

What is a blog and how is it relevant to investor relations?

According to webopedia, a blog is a Web page that serves as a publicly accessible personal journal for an individual. Typically updated daily, blogs often reflect the personality of the author. Blog is short for web log. People have compared the growth of blogs today to the growth of email in the 1990s. Unlike email, however, blogs allow people to post, comment and update. And, more companies are getting into the act.

Companies today are examining and using blogs mainly for marketing, community building (both internal and external), and public relations. While there are many third party stock market related blogs in existence today, the use of blogs for investor relations is not common practice. The use of blogs internally as communication channels, however, is becoming more common, with companies such Microsoft and Google taking advantage of this capability. In addition, Sun has a publicly accessible site, www.blogs.sun.com, with 1,300 employee blogs. Externally, the first industry to use blogs was the news media and a growing number of journalists and news editors read blogs on a daily basis.

Blogs are also inexpensive marketing tools and can be a way for a company to differentiate itself and build long-term customer relations through interpersonal communication. The marketing is viral in that blogs link to other blogs. Companies such as Coke are using blogs for their relationship marketing needs. Studios are using blogs to gauge the public's reaction to new movies. In today's age of fragmentation and splintering of audiences, a blog can enable a company to tap into various niches and create sound customer marketing strategies.

In addition, some Fortune 500 CEOs are using blogs as a means by which they can raise their own profile, reach out to customers and appear as a "thought leader." One example is the president and chief operating officer of Sun Microsystems, Jonathan Schwartz.

Blogs have untapped potential and also unknown dangers. What and how do you apply the laws and norms of fairness, advertising and libel? How can you monitor the over 9 million blogs that BusinessWeek estimates exists around the world today, with a new blog being created every 7.4 seconds? Companies are beginning to establish blogging guidelines. For many, it is advised that employees to use common sense and abide by established rules about not divulging company secrets or violating federal securities disclosure rules.

Corporate use of blogs should vary according to business goals, but we feel it is prudent that, at a minimum, companies develop means to monitor blogs to learn what is being said about their products and services. Exploring blogs as an internal communication vehicle also makes sense. And, for some companies, it could be the right next step to use public blogs to drive close, two-way relationship with their customers. LHA will continue to monitor the growing popularity and acceptance of blogs, noting the interesting challenges they could pose to public companies, particularly under Regulation FD.

LHA has included below excerpts from BusinessWeek Online's "Blogs Will Change Your Business" article, which was done following a blog format. While blogs are normally

updated daily, they also are archived for perpetuity. This article appeared on May 2, 2005.

Sources:

Baker, Stephen and Heather Green. "Blogs Will Change Your Business" [Online] Available http://www.businessweek.com/magazine/content/05_18/b3931001_mz001.htm, May 2, 2005.

Pimentel, Benjamin. "Writing the codes on blogs: Companies figure out what's OK, what's not in online realm" [Online] Available <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2005/06/13/BUGOMD64QH51.DTL&hw=Writing+the+codes+on+blogs&sn=006&sc=528>, June 13, 2005.

Blogs Will Change Your Business

Look past the yakkers, hobbyists, and political mobs. Your customers and rivals are figuring blogs out. Our advice: Catch up...or catch you later

Monday 9:30 a.m. It's time for a frank talk. And no, it can't wait. We know, we know: Most of you are sick to death of blogs. Don't even want to hear about these millions of online journals that link together into a vast network. And yes, there's plenty out there not to like. Self-obsession, politics of hate, and the same hunger for fame that has people lining up to trade punches on *The Jerry Springer Show*. Name just about anything that's sick in our society today, and it's on parade in the blogs. On lots of them, even the writing stinks.

Go ahead and bellyache about blogs. But you cannot afford to close your eyes to them, because they're simply the most explosive outbreak in the information world since the Internet itself. And they're going to shake up just about every business -- including yours. It doesn't matter whether you're shipping paper clips, pork bellies, or videos of Britney in a bikini, blogs are a phenomenon that you cannot ignore, postpone, or delegate. Given the changes barreling down upon us, blogs are not a business elective. They're a prerequisite. (And yes, that goes for us, too.)

There's a little problem, though. Many of you don't visit blogs -- or haven't since blogs became a sensation in last year's Presidential race. According to a [Pew Research Center Survey](#), only 27% of Internet users in America now bother to read them. So we're going to take you into the world of blogs by delivering this story -- call it Blogs 101 for businesses -- in the style of a blog. We're even sprinkling it with [links](#). These are underlined words that, when clicked, carry readers of this story's online version to another Web page. This all may make for a strange experience, but it's the closest we can come to reaching out from the page, grabbing you by the collar, and shaking you into action.

First, a few numbers. [There are some 9 million blogs out there](#), with 40,000 new ones popping up each day. Some discuss poetry, others constitutional law. And, yes, many are plain silly. "Mommy tells me it may rain today. Oh Yucky Dee Doo," reads [one April Posting](#). Let's assume that 99.9% are equally off point. So what? That leaves some 40 new ones every day that could be talking about your business, engaging your employees, or leaking those merger discussions you thought were hush-hush.

Give the paranoids their due. The overwhelming majority of the information the world spews out every day is digital -- photos from camera phones, PowerPoint presentations, government filings, billions and billions of e-mails, even digital phone messages. With a couple of clicks, every one of these items can be broadcast into the blogosphere by anyone with an Internet hookup -- or even

a cell phone. If it's scandalous, a poisonous e-mail from a CEO, for example, or torture pictures from a prison camp, others link to it in a flash. And here's the killer: Blog posts linger on the Web forever.

Yet not all the news is scary. Ideas circulate as fast as scandal. Potential customers are out there, sniffing around for deals and partners. While you may be putting it off, you can bet that your competitors are exploring ways to harvest new ideas from blogs, sprinkle ads into them, and yes, find out what you and other competitors are up to.

More tomorrow.

Tuesday 6:35 a.m. How big are blogs? Try **Johannes Gutenberg** out for size. His printing press, unveiled in 1440, sparked a publishing boom and an information revolution. Some say it led to the Protestant Reformation and Western democracy. Along the way, societies established the rights and rules of the game for the privileged few who could afford to buy printing presses and grind forests into paper.

The printing press set the model for mass media. A lucky handful owns the publishing machinery and controls the information. Whether at newspapers or global manufacturing giants, they decide what the masses will learn. This elite still holds sway at most companies. You know them. They generally park in sheltered spaces, have longer rides on elevators, and avoid the cafeteria. They keep the secrets safe and coif the company's message. Then they distribute it -- usually on a need-to-know basis -- to customers, employees, investors, and the press.

That's the world of mass media, and the blogs are turning it on its head. Set up a free account at **Blogger** or other blog services, and you see right away that the cost of publishing has fallen practically to zero. Any dolt with a working computer and an Internet connection can become a blog publisher in the 10 minutes it takes to sign up.

Sure, most blogs are painfully primitive. That's not the point. They represent power. Look at it this way: In the age of mass media, publications like ours print the news. Sources try to get quoted, but the decision is ours. Ditto with letters to the editor. Now instead of just speaking through us, they can blog. And if they master the ins and outs of this new art -- like how to get other bloggers to link to them -- they reach a huge audience.

This is just the beginning. Many of the same folks who developed blogs are busy adding features so that bloggers can start up music and video channels and team up on editorial projects. The divide between the publishers and the public is collapsing. This turns mass media upside down. It creates media of the masses.

How does business change when everyone is a potential publisher? A vast new stretch of the information world opens up. For now, it's a digital hinterland. The laws and norms covering fairness, advertising, and libel? They don't exist, not yet anyway. But one thing is clear: Companies over the past few centuries have gotten used to shaping their message. Now they're losing control of it.

Want to get it back? You never will, not entirely. But for a look at what you're facing, come along for a tour of the blogosphere.

Wednesday 7:38 a.m. Hmm. How to start this post? Idle talk about the weather, or maybe that red wine with dinner last night? No. Let's dive right in: One misstep and the blog world can have its way with you -- even when the coolest, most tech-savvy companies are involved.

Google (**GOOG**) is regarded as a secretive company. So in January, when a young programmer named Mark Jen started blogging about his first days in the Googleplex, folks in the 'sphere instantly linked to him. Jen certainly wasn't dealing out inside dirt. But he griped that Google's

health plan was less generous than his former employer's -- Microsoft ([MSFT](#)) -- and he argued, indignantly, that Google's free food was an enticement for employees to work past dinner.



Two weeks later, Google fired Jen. And that's when the 22-year-old became a big story. Google was blogbusted for overreacting and for sending an all-too-clear warning to the dozens of bloggers still at the company. A Google official says the company has lots of bloggers and just expects them to use common sense. For example, if it's something you wouldn't e-mail to a long list of strangers, don't blog it.

Jen clearly flunked that test. "As the media got hold of it, I was quickly educated," he says. He says he should have understood the company's goals and concerns better and been more sensitive to them. Still, his adventure turned him into an overnight celebrity. He was wooed by recruiters at Amazon.com ([AMZN](#)), Microsoft, and Yahoo! ([YHOO](#)). A month later, Jen landed a job at Plaxo, an Internet contact-management company. A key part of his job, says a company spokesperson, is to help coordinate [Plaxo's blogging efforts](#) -- a pillar of Plaxo's promotional strategy. So what got him fired turned out to be his trump card. Plaxo, like many other companies, is now drawing up norms for blogging behavior, so that employees know what's in bounds, and what's not.

Friday 10:46 a.m. The question came up at a panel discussion last week: Any chance that a blog bubble could pop? The answer is really easy: no.

At least not an investment bubble. Venture firms financed only \$60 million in blog startups last year, according to industry tracker VentureOne. Chump change compared to the \$19.9 billion that poured into dot-coms in 1999. The difference is that while dot-coms promised to make loads of money, blogs flex their power mostly by disrupting the status quo.

The bigger point, which is blindingly obvious when you think about it, is that the dot-com era was powered by companies -- complete with programmers, marketing budgets, Aeron chairs, and burn rates. The masses of bloggers, by contrast, are normal folks with computers: no budget, no business plan, no burn rate, and -- that's right -- no bubble.

The role of the blog startups is to build tools for this grassroots uprising. Six Apart, a four-year-old San Francisco company, leads in blog software. Technorati and PubSub Concepts are battling it out in blog search. The founders all insist that they plan to remain independent. But if recent history is any guide, most of them will wind up in the bellies of the blog-minded Internet giants -- led by Google, Yahoo, and Microsoft. The latest to disappear was [Flickr](#). A photo-sharing service that spread madly across the blog world, 13-month-old Flickr was still running its software in its beta, or testing, phase when it was acquired by Yahoo in March for an undisclosed sum.

[Caterina Fake](#), Flickr's co-founder, wrote about the deal in her blog the day it happened: "Don't forget to breathe. It's not the end, it's the beginning."

Monday 10:23 a.m. If this were a true blog, that last post would have generated a mountain of comments over the weekend, most of them with the same question: If there's no clear business model, why are the Internet giants so bent on getting a foothold in blogs? Look at it from their point of view. A vibrant community that has doubled in size in the past eight months is teeming with potential customers and has a mother lode of data to mine. "Blogs are what's causing the Web to grow," says Jason Goldman. He's project manager at Google's Blogger, the world's biggest service to set people up as bloggers.

[David Sifry](#) looks at it a bit differently. He's a serial entrepreneur and founder of Technorati, the blog search engine.

For Sifry, it's not the growth of the same Web, but an entirely new one. It's wrapped up far more

in people's day-to-day lives. It's connected to time. The way he describes it, the Web we've come to know is mostly a collection of documents. A library. These documents don't change much. Try Googling Donald Trump, and you're more likely to find his Web page than a discussion of his appearance last night on *The Apprentice*.

Blogs are different. They evolve with every posting, each one tied to a moment. So if a company can track millions of blogs simultaneously, it gets a heat map of what a growing part of the world is thinking about, minute by minute. E-mail has carried on billions of conversations over the past decade. But those exchanges were private. Most blogs are open to the world. As the bloggers read each other, comment, and link from one page to the next, they create a global conversation.



Picture the blog world as the biggest coffeehouse on Earth. Hunched over their laptops at one table sit six or seven experts in nanotechnology. Right across from them are teenage goths dressed in black and thoroughly pierced. Not too many links between those two tables. But the café goes on and on. Saudi women here, Labradoodle lovers there, a huge table of people fooling around with cell phones. Those are the mobile-photo crowd, busily sending camera-phone pictures up to their blogs.

The racket is deafening. But there's loads of valuable information floating around this café. [Technorati](#), [PubSub](#), and others provide the tools to listen. While the traditional Web catalogs what we have learned, the blogs track what's on our minds.

Why does this matter? Think of the implications for businesses of getting an up-to-the-minute read on what the world is thinking. Already, studios are using blogs to see which movies are generating buzz. Advertisers are tracking responses to their campaigns. "I'm amazed people don't get it yet," says Jeff Weiner, Yahoo's senior vice-president who heads up search. "Never in the history of market research has there been a tool like this."

Wednesday 6:31 a.m. A prediction: Mainstream media companies will master blogs as an advertising tool and take over vast commercial stretches of the blogosphere. Over the next five years, this could well divide winners and losers in media. And in the process, mainstream media will start to look more and more like -- you guessed it -- blogs. Clay Shirky, a Web expert at New York University, calls it "an absorption process where the thing doing the absorbing changes."

Take a look at blog advertising today, and it's hard to see a glittering future. Sure, enterprising bloggers make room on their pages for Google-generated ads, known as AdSense, and earn some pocket change. Some blog entrepreneurs, such as Nick Denton, publisher of New York's [Gawker Media](#), sell ads for everything from Nike to Absolut Vodka ([FO](#)). Popular blogs can land sponsorship deals for as much as \$25,000 per month, say consultants. O.K. money for an entrepreneur, but a rounding error in the ad industry.

Blog power simply doesn't translate yet into big bucks. For now, it's running mostly on people's passion to communicate -- especially in developing markets. Consider [Hossein Derakhshan](#). He's a 28-year-old Iranian blogger based in Toronto. He has thousands of readers, and politicians respond to his postings -- even as the Iranian government frantically tries to shut down the servers hosting [his blog](#). Yet Derakhshan can't yet cash on his fame. "Google doesn't have AdSense service in Persian yet," he says.

Still, blogs could end up providing the perfect response to mass media's core concern: the splintering of its audience. Advertisers desperate to reach us need to tap niches (because we get together only once a year to watch the Super Bowl). By piggybacking on blogs, they can start working that vast blogocafé, table by table. Smart ones will get feedback, links to individuals -- and their friends. That's every marketer's dream.

The big companies have what the bloggers lack. Scale, relations with advertisers, and large sales forces. They can use these forces to sell across all media, from general audience to bloggy

niches. Already, Yahoo and Microsoft have been investing heavily to position themselves for niche advertising. And in February, the New York Times ([NYT](#)) laid down \$410 million for About Inc., a collection of 500 specialized Web sites that smell strongly of blogs. "What's to stop them from turning those 500 sites into 5,000?" says Dave Morgan, founder of TACODA Systems, an Internet advertising company.

11:57 p.m. Thinking out of the box here for a minute. What would this article look like if it were a real blog, and not just this glossy simulacrum?

Think of the way we produce stories here. It's a closed process. We come up with an idea. We read, we discuss in-house, and then we interview all sorts of experts and take their pictures. We urge them not to spill the beans about what we're working on. It's a secret. Finally, we write. Then the story goes through lots and lots of editing. And when the proofreaders have had their last look, someone presses the button and we launch a finished product on the world.

If this were a real blog, we probably would have posted our story pitch on Day One, before we did any reporting. In the blog world, a host of experts (including many of the same ones we called for this story) would weigh in, telling us what's wrong, what we're overlooking. In many ways, it's a similar editorial process. But it takes place in the open. It's a discussion.

Why draw this comparison? In a world chock-full of citizen publishers, we mainstream types control an ever-smaller chunk of human knowledge. Some of us will work to draw in more of what the bloggers know, vetting it, editing it, and packaging it into our closed productions. But here's betting that we also forge ahead in the open world. The measure of success in that world is not a finished product. The winners will be those who host the very best conversations.

Friday 11 a.m. So why not start here? We've done our research on blogs, made our dire pronouncements. Pretty soon, someone in production will press the button. But this story should go on, as a conversation. And it will, starting on Apr. 22. We're launching our own blog to cover the business drama ahead, as blogging spreads into companies and redefines media. The blog's name? [Blogspotting.net](#). See you there.