As the world gets more commoditized, as content proliferates and loses distinctiveness, as anything you want can be syndicated anywhere (eBay, Amazon.com and Google are converging), you can still count on individual people to be special and unique. The killer app for people online is...other people online. It’s in their relations with others that individuals manifest themselves, so the best way to help or “manage” an individual is to foster the individual’s relations with others. How can software help with that? A variety of self-improvement services are focused on the individual alone, but even an improved self is pointless without others around to share it with. . . .

But conveying or embodying the uniqueness of people and their relationships may be too much for marketers or for the Net. So, as always when you can’t easily differentiate your product, you give it a brand: “Things go better with Coke.”

In our modern, service-oriented age, can things, friendships and even life be enriched by happening in a branded medium? That’s the promise of the online “social” social networks. They offer a somewhat sanitized version of real life, complete with friends and templates for interacting with friends. Indeed, we have to wonder whether social networking as a purported tool for human connection is just a kind of deodorant for the soul – wherein marketers create a need and then fill it, promising that a product you never knew you wanted can magically improve your sex appeal.

Whatever! Deodorants are a good business: $1.9 billion per year in the US alone. These social-network tools serve in a world where people are already going online to express and present themselves.
If a social network gives them the same self-confidence a deodorant can, perhaps it’s a good thing. Moreover, perhaps it can genuinely improve the world’s fragrance.

In our last issue we looked, calculatingly, at managing connections with individuals for business productivity, in one form or another. This month, we cover other kinds of social networks and tools, a somewhat looser collection, including everything from dating-oriented sites to contact databases and presence-management services. The services we describe here all focus on the individual in the context of others – their friends, their communities, their contacts. Less purposeful than the business networks, these social platforms come closer to people’s personal lives; they are for friends, for discussion about everything from politics to sports or diseases or the struggles of raising a 13-year-old, for finding a babysitter or getting rid of a couch. They range from platforms for living online, sharing jokes and edginess as well as earnest attempts at connection (Friendster and Tickle et al.), to living in a material world of personal procurement of apartments, ride-shares and housepainters (Tribe), and the management of contact information with no attempt at social context other than efficiency (Plaxo and GoodContacts). Two services help foster realtime interaction over WiFi or cell phone networks. And then there’s Microsoft’s Wallop, not yet a product, but rather an online experiment in how individuals live online in the company of their friends.

The business models are equally varied, ranging from fees for advertisements and listings to subscriptions and transaction fees. Two of the companies are private-label providers of software and tools to operators who support such networks (Affinity Engines and Organic Network).

Although most of the companies we describe below are social network platforms and services, we believe that over the long run social-network functionality will become part of many online entities. What site operator wouldn’t want its customers to reinforce one another’s involvement in its offerings? The components include link-hopping friends-of-friends connections and double-blind introduction services, as well as “softer” templates for individuals to
present themselves such as profile forms to fill in, tests to determine your interests and traits (ideal as fodder for searches) and tools for interacting with others (canned introduction messages or request-forwarding templates). Also in the lineup are blogging tools, but they are too free-form for people who prefer guidelines and structure. All this functionality helps to bring in members and keep them there for whatever other purposes (and revenue-generating functions) a member-oriented site may have.

**Design for Living Online: Will You Be My Friend?**

What is life online? Preceding the social networks, we have had home pages, Tripod, Geocities and most recently the blogosphere – the word artists’ decentralized, bottom-up social network of blogs, links and blogrolls. *(see Release 1.0, July 2003.)* These people handle their own virtual grooming, thank you.

But for the less literary, social networks offer more support – and the possibility to situate themselves among friends. The social networks offer e-mail, chat, profiles (select your fundamental nature from these five possibilities), photo galleries, doing business online and even connections for communicating offline. The ultimate goal is not MyYahoo!, but rather OurYahoo! – a rich, interconnected, inseparable web of people. Where marketers and online advertisers now talk about the holy grail of stickiness, they will soon talk about rootedness.

As content, meanwhile, the social social networks owe something to reality television. Real people are more entertaining – and certainly cheaper and easier to cast. And because these online friends are (or are similar to) people you know, it may seem more...well, honorable or socially redeeming to spend time on them. Yet, as we said last month, services that get too purposeless – at least in terms of business use – tend to go “social.” That’s not necessarily a problem, as long as the business model of the service vendor recognizes it. Dating – or browsing potential dates – can be a very sticky activity.

**Structure and texture**

The two specific structural functions that define a social network platform are the two that an individual cannot do for himself because they require some intermediary (even if a blind one): double-blind contact instantiation, and friends-of-friends
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/WHEN FOUNDED</th>
<th>CUSTOMERS</th>
<th>FOCUS</th>
<th>WHO PAYS?</th>
<th>FOR WHAT?</th>
<th>TYPICAL USER</th>
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<tbody>
<tr>
<td>Affinity Engines</td>
<td>a few pilots</td>
<td>helping members communicate</td>
<td>corporations, organizations</td>
<td>software license</td>
<td>organization member</td>
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<td>November 2001</td>
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<td>Classmates.com</td>
<td>1.8 million paying members out of 18 million total</td>
<td>former classmates, war and workmates</td>
<td>advertisers, individuals</td>
<td>ads, premium membership</td>
<td>your high school buddy</td>
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<td>January 1996</td>
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<td>Contact Network*</td>
<td>6000 paying users with 1 million contacts</td>
<td>gated Google</td>
<td>corporations</td>
<td>software license</td>
<td>corporate sales &amp; research</td>
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<td>September 2002</td>
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<td>Craigslist</td>
<td>1.5 million visitors and 550 million page views per month</td>
<td>personal goods and services</td>
<td>recruiters</td>
<td>job listings in San Francisco</td>
<td>fan of Craig</td>
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<td>March 1995</td>
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<tr>
<td>Friendster</td>
<td>4 million registered users</td>
<td>friends and potential dates</td>
<td>corporations, individuals</td>
<td>ads, premium services</td>
<td>cute 20-year-old</td>
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<td>March 2003</td>
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<td>GoodContacts</td>
<td>50,000 registered users</td>
<td>P2P contact verification</td>
<td>corporations</td>
<td>contact updates</td>
<td>privacy-aware enterprise</td>
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<td>November 2000</td>
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<td>LinkedIn*</td>
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<td>individuals</td>
<td>premium services</td>
<td>your VC</td>
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<td>May 2003</td>
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<td>Midentity</td>
<td>n/a</td>
<td>personal digital identity and communication management</td>
<td>individuals</td>
<td>messages, contact updates, backup</td>
<td>UK professional</td>
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<td>Q1 2004</td>
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<td>Military.com</td>
<td>3 million registered users</td>
<td>members and alumni of the military</td>
<td>corporations</td>
<td>commissions, ads, sponsorships</td>
<td>your local five-star general</td>
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<td>March 2000</td>
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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.

* we covered these companies in last month’s issue.
The double-blind contact happens when both parties confirm that they would like to connect directly; the system lets them share e-mail addresses. Friend-of-friends links happen in various ways with various degrees of privacy protection, but in essence they allow individuals to see and reach one another’s friends, up to specified number of links in a chain of connection. (Both of these functions can be charged for, incidentally, since there’s no way around them to reach that person on that site. But competitive conditions will still determine whether charging makes business sense.)

While there’s a difference between designing a system and running it (as Friendster’s performance problems indicate), the structural functionality of these systems is not exotic. What will matter once the basics are covered is texture; after all, these are social tools. The nuances of a service will have a huge impact on its success (just as, say, the “protocols” observed by Marriott or Nordstrom staff complement the actual services and products they offer). In online networks, these may be such things as the kinds of canned messages the system offers or imposes, the prominence given to photos, conventions for what is appropriate commentary and other more personal data, or the way endorsements from other network members are positioned. There’s no single magic answer, but a good sense for capturing the consumer imagination is vital: everything from the welcome message to the selection of faces on the front page. Each of these services will need its own personality, yet it will need to appeal to a broad range of personalities to reach critical mass.

From number portability to friend portability

Will critical mass provide staying power? While social networking businesses themselves may be faddish, real friends last through a fashion cycle. The vendors’ preoccupation with grabbing share makes sense, but there is no reason to think that some newcomer could not show up with a Friendster Relocation service, which could help you and your friends move elsewhere. (See Page 33.)

The basic business models for social social networks are those for publishing: advertising and subscriptions for access to the content — which in this case means other people in the network. User-generated content is certainly cheap (though the tools to support it are the service’s equivalent of the stone in the stone soup). It’s constantly updated by the users themselves and, in a social network, it’s relevant to the individual because the content comes from the individual’s friends.
Likewise, customer acquisition should also be cheap and viral – friends bringing in friends. Once a system scales up, margins should shoot up... in theory.

Is there at last a free lunch? Probably not. Competition will drive prices down, making successful subscription models a rarity. Services such as e-mail, IM and blogs will likely be thrown in for free in response to competition.

Will these services remain standalone? We doubt it. The focus will likely be on user numbers and exit strategies rather than profitability, with some exceptions. Classmates.com is profitable, and would probably be fairly pricey as an acquisition – especially since Friendster has now upped the ante with its reported valuation of $40 million.

It’s obvious that most of the companies covered here would complement existing portal properties, although the addition of social networking tools (through internal development or acquisition) to any of the portals could change the market dynamics suddenly. Microsoft and Yahoo! already have their own customer bases to leverage, much as Classmates and Tickle do as they enter this field. Adding the necessary functionality should not be difficult; you can find bids to clone Friendster for $1000 on eLance. Indeed, Hotmail, Yahoo! mail and AOL even have the links ready to be instantiated into a social network platform: Everyone in your address book – or everyone you exchange mail with – is a potential friend. And what is a buddy list but the first tight circle in a social network? Companies such as Huminity (not covered here) already offer IM-based social networks. In the UK, Midentity is offering social-network services based on cell-phone connections and address books.

Likewise, companies with existing brand names, customer bases and members can leverage those through social-network functions. Military.com is an excellent example of that approach. Monster.com clearly hopes that social-network functionality will enhance the value and appeal of its job boards, and while Evite has announced it wants to play, too.

**Friendster: User-generated content**

*Networking notes: We met Jonathan Abrams by asking for an introduction on a mailing list we’re a member of. About six people immediately wrote back, all of them cc’ing poor Abrams, who agreed to a meeting if only to stop the onslaught. We went to see him in his offices across the hall from LinkedIn.*
Friendster was founded by Jonathan Abrams, who was formerly an engineer at Nortel and Netscape, and also founded HotLinks, a bookmark-sharing site. Recently, the company reportedly turned down a $30-million offer from Google, but Kleiner Perkins, one of the major VCs behind Google (along with Sequoia), ended up making the investment more directly, joining Benchmark in a $13-million investment for about a 30 percent stake. Certainly the two cultures are different; Google is algorithms whereas Friendster is content, or call them a wiring diagram vs. a bowl of spaghetti.

The idea behind Friendster is that dating of all things is not something you want to do off a huge database, as is the case with other dating sites such as Match.com. Dating is not a question of criteria and matches, but of chemistry and friends caring for friends. Says Abrams, who is still single: “In the summer of 2002, people suddenly started admitting they were using dating sites. But I didn’t want to chat up anonymous people. I wanted a way that people could bring their social context with them. . . . It’s like going to a party with friends: You end up getting introduced to more people than you came with, but not to the whole world.”

You can either be invited into Friendster by a friend, or you can join on your own and invite in your friends. When you join you create a profile of your interests, including what kind of people you might want to meet or date. . . .or you can proclaim yourself “just here to help!” You can also see your friends’ friends, up to four degrees of separation.

While the business networks covered last month sell on the basis of productivity, transactions and results, Friendster sells entertainment in the company of friends. Actual dating “results” probably account for only a small part of its appeal. Entertainment among friends is also part of dating offline. . . .and movie houses and ball games don’t charge for dating results either.

Friendster fulfills Andy Warhol’s dictum that everyone will be famous for 15 minutes: The service treats all its members like stars, and users can browse the site the way they could browse People Magazine. . . .except that the “celebrities” are friends of friends. They are also often fakes, from buildings and animals to people such as Howard Dean and Wes Clark and of course religious figures, dead people and other figments of the wonderful human imagination. Although the company takes many of them down, these “fakesters” provide a lot of the entertainment value. Managing that delicate tension between edge and over-the-edge will be a continuing challenge.
Thus it makes sense for Friendster to charge for advertising and offer merchandise, as it is beginning to do. We could imagine targeted ads, such as roundtrip flights from San Francisco to Los Angeles for a Silicon Valley boy looking at profiles of Valley Girls, or the addition of gift registries to people’s profiles. . . . Why not? Friendster could also work with marketers and members to create “buzz” networks focused on introducing new products through the most influential members in a particular interest group, such as specific kinds of music, sports, movies and the like. In addition, Friendster is likely to mimic Tribe’s listings and even its tribes – though probably by some other name.

We also expect to see the company try to charge for a variety of premium services, such as introductions beyond some number of degrees of separation, more in-depth profiles, instant-messaging functionality and the like, but it may be hard to make such charges stick in the likely competitive environment.

Friendster needs to keep upgrading its appeal even as it deals with the basic hygiene of infrastructure. Users complain that the growth in users has taxed the company’s resources, and it is short both of equipment and of technical staff. (In other words, it may cost $1000 to clone the basic functionality, but there’s a lot more to Friendster or any of these services than software design.)

With the recent round of funding, the company can now address that problem. It has already more than doubled its staff with the addition of VPs of engineering and product management and other employees, from backgrounds including Netscape and EGroups, Yahoo!, eBay and Excite. “We have made several improvements to our infrastructure recently to improve our site performance, but usage and membership keep growing, so there are a lot more improvements still to come,” says Abrams. “We have hired several new engineers, but still have openings for several more.”

Will Friendster fulfill its VCs’ hopes? “I wasn’t sure how well this would take off,” says investor Ram Shriram. “You build your field of dreams and wait to see if anyone will come. . . . Well, they came in droves!” And, he notes, “The amount of time people spend on the site is like the early days of eBay, which was also built around community and turned into an economic powerhouse. Users are keeping other users on the site; it’s all user-generated content. But it’s not just pure homesteading like GeoCities or Tripod; it’s community, friends of friends.”
“People won’t join three or four or five of these,” he adds. “It’s a big space but it won’t support multiple players. It’s like instant messaging; you see your friends on one site and you stay with that one.”

Although we believe that the kind of broad-based social networking service it offers tends to a winner-takes-all game, there will probably be several winners. The market won’t ever converge on equilibrium; instead, something new – perhaps a biotech “deodorant” for the personality that appears safer than liquor (scary thought!) – will take the online social social networks’ place before the market can converge on a single player. Meanwhile, there will be pressure on each player to interoperate with other networks, just as there currently is with instant-messaging services.

**From Emode to Tickle + Ringo: From profiles to links**

*Networking notes: We first met James Currier of Emode when we were considering whether to invite this online-testing company to present at last March’s PC Forum. We were skeptical of his privacy claims, but he convinced us that his motives were pure and that his VCs could see that it’s in their long-term interest to protect their customers’ interests. . . . So he presented – and he also met Samir Arora, formerly CEO of NetObjects, who is now Emode’s chairman. Since then the company has changed its name and brand to the more friendly “Tickle” and has closed the acquisition of Ringo. Board member Andrew Anker, early at Wired Digital, also funded Evite, which is now part of Barry Diller’s empire and recently announced its own social-network functionality.*

If you look at friend-oriented social network platforms as a form of self-publishing, Tickle is the more intellectual, deeper version, where you can browse people’s souls and intellects rather than their photos, hobbies and interests – although Tickle’s new social-network service now offers those, too. All these facets of a person are valuable content, and Tickle’s CEO and founder James Currier is pushing them: “We want to get people to come back more often and make more media of themselves. Put in your resume, and your work history . . . .”

Right now the business model depends on a variety of revenue streams: premium tests, profile-posting and matching, and advertising.

The company, which punctiliously proclaims only 16 million active users (defined as those who visited the site in the last 90 days) out of a total of 40 million people who have ever taken one of its tests or filled in a profile, saw its business take off last April, says Currier. “The number of new registrants has gone up to over 30,000 new people
per day. More importantly, our [existing] users have been coming back far more and they have been paying for subscriptions far more.”

That followed shortly after its official launch of a paid match-making service in March, focused mostly but not entirely on dating. Using the information in the profiles, and psychologists’ assessments of which likes and which opposites attract, the system suggests possible matches among members. For example, dominant people like submissive partners, but French speakers or sports fanatics generally like to associate with other French speakers or sports fanatics.

For free you can post a profile, send canned ice-breakers to others through the system, get e-mail from others, and take an unlimited number of tests and get a score. But to e-mail someone directly or talk to them on the Tickle IM service, or to get detailed test results, costs $19.95 per year.

With its new free social-network functionality, launched in October, Tickle encourages people to invite their friends to join – a somewhat more forceful version of the old model, which encouraged people simply to mail their friends with a test score in order to get them to sign up and see if they could beat it. Since October, 650,000 people have joined this part of the service and searched for and linked up with friends. There is a privacy policy that allows users to define who can see their information – though it’s a pretty safe bet, as with Friendster, that the point is to have your information visible. (The levels are fairly simple: only direct friends, friends of friends, or everyone.) There is no business model for the social networking functions specifically, but they make the service more sticky and presumably will raise both subscription and advertising revenues.

Tickle benefits from its “installed base” of 16 million members who already have profiles, and for whom registering in the social network requires very little extra work. And, of course, taking tests and describing oneself isn’t really work in the traditional sense anyway; it’s self-improvement or entertainment. . . .

Last month the company made its latest interesting move, acquiring Ringo, the third-largest social network with 350,000 members – counting Friendster at more than 2 million and Tickle at 650,000. (Classmates.com has 38 million people registered, but most are members as individuals and have not yet communicated with any other members through the service. See below, page 13.) This is the first signifi-
An original investor in Friendster and Napster and is now an investor in Linkedin and Socialtext (see Release 1.0, March 2003 and April 2003) too. And, he adds, “Sean Parker [of Plaxo] worked for me at Freeloader when he was 14.” Affinity Engines and Spoke Software are all within yards of each other in downtown Palo Alto.

Financial analysts loved VisiCalc, the original spreadsheet. Journalists love blogs. And so - is it any surprise? - VCs love networking tools. The social networking field itself is a model of networking - or incest.

LinkedIn founder Reid Hoffman, who made a little money as EVP at PayPal, has invested some of it with Friendster and Tribe. Plaxo operates on the second floor of the Landings Drive office park in Mountain View that has hosted many a startup, including Software Publishing Corporation, whose founder Fred Gibbons sits on Affinity Engines' board. Tribe's Mark Pincus and Hoffman are co-owners of the SixDegrees patent portfolio. Pincus was also an original investor in Friendster and Napster.

The social networking field itself is a model of networking - or incest.

For now, the two services will remain fairly separate. Friends will remain connected to friends, and the social protocols of both services remain fairly simple and compatible. Anyone in either service searching by criteria will find members from both sides, thus fostering increasing interconnections. Both services allow users who pay the subscription fee to e-mail other paid-up members.

Terms of the merger were undisclosed. Currier says the appeal was partly Ringo's 350,000 members, but also its "great technology, and applications such as calendaring, forums, and tools for posting stories and managing group events," says Currier, which will add texture to the link-discovery structure of Tickle's current social-network functionality. Meanwhile, the Ringo network will benefit from Tickle's scalability and its test and profiling tools.

Although users shouldn't notice any difference, Currier plans to e-mail the Ringo members twice, telling them about the acquisition and asking for them to opt-in or out with the new owner. Finally, when a user comes back to the site to sign in, he will be presented with the change in ownership there, and another opportunity to opt in or out. In reality, this is not a bad way of making sure the Ringo user base consists of active members. People who don't respond aren't much use to the service anyway.
Reunited: Leveraging Existing Links

While Friendster and Tickle, as well as LinkedIn and Ryze (covered last month), are all trying to get people to list their friends or business contacts and promising to help them find new ones, a second set of social-network tools promises to help strengthen existing friendships or networks. The idea is to make it easier to find and stay in touch with people you already know or have something in common with.

Classmates.com is the largest; it offers a variety of existing networks – school, university, work or military service – and lets you create your own, by listing a new school or workplace, for example. (The service is fairly accommodating; you could squeeze in a summer camp or a health club or a conference, for example, as a place of employment, and maintain contact with a group that way.) Military.com serves military people exclusively, and is more focused on helping them deal with institutions and get benefits rather than connecting individuals, but it’s a good example of how even partial social-network functionality can enrich a service (and its owners).

The other service in this section is Affinity Engines, a platform sold directly to network “owners” or organizers, such as universities/alumni associations, political campaigns and the like. Here the business model avoids ads and instead relies on a single customer per network, indirectly funded by members’ dues or purchases (or generous alumni’s gifts). Although we don’t cover it here (we plan to in an issue about online politics), GetActive.com offers a CRM-like service to employer and political groups that has some of social-network features and will probably add more. Meetup.com, more focused on the physical world, also plays in this arena. (See Release 1.0, March 2003 and May 2003.) (Disclosure: Esther Dyson is a board member and investor.) More and more organizers are learning that member-to-member marketing is a powerful force.

Classmates.com: Reunited

Networking notes: Late in September, we got a Plaxo update request from Posy Gering, a former employee of ours from the late lamented Computer Industry Daily (1985-86). We replied with delight, and invited her to join us at LinkedIn. She did, and introduced us (outside LinkedIn) to John Uppendahl, Classmates’ PR guy. When he and CEO Michael Smith were in New York to appear on the “Today” show, they stopped in to see us.

With a distinctly high-school rather than college ambience, Classmates.com has amassed over 38 million active members with valid e-mail addresses and real names since it was founded in 1995. It started in business long before social networks
became fashionable, and has made a large and profitable business of reuniting first high school friends and more recently college buddies, military buddies and workmates. All that has made it number four in revenue among consumer-content websites (surpassing WSJ.com and MSN among others, but behind Yahoo!, Match.com and Real.com). Its user-generated content probably has about the same minimal costs as Match.com’s, but it does not have to support Match’s high marketing expenses. True, Match.com earns subscription fees (as does Classmates), but Friendster’s so-far free offering is more likely to drive revenues down than Match’s costs are to keep revenues up.

The company can’t or won’t say how many of its users are linked one-to-one into social networks (as opposed to grouped by affiliation), but the number of “gold members” who have paid to send mail to other members — 1.8 million — is some indication of the number of people who have found someone in the system to communicate with directly, as opposed to simply posting or reading profiles. (True, there are other services beyond mail and you can send some mail on the free part of the service, but we assume the direct-contact capability is the killer app that persuades people to pay.)

For free users can sign themselves up and then see anyone on the system (even people outside an individual’s school or other affiliation), but contact information is never visible unless it is self-disclosed one-to-one. Basic (free) members can also view and reply to e-mail they receive from others on the double-blind system, but they cannot initiate mail. They can see other members’ short profiles, complete profile surveys and post photos for their personal bio, read their organizations’ message boards, search for old friends, receive reunion news from their school’s reunion planner and use the “Compare” feature three times to see how they compare with others in their group on metrics such as marriage, interests or “how you feel about life right now.” They also get constant reminders to upgrade to “gold membership.”

Gold members ($39/year) can exchange e-mail with any of Classmates.com’s 38 million members, read complete profiles and biographies, write and post their own free-form “biographies,” post to their organizations’ message boards and interest groups, view and post personal photos, create and participate in private groups, plan school reunions and events, and get discounts on other services such as entertainment and travel. And finally, they can use the addictive “Compare” feature as often as they like.
Although there is no formal identity-verification process, says CEO Michael Smith, there’s little evidence of fake people or fake affiliations. The whole point is to connect with people you once actually knew, he points out, so fakery would be counterproductive. We’re sure there’s someone around trying to take advantage of the faulty memories of some Harvard grads in order to sell them life insurance, but the overall flavor of the site is much more personal than commercial – except for its somewhat intrusive consumer-oriented ads.

But those ads and the 1.8 million Gold members pay the freight...and Classmates’s millions of users seem very happy. The company has received more than 735 million visits so far this year. A majority of Gold members still visit Classmates.com more than three times per month in their 12th month of membership, the company says, and tens of thousands of new members join every day. Adds Smith: “Classmates.com will generate more net cash from operations this year than the amount of venture funding we’ve seen go into the entire consumer social networking space.”

Classmates Online has now expanded its profitable business model offline with the launch of its “Classmates” television show on July 7, 2003 (the first US TV show based on a website, the company asserts). A different take on reality TV, it airs for 30 minutes five days a week in 25 test markets reaching 45 percent of US households. Since the launch in July, the company says, more than 22,000 members have written
or called wanting to share their real-life stories on the television show, which focuses on reuniting friends. The stories are heartwarming, Smith says with genuine emotion, and we have to agree. Former sweethearts, birth parents and children, military buddies and old friends are among those who have reunited on television during the first 95 episodes. “We believe we have generated more marriages through Classmates.com than any other site,” Smith says. The power of the Net in the service of human connection is a wonderful thing.

And profitable. The television show costs the company little to produce and is yet another advertising vehicle – both for paid ads and for the Classmates.com website. Reality TV doesn’t get much better than this!

**Military Advantage: Martial hearts**

*Networking notes: We met Chris Michel at PC Forum (where else?). He was introduced to EDventure CEO Daphne Kis by PR agent Abigail Johnson.*

Military Advantage is very much like AARP, says founder and CEO Christopher Michel, a former Navy flier and Harvard Business School graduate. “We advocate for our members (and the broader military community) with business and the government. Today, we are the largest military membership organization in the US. We work under contract to the Department of Defense (DoD) to help with recruiting, operate the largest military job board, and help hundreds of thousands of people use a variety of DoD and Veterans Administration benefits each month.” The service has 3 million members (over 20 percent of the active/reserve military) and a meaningful percentage of veterans, says Michel. “We are the de facto alumni association for the US military.” In addition to helping people join the military, relocate, use their GI Bill funding, buy a home (with their VA Loan benefit), get a job, and use military discounts, the company helps connect them to one another.

The social part of the service started with 10,000 “living unit” home pages, for various divisions of the Navy, Army and Air Force. Users can build their own affiliated pages, partitioned by time, rank or platoon, and there are now more than 35,000 of them. Of Military.com’s 3 million members, 180,000 individuals have listed themselves on one of these pages. They can also search for one another in the member database and connect through a free double-
blind service. (But there’s no friends-of-friends tool, other than implicit one of the unit home pages.)

Military.com makes its money on commissions, advertising and a variety of sponsorships, so it sees the social-network functions as part of its free-to-users service rather than as anything to charge for. As the online part of Military Advantage, “a company committed to the mission of connecting the military community to all the advantages earned in service to America,” it is nicely positioned in the $2-trillion military market.

**Affinity Engines: Gated networks**

*Networking notes: Sylvia Paull, a master Silicon Valley networker, introduced us to Tyler Ziemann. That introduction helped us re-establish contact with board member Fred Gibbons, whom we knew back in the 80s when he was founder and CEO of Software Publishing Corporation, which had its offices in the same Landings Drive office park that Plaxo now inhabits.*

Affinity Engines was founded by Tyler Ziemann, a Stanford student of economics and political science who had interned at the White House under Clinton. During a seminar on revolutions taught by Russia scholar Michael McFaul, Ziemann noticed the importance of people connecting: “The revolution in Eastern Europe occurred so suddenly because the tipping point had already been reached...but no one knew it. There was no medium through which people could connect and organize. But when the dissent became visible, the old structures broke down because most of the population was against the regime. The Internet and social software allow you to see other people’s states [of mind] and connect in a new, frictionless way.”

He decided to parlay his insights into an online social network for his fellow Stanford students. When he graduated, the project turned into a company, Affinity Engines. Among its funders (and its landlord) is Concept2Company, itself a venture-funded company that helps university professors, researchers, staff and graduate students build ideas and prototypes and turn them into successful businesses.

Affinity now sells and customizes a platform for alumni associations and other private groups to support their own social networks. Not surprisingly, Affinity’s first client was Stanford itself. Stanford stu-
Microsoft recently discussed its new Wallop project at its Professional Developers’ Conference and raised quite a stir. An environment with tools rather than a “service” at this point, Wallop is worth noting, but we wouldn’t be surprised to see a separate initiative to add double-blind and friends-of-friends links to Hotmail, Outlook and MSN Messenger. (“Would you like to invite these people you have recently communicated with to be your friends?”)

A project of Microsoft Research’s Social Computing Group, Wallop is an environment to support communications among tight circles of friends who mostly already know and know how to reach one another. It has very little in the way of privacy protection: A Wallop circle, which surrounds each individual, is by definition a fairly private zone. “It’s less about connecting networks, more about connecting with the 20 or 30 people you already care about, bringing the network you already have with you,” says developer Sean Uberoi Kelly. “We’re not thinking of these large-scale networks: Three hops out I can find everyone in San Francisco who likes Burning Man. A lot of companies try to pivot on zip codes or keywords, but we’re trying to make it more convenient for people to share what they want to share with a small circle of friends. We’re scoping out a space between public and private.”

Wallop users can communicate by regular e-mail, but its main features include a lightweight blogging tool and shared, annotated photographs. People can label the photographs, identifying themselves and friends, and use them as a context for messages: “Great party last night! Here’s Juan talking about his trip to Burning Man with Alice. Let’s see if we can get those photos!” The most interesting photos, notes Kelly, are often the ones that other people take of you: “There are tons of photos my friends took that they didn’t bother to share with me; the threshold [of work] is just too high.”

Wallop is designed to make it easier, with a set of tools for generating and managing the content of daily (online) life. Technically, the system is a rich database of user-generated content – messages, postings, photos and the like – with a set of client-side viewers.

To the extent that there are groups within Wallop, they are centered around each individual, with each person running his own “me channel” and sharing it with friends. Those friends are not necessarily user-specified; the system derives them from watching a user’s communication patterns and behavior. “It’s a burden for me to always be updating the list of people I want to share with,” says Lili Cheng, manager of Microsoft’s social computing group and a former (building) architect. “We try to make that happen automatically. For example, if people start engaging in a dialogue or are in photos together, that’s enough of an implicit connection for the software to connect them.”

The assumption is that people are in a semi-public space, so that anything they may say is more or less open – just as it might be in someone’s living room in a circle of friends. When you join, adds Cheng, “you don’t start with nothing. You see the people who already know you.”

The group’s plan is to try the service out with some students, rather than “a bunch of Microsoft employees or reporters,” says Cheng. “We’re trying to test it and understand people’s concerns regarding privacy. How will it influence the way they interact with other people? If you put something out there it’s public. One of the interesting things about this space is the accretion of information over time. What does that mean online? You want it to be lightweight. . .but over time the system builds a picture. . .” and gains weight.

Wallop illustrates one of Microsoft’s advantages: It is able to explore people’s behavior in a sheltered experiment where privacy issues are minimal, while other companies are launching similar experiments out into the cold world of the open marketplace.
Other customers include Middlebury College, the University of Southern California and Care2.com, a portal for people who care about the environment. The idea is not just to find new supporters, but to encourage existing supporters to network and become more active...or generous.

Although it’s not precisely a marketing tool, Affinity’s platform is a great way to realize a latent community from a database: Members drive other members to participate. “Affinity Engines helped the Stanford Alumni Association build an online community for its 170,000 members,” says Howard Wolf, president of the Stanford Alumni Association. “In just three months, we received over 8000 updates to alumni contact information, 2000 new online alumni members, and over 150,000 connections between alumni.”

“We’re building the most valuable networks in terms of confirmed and real people,” asserts Ziemann. “We want to dominate the university market and continue to experiment in other verticals.” Compare this approach to Classmates.com, above: Ziemann’s direct customers – the universities – already own their alumni databases and can market the service to them, but of course Affinity needs to market to the network managers.

Affinity Engines’ approach of providing a platform for private-label networks could be a lucrative business. Although it’s easy enough to invite all your members to sign up for, say, Classmates.com under a specific affiliation, most organizations/associations are eager for more control – and probably for associated revenues, for everything from membership fees to logo T-shirts.

**Social Listings: Comfortable Commerce**

For those who feel they have enough friends, or who don’t particularly want to look for or interact with them online, there’s a different form of social networking tool: community-based listings. Although there’s certainly overlap with the advertiser-sponsored social networks, these services are more focused on explicit results. The specific listings help to bring in people who don’t feel they are looking for friends, but like to operate in a community. Over time, however, the idea is to keep people coming back for the discussion groups and tribes – and for each other. In the same way, you may go to a bar for a beer, but you keep coming back because you like your fellow drinkers.
The business model is to charge for listings and online classifieds, a reasonably well-known business model that brought in $1.6 billion in online revenues this year and should grow to about $3 billion by 2007, according to Jupiter Research. The community feeling should add value and differentiate the listings. For example, while you might gladly buy a chair from someone you don’t know, you might feel differently about hiring a babysitter or even renting a vacation timeshare. And someone you find in the context of a community is likely to be on better behavior than if you found that same person “cold.” Finally, at a time when search engines can find almost anything and often in confusingly great quantities, these tools allow one to filter out the noise.

Craigslist: The original

Networking notes: We thought we had met Craig Newmark in the past but had no contact information, so we e-mailed the press contact listed on the site. That led promptly to a meeting on a Sunday evening with Newmark and Craigslist CEO Jim Buckmaster. They couldn’t do it during the week, they said, because they spend the first half of each day dealing with “exceptions” – i.e. customer support.

Craigslist is in many ways the archetype for what the social network platforms want to be: warm and welcoming, intimate and helpful to people looking for connections around the tasks of daily living, whether finding a job or hiring a babysitter, renting an apartment or getting second-hand furniture to put into it. It started as a free listings service focused on the San Francisco community. Craigslist is not what we call a “social network,” for better or worse; rather than a distributed social network, it is closer to a social hub, with the ever-genial, sometimes cranky Craig Newmark at the center. “As I get older,” Newmark says, “I’m getting more idealistic. It ain’t supposed to work that way.”

That spirit infuses Craigslist. Its content, meanwhile, is its listings, which reflect a certain urban edge. They tend to be anonymous, or pseudonymous, but the overall flavor is lively and good-natured. The site’s content is basically user-generated listings – about 800,000 of them at any one time, in 32 cities. But they are more edited than they look. Users are on the lookout for “troublesome” content or fraud of whatever kind, and can flag things for removal. Newmark and his helpers are responsive to any kind of queries: “We have a culture of trust and we’ve all worked a long time together,” he says. “We haven’t had a day off in years.” It’s an extremely labor-intensive business – not the sort of thing you’d expect a VC to
fund — and the feeling is mutual. Newmark says he has “traditional nerd values: a comfortable living and beyond that [a desire] to change things.” When the company needed money to cope with increasing volume, it asked its users what to do. It now charges employers for listing jobs in San Francisco, but not yet in other cities; all other listings are free. Amazingly, given the small workforce of 14, those listing fees fund the entire enterprise. Officially it’s a for-profit venture, says Newmark, since not-for-profit status would impose too many restrictions. But de facto it’s run as a community venture.

**Tribe Networks: Transacts with friends**

Networking notes: We first met Tribe CEO Mark Pincus seven years ago at PC Forum, when he was CEO representing Freeloader, an early “push” content service. In 2000, he came back to the Forum as a featured company presenter, representing Support.com (now Supportsoft, a $480-million market-cap provider of support automation software to all major broadband service providers and many Fortune 500 helpdesks), which he founded in 1997. He also drove us to San Francisco after an Electronic Frontier Foundation dinner — for which he gave generously! We were reunited in September by a timely e-mail pitch from his PR agent, Marissa Harrison. As for board member Ralph Terkowitz of the Washington Post, he says of himself (and us): “I am an investor and a board member, you and I are old business friends with multiple tribes in common (I think :).”

“Bad poets borrow; good poets steal,” said T.S. Eliot.

It’s in that spirit that Mark Pincus has stolen from eBay, newspaper classifieds and Craigslist to create Tribe Networks, an attempt to make a social-network business out of what Craigslist does mostly for love. The idea is to offer listings in the context of a community. For example, we recently decided to use Tribe to try to catch a ride “home” to Berkeley from the Social Software Shootout held last month in Mountain View. The thought process (aside from testing the service!): “I need a ride, and would like it to be someone trustworthy (or at least known enough to have a reputation to protect). But how to find — from among all those people there — the ones going back to Berkeley?” We selected the “intermediate” level of outreach — friends and friends of friends — and posted a request for a ride, assuming that at least a few Tribe members would be at the event. We did get one reply, but it wasn’t for a ride. Says Pincus: “This wasn’t going to work because you don’t yet have your own network on Tribe. This isn’t about asking a random network; it’s about leveraging your own. I’d ask you to imagine the results if your whole Silicon Valley network was connected and you could ask them all for a ride.”
In brief, the service is a variety of classified listings for everything from jobs and babysitters to events and apartments, just like Craigslist. But they are offered in the context of a network of members connected one-to-one through chains of links and also within self-created/-selected “tribes.” Members have their own profiles, with the ability to specify visibility parameters, and can use the service’s e-mail to reach and establish links with people they don’t know.

Says board member Ralph Terkowitz: “I would think of Tribe as a set of Craigslist, each oriented to a somewhat unique community. For example, you and I may be dear friends in a swimming community and I might seek out and really want your opinion of where to swim in Moscow. But we may be diametrically opposites in the Winos [sic] tribe... or it may be quite important to me, and of no value to you. In this case, I certainly don’t want your opinions about wines coloring my choices. Tribe lets an individual interact and build a social network in each of these dimensions and then connect with advertisers and listings consistent with her interests.”

Adds Pincus, who is single (like Abrams of Friendster): “You get tired of rifling through profiles after a while. The tribes let you connect with the right small world for a particular campaign, whether it’s a new job or a ride to the airport”. . . or just someone to listen to rants about your least-favorite politician. Does that make a business? So far, the results are encouraging: Membership is up to 47,500, and there were almost 20 million page views and 153,000 unique visitors in October. Pincus’s immediate goal is simply to build traffic. “How to do you climb out of the water and sprout legs?” he asks rhetorically. “We want to be a market-maker and alive with activity, so that people will come and make it [more] alive!”

The basic business model is that users should get most of the benefits, with the freight paid primarily by corporate advertisers. Tribe.net is the (profit-making) intermediary. Companies will pay to list jobs, while advertisers of all kinds will pay for ads near relevant listings. “We’ve all learned a lesson from Google,” says Pincus. “Transaction intent matters more than demographics.” The listings – and of course the browsing – are free to individuals. Paid ads will start appearing in mid-December. Aside from a more transaction-focused atmosphere than the social-only sites, and a revenue model derived from classifieds, Tribe’s big advantage is its relationship with its two newspaper partners/funders, who have properties in 82 markets and around 20 million unique visitors per month. Says Pincus: “Knight-Ridder Digital is already
putting significant marketing muscle behind the service in San Jose, Philadelphia, Miami and Dallas, with full-page ads plus more promotion inside their classifieds sections. They’re using the same model as for CareerBuilder, which is gaining on Monster – leveraging the offline communities and advertisers.” He hopes to get similar support from the Post network soon.

He took money from them only to get their strategic support, he says; his own earlier companies gave him enough to fund Tribe on his own. Now he’s raising venture capital to build out on a national scale.

Contact Database: Just the Data, Please

All the services above aim to add value to social networks, in one way or another. Contact databases, however, merely support social networks, with no attempt to add richness or texture. The two companies profiled here, Plaxo and GoodContacts, sit at opposite ends of the inhouse/outsourc spectrum. Plaxo holds contact information as a database application service provider; GoodContacts leaves it in users’ hands and sells software for people to manage their own contacts. Yet which is safer? People may not trust a third party with their contact database, but should they trust their own security measures? Much as drivers feel safer driving themselves than sitting in a plane piloted by a stranger despite the statistics in favor of flying (per mile, anyway), so do many individuals and companies prefer to incur their own information security risks rather than rely on strangers.

Note that a previous generation of user-pays “privacy managers” focused on individuals’ data went nowhere; people didn’t want to pay for “privacy” in either time or money. Nor could the promise really be fulfilled: You can’t actually manage privacy as an individual; you can only control who gets your data. Real privacy management requires cooperation from the other parties. In some sense, if everyone used Plaxo and its rules were followed, there would be “privacy” – or at least user control around the data involved. The problem, as with spam, is that there will always be people outside the system, either making their way around it or even abusing it by stealing data not carefully enough protected.

By contrast to the privacy managers, Plaxo and GoodContacts promise convenience and control and free service (to consumers), but they will succeed only if they don’t provoke privacy fears, and if they can find a viable business model. The convenience
of managing one’s own contacts automatically – and getting automatic updates from people one knows – should be a compelling one.

**Plaxo: Outlook is promising**

Networking notes: We got all those Plaxo contact updates from people we knew slightly and wondered who Plaxo was for a long time. In September, we received an unsolicited PR feeler from Plaxo’s PR person, Darcy Hansen. The first thing she asked us to do was to sign an NDA – which we did. We followed up and visited the company in October.

The Plaxo idea is simple enough: Build a large network of members exchanging contact data, follow users’ instructions for who gets to see whose data, and provide update services so that when Juan updates his information for himself once, everyone to whom he has provided his information and appropriate permissions has access to the updated profile. The Plaxo service allows people to propagate their updated information to – and only to – other people they themselves have selected. Says president Sean Parker: “We aren’t interested in marketing to our members. We want to help people stay in touch, and in the process return to them some control over how their personal information is used online [at least by fellow Plaxo users]. We don’t want to control people’s personal lives.”

Citing reluctance to tout services it can’t yet deliver, the company has tried to keep a low profile, but its stealth approach is fostering mistrust. The company has aroused suspicion – even from people unconnected with the industry – who see it as a potential spam machine or worse. Even its policy of providing service free to consumers raises doubts: “So how will they make money? Off my data?” Responds Sean Parker: “This scenario makes more sense as a conspiracy theory than a business model. Basic personal information such as name and address, disconnected from demographic, psychographic, and behavioral data, is basically worthless. These days any would-be spammer can find a cheap and widely available CD-ROMs containing millions of e-mail addresses. In addition, many existing services such as Hotmail already contain vastly more personal data, often bound by more lenient privacy policies.”

Although we believe Plaxo is sincere, we do think a little more openness would help its case. It is easy to believe that the company genuinely has no plans to do anything to users’ data without their permission. In the current atmosphere of privacy hysteria and transparency, giving users fine-grained control over their own data is not altruism or principle; it’s a good business practice – and one explicitly outlined in the company’s terms of service. (Likewise, a bank manages a customer’s money for
Though the parallel is not exact, it’s close enough, including – yes – the ever-present possibility of embezzlement or fraud.)

The challenge is that it’s a pretty dull task to go through an address book and decide to whom you want to give what kinds of information. For now, Plaxo has settled on just a few options: no update, business card, personal card. A user can select which kind of information to release to each contact in his Plaxo address book, or can set a default. Technically, it could easily get more granular, but most users would balk. “We debated two vs. three kinds of cards for several months,” says VP engineering Rikk Carey. “We ended up at two, but we know someday we’ll have more varieties when people are more comfortable with them.” Carey spent nine years at Silicon Graphics as a senior director of engineering before leaving in 1998 to join a series of start-ups including eGroups, where he was VP engineering and CTO.

Plaxo says it would like to become what it calls the “global address book.” While the service is available only to Outlook/Express and Web users today, the company has plans to build a Web services API for developers to plug into its infrastructure and enable third-party software vendors and websites to add Plaxo functionality. Also, Plaxo could run a third-party identity management service linked to an ENUM registry (see RELEASE 1.0, SEPTEMBER 2003).

Beyond that, all the company will say publicly is that it will offer premium versions in the near future, for advanced users and business users. What could those be? Users within an organization might be able to merge their contact lists – with control over which contacts are shared and which are private, we assume. Users could also designate companies as well as individuals to receive their updates, and the companies could be charged for that update service. (How would Plaxo distinguish consumers from businesses? By volume of updates, most likely.) So in theory, Plaxo would like its consumer users to move around a lot! With volume – and automation – this could be a compelling business.

It’s possible that the company will add other services: Password management, presence management and contact verification are only a few that come to mind. And finally, Plaxo has one of the best user-to-user link databases around, even though for now it is focused on the nodes and their data. Obviously, none of this will come to fruition unless Plaxo wins and keeps broad trust from its clients.
The company’s edge is not just its business model. It is an obsessive user of data, and runs a tight shop of 20 Linux servers running Red Hat and mySQL. Every aspect of the Plaxo service is defined and measured; the company carefully calibrates and refines its interfaces and messages to increase response rates. Different pitches are assessed and the most successful are reused (which can be confusing to users who don’t sign up for Plaxo, as they keep getting slightly different messages from each contact who sends them an update). In a simple use of genetic algorithms, the winning components are mated with one another, and the messages keep improving. The company’s walls are plastered with samples.

Plaxo is also one of the top Outlook shops around. Says Carey, “Our customers tell us our integration with Outlook is so good it looks like it was done by Microsoft itself.” Plaxo Contacts integrates tightly with a user’s Outlook or Outlook Express (if the user so specifies), and can suck up more data than users anticipate despite the user confirmations, some users tell us. It can also automatically update the user’s client-side address book and enrich it with a variety of Plaxo icons. For example, in the Outlook From: and To: bar, Plaxo displays your relationship with each sender. (see Screen shot, left.) If it’s a stranger (or spam), determined by its absence from your address book, the recipient has a black shadow. If the sender is in your address book but the information is old, the name is fuzzy. If it’s in your address book with current information, the text is clear. And finally, if it’s someone with whom you have a Plaxo link, there’s a little Plaxo card next to the name. All this makes Plaxo an evident candidate for acquisition by Microsoft someday.

**GoodContacts: Peer-to-peer contacts**

*Networking note: This has been a totally virtual relationship. Along with our Plaxo mail we got GoodContacts mail, and we decided to find out more about the company behind those messages.*
Whether or not people trust Plaxo, Ottawa, Canada-based GoodContacts is promoting a different business model, helping users to manage their own contacts peer-to-peer, without storing them at a central server. “We’re trying to be the ‘good guys’ who are concerned about letting customers control their own data with maximum security and privacy,” says CEO Tom Birch. “Also, enterprises want to reinforce their own brand, so we make it easy to customize the outgoing messages, giving their logos prominence over ours.” Although this approach is less efficient than Plaxo’s, it’s automated enough that it can still provide substantial benefits to people managing and updating their contacts. It lets enterprises control their own data, for better or worse – a big issue in these days of Sarbanes-Oxley and privacy paranoia. Birch, who joined GoodContacts a year ago, ran Pyderion Contact Technologies for four years before selling it to Intecom of Dallas in December 2000. Pyderion provided software to manage decentralized networked call centers.

The company sells direct to corporations and also offers a free client-side service off the Web to individuals; they use the software to keep in touch directly, without relying on GoodContacts as an intermediary. That puts a greater burden on users, since they have to update their contacts directly rather than rely on, say, Plaxo as a central update service. But many users prefer the GoodContacts approach; it keeps the data and the control in their own hands. With the automation that GoodContacts provides, the task is not that burdensome. (Of course, the challenge is getting your contacts to keep you updated, but that’s an issue whether you use Plaxo or GoodContacts. In either case, you have some incentive to sign your correspondents up to use the software, too.)

The software bolts onto the Outlook desktop client, says Birch, or into other contact-management databases and CRM applications such as Salesforce.com, SalesLogix, ACT!, InterAction, Oracle or any other standard database. “The corporations want complete control over corporate data. We verify not just contact data, but also records,” he adds. Because it’s an enterprise sale, the software can be customized and plugged into other applications (or offered as a service for customers who really trust GoodContacts). For example, Sun Microsystems used GoodContacts’ outsourced verification service to collect double-opt-in responses in preparation for a marketing campaign. People who didn’t respond were stricken from the list. The software operates off a server within the customer’s enterprise, managing, synchronizing and updating contacts across the enterprise. The customer can define the

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**GOODCONTACTS INFO**

| Headquarters: Ottawa, Canada  
| Founded: November 2000  
| Employees: 20  
| Funding: undisclosed amount from founder Peter Sommerer and angels  
| Key metric: cash-flow positive; 50,000 individual customers plus 12 enterprises including Dechert LLP, AMB Property Management, Sun Microsystems and Open Text  
| Board includes: Sommerer; co-founder Dara OhUiginn, formerly of Newbridge; Alex Mashinsky of VenuriFX and founder of Arbinet-thechange; Mary Kay Marsden of TouchPoint; and Charlie Stryker, former CEO of Naviant  
| URL: www.goodcontacts.com

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business rules for how contacts get updated; most simply trust their users and allow them to propagate changes for everyone.

GoodContacts plans to release a new “Data Steward” module in January, timed to respond to the new US CAN-SPAM legislation. The Data Steward allows a database marketing manager to define custom fields to request exchange of information not typically stored in Outlook: for example, “Would you like to opt in to our e-mail newsletter? Would you like to attend our next seminar? What is your press beat? Would you like to receive channel marketing literature?” Says Birch, “MediaMap used our software to confirm journalists’ coverage areas along with their contacts.”

The software comes either as an enterprise offering for $100 per seat plus server fees, or as a tool for individuals. Individuals can send up to 1000 keep-in-touch messages per year free (from which GoodContacts hopes to gain other customers), or pay $99 for up to 10,000 messages per year.

Presence Management: Real-time, Real-place Networks

Human beings are chemical, not digital, whether you’re talking pheromones or neurobiology. Ask any mother, any lover, any teacher or saleswoman trying to engage someone’s attention. Being there physically matters. Real-time, especially voice, is second-best. (Real-time video can be helpful, but until it works so well that it’s unobtrusive, it will continue to distract rather than connect people.)

A variety of tools and services are addressing the real-time, real-place market, both helping people to discover one another when they are nearby, or helping them to stay in touch. The two we cover here, Midentity and Organic Network, span the spectrum. Midentity helps people stay in touch with (not just keep track of) people they already know. Organic Network helps people find one another when they happen to be in the same place, connected to a single WiFi hotspot, whether or not they know one another. It adds visibility to a virtual network, helping people to “appear” online when they are physically close. Interestingly, both these companies come from Europe, where communication is relatively more likely to happen in real-time, whether by voice, SMS (for Structured Message Service, or cell-phone text messages) or instant messaging, than in the US.
Also in the general market area are nTag, which encourages face-to-face interaction by identifying and introducing people at conferences and other events, and Meetup.com, which fosters real-world, local gatherings of people with common interests. (See Release 1.0, March 2003.)

**Midentity: Making contact data come alive**

Networking notes: We met Simon Grice long ago at a UK networking event, where he told us about his business of building sites for online communities. Some time later he came to us with an idea for cell-phone communities. We invested… and the company’s service has now morphed into a service for personal contact-management and communication of all kinds.

Based near Cambridge, England, Midentity started as something of a privacy manager and community tool for cell-phone communications. It offers a cell-phone contact-list backup service and MiCircles, a way to create the equivalent of mailing lists for SMS communications, useful for coordinating a team at a trade show, or a bar crawl on a Friday night. (See Release 1.0, July 2002.)

But as startups do, Midentity morphed towards contact and communication management of all kinds. It is now getting ready to launch its Midentity communication-management service, supporting IM and e-mail as well as mobile phones (and well primed for the eventual voice-over-IP and ENUM markets). To maintain an edge, it helps manage the process of staying in touch, rather than just managing the contact data. In short, it encourages communication by making it easy as well as possible.

Like Plaxo, Midentity works especially well with Outlook. From either Outlook (updated by Midentity) or Midentity’s own client-side database, a user can send an e-mail, an IM or a text message. Also like Plaxo, Midentity manages the contacts in a central database and updates Alice’s address (including photo) in Juan’s address book, at Alice’s direction. It can also provide Alice a current copy of her contact list should she lose her phone or drop her PC. Reflecting the privacy values and standards of its European heritage, says founder and CEO Simon Grice, Midentity offers granular control over what items of data are shared with which correspondents. “Our customers have told us that the ability to create multiple profiles and share those on an individual basis is what they want. Relationship management is not a one-size-fits-all game.” Other services include “recognized-contact e-mail alerts,” so that you can respond to wanted mail while you’re in other applications.
One edge it has in the European market is its ties with the leading mobile operators in the UK and the rest of Europe – earned through years of diligent contact management rather than inherited – that enables it to earn revenues by generating traffic and billing customers via their mobile-phone bills.

But Midentity also charges customers directly. It figures it’s best to charge for its services, both for the revenues themselves and to reassure customers that it has no interest in re-purposing their data…although it’s trying to goose sign-ups in the usual way with free trial periods and the like. The business model acknowledges the existence of Plaxo and says, in effect, “If you’ve got Plaxo, we can still help you use the up-to-date contact info to communicate with your friends and manage your e-mail from them. And if you don’t have Plaxo, we can also update and store your contacts for you.”

But Midentity hopes to go beyond the address book: “A Midentity is an individual’s first – and we hope only – personal digital identity,” says Grice. “We’re hoping, as [the] Liberty [Alliance] and other standards emerge, that our customers will use their Midentities to manage their interactions with other people and organizations. Contact information is just a means to an end – which is communication and sharing. Once you have a personal digital identity, what you use it for is up to you: storing, managing and sharing photos, CVs, blogs and other personal information will be just the start.”

Most intriguing is the possibility of real-time location information, which Midentity plans to launch for UK customers next spring. In Europe, telcos permit (with the user’s permission) third parties to look up the cell location of someone’s mobile phone. “Cell phone conversation openers like ‘where are you now?’ or ‘can you talk?’ might be a thing of the past,” notes product manager Arthur Meadows. “Location information is the most dynamic piece of contact information you possess, and you should be able to manage and share it.”

Organic Network: Making WiFi less virtual

Networking notes: We first met Nikolaj Nyholm when he was representing Ascio/Speednames, a domain-name service provider and the first company he founded, at various ICANN meetings around the world. As the domain name business became more of a business and his hopes for Ascio as a platform for identity management failed to materialize, he moved on to found Organic Network.
Most social-network tools help people—whether they know one another or not—to connect online. Organic Network helps them to find each other when they are nearby, turning WiFi hotspots into more physically sociable places.

Started by serial entrepreneur Nikolaj Nyholm in Copenhagen, Denmark, Organic Network offers a service designed to make WiFi hotspots as cozy as a café. Some hotspots are “open,” offered to anyone in the area; some are semi-open, so that you can log on if you have an account with a user ID or a credit card; and others are completely closed, usually invisible unless you are a pre-registered user designated for that specific service.

Running an open hotspot has become more difficult lately. The very openness of these systems—with their transient users and potential for anonymity—makes them even easier to abuse than many other public goods. People use them to send spam or they log on and hog bandwidth; more technically astute (and less ethical) users try not just to use the Internet access but to crack the host’s servers. The result, says Nyholm, is a decrease in the number of open hotspots, even as the number of hotspots overall continues to rise.

The point of Organic’s Patagonia platform, currently in user trials, is to share wireless Internet access in organizations, in public spaces and in private homes for positive uses…and to do so in a way that is hard to abuse but that still is easy for almost anyone to set up and operate such a system. Patagonia makes a hotspot more secure (and more personal) by making it transparent, so that both the operator and the users can “see” one another online—and perhaps look around the café, the park or the office building and see one another physically. At the Patagonia website, customized in real time for each particular location, they see a list of other users in their virtual neighborhood—which is also their physical neighborhood. It’s a simple little list, not much more than a buddy list with names (or nicknames) and e-mail addresses; the richness lies not in the interface but in the real people it represents. The whole idea is to foster human connections, not to attempt to replace them.

The Patagonia software is sold to Internet service providers and third parties running hotspots. It is designed not only to handle the administrative tasks of running a
hotspot, says Nyholm, but also to pass on Organic Network’s values – openness, sharing and, he smiles, “...excuse me, it’s Nokia’s slogan, but also connecting people.” “We want our users to be like guests,” continues Nyholm, who is chief technology officer as well as founder. “They’re invited in and we can see them. They can use the facilities, but we don’t want them going through our file cabinets.”

To keep the guests in line, Patagonia makes sure that the hotspot’s own servers and information are secure. (In theory, all hotspots should do this, but many community hotspot operators lack the technical expertise to manage security effectively.) It also requires each guest to log on with a name and password. (The IDs could be fake, but each guest needs a working e-mail address to send mail and is limited to 100 messages an hour, thus eliminating the spam problem.) There are a few more housekeeping details, and then any hotspot provider can “open house.” Any user passing by with WiFi capability can open his browser and get an invitation to join.

The result, says Nyholm, has been encouraging in early tests. From a user – we mean, guest – point of view, the software turns WiFi from a technical convenience into a social platform. Just as you don’t have to talk to the other folks in the Starbucks when you walk in, you don’t have to do anything about the other people in your hotspot – but you can if you want to. Any user in the hotspot can see a list of the other users (by whatever names they choose to use), and also how much bandwidth they are using – a real-world analogue to how actively they are talking.

You might think this raises privacy issues...but we prefer to call it transparency. It follows a physical-world analogy: When you walk into a party or an office, you expect to see people’s faces, not bags over their heads. Patagonia offers a way of reducing the anonymity of the Net. It may not be for everyone, and anyone can use a fake name...as they can at Starbucks, too. But the default is that the local network is transparent and the people around you are visible.

As the company gears up to offer its software to the broader public, it is using its own product. Last month, relates Nyholm, he was running a pilot hotspot in an apartment in Amsterdam and noticed some “guests” had logged in. He e-mailed them to say hello, and quickly discovered that they were user interface experts staying in the hotel across the street. When he explained what they had logged on to, they gladly gave him feedback. Call them guests who brought a hotspot-warming gift of advice for the host!
Networks of Networks?

How will these networks interact as they grow? Will everyone have to be a member of several? Or will there ultimately be a single heterogeneous, clustered, loosely linked, global network of people, just as there is in the physical world?

From a business point of view, we don’t think that’s a scenario to count on. Chances are that the market will continue to be dynamic (i.e. unstable), with players entering and exiting, and generations of users turning over without equilibrium ever being reached. Big players will acquire smaller players, and newcomers will steal a march with new features or new populations.

From a technical point of view, Marc Canter of Broadband Mechanics (and formerly Macromedia) and a loose team (dare we say a network?) of social-network developers are working on the Federated Social Network, which would link them all. The idea is to use the open-source FOAF (friend-of-a-friend) protocol to represent individuals and the links among them, the open-source identity federation server developed by PingID (see Release 1.0, July 2002) to manage single sign-on, and PeopleAggregator, open-source software from Broadband Mechanics to handle some of the interactions, and so forth. Organizations that are at least engaged in the discussion include Tribe, Affinity Engines, Midentity, Technorati, Friendster, Ecademy and the AlwaysOn network.

But networks are even harder to federate than identities (see Release 1.0, June 2002). As Liberty Alliance illustrates, the challenges lie not in the software but in the business relationships among the vendors and with each individual.

Imitation of life

In the case of social networks, the complexities of the relationships are even greater and harder to represent in software. For starters, you can’t simply graft networks or network members together, since they grow organically, according to specific rules of accretion. The relationships are multilateral among users, not just between providers and each individual user. In other words, it’s not like transplanting trees, but like transplanting kudzu.
Although in the fullness of time it’s likely that there will be some interaction among the networks, we expect that it will come not from software that instantiates links automatically, but from workflow tools and methodologies that make it easier for people to move or add themselves to new networks. Friends don’t move friends without permission!

And finally, from a social point of view, we think that the way to federate networks is through individuals. Each individual is likely to be part of many networks, reflecting his or her different personalities or interests. The rules of engagement in each network are different, ranging from privacy and financial considerations to styles of communication and self-presentation. It may be that some things are both too complex and too ineffable to be represented in software, and it’s not a task worth doing. Better to focus on the relationships themselves than how to represent them.
# Calendar of High-Tech Events

## 2004

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<td>JANUARY 5-9</td>
<td><strong>Macworld Conference &amp; Expo</strong> - 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, <a href="mailto:debbie_diodati@idg.com">debbie_diodati@idg.com</a>. <a href="http://www.macworldexpo.com">www.macworldexpo.com</a></td>
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<td>JANUARY 8-11</td>
<td><strong>International CES</strong> - Las Vegas, NV. The world’s largest consumer technology tradeshow. If you’re a gadget-head, this is paradise. For more information visit the website or call 1 (866) 233-7968 or 1 (301) 631-3983; fax, 1 (301) 694-5124; <a href="mailto:CESinfo@CE.org">CESinfo@CE.org</a>. <a href="http://www.cesweb.org">www.cesweb.org</a></td>
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<td>JANUARY 15</td>
<td><strong>The Churchill Club</strong> - 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. <a href="http://www.churchillclub.org">www.churchillclub.org</a></td>
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<td>JANUARY 20-23</td>
<td><strong>LinuxWorld Conference &amp; Expo</strong> - New York, NY. The place to be for anyone interested in Linux and other open-source technologies. Visit the website or call Debbie Diodati, 1 (508) 424-4847 or 1 (800) 657-1474 (general inquiries); <a href="mailto:debbie_diodati@idg.com">debbie_diodati@idg.com</a>. <a href="http://www.linuxworldexpo.com">www.linuxworldexpo.com</a></td>
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<td>FEBRUARY 9-12</td>
<td><strong>Emerging Technology Conference</strong> - San Diego, CA. Organized by O’Reilly &amp; Associates, this conference frames the ideas, projects and technologies the &quot;alpha geeks&quot; are playing with. Register online or e-mail Linda Holder, <a href="mailto:lholder@oreilly.com">lholder@oreilly.com</a>. <a href="http://conferences.oreillynet.com/etcon">conferences.oreillynet.com/etcon</a></td>
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<td>FEBRUARY 15-17</td>
<td><strong>Demo 2004</strong> - 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 <a href="mailto:registrar@idgexecforums.com">registrar@idgexecforums.com</a>. <a href="http://www.demo.com">www.demo.com</a></td>
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<td>FEBRUARY 23-26</td>
<td><strong>3GSM World Congress</strong> - 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; <a href="mailto:cust.serv@informa.com">cust.serv@informa.com</a>. <a href="http://www.3gsmworldcongress.com">www.3gsmworldcongress.com</a></td>
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<td>FEBRUARY 25-28</td>
<td><strong>TED2004</strong> - 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; <a href="mailto:chris@ted.com">chris@ted.com</a>. <a href="http://www.ted.com">www.ted.com</a></td>
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<td>MARCH 21-23</td>
<td><strong>PC Forum</strong> - Scottsdale, AZ. The theme for EDventure’s 27th annual PC Forum is “The Big Picture - in Focus.” The vision is clear; let’s talk about the implementation. For more information or to register, visit our website. Contact Daphne Kis, 1 (212) 924-8800; fax, 1 (212) 924-0240; e-mail, <a href="mailto:daphne@edventure.com">daphne@edventure.com</a>. <a href="http://www.edventure.com">www.edventure.com</a>/pcforum/</td>
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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.
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