

March 3, 2007

Social Networking's Next Phase

By [BRAD STONE](#)

Correction Appended

SAN FRANCISCO, March 2 — Next week [Cisco Systems](#), a Silicon Valley heavyweight, plans to announce one of its most unusual deals: it is buying the technology assets of [Tribe.net](#), a mostly forgotten social networking site, according to people close to the companies' discussions.

It is a curious pairing. Cisco, with 55,000 employees, makes networking equipment for telecommunications providers and other big companies. Tribe.net, run by a company with eight employees, has been trampled by newer social sites like MySpace and Facebook.

But along with the recent purchase of a social network design firm, Five Across, the deal will give Cisco the technology to help large corporate clients create services resembling MySpace or YouTube to bring their customers together online. And that ambition highlights a significant shift in the way companies and entrepreneurs are thinking about social networks.

They look at MySpace and Facebook, with their tens of millions of users, as walled-off destinations, similar to first-generation online services like America Online, CompuServe and Prodigy. These big Web sites attract masses of people who have dissimilar interests and, ultimately, little in common.

The new social networking players, which include Cisco and a multitude of start-ups like [Ning](#), the latest venture of the Netscape co-creator Marc Andreessen, say that social networks will soon be as ubiquitous as regular Web sites. They are aiming to create tools to let ordinary people, large companies and even presidential candidates create social Web sites tailored for their own customers, friends, fans and employees.

"The existing social networks are fantastic but they put users in a straitjacket," said Mr. Andreessen, who this week reintroduced Ning, his third start-up, after a limited introduction last year. "They are restrictive about what you can and can't do, and they were not built to be flexible. They do not let people build and design their own worlds, which is the nature of what people want to do online."

Social networks are sprouting on the Internet these days like wild mushrooms. In the last few months, organizations as dissimilar as the Portland Trailblazers, the [University of South Carolina](#) and [Nike](#) have gotten their own social Web sites up and running, with the help of companies that specialize in building social networks. Last month, Senator [Barack Obama](#) unveiled [My.BarackObama.com](#), a social network created for his presidential campaign by the political consulting firm Blue State Digital.

Many of these new online communities cater to niche interests. Shelfari, a Seattle-based start-up, recently began a service to let book lovers share their opinions. This week it received an investment from Amazon.com.

Mr. Andreessen's Ning, based in Palo Alto, Calif., is fashioning itself as a one-stop shop catering to this growing interest in social networks. Anyone can visit the site and set up a community on any topic, from the television show "Battlestar Galactica" to microbrew beers. Ning users choose the features they want to include, like videos, photos, discussion forums or blogs. Their sites can appear like MySpace, YouTube or the photo sharing site Flickr — or something singular.

Those setting up Ning communities can pay \$20 a month if they want the site free of text advertisements delivered by Google. They also have the option of delivering their own advertising, as CBS does on Ning-based social networks for its shows "CSI" and "The Class."

Mr. Andreessen said that even with its two acquisitions, Cisco might be underestimating the ease of combining technologies behind Tribe.net and its earlier acquisition, Five Across.

"The idea that Cisco is going to be a force in social networking is about as plausible as Ning being a force in optical switches," he said.

Tribe.net, which developed the technology that Cisco is now acquiring, almost led this new social networking phase. In 2004, the U2 singer Bono approached the company and asked it to create a separate network for his antipoverty campaign, One.org, according to several former employees. Tribe.net, founded by Mark Pincus, a prominent Silicon Valley angel investor, decided to remain focused on building a destination site, like Friendster and MySpace.

Bono went on to create the One.org network with Yahoo. Mr. Pincus left Tribe.net in 2005 but repurchased the company from lenders last summer when it was nearly out of money. Today, Tribe.net is primarily used by artists who attend the annual Burning Man festival in the Nevada desert.

Executives at Cisco and Utah Street Networks, Tribe.net's parent company, declined to comment on their deal or its terms. But people close to the discussions said Tribe.net would remain an independent site, while its underlying technology would go to Cisco.

Several former employees have left Tribe.net to start their own firms offering social network tools. Alexander Mouldovan, who had been a product manager there, started a company called Crowd Factory to design social networks for large companies. He is now building services for several telecommunications customers and says the new model makes more sense for Internet users.

"If I'm into fly-fishing, that is where I'm going to spend my energy online," he said. "I don't think it is easy for MySpace and Facebook to adapt and bend to the needs of individual brands."

One challenge is getting users to join new social networks when there are few other members. For

example, Google helped Nike design its soccer community site, called Joga.com, but it does not appear to have significantly attracted users.

“I think this will work for certain kinds of brands, and other brands are just barking up the wrong tree,” said Paul Martino, a former Tribe.net chief technology officer who is now the chief executive of Aggregate Knowledge, a service that taps the online behavior of other users to provide shopping advice.

Another challenge is persuading users to enter their information over and over when they join new online communities. To solve the problem, several firms are pushing a standard called OpenID, which would let users sign on and easily transfer profile information among social sites.

Marc Canter, a former Tribe.net consultant who has created his own social networking firm, People Aggregator, was an early supporter of OpenID. “Humans are migratory beasts, and we do not want to re-enter our data every time we join a new site,” he said. “Users own their data and should be able to move it around freely.”

Cisco is positioning itself for the day when mainstream consumers are spending much of their time taking part in these online communities. With the acquisition of Tribe.net, it is also trying to further its quest to become a consumer-oriented company. In the last few years, it has purchased the wireless router company Linksys and the set-top-box maker Scientific Atlanta, giving it a significant presence in many American homes.

Dan Scheinman, the mergers and acquisition chief who led the Linksys and Scientific Atlanta purchases, now runs a new division at Cisco called the Media Solutions Group, which has been responsible for the deals for Five Across and Tribe.net.

After the Five Across acquisition, Mr. Scheinman said in an interview that Americans were quickly changing their media consumption habits. He said his new group would let Cisco help its media customers, like TV networks and cable companies, develop their sites and move more of their content onto the Web.

“Part of our job is to form a relationship with media companies and deliver technologies and services to them, so consumers can consume what they want online,” he said.

Correction: March 7, 2007

An article in Business Day on Saturday about new ventures in online social networking for the workplace misstated the number of employees of Cisco Systems, which is reportedly acquiring technology to provide such services. It is 55,000, not 38,000. The article also misspelled the surname of the founder of a company called Crowd Factory, which designs social networks for large companies. He is Alex Mouldovan, not Muldoven.

[Copyright 2007 The New York Times Company](http://www.nytimes.com/2007/03/03/technology/03social.html?ei=5070&en=5f4eea3d227650bc&ex=1174708800&pagewanted=print)

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)
