
Hughes Hubbard & Reed

“One-Stop-Shopping” for Social Networking

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With the proliferation of social networking website use, the concept of “data portability” is influencing the development of solutions to allow users to access multiple online profiles and social utility networks all in one place . . . it’s all about the easy access these days. In addition, technology that enables a user’s particular online profile to “follow” them around the web, tracking certain activity, where interaction among “friends” will occur on websites that, thus far, have not been considered social is becoming more and more popular. Social networking giants like Facebook have been working towards the emergence of a “social web” for a while. While “Beacon”, the behavioral targeted advertising solution it launched last year failed because of privacy concerns, their newly released “Connect” functionality has gotten some decent press (including a write-up in the NY Times). Connect gives Facebook users the ability to use their Facebook identities and profile content to broadcast their activities on other third party sites to their friends on Facebook. For example, Connect would allow a user to alert her friends on Facebook that she is watching a video on Hulu (one of the many service providers that enables Connect functionality), and invite them to join to watch and/or discuss the video in real time. Facebook executives are hopeful that Connect will not only increase site traffic, but also increase ad revenue, especially with the advent of delivering behaviorally target, personalized ads.

Power.com, a Rio de Janeiro-based company, is also getting in on the action, with a solution that offers users the ability to view all of their social networks and synchronize friends lists, photos, updates, etc., on one platform. Essentially, when a user logs in via Power.com they can access any of their social network pages with one click, and can simultaneously update the content of all their personal pages. As of now, Power.com already supports Facebook, MySpace, Hi5, MSN Messenger and some others, and has its sights set on LinkedIn, Gmail, AOL and some other well-known social utilities.

While all of this one-stop-shop socializing seems appealing for a lot of reasons, (and I’m not suggesting otherwise), there are some real paradigm-shifting concerns to consider. Privacy is obviously a big one (but that is an issue I will address in its own posting so stay tuned). The more significant and relevant issue is the shift from a more traditional, territorial approach to ownership of end user data—where websites jealously guarded their relationships and connections with their subscribers and users—to the idea of data “portability” and the sharing of

end user data across sites and among business partners. For example, Facebook has detailed information about its users (e.g., their identities, likes, friends, etc.) but up until now that information has, for the most part, been solely of use from a targeting/marketing perspective. By creating an environment where a user can log in to websites with his or her Facebook profile and invite Facebook friends to share the experience on that site, the Facebook profile information can now be leveraged for the delivery of personalized advertising on the partner site. Facebook gains from being able to monetize its information “off-site” and the partner gains from being able to harvest the Facebook information for targeted ad sales without having to collect the information itself. Users may benefit from not having to provide their information to multiple sites across the Web. There is also the added benefit (as pointed out by Facebook) of providing users with a single point of contact to control privacy settings.

While this sounds good in theory, it will definitely raise eyebrows when it comes to negotiating deals, particularly with respect to ownership issues and the conditions and limitations of the use of the information. Some say these mere technical advancements won’t yet have a significant impact on how businesses approach social media, but I think it will be very interesting to see how quickly that will change. Is everything better when it's social? That remains to be seen.

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