

Social Networks

TECHNOLOGY SPOTLIGHT

The use of social networks for business purposes has become a major communication technique for many companies.

A Deloitte survey of more than 400 companies indicated the following major business objectives for the use of social networks:

- Generate more word of mouth (38%);
- Increase customer loyalty (34%);
- Increase product or brand awareness (30%);
- Bring outside ideas into the organization (29%);
- Improve customer support quality (27%);
- Reduce customer support costs (16%); and
- Reduce customer acquisition costs (15%).

To effectively implement and manage the business use of social networks, corporate policies supported with appropriate procedures are needed. Businesses are currently struggling with issues of how deep within the organization social networks should be allowed to penetrate and which ones they should focus on—Facebook, LinkedIn, Twitter or YouTube.

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Social networks have spawned innovative techniques for law enforcement. Following the 2011 Stanley Cup riots in Vancouver, police published photos and video clips of rioters and opened social network accounts to allow outraged citizens to identify and out the perpetrators, giving rise to the term “neighbourhood watch on steroids.”

Risks to business include inappropriate sharing of corporate information, including information on clients and customers, and employees posting opinions that may not be those of the corporation. Businesses are also exposed to increased threats of malware and other forms of cyber attacks.

Description

Social networks as we are considering them here encompass those outside the organization/firm as well as those that are intended to be used exclusively by communities within the organization. They offer members of groups or communities the ability to share information, monitor events and progress and correspond in a variety of ways, including text, video, images and documents.

Importance

Facebook and other public social networks are already an important part of many individuals’ lives outside their corporate environment.

Social networks are increasingly being used by businesses and governments as a means of communicating with the general public as well as with selected targeted groups.

The use of online communities involving customers is also being used to promote customer relations, develop customer insights and encourage customer loyalty.

Within the organization, social networks are being used to support the development of teams and communities through information exchanges, sharing and communities.

Business Benefits

Businesses have benefited from using social networks in new and innovative ways, including:

- Creating and maintaining links with younger individuals;
- Increasing the number and range of marketing channels;
- Creating faster communications for sales, concerts and other events;
- Obtaining timely input from key stakeholders to permit businesses to adjust their sales and marketing approaches;
- Expanding the audiences the business reaches;
- Obtaining important information on customers through information exchanges, blogs and the use of crowdsourcing.

Issues and Risks	Possible Mitigation
<p>Inappropriate posting or sharing of corporate information on social media sites is an immediate risk to businesses.</p> <p>Employees publicly posting information, taking positions or expressing personal opinions that may be associated with the business and that will damage its reputation.</p> <p>Social media outpacing the available technology and software to allow appropriate levels of security and control over their use.</p>	<p>Create and promulgate social media policies and procedures as well as a code of conduct.</p> <p>Ensure that employees are provided with a copy of the entity's social media policies, procedures and ethical code of conduct.</p> <p>Implement employee awareness and training programs that focus on conduct, ethics and responsibility.</p> <p>Prohibit the transfer, reference to or use of very sensitive/confidential data, systems and information where possible.</p> <p>Recognize that while monitoring web postings and web traffic is feasible, the ability to allow active monitoring and prevention may be insufficient, too costly and not totally effective.</p>
<p>Adopting social media in response to competition and/or employee or contractor pressure.</p>	<p>Clearly document the business case for adopting social media.</p> <p>Clearly understand the objectives to be accomplished and the related metrics.</p> <p>Address the risks of the social media strategy prior to implementation.</p>
<p>While there are additional potential risks to using social networks, there is a risk in avoiding their use.</p> <ul style="list-style-type: none"> • If not adopted, there is a risk of losing access to the consumers for whom social networks are important. While youth are obviously an important component of this market, an analysis of growing segments of Facebook users indicates that this is by no means a trend restricted to youth. • Lack of adoption also carries the reputational risk that the business will be perceived as unprogressive and not open to change. 	<p>Implement specific youth and other demographic marketing and social media presence initiatives.</p> <p>Design specific social media campaigns and initiatives to target specific demographic groups.</p> <p>Take advantage of the almost instant access to individuals who are on social networks to offer time-sensitive offers.</p> <p>Consider partnering with other businesses that are using social networks as an integral part of the business strategy.</p>

Issues and Risks	Possible Mitigation
<p>Web threat security is a well-established risk that business must manage.</p> <p>The increasing use of social networks will increase the importance of risk management for businesses that are leveraging social networking sites as part of their business strategy (e.g., consumer product companies that use social media for marketing and customer service).</p>	<p>Web-security and customer authentication issues are well-established disciplines and under constant development.</p> <p>Businesses should adopt appropriate practices that include monitoring the technical environment to ensure that:</p> <ul style="list-style-type: none"> • Specific risks are identified in a timely manner; • The organization's security is up to date. <p>Social networking represents another driver that will increase the importance of these controls.</p>
<p>The Internet is time sensitive and a website with out-of- date information usually results in potential customers not returning to the website.</p>	<p>Use social media to contact potential customers, create customer social media groups, and offer them specials to encourage customers to follow your web presence.</p>
<p>Websites and social media sites may be targeted or vandalized.</p>	<p>Review both your website and social media sites for unusual activity and signs of vandalism and ensure they are addressed promptly.</p>
<p>Records retention policies may not encompass social media, resulting in the violation of legislative and regulatory document retention requirements.</p>	<p>Review information management and document retention policies, procedures and requirements and identify specific issues that must be addressed when using social media.</p> <p>Create and implement specific social media data retention policies and procedures.</p>
<p>Monitoring of communication in general and communications to key clients, regulators and stakeholders has not been extended to social media.</p>	<p>Review communications monitoring policies and procedures and amend and implement as required.</p>

The matrices accompanying each Technology Spotlight are designed to create interest and awareness of some of the benefits, risks, issues and risk-mitigation strategies and techniques and are not designed to provide an exhaustive list of issues, risks or solutions. Readers are cautioned to seek professional assistance when addressing these technologies.

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