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Privacy groups challenge social networking plans

Google to announce new software for online communities

By Elise Ackerman and Scott Duke Harris
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Two Washington-based public interest groups called on the Federal Trade Commission Wednesday to investigate the data collection practices of social networks, as Google announced a new set of software standards designed to make it easier for outside developers to tailor applications for those online communities.

The standards, dubbed "OpenSocial," will let a software developer write one program that can be used on networks ranging from Google's Orkut and Friendster to more professionally oriented sites like LinkedIn and Plaxo.

The development comes as Google and a new alliance of Microsoft and Facebook are squaring off in a battle for the booming multibillion-dollar social-networking advertising market.

Among the early supporters of the Google standards are Oracle and Salesforce.com, which want developers to create applications for their customers, as well as Hi5, a social network popular in parts of Central America and South America, and Ning, a Palo Alto-based company that lets people build their own online networks.

"This is very very good for the Web," said Marc

Andreessen, who co-founded Netscape Communications and is also co-founder of Ning.

But consumer advocates cautioned that the new programs could lead to the misuse of personal information, as both developers and social networking sites strive to create profitable businesses.

"Open platforms must be accompanied by serious limits on data collection, especially for teens," said Jeff Chester, executive director of the Center for Digital Democracy.

Last year, the center and U.S. PIRG requested the Federal Trade Commission investigate abusive practices in online advertising. They are broadening their request to social networking sites, a day before the FTC begins hosting a special two-day town hall meeting to address consumer protection issues raised by tracking consumers' activities online.

Adam Nash, senior director of product at LinkedIn, which is used by professionals, said the service is committed to protecting privacy and will let users decide who has access to their data. "We will have settings that let you control how much information you share with an application," he said.

But privacy concerns are likely to be a key and continuing concern as Google and the new alliance of Microsoft and Facebook escalate their battle.

Details of Google's "Open Social" alliance, to be formally unveiled today, and Facebook's anticipated "SocialAds" initiative suggest that the Web's great corporate powers are poised to use mountains of personal data to help advertisers target customers.

Open Social is widely perceived as Google's response to Facebook's succesful push to let

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outside developers create programs for Facebook users, and its high-profile deal last week in which Microsoft paid \$240 million for a 1.6 percent equity stake in Facebook. Google and Microsoft have beefed up their advertising operations to battle for a global market that is expected to grow to \$80 billion in a few years.

Facebook's SocialAds, to be formally unveiled Tuesday, is expected to show how Facebook users can expect more targeted advertising. Lee Lorenzen, a venture capitalist who specializes in Facebook-related startups, said Facebook users have tacitly opted in for these ads under the terms of service agreement. Such ads, he said, represent a direct challenge to Google's lucrative AdSense program.

Such targeted advertising, Web business boosters say, benefits both businesses and consumers by replacing often irrelevant or even intrusive clutter with useful information. But security experts say the advertising war could also open a Pandora's box, unleashing personal data in ways consumers never suspected. The collateral damage could include greater potential for identity theft, tainted reputations and extortion.

The potential is "Orwellian," said Michael Fertik, founder and chief executive of ReputationDefender, a Menlo Park-based company. "When you have a lot of traffic that comes from identifiable IP (Internet protocol) addresses that exhibit a lot of trackable behavior, you generate a staggering amount of rather specific information about individual users as well as classes of users. And in many social networks, the greatest part of their value is to identify users by name."

Fertik said he didn't doubt the good intentions of Google's Open Social plan or the alliance of Facebook and Microsoft.

But consumers, he said, have reason to worry once companies share data with partners. "The danger is not in advertising. The danger is in the bonanza of information that is available," Fertik said.

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