

entben



BEYOND BLOGS

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Three years ago our cover story
showcased the phenomenon.
A lot has changed since then

THE FUTURE OF TECH

In the frantic news biz, where stories go stale overnight, one of our old articles is behaving very strangely. Year after year it continues to draw swarms of online readers, more than holding its own against up-to-date fare. Oddy, while technology races ahead, our story remains frozen in time. It describes a world in which YouTube has yet to emerge from the garage and Twittering, today's microblogging rage, is left to the birds.

The year was 2005, and the story was "Blogs Will Change Your Business." It marked our plunge into the world of bottom-up media, of news as a "conversation." Many people at the time—including a good number at this magazine and throughout the business world—considered blogs to be a publishing tool for trivia, banality, venom, and baseless attacks. This was all true, the article conceded.

But in the helter-skelter of the blogosphere, we wrote, something important was taking place: In the 10 minutes it took to set up a blogging account, anyone with an Internet connection could become a global publisher. Some could become stars and gain power. That was already happening. In this new world, any business that hoped to "control" information—and that included just about everybody—was in for a wild ride. This promised a seismic shock in our own media world. No mystery there. But it also posed challenges for businesses in practically every realm. Every e-mail or memo could be blogged. Every employee, no matter what rank, could become a voice for the company, either publicly or cloaked,

some gaining more power than the entire public relations department. "Your customers and rivals are figuring blogs out," we warned, adding: "Catch up...or catch you later."

Following our own advice, we ended the story by linking to our new blog, Blogspotting.net. The conversation continued on the blog, as it does to this day. Who cared that the magazine piece grew a bit musty? Canaries don't read the yellowing articles lining their cages.

SERIOUS GOOGLE JUICE

Turned out it wasn't quite that simple. The magazine article, archived on our Web site, kept attracting readers and blog links. A few professors worked it into their curricula, sending class after class of students to the story. With all this activity, the piece gained high-octane Google juice. Type in "blogs business" on the search engine, and our story comes up first among the results, as of this writing. Hundreds of thousands of people are still searching "blogs business" because they're eager to learn the latest news about an industry that's changing at warp speed. Their attention maintains our outdated relic at the top of the list. It's self-perpetuating: They want new, we give them old.

What to do? Update the old beast, naturally. Early this year, we put out questions on Blogspotting. What needed fixing? Responses streamed in. We called the old sources and contacted some new ones. We annotated the original article, bolstering the online version with dozens of notes and clarifications. That approach works for the Net, with its pop-up

windows and limitless space. But for the more cramped confines of the paper magazine, we have to cut to the chase.

So here goes. Three years ago, we wrote a big story—but missed a bigger one. We focused on blogs as a new form of printing press, one that turned Gutenberg's economics on its head, making everyone a potential publisher. This captured our attention, not least because this publishing revolution was already starting to



Wikipedia founder Jimmy Wales. Today, wikis are a common tool for young workers

rattle the skyscrapers in our media-heavy, Manhattan neighborhood. But despite the importance of blogs, only a minority of us participates. Chances are, you don't. According to a recent study from Forrester Research, only a quarter of the U.S. adult online population even bothers to read a blog once a month.

But blogs, it turns out, are just one of the do-it-yourself tools to emerge on the Internet. Vast social networks such as Facebook and MySpace offer people new ways to meet and exchange information. Sites like LinkedIn help millions forge important work relationships and alliances. New applications pop up every week. While only a small slice of the population wants to blog, a far larger swath of humanity is eager to make friends and contacts, to exchange pictures and music, to share activities and ideas.

These social connectors are changing the dynamics of companies around the world. Millions of us are now hanging out on the Internet with customers, befriending rivals, clicking



TechCrunch founder Michael Arrington. His popular blog covers all things Web 2.0

through pictures of our boss at a barbecue, or seeing what she read at the beach. It's as if the walls around our companies are vanishing and old org charts are lying on their sides.

This can be disturbing for top management, who are losing control, at least in the traditional sense. Workers can fritter away hours on YouTube. They can use social networks to pillory a colleague or leak secrets. That's the downside, and companies that don't adapt are sure to get lots of it.

But there's an upside to the loss of control. Ambitious workers use these tools to land new deals and to assemble global teams for collaborative projects. The potential for both better and worse is huge, and it's growing—and since 2005 the technologies involved extend far beyond blogs. So our first fix is to lose "blogs" from our headline. The revised title: "Social Media Will Change Your Business."

Even when researching a story like this, it's easy to fall into old patterns. Let's see, we thought as we started out: Which top executives are embracing social media? Sun Microsystems chief executive officer Jonathan I. Schwartz is a blogger. What's he up to? IBM set up its own social network for employees, Beehive. It has 30,000 employees on it. We should definitely give them a call.

But hold on. If we're writing about new networks that extend beyond companies and break down their walls, and if these technologies are often beyond the control of executives, what

FROM PAPER TO CYBER AND BACK: A PROBLEM IN BLOGISTICS



When we decided to update our 2005 cover story on blogs, we first did it on our Web site. That was a piece of cake, at least on the technical side. We just sprinkled additions and corrections through the text. Online readers could click on them and the new footnotes would pop up. But how to pull off such a trick on paper? We decided to write

an entirely new story and create all sorts of tables and charts to explain the changes in social media that have occurred over the past three years. Here's a look at what we got right, what we missed, and what has changed.

WE DIDN'T SEE 'EM COMING

Here are some of the important sites and services we missed

YouTube It took the service, which now has 66 million U.S. visitors, only three years to jump-start online video, unleash millions of amateur filmmakers, and undercut TV giants.

Twitter What can you say in 140 characters? The popularity of the two-year-old microblogging service shows that short can indeed be sweet—or boring, sometimes brilliant. Will it still be big in three years?

Wikipedia The grassroots encyclopedia didn't make the cut for our blogging story, but it's a social media phenom. It exploded during the last three years, becoming the seventh-most-popular site online and attracting 59 million American users, up from 5 million.

Spam Blogs Mass-produced to attract Google ads, these so-called splogs infested the blogosphere in 2005 and 2006. They now account for more than 90% of all blog postings, but filters catch most of them.

Facebook and MySpace. The best-known social network when we wrote our story was Friendster. That's how fast social media is changing.

iTunes Yes, we knew about Apple's music service. But we didn't guess that it would become the leading destination for podcast downloads. Contrary to our expectations, podcasts have evolved into a feature of traditional radio, not a rival to it.

are we doing calling the bosses? Like many others in business, we have developed top-down reflexes that are nearly Pavlovian. We have to deprogram ourselves.

So. How to get in touch with the grass roots? We try Twitter, the microblogging sensation. People use it to send tiny haiku-like messages (140 characters maximum) to everyone who chooses to receive their feeds. The two of us each has a few hundred people following our posts, either on the Twitter page, sites like Facebook, or (for a few fanatics) the cell phone. Who are these people? Well, they're just that, people. They're not organized by industry or rank. They're screen names, just like us (stevebaker and heatherlgreen). An estimated 1 million folks are on the Twitter service now. It's a small number, but it includes lots of influential voices, especially in tech. Some follow friends to learn what they had for breakfast or what they saw at the Vatican Museum. But they also may see what technologies their competitors are putting into alpha tests and get the buzz on new rounds of financing. Work and leisure, colleague and rival; they all blend on these networks.

THE 140-CHARACTER RESUME

We send out a few posts on Twitter (they're called "tweets") asking people how social media are changing their work. Scores of responses pour in. People learn what colleagues are up to, inside and outside the company. They see trends. They make contacts. They learn. Some even sell. A Dell employee who goes by the Twitter name of Ggroovin tells us that Dell's service on Twitter has brought in half a million dollars of new orders in the past year. Some on Twitter sniff around for the



next job. "The new résumé is 140 characters," tweets 23-year-old Amanda Mooney, who just landed a job in PR.

Still, we have to talk with a few corporate honchos. How are they dealing with this outbreak of communication tools? J.P. Rangaswami is a good person to start with. He runs technology at BT, the British telecom giant, and is famous for an approach that blends inside and outside networks. We leave a message with the press department. A day passes. We wonder if we should try another number before it strikes us how silly

MARKHAM JOHNSON

We said, "Mainstream media will start to look like blogs."

Got that one right. Blogs are proliferating on mainstream sites. *BusinessWeek* alone now has 20. Big names such as Andrew Sullivan, original *Wonkette* Ana Marie Cox, and *Freakonomics* authors Stephen Dubner and Steven Levitt now blog for mainstream publications.

MATCH THE MEDIA OUTLETS WITH THEIR ASSOCIATED BLOGS

1 <i>The New York Times</i>	a) Andrew Sullivan's blog: Views of a political contrarian
2 <i>Atlantic Monthly</i>	b) <i>Freakonomics</i> blog: Unorthodox economics, following best-seller
3 Discovery Channel	c) <i>Swampland</i> : Political notes and (occasional) caustic asides
4 <i>Time</i>	d) <i>TreeHugger</i> : Ins and outs of going green for guilt-ridden consumers
5 Time Warner	e) <i>TMZ</i> : Gossip, embarrassing pics, and red-carpet extravaganzas

BLOGS. UP AND UP (AND LOTS OF ZOMBIES)

In the spring of 2005, search engine Technorati reported indexing 9 million blogs. Today's figure? 74 million. It sounds impressive, but only a fraction of all bloggers has posted within the last two months. Eliminate the sleepers, and the blog universe shrivels to 5.2 million. Kevin Burton, CEO of FeedBlog, argues that there are even fewer active blogs, about 2 million to 4 million. In either case, more than enough to read. In fact, only one in four adult Americans online, according to Farrester Research, reads a blog every month.

We said, "Dooiced: An expression used when someone loses a job because of blogging."

Three years later, we're not hearing that word much. Tim Bray, director of Web technologies at Sun Microsystems, thinks we exaggerated the risk. "I think there's a news story in the absence of carnage," he says, adding that 4,000 employees at Sun blog. "Nobody's been fired. Nobody has taken career damage over a blog."

we've been. We can go straight to the person! That's what social media lets you do. We leave a comment on Rangaswami's blog, ConfusedofCalcutta, and promptly get a reply. He's flying to San Francisco, but he leaves his Facebook and Twitter contacts, along with a cell phone number.

Hours later, Rangaswami describes the changes since the 2005 article. Then, he says, there were either traditional communications or weird stuff with funny names, like blogs and wikis. People at BT now embrace a full range of online tools, and they use them more and more, especially as young workers join the company. "The new people come infected with the new world," he says.



Daily Dish: Writer and commentator Andrew Sullivan moved his blog to the *Atlantic*

More than 16,000 BT employees work together on wikis, using the same technology as Wikipedia, the online encyclopedia that lets anyone post or edit entries. But instead of teaming up to edit an online encyclopedia, employees gather on them to write software, map cell-phone base stations, launch branding campaigns. Nearly every new project hatches a wiki. This is especially valuable in a global economy, where engineers in Asia can pick up a project as Europeans go to bed. The new groups that evolve on these wikis raze traditional hierarchies: An intern can amend the work of a senior engineer. Meanwhile, some 10,500 employees at BT (that Rangaswami knows of) are already on Facebook. BT is also offering an internal social network. But just like Facebook and Twitter, it won't work unless

it attracts a crowd. Rangaswami can't force anyone to use it. It would be fruitless to try. To hear Rangaswami describe it, all his team can do is provide tools and watch.

There's a lot to look at. "We've spent years talking about the value of the water-cooler conversations," he says. "Now we have the ability to actually understand what these relationships are, how information and decision-making migrate. We see how people really work." Why does this matter? The company can spot teams that form organically, and then can place them on targeted projects. It can pinpoint the people who transmit ideas. These folks are golden. "A new class of supercommunicators has emerged," he says.

Good networkers have always had their ways to work around the direct reports and dotted lines diagrammed on company charts. They've created informal networks. Now, with social media, they have a fast-expanding set of tools to extend these relationships, and even to change their companies. Charlene Li and Josh Bernoff of Forrester Research detail an example from Best Buy in their new book about social media, *Groundswell*. In 2006 two marketing managers at the company worked weekends to create an in-house social network, Blue Shirt Nation. Now it has grown to more than 20,000 participants, 85% of them sales associates. In a company with a 60% annual turnover rate, this group churns at only 8.5%, blogs Gary Koelling, one of the founders. And Blue Shirt Nation gets results. A promotional drive on the site helped persuade 40,000 employees to sign up for 401(k) retirement accounts. This bottom-up approach moves a whole lot faster than initiatives that wind through a corporate approval process. Drawbacks? The new

DAVID MICH/GETTY IMAGES

WHERE ARE THEY TODAY?

Some of the key characters in our 2005 cover

Bob Lutz The GM vice-chairman was the darling of the blogging set when he launched the company's FastLane blog in 2005. His posts are now fewer and read more like PR.

Dave Sifry Our prediction? Sifry's Technorati blog search engine would be snapped up. Not quite. Instead, it struggled with scale and was surpassed by Google. Sifry stepped down last year as Technorati's CEO, though he's still chairman.

Dan Gillmor The advocate of citizen journalism couldn't turn his passion into a business. Bayosphere, his community news startup in California, never got off the ground.

We said, "Any chance that a blog bubble could pop? The answer is really easy: No."

Strictly speaking, it's still true. Blogs alone account for minimal investment. But they aren't alone. They're part of social media, tied to YouTube and Facebook, and to sky-high projections of new ad revenue. That frothy market could tumble. Still, it wouldn't affect most blogs.

We said, "A prediction: Mainstream media will...take over vast commercial stretches of the blogosphere."

Whoops. In fact, in politics, tech, gossip, and media, blogs are flexing their muscles. With lower costs and bigger buzz, many are matching or topping mainstream sites in traffic and influence. Examples:

Engadget The most popular group-edited blog brings in 2.5 million readers for updates on the newest and shiniest gadgets in tech.

Huffington Post Spearheaded by Arianna Huffington, this pile-on of around 1,500 bloggers attracts more than 4 million visitors per month. Political commentary is its bread and butter.

TechCrunch Michael Arrington, a lawyer, turned this site about tech startups into a Silicon Valley powerhouse with more than half a million rabid readers.

Community-Driven Blogs Notes about secret affairs, cutesy pictures, and updates about international happenings that don't get much play in traditional media fuel a host of obsessively popular sites like PostSecret, Icanhascheezburger, and Global Voices.

order favors those who network, create buzz, and promote their brand. Managers have to make sure that quieter employees don't lose out.

The change is even more dramatic in media. In the world we envisioned in 2005, the old dogs of mainstream media (like us) learning the new tricks of blogging and using them to extend our reach and clout. We figured we'd be surrounded by constel-

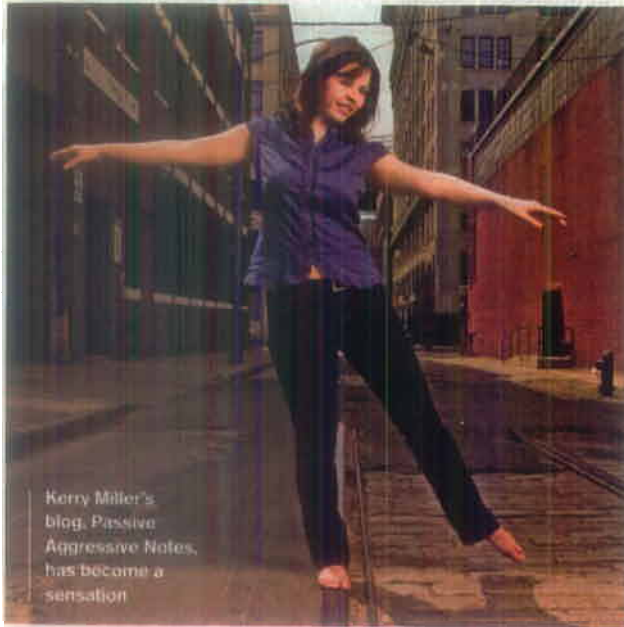
lations of standalone bloggers, each with his or her own niche.

COMPETITION FROM THE MEGABLOGS

Steve Rubel was our example. The opening spread of our 2005 story featured a full-page photo of Rubel, PR executive and leading blog evangelist. He was stripping off a sweatshirt, Superman-style, in the vastness of Grand Central Terminal. Rubel's job was to help companies communicate in this new world. He extended his brand by blogging. It wasn't a bad gig. He remains a power in blogging, and his stature won him a job directing digital media at PR firm Edelman & Associates from an office with big windows overlooking Times Square.

Sitting there one recent morning, facing a widescreen Mac laptop, Rubel drops a bomb. He doesn't blog much anymore. He lets his popular Micropersuasion site sit fallow for days on end. That would have been sacrilege when we wrote our article. Back then he was posting a dozen times a day—even from bed.

What changed? Two big things, he says: technology and media. In 2005, a smart and hyperactive PR guy with a blog could actually be a leader in tech coverage. Rubel came up with scoops. Since then, megablogs with paid staffs, such as Michael Arrington's TechCrunch and Om Malik's GigaOm, have become titans. And sites like Techmeme and Digg aggregate the hottest news—much of it from the megablogs. These are New Media champions, and they come from outside Old Media ranks. Some of them, it could be argued, wield more power than large metro dailies, or even magazines. Go to the Technorati search engine and see how many blogs link to TechCrunch, the leading source for dealmaking in Silicon



Kerry Miller's blog, *Passive Aggressive Notes*, has become a sensation

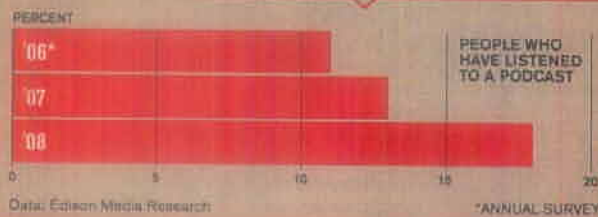
MARK STANTON

THE QUIET BLOGGING STAR IN OUR MIDST

Most of us didn't even know that our colleague Kerry Miller had a blog on the side. But her *Passive Aggressive Notes*, a compilation of hilarious scrawlings sent in by readers, turned into a far bigger sensation than our in-house efforts. Proving that one good idea can fly high under its own power, she generates 1.3 million page views per month and thousands of reader comments. In March, Miller quit our magazine to turn her blog into a book and to pursue another idea.

PODCASTING, FINALLY

We explained the importance of this grassroots form of radio. But it's only in this year that it has taken off. Still, rather than a revolutionary media propelled by indies, it's dominated by pros like NPR.



HOW HAVE SOCIAL MEDIA AFFECTED YOUR WORLD?

We put out the question on Twitter and the Blogspotting blog and got back scores of responses—in 140 characters or less. A sampling:

mikemookie It is forcing brands to think about the person, not the target (that isn't to say that brands are actually doing it... yet)

jonathanfields Blogs are the big show, IM/social-hubs are backstage pass, Twitter/micro-blogging is afterparty. It's about layers of access.

AmandaMooney Just commented on ur Blogspotting post. As a graduating senior it's made a HUGE impact. The new résumé is 140 characters or less.

ekivemark The market is a flow of conversation. The best conversation happens at the water cooler. Twitter is our virtual water cooler.

ThomasEriksen Microblogging is something that 90% of us still have not figured out the purpose of. It's almost like life itself.

jspepper what's wrong is that there are a lot of snake-oil sales going on right now.

unfluff SM is instant, always-on, uber-connected communication. Great for news, chaotic in crisis, sometimes @ risk of info overload.

Valley. Links are only one measure of influence, but a vital one in the blogosphere. The number is 170,908. That's more than (gulp) *BusinessWeek.com*.

Fine. TechCrunch and the others get plenty of attention. But what's it worth? Valuation is a hot question in social media. Andrew Baron, the co-founder of Rocketboom, an early video blog, had some fun with it. A few weeks ago, he announced that he was auctioning his Twitter account, which had some 1,300 followers, on eBay. Anyone who wanted an instant crowd with some influential followers could bid. (Of course, these followers might not stick around under a new regime. That was part of the risk calculation.) The bidding quickly rose above \$500. As the auctioning continued, more people (including us) signed up to follow Baron's account so they could witness this drama in action. That increase in his crowd theoretically raised the value of his Twitter property. In the end, he called it off. As we write, his following has climbed to 2,309.



Arianna Huffington: From columnist to blog star with the Huffington Post

While we're talking money, let's revisit one of the boldest assertions in the old article. Could a blogging bubble burst? "That's easy," we wrote, answering our own question. "No." The logic was that blogging, a free form of publishing, was anything but a highly capitalized industry. Even blog technology companies such as Six Apart and Technorati were small fry, backed by just a sliver of the venture capital in Silicon Valley. How could an industry built largely on free labor and free software develop a bubble, much less burst? It can't.

But social media sure can. Since our story, major investors

and corporations have focused on the profit potential of social sites. Like Baron's Twitter crowd writ large, they promise relationships, millions of them. Such media could be worth a fortune. Strike that: They'd better be. Over the past three years, tech and media companies have been opening up their checkbooks for these properties. Google gobbled up YouTube for \$1.65 billion; NewsCorp bought MySpace for \$588 million; and Microsoft bought a pricey slice of Facebook that put a \$15 billion valuation on the company. Venture firms, meanwhile, have been racing to fund scores of social media startups.

For many of them, the business plan remains blurry. Even giants like MySpace are struggling to figure out the financials. And there's no guarantee that Web masses will stay loyal for the long haul. If investors lose faith in these new ventures built on relationships, all hell could break loose. This could convulse Wall Street, deepen the recession, sink pension funds—you name it. But you know what? The next day, we'll be back on the blogs and social networks, checking up on each other, uploading our analyses, and sussing out opportunities in the storm.

Even if the bubble bursts—and we predict it will—the power of social media to transform our businesses and society will only grow. **BW|**

BUSINESSWEEK.COM | For a look at how IBM is creating in-house versions of Facebook, Twitter, and Wikipedia see BusinessWeek.com/magazine.

BUSINESSWEEK TV | For more on blogs, including how to start one and maybe even make money from it, watch BusinessWeek TV. To see video clips or find your local station and airtime by Zip Code go to BusinessweekTV.com.

LINKS

Two blogging giants, Jeff Jarvis and Arianna Huffington, give their takes on how Old Media is adjusting to the current state of the blogosphere

Jeff Jarvis, BuzzMachine

Three years ago, blogs were still a curiosity to a business audience—new enough to warrant a cover story, strange enough to require explaining. Now blogs and social media are not only better understood and accepted, but they are coming to be seen as a necessity in media and, more and more, in business.

Next, I think, *BusinessWeek's* readers will see that social media are changing their fundamental relationship with customers to be less about serving and more about collaborating. No, I don't mean that every product will be the product of a committee. But customers who want to talk will, and smart companies will not just listen but will engage them in decisions. This will have an impact not just on PR

and image but on product design, marketing, sales, customer service—the whole company.

Three years from now, I predict *BusinessWeek's* cover won't be about blogs or tools but about companies as communities.

Arianna Huffington, Huffington Post

The growth of New Media journalism will be a hybrid combining the best aspects of traditional print newspapers with the best of what the Web brings to the table. We're getting a glimpse into this with the many changes afoot at Old Media places like the *The New York Times*, and from New Media players like, well, like the Huffington Post.

The online vs. print debate is totally obsolete. It's as musty as the

old barroom argument about Ginger vs. Mary Ann. It's 2008, why not have a three-way? Traditional media have ADD: They are far too quick to drop a story. Online journalists, meanwhile, tend to have OCD—we chomp down on a story, refusing to move on until we've gotten down to the marrow.

The shifting dynamic between the forces of print and online reminds me of Sarah Connor and the T-101 in *The Terminator*. At first, the visitor from the future (digital) seemed intent on killing Sarah (print). But as the relationship progressed, the Terminator became Sarah and her son's one hope for salvation. Today, you can almost hear digital media (which for some reason has a thick Austrian accent) saying to print: "Come with me if you want to live!"