

**MY FIVE***By Simon van Wyk***A web marketing pioneer picks books that chart this 'unprecedented map of human desires'**

THE main reason I enjoy working on the internet is because it has no guidebook. Early on in my career I worked in marketing. I had performed well on a particular project and my boss said to me: "Keep this up and one day you'll be a marketing manager." My blood ran cold, and at that point I realised that instead of becoming a marketing manager -- my life's career goal -- I wanted to do something that didn't have a clear career path.

I left that company soon after and started working in multimedia, which in the days before the web meant producing interactive CD-ROMs. Most people working in the area believed that one day CD drives would replace floppy-disk drives on PCs and usher in the golden age of personal and business computing. A handful of people looked beyond that and viewed CD-ROMs as an intermediary technology that would be overtaken by programs distributed by telephone lines via this thing called the internet.

I built my first website in 1995. We took one of the CD-ROMs I'd produced, a sex education program, and built an online version, complete with (tasteful) pictures. Although the site was not pornographic, search engine technology of the time meant that a lot of traffic was directed towards our site by people looking for dirty pictures. As a result, for a couple of months we were Australia's most popular website. I knew then we were on to something big and, importantly, something for which there was no right way to do things. That part of it really appealed to me.

Since working on the internet I've found my inspiration by reading the stories of people who recognise how the new media can turn simple ideas into businesses that change the way the world works. My five is dominated by books written before the dotcom crash of 2000. Having said that, the books I find inspiring are not pre-crash hyper-evangelism (and there are plenty of them). Rather they have stood the test of (internet) time because they are realistic, not optimistic, about the possibilities of the new medium.

\* JOHN Hagel and Arthur Armstrong's *Net Gain* was one of the first books that put internet communities into a business context: not surprising, since both authors were from consultancy McKinsey&Company. Hagel and Armstrong argued that the web is used for three basic purposes -- to find content, to interact and to complete transactions -- and they correctly predicted online communities would grow around these purposes.

This book was strongly criticised by purists when it was published. They said that on the internet there was commerce and there was community and never the twain shall meet. This, of course, was before eBay appeared. eBay is the textbook example of the type of virtual communities predicted by Hagel and Armstrong: a vibrant, self-regulated community where people barter and sell, and make friends (and dollars) along the way.

They also forecast the disintermediation of industries such as travel, describing a future that looks a lot like travel sites Zuji and Wotif: "Many of today's fortunes are being built from ideas, not physical assets."

Hagel and Armstrong spend a lot of time on the economics of virtual communities. They arrive at the unsurprising conclusion that companies that begin developing virtual communities before their competitors have a significant loyalty advantage.

\* KEVIN Kelly's *New Rules for the New Economy* started out as an article in the new-technology magazine *Wired*. In the 1990s, *Wired* (of which Kelly was the founding editor) was the bible of the digerati, as internet early adopters were called. *Wired* has since lost its lustre. Its monthly high-gloss print format couldn't compete with the immediacy of blogs, and Kelly's influence was missed when he moved on from shaping the magazine's thinking.

Kelly's book, like his earlier work, *Out of Control: The New Biology of Machines, Social Systems and the Economic World*, is a tad worthy, but he is a big thinker and an eloquent writer. He was the first person to explain concepts such as network effects ("The fax effect dictates that plentitude generates value") and the abundance principle ("The only factor becoming scarce in a world of abundance is human attention") in relation to the new economy. He could also see some of the dangers posed by the internet ("Without some element of leadership, the many at the bottom will be paralysed with choices").

He rightly predicted that Microsoft, which at the time his book was written was the most powerful company the world had seen, would soon be overtaken by hi-tech competitors that didn't even exist at the time (Google was just a gleam in a couple of Stanford PhD students' eyes when the book was written). He also forecast the collapse in the cost of telephone calls and the phenomenon of flash mobs, where people contact each other via text message or email and congregate in a designated place then disappear. Like Hagel and Armstrong (and the authors of *The Cluetrain Manifesto*, below), Kelly saw the important role of virtual communities, writing that "it takes a village to make a mall. Community precedes commerce."

\* MICHAEL Lewis's *The New New Thing* is the most entertaining book on my list. I recently revisited this profile of Netscape founder Jim Clark and found myself rereading it from cover to cover. Lewis started out to write a book about how Clark, the founder of Silicon Graphics and Netscape, was going to turn healthcare on its ear by launching Healtheon, an online company aimed at bringing the vast majority of that trillion-dollar industry's transactions online.

But along the way Lewis is distracted by Clark's attempt to design and build one of the world's largest yachts, load it up with on-board Silicon Graphics computers and sail it without a crew. The story of Clark's yacht and its maiden voyage across the Atlantic Ocean is interspersed with the story of his business activities, both symbolising Clark's no-holds-barred approach to life and business. Lewis jumps around as he tells Clark's story, so it is only after reading how the brilliant eccentric founded and left two billion-dollar companies that we find out that he was a high school dropout who spent four years swabbing the decks of a merchant ship before pride and a desire for revenge led him to university, and eventually a professorship at Stanford.

The key to Clark's phenomenal business success was a constant groping for the "new new thing", working away at several ideas (as opposed to following a well-articulated vision) until something clicked. He became super rich, not out of a desire for wealth and power, but out of a sense of fairness: he believed engineers should retain most of the value of the hi-tech companies they created, rather than the suits and the venture capitalists, and he ensured the geeks were rewarded.

\* THE Cluetrain Manifesto by internet commentators Rick Levine, Christopher Locke, Doc Searls and David Weinberger, takes conventional business theory and throws it in the bin. The manifesto is comprised of 95 theses -- reminiscent of 16th-century German theologian Martin Luther. The internet, these fellows argue, will bring about changes just as big.

The main premise of the manifesto is that markets are conversations. People used to conduct business through conversation, discussing the weather, family and politics before finally bartering their way to a deal. Levine et al argue that the most important facet of the internet is that it enables people to have conversations directly with each other. As they write: "In many ways, the internet more resembles an ancient bazaar than it fits business models companies try to impose upon it."

This was the first book that encouraged businesses to look beyond the question of "What does my website need to look like?" and on to "How can we use online technology across our entire business?" It points out that staff at all levels contact each other and customers where they never did before. It's informal and it's not easily controlled. In fact, attempts to control it will backfire miserably. Businesses need to loosen up and let these conversations happen.

Their assertion that employees surf bulletin boards and email lists on their own time looking for mentions of their company's products and responding to problems on its behalf is hard to believe, at least in Australia. But the mere existence of these lists and forums, where people step in to share knowledge and gossip, shows that there are thousands of conversations going on that could never have happened without the internet.

Even if businesses feel threatened by those conversations, it can only benefit them if they listen to what their customers are saying in online communities and respond honestly. What is both sad and scary about this book is that it pitches the concept of listening to customers as a revolutionary business idea.

\* JOHN Battelle's *The Search* sports a cover design strongly evocative of the Google logo, but it is more than just a potted history of Google. He tackles the history and mechanics of search engines and looks at what the very act of searching for information on the internet means for businesses and consumers. Yes, companies such as Google and Yahoo have made billions of dollars out of search algorithms in the past 10 years, but the underlying story is how online searching, which is now happening billions of times a day, provides, as one reviewer wrote, "an unprecedented map of human desires".

Anyone who has ever used the internet to research an assignment understands how online search has changed our lives. Whereas the internet used to be likened to walking through the world's largest library just after the card catalogue had burned to the ground, card catalogues are now entirely unnecessary; a word or two typed into a search box instantly provides millions of relevant, sorted responses.

Battelle points out that as more of our lives is conducted online, companies that can correctly analyse what we are looking for and give it to us in the most hassle-free way, are the ones that will prosper. And, as a by-product, the more users they have, the more they can analyse what's been asked for before to anticipate what will be asked for in the future. Battelle calls it the database of intentions, and mastering the analysis of all those billions of queries is where the money lies. Google is on top in this field at the moment, but there are few guarantees that it will still be there in five years.

*Net Gain: Expanding Markets Through Virtual Communities*

John Hagel III and Arthur G. Armstrong, Harvard Business School Press, 1997

*New Rules for the New Economy: 10 Radical Strategies for a Connected World*

Kevin Kelly, Penguin Books, 1998

*The New New Thing: A Silicone Valley Story*

Michael Lewis, Penguin Books, 1999

*The Cluetrain Manifesto: The End of Business as Usual*

Rick Levine, Christopher Locke, Doc Searls, David Weinberger, Perseus Publishing, 2000

*The Search: How Google and Its Rivals Rewrote the Rules of Business and Transformed our Culture*

John Battelle, Nicholas Brealey Publishing, 2005

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My Five

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