

Social Networking: The Future

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Editor's note: This is the third of a three-part guest post by venture capitalist [Mark Suster](#) of GRP Partners on "Social Networking: The Past, Present, And Future." Read [Part I](#) and [Part II](#) first. This series is an adaptation of a recent talk Suster gave at the Caltech / MIT Enterprise Forum on "the future of social networking." You can watch the [video here](#), or you can scroll quickly through the Powerpoint slides embedded at the bottom of the post or [here on DocStoc](#). Follow him on Twitter [@msuster](#).

In my [first post](#) I talked about the history of social networking from 1985–2002 dominated by CompuServe, AOL & Yahoo! In the [second post](#) I explored the current era which covers Web 2.0 (blogs, YouTube, MySpace, Facebook), Realtime (Twitter), and mobile (Foursquare). Is the game over? Have Facebook & Twitter won or is their another act? No prizes for guessing ... there's *always* a second (and third, and fourth, and fifth) act in technology. So where is social networking headed next? I make eight predictions below.

1. The Social Graph Will Become Portable

Right now our social graph (whom we are connected to and their key information like email addresses) is mostly held captive by Facebook. There is growing pressure on Facebook to make this portable and they have made some progress on this front. Ultimately I don't believe users or society as a whole will accept a single company "locking in" our vital information.

Facebook will succumb to pressure and over time make this available to us to allow us more choice in being part of several social networks without having to spam all of our friends again. I know in 2010 this doesn't seem obvious to everybody but it's my judgment. Either they make our social graph portable or we'll find other networks to join. I predict this will come before the end of 2012.

2. We Will Form Around "True" Social Networks: Quora, HackerNews, Namesake, StockTwits

Since 2006 I have been lamenting what I see as "the Facebook problem" – they are trying to lump me into one big social network. Nobody exists in one social network. I have the one with my friends where I want to talk about how wasted we were at the party last weekend that I don't want to share with my family network where I share pictures of the kids with my parents and siblings.

I don't want either of these mixed with the business social network in which I want to maintain the appearance that I'm "all business" and certainly don't want to see college pictures of me in Mexico floating around. I don't want to mix my "public network" with my "private networks." Facebook has jumbled these all together and then tried to bandage it by making groups available. I don't think this really solves the problem.

And young people aren't stupid – they certainly aren't as digitally naïve as their elders like to think. To get around all of this jumbling of social graphs they simply create multiple Facebook accounts under pseudonyms or "[nom du guerre](#)" for their real discussions and more pristine Facebook accounts for their real names. I wonder how many of Facebook's 500 million users are created for this purpose? I've confirmed this trend with several young people.

I believe that people already form topical social networks as evidenced in places like HackerNews or Quora. We are also seeing the growth of social networks around topics of interest like [StockTwits](#) for people interested in investing in the stock market. There are new networks forming to try and address the needs of specific social networks such as [Namesake](#) that is in its experimental stage but sees a world in which people want to network outside of Facebook.

3. Privacy Issues Will Continue to Cause Problems: Diaspora

Facebook made a deal with us that our social network was private. When they jealously watched the rise of Twitter they decided that it should be made more public, but that wasn't the bargain we made when we signed up in the first place. If I were Facebook I would have simply created two places where you could network, Facebook "private" and Facebook "open." The latter product could have competed directly with Twitter and could have had an asymmetric follow model.

Sure, we would have had to choose which followers to have in that separate timeline and they wouldn't have gotten all the synergies that they have by just lumping them together. But if they would have done it this way they never would have crossed the ethical lines that they did and we could all just love Facebook instead of our love-hate relationships. I'm still there daily to see pictures of my nieces & nephews – but I never connect more broadly with anybody in the business community. So 95% of my social networking time goes to Twitter.

I know most people aren't troubled by the loosening of their information – but I believe that's because most people don't understand it.

What I realized in working with so many startup technology firms is that even if you don't give permission to third-party apps to access your information much of it is available anyways as long as somebody you're connected to is more promiscuous with third-party apps. Also, all of those "Facebook Connect" buttons on websites are awesome for quickly logging in, but each gives those websites unprecedented access to your personal information.

I believe that privacy leaks will cause a longer-term backlash against misusing our information but in the short-term not enough people understand the consequences to be alarmed. [Diaspora](#) was created in direct response to the growing concerns about Facebook privacy and lock-in. Whether or not Diaspora will take off is anybody's guess. But a lot of people would love to see them or similar players emerge.

4. Social Networking Will Become Pervasive: Facebook Connect meets Pandora, NYTimes

As our social graph becomes more portable I believe that social networking will become a feature in everything we do. You can already see it slipping into services like Pandora where my social graph instantly appears and my friends' musical tastes are displayed without my knowing this would happen. On NY Times I'm getting recommended articles by friends and I didn't explicitly turn this feature on. This trend of social pervasiveness will continue.

5. Third-Party Tools Will Embed Social Features in Websites: Meebo

One thing that is obvious to me is that while many websites want to have Facebook Connect log-ins to know more about you, they don't really know what to do with you once they have that information. They're mostly now thinking about serving demographically targeted ads to you, but that's not very interesting. Third-party software companies will start to offer features to websites to actually drive social features. This will take a few years but players such as Meebo are already innovating in this category [though their toolbar](#).

6. Social Networking (like the web) Will Split Into Layers: SimpleGeo, PlaceIQ

One of the most interesting trends in the last few years has been watching the Internet split into layers. At the bottom end of the stack is storage (S3) and processing (EC2). At the top end is the business logic created by startups and established technology companies. I'm going to write a whole post on [BothSid.es](#) in the next few weeks on the layering of the Internet and the most important layer that will emerge in the next few years. We know that the layering of the PC era led to huge innovation at each layer in the stack and I expect the same to continue to emerge on the Internet. But for now suffice it to say that we're already seeing this happen in social networks.

One interesting layer is the "mapping layer" that is emerging in mobile social networks. If every startup had to figure out the locations of every business, what type of business they were and where they were located on a map we'd have very few startups. [SimpleGeo](#) is designed with the idea that startups can create new mobile products without having to each build their own mapping functionality. This is an awesome trend and will further lower the cost of startup development. I predict that SimpleGeo will do well in the mapping layer but I see more innovative companies emerging at the data layer.

And there are other companies racing to create horizontal platforms. One I saw recently was [PlaceIQ](#). Their goal is to create a horizontal platform that allows marketers or developers to know a lot more about the geo-locations and not just the specific businesses / points-of-interest. They're capturing information about the demographics of map tiles, levels of LBS activity, what certain zones are known for (i.e. romantic spot, financial district) and want to make this available to others.

7. Social Chaos Will Create New Business Opportunities: Klout, Sprout Social, CoTweet, [awe.sm](#), (next gen) Buzzd

The explosion of data is creating opportunities just in the management of the data in and of itself. Once we're uber-connected and getting information online from people we've only met online we need to know more about the "authority" of the people we're following. Enter [Klout](#), a service that tracks the influence of individuals in social networks. It can be imported into other products (e.g. StockTwits) where you really want to know more about the person giving you advice.

We know that Twitter is leading to customer service opportunities for businesses but the opposite is also true. If you don't manage what is said about you in social networks it could be detrimental. Products such as [Sprout Social](#) and [CoTweet](#) are emerging to help businesses better track and communicate with their customers and leads. Products like [awe.sm](#) (I'm an investor) will help you manage the efficacy of your social media marketing campaigns.

And one of the cooler new products that will emerge in 2011 is being created by [Nihal Mehta](#), who has pivoted from his previous company Buzzd, but I'm sworn to secrecy on what he's up to until he releases it publicly. I saw the product recently in New York and loved it. It will address the world of what happens when businesses and consumers are increasingly mobile & social.

8. Facebook Will Not be the Only Dominant Player

I know that in 2010 it seems ridiculous to say anything other than "Facebook has won—the war is over" and I know that it feels that way right now. Facebook is so dominant it is astounding. In a complete return to where we all began with AOL—the world is "closed" again as Facebook has become this generation's walled garden. When you're on Facebook you're not on the Internet—you're on the InterNOT. It is an amazing service and I use it regularly myself (although much less than I use Twitter). But it makes me laugh to now see so many brands advertising their "fan pages" as they did their AOL Keywords back in the day. [Plus ça change](#) ...

Well, here's a quick history primer that may change your mind:

- In 1998 the Department of Justice launched an anti-trust case against Microsoft. People feared they were going to have a monopoly over the Internet due to "bundling" Internet Explorer with their operating system. A bit laughable in 2010, just 12 years later. These days people would sooner fear Apple than Microsoft, proving that reality is stranger than fiction.
- In April of 2000 there were fears that the AOL / Time Warner merger would create a monopoly on the Internet. As you know, Time Warner eventually spun off AOL for peanuts. AOL is in the process of rebuilding itself and emulating a little-known LA-based startup called Demand Media. AOL seems to be doing great things to reinvent itself under the leadership of Tim Armstrong, but monopoly? Never.
- In May 2007 there were fears that Google was becoming a monopoly. It controlled two-thirds of all Internet searches in the US and as we all knew—search was inevitably going to be the portal to finding information on the Internet. Or was it? We now know that social networking is having a profound impact on how we discover and share content online.
- So . . . now it is November 2010 and Facebook has more than 500 million users. They have more page views than even Google. More than 10% of all time on the web is now Facebook. They have become a juggernaut in online advertising, pictures, video and online games. And now they want to revolutionize email. It is no doubt that the next decade [belongs to Facebook](#). But the coincidence is that 10 years out will be 2020 and when we look back from that date I'm certain that people will also find a Facebook monopoly a bit laughable.