, function or other criteria. Then there are a variety of tools showing the connection paths and supporting various kinds of queries with the targets or with the contacts along the path.

Inside the firewall, the software automatically indexes the relationships from users’ message traffic, contact information and enterprise information systems. For example, it pokes through user’s Outlook files to find out whom they e-mail most frequently, and from that and other metadata it derives a connection strength. The parameters include not just plain frequency, but also placement in cc: lists (one of one, or one of 20), response latency and direction (i.e. Juan always replies promptly to Alice, but Alice frequently leaves Juan hanging even though she’s generally a more diligent correspondent), and so forth.

Individual users can join the network through the Spoke website, where they are encouraged to upload their address books; they can also download a client that looks through their address books and e-mail traffic to create a full relationship network.

Using an Inktomi engine, the company augments that with information from the Web. It crawls what the folks in Washington call open-source data, such as news articles, posted resumes, blogs and other corporations’ websites to assemble dossiers for the extended network of people indexed by the software. The volume of the data is huge, but its accuracy is questionable.

Spoke’s enterprise applications include Spoke Accounts and Spoke Leads, as well as Spoke Connect, which provides the basic search and referral workflow. Spoke is federating the enterprise and Web-based networks together through a set of Web ser-
The big difference between Spoke and most other systems is that in the others you can traverse only substantiated links; in Spoke, you can see and be seen by people you don’t know (and who don’t even know they are in the system). Even though you can’t reach them without the support of people on the intermediate links, we believe that may create more requests than many participants will want to handle. It also means that people you don’t know will turn up as your “friends.” Says CEO Ben Smith: “If I have to discover a little extra data to kill the cold call, you can bet I will!”

However, the issue of the cold call is not whether Juan, calling on Alice, knows all about Alice, but whether Alice recognizes and feels comfortable with Juan.

The company was actually dreamed up not by Smith but by Tim Connors, an engineer who defined, implemented and sold products at Tandem Computers and startup C-Cubed Microsystems before becoming a venture capitalist. He was both frustrated and fascinated with how inefficient sales execution was at C-Cubed and all the startups his firm backed. “We’d back a company with a great product that solved an important problem and we’d spend two-thirds of the capital just trying to get enough trust with Fortune 500 companies to convince them to buy it. I had assumed big companies had solved this [networking] problem and went to look for how they did it. When we found out they hadn’t, we went to work on the two big issues: How do you enable this with no data entry? And how do you maintain privacy so salespeople want to participate? When we figured those two out, we got to work on incubating the company. Our initial goal was to replicate that magic pixie dust that a VC sprinkles on a sales process when they have deep relationships at the target account and bring that to every sales person on every account.”

At USVP he decided to create and fund a company to take advantage of that opportunity. One of the candidates for CEO, former A.T. Kearney consultant and current USVP limited partner Ben Smith, was not a believer. But Smith had taken a leave of absence to work
for the White House on transportation security after 9/11; he got a chance to see the
social network diagram some NSA operatives had created from the terrorists’
Hotmail accounts. That persuaded him, and he returned to help Spoke get off the
ground, becoming CEO in the summer of 2002. Since then, Spoke has assembled
about 7 million profiles of varying degrees of completeness and a few thousand regis-
tered users in addition to the 2000 users in its nine pilots.

The corporate pitch is straightforward and focuses on companies who want to
increase their employees’ effectiveness. (No job-hunting tips here!) So far, the com-
pany’s pilot customers include Smith’s old employer A.T. Kearney and its parent
EDS, and Kearney competitor Cap Gemini Ernst & Young. The Spoke software inte-
grates with Siebel, Salesforce.com and other such tools, and the current service is
focused directly on sales and lead generation, with workflow applica-
tions and features based on interviews with 300 salespeople. The
company sees recruiting and marketing as good potential markets
for the future.

Says Tolles: “It’s more than just access. We’re trying to get beyond
the ‘joiners’ and deliver insight, influence and access about everyone
through relationships. We help to connect people to people who
aren’t actually using it...yet.”

“Privacy is both an issue and an opportunity,” he adds. “If privacy
weren’t a concern, you could just put up a giant website. We thought
about doing this...” But in fact, the company totally rewrote the
product in mid-2002 based on feedback about the prototype, to
come out with a more secure version last spring.

“We scrapped everything we had built and came out with Spoke
Release 1.0 in May,” says Tolles. (It’s now at Release 1.5.) “We have
[filed for] 15 patents around privacy [and controlled visibility]. A big part is to make
sure that your relationships are your own business. We empower you to do with
them what you want. You can decide to index things and put them on a central net-
work, or you can keep them local. You can use the client so that nothing is passed to
us and we never see it. We don’t ask you to send us a list of people you don’t want us
to know about!” Nonetheless, the server does contain relationships used for routing
that are not confirmed or visible unless the hops along the route elect to disclose
themselves. “We never allow people to see who you know directly. If I look for you or

<table>
<thead>
<tr>
<th>SPOKE SOFTWARE INFO</th>
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<tbody>
<tr>
<td>Headquarters: Palo Alto, CA</td>
</tr>
<tr>
<td>Founded: July 2002</td>
</tr>
<tr>
<td>Employees: 34</td>
</tr>
<tr>
<td>Funding: $20.9 million from Sierra, Partech International and DCM-Doll Capital Management</td>
</tr>
<tr>
<td>Key metric: 10 pilots contracted, including four Fortune 500 companies</td>
</tr>
<tr>
<td>Links: Its board includes Mark Granovetter, head of the sociology department at Stanford; Bonnie Nardi, an activity theorist at UC Irvine; and Albert-László Barabási, a well known network theorist.</td>
</tr>
<tr>
<td>URL: <a href="http://www.spoke.com">www.spoke.com</a></td>
</tr>
</tbody>
</table>
for someone *through* you, I don’t know how far away in hops you are, since that would reveal whether there was a direct relationship,” says Tolles.

Spoke is an exciting experiment intellectually, but a troubling one socially. Its advisory board is eager to get its hands on all the data (privacy-protected) that it is producing, to see how it squares with their theories. What are the shapes of the social networks people form? How do they change over time? How effectively will they propagate from Silicon Valley and the tech community out into the rest of the world? Will structures and strengths differ by culture? Just last week Spoke convened a meeting of its advisory board to give them a first look at the data collected since launch last spring. Look for a rash of interesting papers – and perhaps even a few customer case studies.

**ZeroDegrees: Semantically social**

*Networking notes:* We met Jas Dhillon, to our surprise, at a dinner hosted by Spoke Software. He was attending under the name of Pivotal Ventures, but his role as founder of ZeroDegrees was no secret. He was invited by Spoke VP of business development Andy Halliday, a friend with whom he shares interest in the Semantic Web and a number of DARPA connections. We had earlier reached Dhillon by joining ZeroDegrees and inviting him to be a friend.

Can strong technology and a little more privacy make a difference, or is good-enough good enough? Jas Dhillon, founder of ZeroDegrees, thinks that technology matters, and he’s placing a big bet on rich semantics in ZeroDegrees. ZeroDegrees uses methods similar to Spoke’s to compile dossiers, but plans to use richer technology and a different sales model to leverage that data. Moreover, unlike Spoke, the service does not follow connections that have not been fully vetted by both sides. That means it may grow slower and surface fewer connections than Spoke, but those connections are likely to be more robust.

An operating executive with 19 years of experience, Dhillon was founder of a supply-chain collaboration software company and most recently turnaround CEO of Celcorp, a semantic-integration company in Washington, DC, that sells mostly to financial-services customers. He is skeptical of the direct-sales model employed by Spoke, Tacit, Contact Network and Visible Path. “It’s not enough to be useful,” he says. “You need to get into that top-10 priority list, and
then to make a sale you need to be one of the top three. The appetite for new stuff right now is very limited. You have to delay something you’ve already planned. You may be able to break into a few customers, but I just don’t see anyone hitting $50, $100 million on enterprise software sales in this environment. Still, I hope Spoke and the other firms succeed because we all need validation.”

He continues: “I’ve talked to CIOs and sales VPs... and they just think it’s ‘interesting.’ So we are really concentrated on viral expansion, using business end-users as an entrée into the enterprise. We want to emulate Friendster’s low cost of customer acquisition and combine it with the high-end quality software that corporate customers expect. We’re focused on replicating the Salesforce.com model. We’ll succeed or fail based on how we execute.”

In addition to skepticism about enterprise sales, Dhillon brings from his experience at Celcorp an appreciation for the kind of leading-edge software platforms funded by DARPA. Among other things, ZeroDegrees plans to use the latest in semantic technology, with an underlying XML engine and Resource Description Framework (RDF) to manage complex data structures and reasoning capabilities. It’s the same idea as Spoke’s – to mine publicly available data – but with more technology behind
it. . .and of course ZeroDegrees hasn’t built out all the technology yet. Dhillon envisions things such as aggregated RSS feeds concerning individuals who are sales targets. He says, “All the data in our system is searchable and classified; we can build intelligent agents to do complex searches across the Web and derive conclusions about potential relationships that might not be visible with simple data-matching. Our dossiers will be more accurate.” Indeed, ZeroDegrees’ profiles are much more detailed than most – though there’s no guarantee of how they will be filled out. Early indicators are that subscribers are filling these profiles out in great detail about their professional/business experience and focus, says Dhillon.

Dhillon’s approach is intriguing. If he’s right, his system will be able to do much more with the data it collects. Coca-Cola, for one, is using a similar approach in-house. (See page 15, and also Release 1.0, February 2003.)

Leveraging Internal Social Capital

These companies work within the firewall to leverage contacts their customers’ employees have outside the firewall. They benefit from a defined and penetrated network and an assumption that all the members in a particular network are connected and generally willing to share. They just need to find one another. Each corporate customer can set its own privacy parameters, and then – in theory – each user can choose whether to participate. And then of course any individual can choose whether to reply to internal requests; let corporate politics be your guide!

Contact Network: Google for contacts

Networking note: We first heard of Boston-based Contact Network Corporation when founder Geoff Hyatt cold-called us by e-mail in September. He referred to coverage of Visible Path in last April’s Release 1.0 and to his new CEO, Cesar Brea, whom we had earlier met but (sorry!) didn’t remember. He offered to meet at a forthcoming industry gathering in Boston. . .and that’s how we met.

Back in 1998 Geoffrey Hyatt, a management consultant, was preparing a proposal for a potential client. He knew that someone at his firm must have a friend at the target company, but it would take several days of time and effort to discover those relationships. “If only I could Google my colleagues’ contacts,” he thought. He started Contact Network to do precisely that. His team, including CTO Michael Yoon from
Red Hat, spent the first year developing the technology and figuring out the privacy issues as they relate to corporate users.

Contact Network now sells a contact-discovery tool to corporations, allowing them to identify colleagues who have relationships with target individuals, companies or industries. It was the first product of its type on the market, launched in summer of 2002. Its approach is consciously modeled after Google, including a clean sparse interface and a certain cryptic way of ranking results by “relevance” to get the best matches to the top of the list. While the other tools focus on managing a process, Contact Network assumes that once given a list of people to contact, the user can figure out what to do for himself: There are no workflow tools, though there is an optional introduction template. But most users bypass online form letters and simply use the phone or e-mail to contact their colleagues directly. Contact Network leaves it up to the user – and his company’s culture – to decide what to do next.

Contact Network’s technical edge is not in the search (which is Microsoft Search for SQL Server and InterMedia for Oracle, plus a standard query set). Rather, it is in calculating a database of relationship strengths and relevance without any manual data entry. The key technologies include filtering raw data (for example, to exclude newsletter@DELL.com from counting as a relationship, one of 30,000 such filters), indexing semi-structured data (address books, e-mails, resumes, etc), matching to a full taxonomy/thesaurus of organizations, and scoring the relationship strength based on proprietary algorithms. Note that relevance is different from “criteria” such as “must have worked in product development for four years,” but rather “has a high association with product development.”

The software is quick to install (four hours, says Hyatt) and works best for companies with significant amounts of data to mine. The smallest installation is a venture capital firm with 10 people, plus 30 management team members from portfolio companies. “I want our portfolio companies to leverage our Rolodex,” says managing director Andrew Hallowell of Arcadia Venture Partners (not an investor, but nonetheless a customer!), “but I don’t want to give them our Rolodex.” As of this writing, the largest installation is Boston Consulting Group, Hyatt’s old employer, with 4000 employees in 60 offices worldwide. Overall, Contact Network has the largest installed base of paying users (over 6000) of all the enterprise applications.
The application works with many CRM/SFA solutions, from ACT! to Siebel to SAP. It can pull data from them, but more importantly it adds functionality by providing a button that effectively says, “Get me warm leads to this target account right now.”

Privacy protection is critical – employees do not want their private contact information shared without their knowledge and consent. Contact Network’s solution is to require that all sharing of actual contact data be done by the contact owner. The system never shares private information; it simply lists colleagues (with their internal contact information) ranked by their relevance to the user’s query, plus some small amount of identifying information such as title and department. There’s also a corporate taxonomy, so that, for example, if you enter a search query for Nike, a colleague who worked at subsidiary Cole-Haan would register some relevance, but not as much as someone who had worked directly at Nike.

“We ran a pilot test for a proposal team searching for contacts at a potential client,” says a SVP at BCG, a global consulting firm. “The team used old methods: a global e-mail spam request for help, voicemail for every colleague from that industry, and follow-ups on ‘Try Jim, he might know someone there...’ They dug up 14 colleagues with contacts to the target firm. The Contact Network pulled up 63 colleagues instantly, including all 14 we found the hard way.”

**Visible Path: Capitalizing connections**

_Networking notes: We first met Antony Brydon when he was talking with Clay Shirky for our Social Software issue back in April. We include him again in this issue because he has progress and insights to report._

Antony Brydon founded Visible Path after selling Internet Underground Music Archive to Italy’s Vitaminic in 2001 and supporting the sale of EMusic to Vivendi-Universal. While trying to sell each company, he spent much of his time strategizing on how to reach key players in the music industry. “It was a massive exercise in mapping relationships,” he says. Earlier, he had studied statistics and psychology and organizational development at Yale, but hadn’t found them too relevant to business; now, with more people online, he saw how some of that science could be applied.

Visible Path, which was talking to customers when we wrote about it in May, now has several, though their names are still undisclosed. Like Contact Network, Visible Path sells only into corporations and therefore has free rein over internal data; unlike CN, it offers workflow support for making introductions and specifies the best paths to
use. The application is focused firmly on sales and lead generation, and works with tools ranging from Outlook, Lotus and Siebel to Salesforce.com and ACT!

While Contact Network’s approach is fast and simple, Visible Path manages the process and attempts to add as much value as possible. “Because we operate in a closed system and we follow what happens,” says Brydon, “we can determine the most effective path based on past results, rather than the one composed of the strongest links. Within a client company, the software knows which references are most effective, whose introductions seem to carry the most weight, who’s good at finding leads and who’s good at closing them. For example, I’m very close to my father, but his contacts [in the radio business] have never done much for me!”

Brydon hopes to publish a set of concrete results in early 2004; he predicts that his customers will see something on the order of a 20 to 30 percent acceleration in closing speeds, more deals closed, and about a 10 percent increase in deal size.

Brydon also asserts that social network analysis research reveals that social and professional networks are broader and denser than commonly understood, and that SNA tools can be effective in much smaller companies than most people believe. Visible Path’s clients are relatively small, including companies with only 10 to 50 salespeople and 50 to several hundred people overall.

“The number of contacts you can find in even such a small group is huge,” says Brydon. “You can also leverage a small number of people outside the firewall. But we have found that at least in sales [as opposed to, say, recruiting], as soon as you go outside and people’s interests are not aligned by a commission and a P&L, the effectiveness drops dramatically. A lot of us who come from the venture community took a while to understand this; we were all perfectly happy to make introductions and expand our networks, but salespeople are different. That insight saved us a lot of money we almost invested in trying to form an online community; it’s a good way to acquire lots of contacts at a low cost, but it doesn’t do a thing for sales.”
**Tacit Knowledge Systems: Eureka engine**

*Networking notes: We first met David Gilmour long ago, in 1985, when he was GM of the Advanced Products Division at Lotus. We stayed in touch with him through his stint as co-founder and chief research officer at Giga Information from 1994-97, when he left to found Tacit.*

Tacit Knowledge Systems has been around for a while; we wrote about it in the June 2001 Release 1.0 about “Postmodern Knowledge Management.” ([Disclosure: Esther Dyson is an investor.](#)) The company was started when knowledge management was hot, and at the time it took a novel angle: Most of the knowledge is in people’s heads, so rather than manage content, Tacit crawls inside corporate firewalls to figure out who knows what. It profiles people without reference to a taxonomy; instead, it organizes profiles of people into topics on the fly, at search time, by comparing the search query with the fine-grain details of the potential matching profiles of people. This allows Tacit to capture and display profiles that are not limited by what has been anticipated in a taxonomy, and allows enterprises to avoid the considerable headache — and losing battle — of trying to keep a detailed taxonomy current (though it does offer a thesaurus to expand search terms). And, modestly, Tacit does not prescribe how users should collaborate, but simply presents the right people for them to collaborate with.

In Release 2.0 of ActiveNet, shipping next month, the software can figure out who knows whom as opposed to what. “We use the existing infrastructure [of Tacit’s installations] and added the concept of contacts,” says CEO/founder David Gilmour. “Contacts” are defined as individuals referenced in e-mails, meetings in calendars, sales call reports and the like.

Tacit’s edge is not the mechanics of finding contacts or ranking relationships, but its real-world experience dealing with the issues of privacy, disclosure and incentives for collaboration. The company has about a dozen referenceable large customers including the US intelligence community, Aventis Pharmaceutical, Northrop Grumman and a number of pilots. “Software that helps people trade knowledge and contacts has to accommodate a wide range of cultures – often many within the same enterprise. To pull this off, we allow customers to arbitrarily divide their organizations and establish different policies within different compartments. This is important in government deployments as well.”

“We use the concept of scope,” he says, “which we usually determine on the basis of LDAP directories – say, their job title, location, workgroup, or personal credentials.
The default rules within a scope are set by the manager in conjunction with Tacit, and may vary from scope to scope. For example, in one group the rules might allow visibility into where [company] workers have relationships, but not with whom [individuals]. In another, all relationships might be hidden until a request is delivered privately to the right target, and the target chooses to identify himself and share. This level of nuance matters a great deal in relationship and knowledge sharing.”

He adds, “When the system is first described, people are wary of it. But people have always grown comfortable with it over time, because we make sure they understand that the privacy protections are for them, not their companies.”

Currently, ActiveNet manages profiles of all its users and determines their expertise on the basis of their e-mail and document content, their HR files, and any other enterprise system that can associate a snippet of text with a person at a particular time. When a user has a specific question, he types in a query that is then matched against the profiles and a ranked list of internal experts – including e-mail addresses and a brief profile – appears. A pulldown menu offers a choice of approaches – a Groove conversation, a phone call, an e-mail – depending on whatever tools the customer uses. They are basically templates that establish the collaboration tool, the rules for invitation, publication, certification and archiving of the subsequent conversation, and the communities that can participate (defined through directory parameters). For the new social-network function, the conversation rules are likely to include forwarding a request, making an introduction or defaulting to open sharing within homogeneous groups where sharing is the norm.

“We don’t sell on the basis of metrics,” Gilmour says, “but of anecdotes about connections that would not otherwise have been made. We’re going for that Eureka moment, an insight or a contact that would not have happened without us – and the economic benefits to our customers are huge. We’re finding that companies are beginning to realize that their knowledge workers do not magically find each other at the right time in the right ways, and the result is a steady stream of wasted effort, and the occasional fiasco. Often, the left hand does not even know of the existence of the right hand.”
Leveraging the Hidden-job Network

One major activity based on networking is job-hunting/recruiting. Everyone knows, as Grant Ryan of RealContacts puts it, that: “The connecting social context between an applicant and an employer is the single most valuable piece of qualifying information. It’s no wonder that in study after study, employers rank word of mouth/networking three times more valuable than job advertising and online job boards.”

But is job-hunting enough to support an online social network? Or will social networking merely be a function to enrich an online job service that already exists, such as Monster’s?

While an employer may have multiple job openings and a recruiter focuses on jobs, most people look for a job only occasionally. (One used to be able to say the same thing about dating, but the world has changed.) The appeal of Ryze and Tribe (covered in the next issue) for job-hunting, in particular, is that they get people into the network for somewhat broader reasons; the job listings are just part of the gestalt, and they are balanced by personal profiles that go beyond resumes.

It’s difficult to build a social network around job-hunting. RealContacts’ story illustrates both some of the challenges and possible answers to those challenges. Jobseekers may enjoy the company of other jobseekers and pass on jobs they don’t want, but it’s at least as competitive a world as sales leads. . .and you can’t expect cooperation from colleagues the way you can in the world of sales networking and the corporate networking services. The dynamics are reversed.

RealContacts initially (like ZeroDegrees now) hoped that viral marketing would be enough to build up a user base. That worked to some extent in New Zealand, where the company is based (sort of a Silicon Valley on the other side of the world), but as the company expands elsewhere, it is targeting recruiters and employers, since they are the ones who traditionally fund the hiring process.

RealContacts: All jobs, all the time

Networking notes: We first heard about RealContacts through John Taysom of Reuters; we’re an advisor to the fund he manages. We corresponded with Gary Franklin and eventually met up with him in London, introducing him to an online recruiting company where we sit on the board.
RealContacts was started in New Zealand by Grant Ryan, who previously co-founded Globalbrain, the search engine acquired by NBC to power the NBCi portal, and subsequently bought back by Ryan and other investors. It now trades as SLI Systems Inc., a US company.

His experience hiring people for Globalbrain gave him an appreciation of the importance of contacts – and their randomness. “RealContacts makes hiring by trusted word of mouth more systematic,” says Ryan. “It’s not about online networking; it’s about enhancing your real-world networks through a tool that makes that information flow more easily.”

COO Gary Franklin, a veteran US and European entrepreneur, pulled up roots in 2001 to join Ryan and co-founder & CTO Julian Cone. The service is currently focused on jobs; there may be networking going on among the members in the background, but the interface, the templates and everything else are centered on the task of posting and spreading job announcements and helping jobseekers to follow up.

In essence, RealContacts allows recruiter-users (whether professional recruiters or potential employers) to send job postings out through a network of contacts, who themselves are either other recruiters or (more likely) jobseekers. Job-seeking users can specify what kinds of jobs they want to hear about, but they cannot post their CV or send requests through the network. “Our service is for people who don’t want their personas hanging out there,” says Franklin. When a recruiter posts a job on the network, relevant jobseekers in that recruiter’s network are notified via e-mail – but only if the job was posted by a person in their network. That means in essence that the opportunities are active, while the requests are passive.

Both recruiters and jobseekers build their contact network by either inviting in or confirming links with other members.

Communication and identity are exchanged after the jobseeker clicks to inquire about a position, and assuming the path of intermediate contacts is not interrupted. Users can follow the (unseen) link path, or they can simply communicate directly about the opportunity: With a specific job on offer and a relevant candidate inquiring, there’s less need for an intermediary to encourage the exchange. The system acts as a filter more than as an introduction network.
However, the value of all this is not immediately apparent to recruiters or employers, says Franklin. “You have to go in and sit down with an employer to explain what this is. They understand job boards and are disappointed with them. But they’re not sure how this is different.”

The first steps of using RealContacts are the same and just as easy as job boards (create profile, post job), but the third step provides the key differentiation and benefit: publishing the job to the “right people”. Some recruiters are using the service to create trusted networks; others see it as a threat to their closely held networks. As Grant Ryan puts it, “As social software begins to penetrate everyone’s networks, it should be the individual who decides their own visibility and connectedness and services, not the owner of a network or a contact mining tool. It is the services you offer and the quality of your relationship that will keep a person within your sphere, not their presence in your database.”

RealContacts is now working directly to sign up recruiters and HR consultants, both as customers and as marketing partners. The first partner was signed this month, in Europe, 2Aline BV. The founder, Hayke Bakker (former SVP of HR at ABN Amro Bank and former global CIO of HR at PricewaterhouseCoopers), has run global e-recruiting projects and has access to the corporate HR directors and big job flows that the RealContacts founders haven’t had so far.

RealContacts also works with existing organized networks, where employers and recruiters can optionally choose to post jobs to screened quality networks of people as well as their personal extended network. Networks already supported include the Kiwi Expat Association, with members in 38 countries, and the Canterbury Software Cluster. Their overall membership numbers are in the tens of thousands, but are not counted as RealContacts members until they opt in. Negotiations are underway with alumni associations and employee reunion services as well. Its first such partnership is with Mediabuddies, a London-based global media–industry reunion service founded by David Davis, the former vice chairman of Edelman.

One interesting semi-technical impact of these services is that e-mail addresses are becoming de facto key identifiers. Knowing someone’s e-mail address is the sine qua non for inviting her to be your friend on most of the systems. One major challenge for the systems is resolving multiple addresses into the single individual they represent. LinkedIn seems to do the best job of this, if only because it can ask each member directly. Because Spoke often only infers identity, it sometimes can get confused by job-hoppers who appear multiple times in various address books. Will people allocate e-mail addresses to networking, just as they do to avoid spam?
At the same time, the challenge is to get more jobseekers onto the system. When people send out invites, there’s about a 50-percent response rate, says Franklin, but they’re still working on increasing the rate of invitations sent.

So the company is now trying to add in a viral tool, a kind of collaborative filtering search tool that lets you get the equivalent of a Google ranking, but one determined by your friends’ tastes rather than those of millions of webmasters. The tool, called Eurekster, is based on a learning search tool (fed by Overture) developed by Ryan’s old company SLI. It ranks search results by how useful they have been to your network of RealContacts contacts. Eurekster Inc. is a US company, with 50/50 shareholding between RealContacts and SLI, in which NBC is an indirect investor. It will also operate as a separate service.

**Leveraging the Individual: The Company You Keep**

These two companies sell to individuals…and probably have the most tentative business models. They see their users as free agents in control of their own lives—much as their users surely like to see themselves. In discussing business models, LinkedIn CEO Reid Hoffman likens his service to a cell phone—something any respectable executive needs and will pay for—or get his employer to pay for. Indeed, one fruitful connection should easily recoup the cost of such a service. In the short run, simply getting members is key, so these services are free.

In the future, we expect to see charges for premium services or transactions above a limit, whether a specific number of contacts or endorsements, or visibility beyond one or two degrees. We also suspect that in the long run the charge might serve to indicate the quality of the network…though small and high-quality may not be the approach that will delight VCs. Ryze’s premium membership, at $9.95 a month, has so far attracted fewer than 10 percent of the service’s members.

**LinkedIn: Managing your links**

*Networking notes: We first met Reid Hoffman in 1996 on the set of a Firing Line television show, along with Arianna Huffington and Cathy Clark. The topic of the panel, moderated by Bill Buckley, was regulation of the Net.*
When we met Reid Hoffman he was at Fujitsu – a former user-experience engineer earning his stripes as a business guy (product manager, to be exact). A year later, he founded Socialnet. The premise, he says, was that “virtual communities” are not a mass market – but online tools and services to help people organize and coordinate their offline lives are. Socialnet, a matchmaking service for dating and also for finding roommates, sports partners and the like, was a success with lots of great testimonials, he says, “based on a good database with a high-quality matching engine and well-designed social controls to keep things clean and honest.

However, it didn’t work for professional networking, where there is a gap between the ‘haves’ and the ‘have-nots.’ The ‘haves’ control resources such as jobs, money, company assets; the ‘have-nots’ have talents, experience or ideas but lack resources. If everyone is dumped into the same fishbowl, it gets flooded with ‘have-nots.’ The ‘haves’ have no reason to enter; they are already getting bombarded by proposals. They don’t need random proposals from have-nots...but they do need filtering mechanisms for good proposals.”

In the real world, the “haves” often use their secretaries as a filter. In LinkedIn, Hoffman hopes, the members can play that role for one another, both through brokered introductions and explicit endorsements by friends of each individual included in her profile. Hoffman is high on the service’s endorsement mechanism – which is borrowed from the social-social-network sphere but is made more businesslike because the endorsements are linked to specific entries on a member’s resume. “Endorsements add reputation capital to the mix,” he says. “It makes people into haves by turning their [presumed] skills and talents into an asset. Everyone likes the system because all the communication has a higher signal-to-noise ratio.” Call LinkedIn a white-list communication tool.

LinkedIn puts each individual at the center of a universe of direct contacts (displayed as an icon) indicating how well-connected (within LinkedIn) that individual is. It depends on self-reported, confirmed connections: That is, Juan may think he knows Alice, but until Alice agrees to Juan’s invitation to be linked, the connection is not instantiated.

There’s a lot more friction in LinkedIn than in other services in this space, which may limit its early growth but it is likely to lead to a more robust network over time.
Anyone can join, but he has to build his own network by reaching out to (or being reached by) people he knows for confirmation of the mutual connections. An additional source of value (and privacy protection) comes from the friction of filling out profile information: Users on LinkedIn completely control what they display in the system, which takes work but can have better results for both the searchers and the searchees.

Users can specify whether they want to receive unsolicited proposals without the explicit and open involvement of the intermediate links. (The benefit is not privacy, but control.) Meanwhile, the sender of such a proposal to someone who opts out of direct contact may not know precisely whom it’s going to between themselves and the ultimate recipient; if there is no response they can’t know where in the chain the movement stopped.

The dynamic with LinkedIn is that you are known by the company you keep, and the system tacitly encourages you to be careful about whom you invite. Creating your network is not as automated as, say, Spoke or ZeroDegrees. For better or worse, you can’t simply register your entire contact list. LinkedIn’s user interface is sparse and salespitch-free, though it can be confusing in places.

The service is “cool,” in that it leaves most of the activity up to the user and doesn’t attempt to guess nuance where there is none. That is, it lets you engage in relationships rather than collect them.

However, LinkedIn still has a number of clumsy features to work out. It has an annoying habit of giving you the same boilerplate each time you send an invitation. You can edit it and it will stay edited through one log-on, but then it reverts to “I was recently invited by good friend [name of original person who invited you here] . . . .” The person who first invited you in becomes a semi-permanent feature of your use of the system. Though it may annoy some people (including us) and you can customize your boilerplate each time, that approach gave 8 percent higher conversion rate than without the name, says Hoffman. It demonstrates that the system depends on individual connections, he adds.

And, of course, your name will be the default for all the people whom you first invite. Better invite only people who will improve the neighborhood!
Ryze Networks: Managing your life

Networking notes: We heard about Adrian Scott from a number of Valley friends, but we finally introduced ourselves to him directly, through the Ryze network itself. It’s easy enough to join, and he is listed. We never met, but talked over the phone; he now lives part-time in the Bahamas.

Adrian Scott started Ryze to extend his offline networking activities onto the Net. He had just left his day job as co-founder of a peer-to-peer startup called Applesoup/Flycode; he had also worked as a freelance software developer for companies such as Charles Schwab and Bank of America. “I had been doing networking mixers of my own in a San Francisco loft for several years,” he says. He started wondering how to keep all these people connected outside the events...and how to remember the backgrounds of all of them. “I’d recognize their faces, but forget the details,” he says. “I wanted to give people the tools to make these connections on their own, rather than have me be the bottleneck.”

That led to Ryze, a social network targeted at young professionals and entrepreneurs interested in changing jobs, sharing apartments, and the like. The initial members were the 1500 people on Scott’s events list, and membership rapidly spread out to cover the country. Most recently, there has been a growing cluster of members in India, no doubt started by some returning entrepreneurs.

In flavor, the site is closer to, say, Geocities or Tripod than to a corporate recruiting or sales-oriented service. Consider it an engine of the freelance culture that flourishes in Silicon Valley, where people mix business and social lives. It has a busy but not cluttered feel, like a bulletin board with no display ads. Members’ own pages reflect their own personalities rather than the more formal, regimented fill-in-the-fields approach of the other social-network services.

SEX, LIES AND SOCIAL NETWORKS

Imagine the catty gossip of the future: “He had to ask four friends before he could get anyone to connect to him on LinkedIn!” Or “He says he has 200 friends, but only 20 people on Ryze actually confirmed when he listed them!”

The explicitness of these systems may be useful and efficient, but it will also expose social wounds and gulfs that many would prefer to keep hidden. As people rush to enter their contacts into their networks, they pay little heed to how those relationships may change, and how those changes are represented in the network. Transparency about relationships can be awkward; transparency about changes in relationships can be painful.
It’s fairly easy to join and to search for members; newly established privacy protections let you be visible to everyone, to friends of friends (to 4 degrees) and people in your “networks,” or only to direct friends. Says Scott: “Basically, it was originally low privacy for everyone; we started as a closed community. We didn’t get explicit requests for privacy, but we did have people asking ‘how come so-and-so found me?’ We decided to give people more control [including the ability to block specific individuals] as we scaled up. It creates more value out of membership.”

Any user can join several networks. The networks are user-organized groups around common interests, including industry, geography, programming languages, politics and others such as “free agent nation,” “Bay Area volleyball” and “wedding planning outreach.” Individuals’ home pages typically include a photo and (user-editable!) comments from friends. People can comment in the guestbooks, or they can send private messages through Ryze’s own mail system, which allows semi-anonymity unless users care to disclose further details. Members use these pages to promote themselves or their activities, including their businesses. They can also list events in a dedicated section.

“Our aim is to help people build relationships to grow their network, rather than just tapping into existing networks. It’s a safe environment to communicate without revealing your e-mail address,” says Scott.

For $9.95 a month, users can get a Gold Membership, which entitles them to a fancier home page and to search the user base with multiple criteria such as company, previous companies, city, state, universities or interests. Gold members can also create networks of their own, and build visibility and reputation by moderating it. Shades of AOL and About and their volunteer moderators… but now people pay for the privilege!

Overall, Ryze has its own semi-homespun flavor. “It’s crazy now,” says Scott. “I kinda miss 2001. We built this up as a real business and we have a lot of options. We don’t need to hype.” But it’s hard not to see Ryze as an ideal property for a portal such as Yahoo! or MSN. Just imagine it as a complement to Hotmail or Yahoo mail… if Friendster doesn’t get there first.
Where Does this All Lead. . .or Link?

How much do online social networks simply support people in what they do naturally, and how much will they enable or even foster new behavior patterns? In the context of both of these questions, but not an answer, consider the following true tale. We were idly searching LinkedIn to see if there were any Russian members. We found 12, some of whom we had heard of (it is a small world), and one whom we know personally, Arkady Volozh, CEO of Yandex, Russia’s answer to Google. Delighted, we wrote to Volozh to ask how he had come to join LinkedIn. Last summer we had – by e-mail – put Volozh in touch with Gil Penchina, eBay’s VP international. They met in Moscow, and Penchina had subsequently invited Volozh into LinkedIn.

Although each social network player occupies a particular niche, many of them see that niche as a perch from which to cover more and more of the world – more functions, more revenue sources, more people. The question: Is the world indeed a single network, with a winner-take-all business model, or is it a federation of networks? We’d go for the federation. Although the world may well be a single network, ultimately it stretches across time as well as people. Even as multiple versions of any single model compete – as Geocities did with Tripod or Hotmail with Yahoo! – some new player is likely to emerge with a new model. (Think Microsoft vs. open source, not vs. Novell.) What looks like the endgame to us from here will be merely another inning in the game by the time we get there.

In fact, we don’t think winner-take-all is a good strategy, at least in the business networks. Companies with a clear focus – whether it’s helping users close a sale or find a new employee – are likely to be more successful. Business users don’t want a rich experience; they want results. (At the same time, of course, they get results by having rich relationships with other people; they just don’t expect a software tool to manage the rich part of the relationships.)

Services that get too purposeless tend to go “social,” and then they lose their business edge. The details of a service will have a huge impact on the success of any network (just as, say, the “protocols” observed by Marriott or Nordstrom staff make a difference to those companies’ success). In online networks, these may be such things as the prominence given to photos and other more personal data or the way endorsements are positioned.
Our experience so far, in addition to the pleasure of trying out new tools, is that these services have their uses. We expect to be a continuing user of LinkedIn. Anything that helps automate the doing of favors and the making or confirmation of connections can’t be a bad thing, as long as it’s mediated by people one knows and trusts.

**Critical mass...leads to explosions**

As mentioned above, the game’s big goal is capturing dominance in some market and then proliferating everywhere, with business models based on subscriptions, transactions and access management (for ads or customer relationship management). However, there’s real danger that the whole field and its potential benefits could be irretrievably tarnished by privacy issues – either as a result of policies that leave too many people feeling exposed by the aggregation of data, even publicly available data, or by the data equivalent of an oil spill whereby one of these companies breaches its own policies through some inadvertent security breakdown. The big fear should be not just government surveillance or even commercial surveillance, but widespread peer-to-peer surveillance. Friction-free information flow may not always be a good thing, especially if the information is harmful, untrue or just private.

For now, no one has enough mass to matter. But privacy is an issue that will inevitably arise as any of these services approaches critical mass. Consider the undercurrents of discomfort already swirling around Google because it is perceived to control the content we see. Imagine a service that controlled information about people—even if all it does is run algorithms. The data these systems are collecting is relatively simple who-knows-whom links—but even that is not so simple: Who is not acknowledged by whom? Who is the best networker? Who refers turkeys? Who has long-term relationships, and who can’t keep his friends?

Moreover, the issue is not just explicit entries in a contact database. The data includes frequency of contact, who replies to whom and how promptly, who is bcc:’d, and so on. (And that’s assuming no one at the SN company reads the users’ actual messages, which is generally a safe assumption as far as any company’s strategy...though there is always the possibility of security breaches and rogue employees.)
Beyond that, there are the services that derive and assemble other information, whether behind firewalls (Contact Network, Tacit) or outside them, including what Spoke and ZeroDegrees blandly call “dossiers.” Even the internally focused systems base at least some of their value on the data their corporate users collect about people outside the company. At the end of the day we will have private aggregations of data more rich and interconnected and personal than any government ever dreamed of. . .and of course this data will be available to government on “request” just as data from credit card companies, merchants and airlines is today.

Transparency about all these practices will be key. When the inevitable disaster does happen, let’s hope it’s not a general failure but a specific one.

In a somewhat different vein, it’s inevitable that someday an ax murderer will be invited by some unwitting “friend” to join one of these networks and will murder someone he meets there. People will blame online social networks rather than his genes or his parents – or him. If you posit – as we do – that online social networks deserve credit for positive connections that would not have occurred without them, you must also hold them partly responsible for the negative connections they support, including some that result in tragedy.

And finally, one has to ask what these tools do to the old low-tech concept of friendship. In some way, with their numbers and lists and classifications, these tools can subtly make a social network into a trophy collection. Technology has made it easier than ever to count your friends – but that doesn’t mean that you should.
Resources & Contact Information

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For further reading:
## Calendar of High-Tech Events

**DECEMBER 10-12**  
**World Summit on the Information Society** - Geneva, Switzerland  
Organized by the UN’s International Telecommunication Union, WSIS seeks to explore how information and communication technologies are changing the way we live. Register on the website or contact Edoardo Bellando, 1 (212) 963 8275; e-mail, bellando@un.org or Francois Coutu, 1 (212) 963-9495; e-mail, coutu@un.org. [www.wsis.org](http://www.wsis.org)

**2004**

**JANUARY 5-9**  
**Macworld Conference & Expo** - San Francisco, CA. Organized by IDG and sponsored by Macworld and MacCentral, this is most comprehensive gathering for the Macintosh community. Register online, call 1 (800) 645-EXPO or 1 (508) 743-0107, or contact Debbie Diodati, 1 (508) 424-4847; e-mail, debbie_diodati@idg.com. [www.macworldexpo.com](http://www.macworldexpo.com)

**JANUARY 15**  
**The Churchill Club** - Santa Clara, CA. Visionaries (including Esther Dyson) make their annual top ten technology predictions. Laugh at year’s; believe next year’s? For more information, visit the website. [www.churchillclub.org](http://www.churchillclub.org)

**FEBRUARY 9-12**  
**Emerging Technology Conference** - San Diego, CA. Organized by O’Reilly & Associates, this conference frames the ideas, projects and technologies the "alpha geeks" are playing with. Register online or e-mail Linda Holder, lholder@oreilly.com. [conferences.oreillynet.com/etcon](http://conferences.oreillynet.com/etcon)

**FEBRUARY 15-17**  
**Demo 2004** - Scottsdale, AZ. An IDG Executive Forum. Come play with the latest gadgets from the newest startups. Register online or contact 1 (800) 643-4668 or 1 (508) 460-1385, or via email at registrar@idgexecforums.com. [www.demo.com](http://www.demo.com)

**FEBRUARY 23-26**  
**3GSM World Congress** - Cannes, France. The world’s biggest mobile communications show. Keynotes include Arun Sarin of Vodafone, Rene Obermann or T-Mobile and PC Forum 2003 speaker Paul Otellini. Register online or contact Tamara James, 44 (1932) 893-855; fax, 44 (1932) 893-894; cust.serv@informa.com. [www.3gsmworldcongress.com](http://www.3gsmworldcongress.com)

**FEBRUARY 25-28**  
**TED2004** - Monterey, CA. Having presumably covered life and liberty, TED pursues happiness. An always-eclectic group discusses technology, culture, design and other catalysts for happiness. More information online, or contact TED curator Chris Anderson, 1 (650) 292-3300; chris@ted.com. [www.ted.com](http://www.ted.com)

**MARCH 21-23**  
**PC Forum** - Scottsdale, AZ. The theme for EDventure’s 27th annual PC Forum is “The Big Picture.” The vision is clear; let’s talk about the implementation. Stay tuned for details and your invitation. And save the dates! Contact Daphne Kis, 1 (212) 924-8800; fax, 1 (212) 924-0240; e-mail, daphne@edventure.com. [www.edventure.com/pcforum/](http://www.edventure.com/pcforum/)

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Events Esther plans to attend.

Lack of a symbol is no indication of lack of merit. The full, current calendar is available on our website, [www.edventure.com](http://www.edventure.com). Please contact Christina Koukkos (christina@edventure.com) to let us know about other events we should include.
The Big Picture - In Focus

The big picture is global: Companies are selling worldwide, but they are also competing worldwide. "Convergence," for example, has many meanings, but it always implies that specific devices and applications need to interoperate across technical, corporate and cultural boundaries: consumers e-mailing cell-phone photos to their friends; accounting systems talking to warehouse sensors; support teams in Pune, India, learning the intricacies of baseball to make small talk with customers in Peoria, Illinois.

The big picture is that IT fosters productivity. But the focus is sharper. The value-added of IT is less a matter of infrastructure, communications networks, data storage and processing power, and more a question of automating or supporting business processes. Vendors need to handle specifics: domain knowledge, industry-specific algorithms and business processes, market-specific terminology and taxonomies, country- or industry-specific governance issues, location-specific data. Where are the limits to generalization? The IT industry is great at handling scale on the one hand and detail on the other, but now it has to handle both together.

Even Google, known for its technical prowess and scalable performance, is wrestling with the particularities of customer support, "appropriate" advertising policies and life in the spotlight. Platform vendors are rushing into the services market and trying to add value; consumer online services are turning broadband into an opportunity and trying to figure out what content and business models will succeed. Governments have to reconcile IT efficiency with the needs and rights of their citizens.

The question is not whether IT matters. It does. In fact, IT has conquered. Now it has to learn how to rule - to address the real problems of the territory it occupies. These are not the IT challenges of algorithms and agility, but problems technology alone can’t solve: employee education and motivation, user attention span, security and integrity, spam, increasing regulation, increasing global competition and commoditization...and the willingness to see them clearly.

Invited speakers include: Jack Dangermond, founder & president, ESRI; Bob Epstein, co-founder, Environmental Entrepreneurs; Dean Kamen, president, DEKA Research & Development; Jeffrey Katz, chairman, president & CEO, Orbitz; Jonathan Miller, chairman & CEO, America Online; Narayana Murthy, chairman & CEO, Infosys; Pierre Omidyar, founder, eBay; John Reed, interim chairman & CEO, New York Stock Exchange; Rafael Sanchez, CIO, Burger King; Eric Schmidt, chairman & CEO, Google; John Seely Brown; Bruce Schneier, founder & CTO, Counterpane Internet Security; Sir Martin Sorrell, group chief executive, WPP Group; John Thompson, chairman & CEO, Symantec

Join us for PC (Platforms for Communication) Forum 2004 and see yourself in focus as part of the big picture!

*awaiting confirmation

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