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A NEW DECADE FOR
THE WORLDWIDE WEB.

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Happy birthday, dear Web, happy 40th birthday to you. In late 1969, engineers 400 miles apart at UCLA and Stanford Research Institute sent data between the first nodes of what was then known as Arpanet. History had been made, and the Internet was born.

And it was only ten years ago that best practice said that listed firms should publish investor relations specific information on a website.

“Growth of the web has a long way to go, the way it works will continue to change”

During the intervening decade we have all learned to take the web for granted. On current definitions, the Digital Britain sectors already account for nearly £1 in every £10 that the whole UK economy produces each year. Online shopping in UK, alone, has grown by 5000% in that time, to nearly £50bn in 2009, whereas conventional retail has only grown by 21% in the same period, and there are now nearly 2bn regular web users globally, 25% of the world's population.

Put another way, that is ONLY 25% of the world's population, so far. Growth of the web has a long way to go, the way it works will continue to change and it remains impossible to know the affects it will have on us and the companies we work for in this new decade. We can however look at the key influences at work around us.

“Fridges may not be doing the shopping on the web for us yet, but they are taking instructions about cost efficient energy use from electricity suppliers”

The internet must continue to grow to support not just the number of new users but also the number of new devices expected to connect to it. The “internet of things” already includes more than 450m smartphones with most future mobile phone growth expected to come from these. Games machines simply beg to be connected and internet capable TV's are in the shops. Fridges may not be doing the shopping on the web for us yet, but they are taking

instructions about cost efficient energy use from electricity suppliers, a feature valuable on any energy hungry appliance. FedEx is marketing SenseAware, its “interactive package” system, that allows senders to monitor the environmental conditions of individual perishable packages online and re-route them accordingly.

Search remains the key driver of value on the web...

The so called 'semantic web' is developing to allow computers to carry out much of the searching and relating of information that only humans can do today. Google's director of research envisages future search results that integrate text with voice, images, video, the searcher's known connections and search history, and embedded sensors such as GPS and web cam sources.

Google already keeps records of individual searches for at least 18 months and both marketers and law enforcement agencies are increasingly seeking access to this kind of data. Phorm software, installed by some ISP's, logs each individual's browsing behaviour and uses it to select which advertisements to show them. While this is done anonymously, and therefore does not breach privacy standards, it has been accused of "snooping".

...but privacy will remain a key battle ground.

Viviane Reding, the EU telecoms commissioner, reiterated her case recently saying "People's privacy and the integrity of their personal data ... is a fundamental right, protected by European law' and 'I call on the UK authorities to change their national laws to ensure that British citizens fully benefit from the safeguards set out in EU law concerning confidentiality of electronic communications."

The EuroDig conference in September 2009 identified two main areas where the principle of informed consent may be at risk:

- When the users click but have no idea what happens, who/where personal information is sent to, who is collecting this personal information, and if and how much personal information is being transferred to third parties (e.g. which and how many companies, entities or governments).
- When the users do not read and understand the terms of service (and even if they do understand) have no real choice of viable alternatives"

"No software is safe from copying, few product patents can be successfully protected."

The arguments around privacy are mirrored by those around intellectual property, another great challenge for business thrown up by the web that has only just begun. The music and photo library industries have already been forced to reinvent by file sharing. The movie and book industries are not far behind. Online comparison tools will continue to drive commodity pricing into every service where differentiation can be quickly copied. No software is safe from copying, few product patents can be successfully protected. In an age where ideas are everything, how will either regulation or technology help companies protect theirs in the future?

The biggest immediate challenge for web users is to keep up to date with the changes in social media.

A March 2009 report from Nielsen Online showed that 67 percent of the global online population uses social networks and blogs – up from 58 percent in March 2008.

Not all social media are personal sites such as Facebook and Twitter. In fact if you have read a reader review on Amazon, or a trader's rating on eBay, you too have used social media. It is not so much about the media as about the communities they empower, which may be very large and very influential.

It is probable that the next decade will see far reaching developments in the way companies interact with online communities. Ignoring them will certainly become harder. On the positive side, easy relations with these communities can provide real time market research and faster, cheaper innovation. Starbucks uses a website to promote customer led innovation; when an idea

is submitted, customers are invited to comment and vote on each idea. Similarly Procter and Gamble invite ideas from outside the firm, including from its suppliers, through a dedicated innovation website. Internally, BT uses online forums to bring together its own experts to develop new product lines.

More companies are using social media to improve, or at least reduce the costs of, customer service. American Express UK has a customer service team on Twitter, engaging card members and monitoring for service issues which significantly, given Amex's desire for a younger user base, creates positive comment visible to the rest of the Twitter community.

Meanwhile Linked-In is making connections, easing everything from new business to professional recruitment and, on the risk side, creating new levels of visibility on senior executives.

What does this mean for companies?

There are major challenges for many companies in these online communities. One negative comment by a well-followed blogger can be seen instantly by many thousands of individuals. And, as the number of bloggers increases and online communities continue to fragment, it is increasingly hard to stay in touch with what is being said about your firm, let alone respond effectively to it. Tools such as Techrigy and Tweetdeck are becoming vital for companies' ability to stay in touch with mentions of them in social media. Whether, and how, to respond is creating a whole new branch of corporate reputation management.

If you are not a consumer company though, does it really matter? Well take a look at glassdoor.com. All the time your HR department is working to make the company an employer of choice, there could easily be a disgruntled ex-employee sending out the opposite message to exactly the same audience.

And what about the employee who blogs, or even contributes to a discussion forum using their corporate email address? They may be well meaning, but are they 'on message'?

Controlling the corporate use of social media.

So the next couple of years is certain to see a burgeoning of social media useage policies published and enforced by companies. Although that may not stop employees from using their own, increasingly mobile, communication devices to Tweet company news, as it happens. There are many stories of unofficial Tweets happening from within meetings to announce redundancies for instance. No chance for 'spin' at all.

Companies are increasingly posting video to YouTube and slide presentations to SlideShare, which can have useful marketing benefits. But are they all approved by Marketing, Corporate Affairs, IR or HR as they should be?

Also look out for Google wikis. This new, free, tool allows visitors to your company website to add a message in a side bar, to any web page, which will then be visible to any other Google Wiki user. What will they be saying next to the Chairman's statement or the remuneration report?

In particular the web has enabled many new kinds of private trading, spread-betting and speculation activities. This in turn has created a mass of news and comment on every kind of tradeable instrument. Specific IR centric sites range from the highly rated Seeking Alpha where contributors are selected and editors moderate, to StockTwits, a free forum among millions of, more or less well informed, day traders.

But who to trust?

As 'trust' becomes one of the big corporate issues for the next decade, which sources will investors – and the public rely on?

Research by Brunswick among a sample of 500 institutional investors and sell side analysts in US and Europe, showed that the great majority of professionals thought that information from blogs and other social media sources was not reliable enough for investment decisions and that 55% thought information direct from

companies was the source of information with most influence. Which is a relief. On the other hand, 39% had read information from social media sources that caused them to investigate further, while most respondents believed that social media would become increasingly important in their decisions in the future.

“Can reputations and brands be managed any longer?”

Will we see Tweeting direct from analyst presentations? It has already happened with eBay, as an extension of their regular corporate blogging strategy, although the company has been criticised for it.

But it raises the key questions that will dominate many a management discussion over the next decade of the web. Who really owns the information about a company's activities? Can it still be controlled, managed and monitored as before? Can reputations and brands be managed any longer? Or will these new communities take the issue out of the hands of management?

Setting social media policy in your company is a good starting point.

It should establish the company's overall attitude to social media, provide guidelines for employees about appropriate behaviour on social media sites, and spell out the company's plan for developing and managing a presence in social media. This will at least get everyone aligned on this rapidly developing issue.

The risks of not doing so are considerable. Ill considered posts online can create legal problems, disclose confidential information, undermine marketing and branding initiatives, lose customers and infringe employees' personal privacy.

10 things to consider in creating a social media policy:

01. Be clear what you mean by social media

Consider the potential affects of both corporate and personal blogging on websites or via Twitter, participation by employees on sites such as Linked-In and Facebook and comment on any online forum. Do you consider YouTube and SlideShare as social media, and what about employees personal websites that may mention the firm? Don't forget the employee sites such as Glassdoor.

Since new tools will appear constantly it helps to have a generic definition of social media that addresses the risks and opportunities, rather than just today's tools.

02. Establish the companies approach to social media.

Decide whether it is something you want to use proactively or whether you only intend to react, as and when necessary. Then be clear in a policy about who may do what online on behalf of the company. You should also consider how far corporate policy should attempt to control employee behaviour in their personal online activities. Can they, for example, update their personal Facebook page in working hours?

03. Be clear about ownership.

If your company does support blogging, for example, who owns that site if the individual employee leaves? Be clear about who owns data published using social media whether or not it is on company equipment, company time or using company addresses.

04. Be clear about who is in charge of social media publishing.

Is a corporate blog, for example, the exclusive responsibility of Marketing? Or Public Affairs? How might it also affect IR, HR and third party contractual issues? If an employee wants to start something, who do they work with? These issues are already complicated in the management of relatively static corporate websites, and will be much more so in fast moving social media without clear, company wide policy.

05. Reinforce confidentiality and disclosure rules.

This may seem obvious but the immediacy and community spirit of social media can easily lead to accidental disclosure of confidential information.

06. Refer to existing policy

Connect social media policy with the existing policies such as PR, advertising and use of email. Do you need to reiterate policy on issues such as use of personal data, defamation, pornography and so on? Does existing policy already cover management, reporting and discipline issues well enough?

07. Consider specific training.

If you are to select and empower individuals to interact online on behalf of the company, the most suitable people may be product specialists, and may not also be PR professionals. Make sure they are well trained and supported.

08. Monitoring

Decide whether and how you should monitor social media for mentions, positive or otherwise, of the company or its senior employees. If yours is a large company, it is being talked about online somewhere by someone. Should you know what they are saying?

09. Crisis planning.

Consider how well any existing PR crisis plan relates to social media, and if it doesn't, make some changes soon. Speed and subtlety are even more valuable in responding to social media challenges than to those in conventional media.

10. Staying abreast.

These issues are new to everyone and best practice is still emerging. The good news is that it is a highly visible topic online with many publicly available examples of corporate policy to learn from.

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So as we settle in the for the next 40 years of the web, we get a sense of the challenges the first 40 have presented. The sheer scale of the thing has taken most by surprise, and yet we have only scratched the surface. And 'communication' is a tiny fraction of what the web is capable of.

“Trust in companies is at an all time low, affecting share prices as well as brands”

The environment in which business operates over the next decade will be massively different from the last. Changing sources of capital, a more economically volatile world, the social demographic changes (from baby boomers to Generation Y), sustainability and resource issues and a constant stream of technology changes, will all be alleviated or enabled by the internet.

However in this era of identity theft, the ability of marketers to target audiences precisely is EITHER helpful - in that messages are focussed and not wasteful, OR it is another evolution of our 'watched' society, depending on your view. Trust in companies is at an all time low, affecting share prices as well as brands. Trust is often a matter of perception, but its loss can have real business impacts, and a small number of bad events can leave a damaging impact - especially when it goes viral.