Stanford eCorner

The Problem with Social as We Know It

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Entrepreneur and Stanford Professor Monica Lam challenges the current structure and design of "social networks." Lam describes why dependence on popular, but centralized services leaves a lot to be desired in comparison to distributed computing systems which would allow greater control over how personal data is stored and shared.

Transcript

So what is social as we know it? How many people are on Facebook? Maybe I should ask how many people are not on Facebook? All right, so you're now - so you all know social as we know it, okay. You know what that means. So let me put on the computer science hat and I would say that from a computer science perspective the way we build these social networks these days is a little bit sad and embarrassing, because what we have today are these centralized Cloud services. In order for you to share, you sign up and you say here is my data Facebook, or any other social network, please take my data and share it for me, okay. So this is - these are centralized services. The computer science researchers have spent lots of time on distributed computing, so people can own the different data and then they can share from different sources. But somehow that's not the kind of systems we have today. So we have all these centralized services and these are what to be called social intranet as opposed to social Internet. What is social intranet? You know when you say if you sign up to work for a company, you fill out their form and then you say, look all my intellectual property belongs to the company and that's called the intranet in a sense, all the material is available if you're an employee inside the company. But to some extent the social networks that we have today are intranets because there is a long EULA.

How many people read the EULA? Oh my! You know what the EULA says, right? I mean they own the data, they can do whatever they wish with it. And by the way it doesn't really matter if you read it or not because they can - they reserve the right to change the EULA at any time, so. But anyway there is such a thing as social Internet. Have you seen any social Internets before? What do you think, anybody? Could there be such a thing? Actually you've been using two very famous social Internets. One is e-mail, all right, because with e-mail you can pick the provider of the e-mail service and you can interoperate with each other. There are three giants for the consumer e-mail services: there's Hotmail; Gmail; and Yahoo! mail. 49 00:02:30,625 --> 00:02:30,625 I mean these are the huge giants, they may - they provide you a free service, they may monetize the data, but you have a choice. And at the same time universities can put up their own, companies can put up their own, individuals can even put up their own, and you have a choice between paid and free services and they all interoperate, and that's called a social Internet. Another example of the social Internet is a telephone system, because I may be on Verizon and you may be on AT&T we can still talk to each other. We don't have to say 'you have to join the same network before I can call you' okay.

So these are social Internets. But with these centralized services we have, we have these proprietary systems, we have these proprietary social networks today. From these proprietary social networks we have these proprietary app platforms. How many people have heard of FarmVille? All right. FarmVille is very, very successful. It is a - it's a solution - it's a game from Zynga and by the - by using the Facebook network they grew really, really quickly. And there - so when these - when a social network like Facebook puts out these app platforms, it is very, very attractive to a lot of companies. So for that they do have to pay, and some - before they IPO, the Facebook turn to them, they say 'oh, for the service you have to give us 30% of your

revenues' okay. What is 30% of the revenues? It turns out for that quarter, and I don't know if you can see it, they reported like a drop of 95% of their profits, okay. That is pretty steep, because these are revenues and not just profits.

Is that a fair number? Possibly, all right. I mean, they really owed it to Facebook in a sense to get that big really quickly, so that may be a fair number. What is the right number, anyway? Well, it really depends on the market usually; the market determines the number. What if a social network turns around and says I really want 60%. Is that fair? Well it really depends on whether there is a market or whether there is a choice. If Zynga doesn't want to go with Facebook, do they have a choice to go to? And whether there is a choice determines the price, if there is an open market. But if you don't have an open market, if we for example have a monopoly, then it would be controlled by a single company, okay. So it's a little bit concerning for some of us.