
SOCIAL NETWORKING AS A BUSINESS INFORMATION TOOL

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▪ De laatste jaren kwam er een groei in het aantal websites die er pertinent toe bijdragen dat netwerking tussen individuen vereenvoudigt. Alhoewel de meest gekende zoals *MySpace* en *Facebook* vooral gebruikt worden door een meer doorsnee Internetgebruiker, bestaan er eveneens sites die eerder zakelijke doelstellingen hebben, deze commerciële netwerking ondersteunen en daarnaast een waaijer van zakelijke informatie aanbieden. Denken we bij dit laatste onder meer maar aan het zoeken naar competitieve intelligence, het mogelijk gebruik voor head hunting of voor het vinden van expertise. Niettegenstaande potentiële inbreuken op de privacy zijn steeds meer individuen bereid om gedetailleerde informatie over hun profiel op het net te plaatsen wat deze sociale netwerking als business tool in de hand werkt.

▪ La visibilité des sites Web dédiés aux relations entre les individus (les réseaux sociaux) s'est fortement accrue ces dernières années. Bien que les plus connus de ces sites – *MySpace* et *Facebook* – soient à l'origine simplement destinés à des échanges grand public, certains d'entre eux ont un but commercial et peuvent servir à des relations d'affaires et à différentes applications commerciales, telles que l'intelligence économique, la chasse aux cadres ou la recherche d'expertises. Le souci pour certains de proposer une information détaillée sur leur profil a facilité cette évolution, malgré les risques d'intrusion dans leur vie privée.

Ten years ago, the traditional ways of staying in touch with business colleagues differed little from the generation before. Although technologies such as email and fax had replaced telex, when it came to group contacts, off-line networking on the golf green, at post-conference parties or at various other business events were dominant. People kept in touch via address books, email and Rolodexes. In the 1980s, the Filofax was a key tool to keep in touch with all one's contacts – “*let's do lunch*” was the way to keep in touch with what friends and colleagues were up to.

Social networks were essentially national or industrial – you knew the people in your own company, some from your industry (generally ex-colleagues or people met at meetings) and very few if any from other geographies. In order to find somebody outside your network meant a laborious process of “asking around” – “*Does anybody know somebody who...*”.

Online, there were special interest groups and discussion forums, and also chat rooms, where people could converse online. However the idea of networking as a group of people linked together via a website, rather than around a shared interest did not exist. This has now changed completely, and the implications for business information professionals are significant.

Ten years ago, *Facebook*, *Myspace*, *Twitter*, *LinkedIn*, *Xing* would have meant nothing, yet today they are frequently mentioned in news reports and in the general media. According to *New Scientist*¹ currently 690 million people globally use social networks – slightly over 10%

of all people alive today (based on US Census Bureau estimates² which give 6.77 billion people for July 2009).

It would be a mistake to view such sites as having only importance for end-consumers and not for businesses. The importance of social networking sites for business users in a variety of areas cannot be ignored. Apart from the obvious advertising and marketing applications, which provide a new channel to reach potential customers, there are now numerous business applications for these tools – for research, recruitment, sales, and of course business networking.

Social networking tools

A current definition of a social networking site is a website that offers a way for people to interact with each other online – via news, chats, instant messaging, etc., thereby creating a community of people linked to each other by friendship or common interest. These connections can be based on off-line as well as solely online connections, but crucially allow for connections to a group where one person can connect to others based on their own connections. Usually, membership of a social networking site requires that the new member creates a profile so that other people can find them.

The first site allowing people to interconnect based on a common interest was *classmates.com*, launched in 1995. Initially it wasn't possible to list friends and the site was aimed at allowing people who had shared high-school or college to reconnect. The most

important early networking site – some would say the first, as it was the first to have the idea of profiles and lists of friends, was *SixDegrees.com*. Both these sites pre-date the real dot.com boom of the late 1990s which put the world-wide-web into public consciousness and led to a new generation of business focused social networking sites such as *First Tuesday*, *TheChemistry.com*, *TheGlasshouse* (*theGlasshouse.net*) and *Ecademy* (*ecademy.com*). These aimed to facilitate meetings between entrepreneurs and potential business funders and tended to offer both online and off-line network opportunities, although the online networking was generally rudimentary – aimed at promoting offline meetings. However some, such as *Ecademy*, have flourished since the dot-com crash, emerging as online networking locations in their own right. *Ecademy* also holds regular offline events allowing face-to-face networking.

The emergence of sites such as *Friendster*, *MySpace*, *Bebo*, *Orkut* and *Facebook* between 2002 and 2006 and business-oriented sites such as *LinkedIn.com* and *OpenBC.com* (now *Xing.com*) has led to the situation today where such sites are viewed as sufficiently important in their own right to be worth corporate investment. For example:

- January 2004, *Orkut* was founded as an independent project by Google (named after its founder, Orkut Büyükkökten). *Orkut* was at one stage an invitation only network (with those possessing an invite having considerable online social credibility). It is now the largest network site in Brazil (50% of users are from Brazil) with a significant presence in India (18% of its users);
- July 2005, NewsCorp purchased *MySpace* for \$580m;
- October 2007, Microsoft purchased a small stake in *Facebook* for \$240m – which gave a valuation to the company of approaching \$15 billion;
- June 2008, a number of venture-capital firms purchased a 5% stake in the *LinkedIn.com* business network for \$53m – giving a valuation of around \$1 billion.

However such sites have an importance not only for the market valuations, indicating a potential and hoped for profit stream. They also have value to business researchers as they have simplified the task for finding information on people for a variety of business purposes. For example, instead of calling up companies and getting a rejection from the switchboard receptionist when a key name was unknown, it is now possible to identify both current and ex-employees of target companies and industries, along with a brief biography of the target individual. This means

that instead of a sales representative calling a company and asking for the purchasing manager and being told to “send an email giving their product details”, it is now possible for the astute sales agent to call the person directly by name – with less likelihood of the switchboard refusing to put you through. This same principle also applies to anybody else who needs to bypass reception and go directly to an individual when the receptionist has been briefed only to transfer calls when an individual is named.

Competitive intelligence research, head-hunting and any other research functions requiring contact with named individuals is, as a result, much simpler. In addition alongside the name, there is now often considerable detail included in profiles – such as projects worked on, recommendations from superiors, subordinates, clients and others as well as the person’s movement and promotions through the organisation. Such information makes interviews even easier as the background data required to generate rapport is already known. It is also possible to use such sites to confirm or compare information obtained from other sources. Do the sources match? For example, employers can use such sites to check and evaluate potential employees – and their background and connections. Does their curriculum vitae match what they say about themselves on some networking sites? Are they reliable – or does the picture of them drunk on their *MySpace* or *Facebook* page – aimed at friends – tell a different story? Some sources have suggested that 20%, or even 40%, of employers now search for such negative information before offering them a position^{3,4}. In this context, people search tools such as *yoname.com* and *wink.com* simplify such searches by allowing checks across multiple social network sites.

As well as people searching, some sites now allow members to discuss topics of interest through special interest groups, and to pose questions in the hope that another member has the answer. These are of particular importance from a business context. Sites like *LinkedIn*, for example, allow members to ask other members for advice or help – on the assumption that somewhere within their extended network is somebody who will know the answer. In fact, often several answers will be provided giving different facets to the question. Even seemingly esoteric questions get answers – for example, one recent question asked about commercial applications for high voltage power suppliers in the 300kV range, while another asked about “unit tracking” in construction / manufacturing management software.

A completely different *social networking* application is the virtual world as seen in *Second Life*. Although this can be viewed as a game, it has also attracted considerable business interest in that it can be used to pilot new ideas. Several companies have purchased territory within the *Second Life* world in order to build virtual copies of their company. These can be used for market research and testing purposes – allowing *Second Life* players to interact with product concepts, for example, and examine usage without having to go the expense of creating and testing real mock-ups. *Second Life* also allows for virtual conferencing – where corporates can hold a conference with attendees from multiple locations interacting in the virtual space without having to actually travel and meet physically in the real world.

More recently, applications like *Twitter* have gained attention. Although much of what is posted on *Twitter* is whimsical and of limited or no business use, this is not the case for all “tweets” (as posts on *Twitter* are called). *Twitter* is sometimes termed a “micro-blogging” tool and often is used by people to state what they are doing at the time : “*I’m in Starbucks drinking coffee*”. Its business use however goes beyond this as some companies use it to post headline news on what they are doing – making it a potential source for competitive intelligence. In addition, it can be used for asking questions and promoting new blog entries. Some search experts now routinely use twitter as a way of getting ideas for items that are hard-to-search as often a twitter follower may have an idea or even know of a site that’s directly relevant to the search topic when a traditional search engine finds little directly relevant. Other users make a point of putting up tweets referring to interesting content they’ve discovered. Identifying people relevant to your interests can help you find out new content based on these interests – perhaps acting as an early warning system.

Social networking sites and business information

Social networking sites aimed primarily at business users include:

- *LinkedIn.com* – now claiming more than 44 million members globally – representing 150 industries with executives from all Fortune 500 companies as members.
- *Xing.com* (formerly known as *OpenBC.com*) is stronger in mainland Europe (and particularly Germany) than *LinkedIn* which has a larger English speaking membership. Xing has offices in Germany, Spain, Turkey and China

and claims 8 million members (of which around 3.4m are German speaking). Of significance is that the site is available in 16 languages: English, German, Spanish, French, Portuguese, Dutch, Swedish, Finnish, Chinese, Russian, Hungarian, Polish, Korean, Italian, Japanese and Turkish.

- *Ecademy.com* – offering both online connections globally as well as off-line networking meetings and training events. *Ecademy*’s main focus appears to be SMEs rather than corporates, although it does have members working for all types of organisation. A strength are its special interest groups covering member social, political and business interests.
- *Jigsaw.com* – members enter their contact details and as such, *Jigsaw* is more of a business directory than a full networking site but it claims to offer 14 million business contacts.
- *Plaxo.com* – essentially an online address book that appears to be developing as a business *Facebook.com* type application. Originally *Plaxo* was a way of keeping address books online (with 40 million users claimed). It is now leveraging this to become a social network site in its own right.

In addition there are other sites that have relevance to business users although they will also be used by consumer users. One example is *Ning.com* – a site that allows users to develop their own networking application – with sites in the format *interest-area.ning.com*. Examples include *furnituremanufacturing.ning.com* for furniture manufacturing and *competitive-intelligence.ning.com* – an active competitive intelligence forum. Another site of relevance (although not technically a social networking site using the definition above) is *slideshare.com* which allows users to share presentations in a similar way to the way *YouTube.com* allows the sharing of video material. In fact, *YouTube* itself can be a useful source of competitive intelligence, as companies will often post promotional material and consumers will post advertisements they like (or dislike) plus comment on companies on the site. Similarly *MySpace* and *Facebook* include company areas, and *Facebook* allows for business network group interaction and networking (with trade association areas, conference news updates – for example *Facebook* has an area, including discussions and member lists, focusing on Online Information⁵).

Unlike with the consumer oriented social networks, whose revenue is driven by advertising and some product sales, many of the business networks use a subscription / fee-based model in

order to gain full access, although all currently offer free basic access. Payment generally provides increased access in terms of the number of names made available and the search options provided. Nevertheless the proportion of paying members is small – *Xing* for example, claims 635,000 premium members out of its total of 8 million members (June 2009 figures).

The main business networking sites allow users to search for individuals – as with the consumer sites (*Facebook*, etc.). They also allow for company and industry searches, as well as keyword and geography searches, so specific job-titles can be located – for example *purchasing OR procurement* to search for a purchasing manager (as in the example above). *LinkedIn* also includes brief company profiles and lists some employees registered for these companies.

The reasons that people include their names on such sites vary. Ultimately, however, because of the nature of the sites, the main aim is generally to connect to other people – friends, current and ex-colleagues, and potentially useful contacts (e.g. for finding new jobs or business opportunities). There may be other reasons e.g.:

- Egotism - where the biggest network could be seen as a measure of popularity;
- Keep-up-with-the-neighbours – where people join because they receive an invite but without any plans to use the site, or because news media and friends have told them that they should be included;
- Research – where people sign up to link to others as a way of finding potential research sources. This area is of relevance to business information professionals and there is a wide range of possible research applications. Examples include:

- competitive and marketing intelligence research – perhaps to be followed up by primary research contacting the found individuals directly;
- head-hunting / employee searches – such sites are favourites for head-hunters and anybody else searching for individuals with particular skills or backgrounds;
- contact verification – to check that somebody is who they say they are or that their written CV matches what they post about themselves online;
- legal investigations e.g. to identify contacts of a suspect, etc.

For the business researcher, the more connections the better – and some have developed networks of thousands of individuals, giving direct access to millions of potential contacts globally. These researchers will actively try and increase the size of their networks –

adding anybody they can. Often, other users will be happy to be added by such people as they feel that it is a privilege to know such well-connected people – and it may facilitate their own chances of building their network. Generally however, users are advised only to add people they actually know well and who they would be happy to link to and share information.

Typically networking sites are used by business intelligence researchers to locate individuals for interview – and often such contacts are flattered to have been found and are, consequently, willing to provide information that they may have been reticent to give out had a more traditional approach been taken. This is especially the case, when the interviewer opens the conversation with presumed commonalities – found on their profile: shared hobbies, colleges, association memberships, etc.

Sites encourage users to keep their profiles up-to-date which means that they become an excellent source for ex-employees of target companies while identifying their current employer. Ex-employees are one of the best information sources for competitive intelligence as they are less likely to hold a loyalty to their former employer and generally are much more willing to divulge in-depth information.

Other business intelligence type applications include the vetting of individuals by employers as well as by law enforcers (where suspect profiles are checked for information that can be used in court). In these contexts, photographic and video content posted on sites such as *YouTube.com* and *Flickr.com* is also relevant. Some reports suggest that at least one-fifth of employers now use social networking sites to check potential recruits and that two-thirds of these say that what they found influenced their recruitment decision⁶.

Using social networking tools for business intelligence research: a case study

An example of how social networking sites can support business intelligence research involved a study of one of the brands of a global food manufacturer. The requirement was to find the senior management organisation structure of the business unit responsible for the brand, as well as any other information that came up – and specifically the basic process for new product development decisions. The results were to focus on Europe and include an organisation chart showing the brand's European management hierarchy. The products marketed under the

brand name included soups, sauces and also some pasta, pizza and prepared/ready meals.

Like many large organisations, the target company refused to give out employee names. Not knowing the names of any personnel directly related to the brand meant that other approaches had to be taken. Historically these would have included a search for any names mentioning the brand in various public records – financial reports, media stories, etc. Unfortunately the business unit finances were not reported separately and there were almost no news stories specifically linking individuals with the brand.

Previously, when faced with such a problem, a process of laboriously churning through any existing contacts and known names even if in unrelated areas within the target was required. These individuals would then be asked for their contacts, and so on using a snowball type approach.

Social networking sites have made the process much simpler. A search on *LinkedIn.com* using the brand name as one of the search terms turned up the brand manager for Latin America – a woman based in Brazil. She was the only name found explicitly mentioning the relevant brand. She was contacted, and as part of the conversation was asked for any other people worth speaking to regarding the brand. (She was told that the reason for the research was to gain an understanding of such brands and how they develop products taking into account different international tastes).

All additional names were then checked using *LinkedIn.com*, *Xing.com* and *Google* prior to calling them. This enabled us to see how they described their roles giving a feel for the organisation chart. Most of the names provided were found on these sites – and although they had not used the brand name, their job descriptions made it obvious that they worked in this business unit (e.g. that they were the *product manager for soups and sauces*).

From this mix of online research on the social networking sites, and primary telephone research interviews it became relatively simple to construct the required organisation chart as well as to gather details on the new product development processes. The Brazilian brand manager was flattered that we were calling her from Europe and other contacts were also happy to talk when we said that we'd been given their names by one of our previous contacts in the chain that had started with her.

Such research would have been much more difficult and time-consuming had we not been able to access and check names using social networking sites.

The future

In the early days of the web, there were numerous search engines but over time these were consolidated and several disappeared or were acquired. At the same time, search sites garnered considerable media interest. The social networking sites seem likely to follow a similar pattern. For example, one of the early UK sites, similar to *classmates.com* called *friends-reunited.co.uk* was recently sold for £25m – down from the purchase price of £175m paid in 2006⁷ while *Facebook* has purchased *Friendfeed* which aggregates content from several sites⁸. In December 2008, a *Twitter* competitor – *Pownce* – was shut down⁹ while *Twitter* has become a media star, to the extent that the London Royal Opera House was reported as planning to stage an opera created via the site¹⁰.

Key issues for the future are online security and privacy concerns – and there have been proposals suggesting legislative limitations on them. For example, ENISA, the European Network and Information Security Agency, recently called for the regulation of such sites¹¹ while in the US, the use of social networking sites in some schools and libraries may be banned¹². Such sites are already banned in many companies.

Generally proposed legislation is targeted at the consumer sites rather than the business sites. However any restriction in consumer usage is likely to impact business usage. Furthermore, when users fail to see benefits, they are likely to restrict access to their profile except to people they know well – and most sites already include recommendations to avoid the *carte-blanche* approach of adding anybody who contacts you. These are likely to make network building more difficult in future – with full profile content being limited to close contacts only. There are also potential legal issues to be faced – for example, regarding the ownership of data. In June 2008, Hays – a major recruitment consultancy – took a former employee to court regarding the ownership of the business contacts he had built up on his personal *LinkedIn* page. The former employee had used the site to contact people for his new, rival agency. The court ordered that he disclose his full contact list to Hays, plus any emails and other documents resulting from the contacts made¹³].

Conclusion

Social networking sites have allowed individuals to connect with friends, colleagues and acquaintances globally. The information, posted online, can be used for a variety of business purposes ranging from competitive and marketing intelligence research, head-hunting and recruitment, employee checks or for job-searching and the identification of potential partners or business opportunities. The sites have become increasingly popular and now represent a significant proportion of all Internet traffic, with around 10% of the world's population connective via one or more sites according one report¹⁴.

Often individuals are unaware how much data is now available. Ironically when individuals are concerned about the quantity of data held in official sources they willingly choose to provide

detailed personal and professional information that can be accessed by people in their extended network and in some cases, anybody as many users ignore the safeguards limiting data that the sites provide (as was the case with the wife of the recently appointed head of the UK secret service organisation, MI6 who included confidential family details on her *Facebook* pages¹⁵).

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Notes

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