



Term Paper



Master in Business Consulting

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Submitted to

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Declaration

I hereby declare that work done in this term paper was based on my own research and thoughts. The sources that are used as references are mentioned in every page and also at the end of the paper.

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1. Social Networking

1.1. Introduction

Social Networking is the grouping of individuals into specific groups, like small rural communities or a neighborhood subdivision, if you will. Although social networking is possible in person, especially in universities, high schools or in the work place, it is most popular online. This is because unlike most high schools, colleges or work places, the internet is filled with millions of individuals who are looking to meet other internet users, to gather first hand information or experiences about a medical condition, develop friendships, and find vacation spots or to start a professional relationship.

The notion of social network and the methods of social network analysis have attracted considerable interest and curiosity from the social and behavioral science community in recent decades. Much of this interest can be attributed to the appealing focus of social network analysis on relationships among social entities, and on the patterns and implications of these relationships.¹

1.2. Historical and Theoretical Foundations²

Social network analysis is inherently an interdisciplinary endeavor. The concepts of social network analysis developed out of a propitious meeting of social theory application, with formal mathematical, statistical, and computing methodology. As Freeman (1984) and Marsden and Laumann (1984) have documented, both the social sciences, and mathematics and statistics have been left richer from the collaborative efforts of researchers working across disciplines.

Further, and more importantly, the central concepts of relation, network, and structure arose almost independently in several social and behavioral science disciplines. The pioneers of social network analysis came from sociology and social psychology (for example, Moreno, Cartwright, Newcomb, Bavelas) and anthropology (Barnes, Mitchell). In fact many people attribute the first use of the term “social network” to Barnes (1954). The notion of network of relations linking social entities, or of webs or ties among social units emanating through society, has found wide expression throughout the social sciences. Furthermore, many of the structural principles of network analysis developed as researchers tried to solve empirical and/or theoretical research puzzles. The fact that so many researchers, from such different disciplines, almost simultaneously discovered the network perspective is not surprising. Its utility is great, and the problems that can be answered with it are numerous, spanning a broad range of disciplines.

1.3. Fundamental concepts of Network Analysis³

There are several key concepts at the heart of network analysis that are fundamental to the discussion of social networks. The concepts are

Actor: As we have stated above, social network analysis is concerned with understanding the linkages among social entities and the implications of these linkages. These social entities are referred to as *actors*. Actors are discrete individual, corporate, or collective social units. Examples of actors are people in a group, departments within a corporation, public service agencies in a city, or nation-states in the world system. Our use of the term “actor” does not imply that these entities necessarily have volition or the ability to “act”. Further, most social network applications focus on collection of actors that are all of the same type (for example, people in a work group). We call such collections *one mode network*.

¹ Stanley Wasserman and Katherine Faust, „Social Network Analysis“, 2007, page 3

² Stanley Wasserman and Katherine Faust, „Social Network Analysis“, 2007, page 10

³ Stanley Wasserman and Katherine Faust, „Social Network Analysis“, 2007, page 17

Relational Tie: Actors are linked to one another by social ties. The defining feature of a tie is that it establishes a linkage between a pair of actors. Some of the more common examples of ties employed in network analysis are:

- Evaluation of one person by another (for example expressed friendship, liking or respect)
- Transfers of material resources (for example business transactions, lending or borrowing things)
- Association or affiliation (for example jointly attending a social event, or belonging to the same social club)
- Behavioral interaction (talking together, sending messages)
- Movement between places and statuses (migration, social or physical mobility)
- Physical connection (a road, river or a bridge connecting two points)
- Formal relations (for example authority)
- Biological relationship (kinship or descent)

Dyad: At the most basic level, a linkage or relationship establishes a tie between two actors. The tie is inherently a property of the pair and therefore is not thought of as pertaining simply to an individual actor. Many kinds of network analysis are concerned with understanding ties among pairs. All of these approaches take the dyad as the unit of analysis. A dyad consists of a pair of actors and the (possible) tie(s) between them. Dyadic analyses focus on the properties of pair wise relationships, such as whether ties are reciprocated or not, or whether specific types of multiple relationships tend to occur together.

Triad: Relationships among larger subsets of actors may also be studied. Many important social network methods and models focus on the *triad*; a subset of three actors and the (possible) tie(s) among them. The analytical shift from pairs of individuals to triads (which consist of three potential pairings) was a crucial one as per the theorist Simmel.

Subgroup: Dyads are pairs of actors and associated ties, triads are triples of actors and associated ties. It follows that we can define a subgroup of actors as any subset of actors, and all ties among them. Locating and studying subgroups using specific criteria has been an important concern in social network analysis.

Group: Network analysis is not simply concerned with collection of dyads, triads, or subgroups. To a large extent, the power of network analysis lies in the ability to model the relationships among system of actors. A system consists of ties among members of some (more or less bounded) group. The notion of group has been given a wide range of definitions by social scientists. For our purposes, a group is the collection of all actors on which ties are to be measured.

Relation: The collection of ties of a specific kind among members of a group is called a *relation*. For example, the set of friendships among pairs of children in a classroom, or the set of formal diplomatic ties maintained by pairs of nations in the world, are ties that define relations. For any group of actors, we might measure several different relations (for example, in addition to formal diplomatic ties among nations, we might also record the dollar amount of trade in a given year). It is important to note that a relation refers to the collection of ties of a given kind measured on pairs of actors from a specified actor set. The ties themselves only exist between specific pairs of actors.

Social Network: Having defined actor, group, and relation we can now give a more explicit definition of social network. A *social network* consists of a finite set or sets of actors and the relation or relations

defined on them. The presence of relational information is a critical and defining feature of a social network.

These terms provide a core working vocabulary for discussing social networks data. We can see that social network analysis not only requires a specialized vocabulary, but also deals with conceptual entities and research problems that are quite difficult to pursue using more traditional statistical and data analytic framework.

1.4. The way social network helpful to us

People networks will help us in finding jobs, making new friends and finding partners etc. For example in the figure 1 below, I tried to show you the connection between a fourth person whom you totally not aware off. Here in this scenario (for example) you are in search of a job and the fourth person (friend of your friend) has a job vacancy and is looking for a person, and this may suit your profile. This is the network of people, a social network.

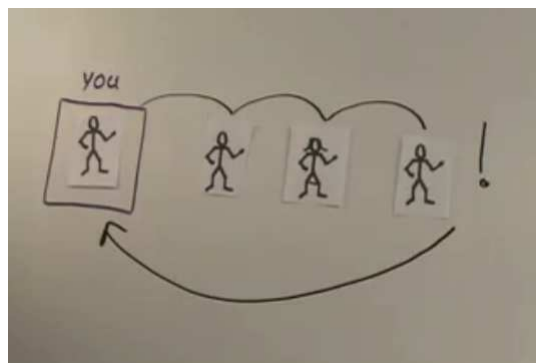


Figure 1

The problem with the social networks in the real world is that, the most of the connections between the people are hidden. The people in your network may have a huge potential but its only as valuable as the people and the connections that you can see.

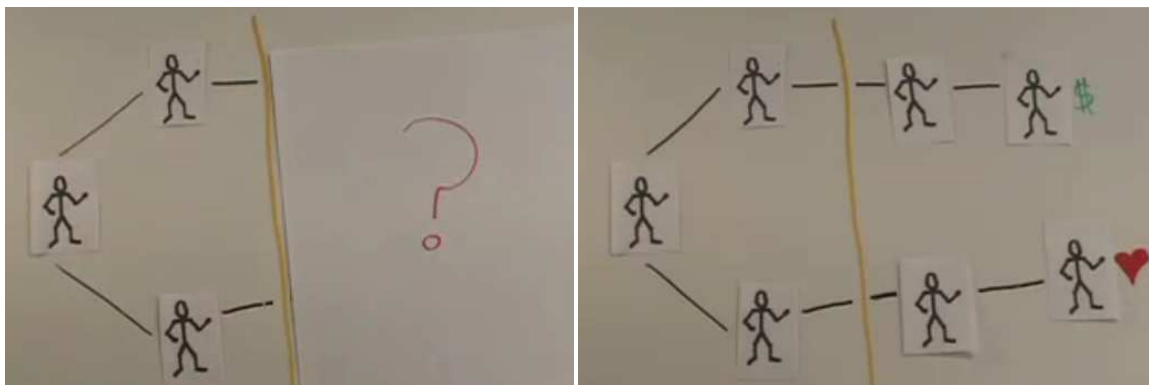


Figure 2

This problem is being solved by a type of website called social networking site. These websites help you to see the connections that are hidden in the real world. For example figure 2 illustrates the hidden connections on your network which might help you in finding a job or a partner.

2. Social Networking websites

When it comes to online social networking, websites are commonly used. These websites are known as social sites. Social networking websites function like an online community of internet users. Here are some of the online social networking sites which are leading the market.

2.1. Facebook⁴

On Feb 4th, 2004 Mark Zuckerberg launched The Facebook, a social network that was at the time exclusively for Harvard students. It was a huge hit; in 2 weeks, half of the schools in the Boston area began demanding a Facebook network. Zuckerberg immediately recruited his friends Dustin Moskowitz and Chris Hughes to help build Facebook, and within 4 months, Facebook added 30 more college networks. Facebook profiles allow users to post pictures, comments, blogs and applications. Additionally it has some of the best privacy options on the internet. The only real griping we could do concerns Facebook's lack of customization options. The characteristics of Facebook in January 2009 are as follows:











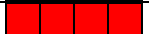

Manufacturer	Facebook.Inc		Excellent
Overall Rating			Very Good
Profiles			Good
Security			Fair
Networking Features			Poor
Search			
Help/Support			
Legitimate friend focus			

Table 1

2.2. My Space

In August 2003, Tom Anderson and Chris De Wolfe have launched the Social Networking Community My Space as music-driven version of www.friendster.com. My Space quickly caught on with millions of teenagers and young adults as a place to maintain their homepages, which they often decorate with garish artwork, intimate snapshots and blogs filled with frank and often ribald commentary on their lives, all linked to the homepages of friends. The advantages of My Space include the ability to upload and share video, audio and image files as well as a blog. The characteristics of MySpace in January 2009 are as follows:


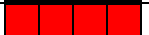





Manufacturer	MySpace.com	
Overall Rating		
Profiles		
Security		
Networking Features		
Search		
Help/Support		
Legitimate friend focus		

Table 2

2.3. Bebo

Bebo was founded on 6th January 2005, Bebo has steadily risen to become one of the world's most popular social networking sites. It was founded by husband and wife Michael and Xochi Birch but

⁴ <http://social-networking-websites-review.toptenreviews.com/>

then later in March 2008 it was bought by AOL. Bebo is an acronym for “Blog early, blog often”. Bebo profiles are lot of fun and there is a huge number of personalization choices. There is a large database of skins for you to choose from. The characteristics of Bebo in January 2009 are as follows:

Manufacturer	AOL
Overall Rating	
Profiles	
Security	
Networking Features	
Search	
Help/Support	
Legitimate friend focus	

Table 3

2.4. Friendster

Started on March 22nd 2002 by US Business man Jonathan Abrams. Friendster.com was as a place to connect with friends, family, colleagues and new friends over the internet. Like all social networking sites, you can upload photos and photo albums to your profile. A fun photo feature Friendster includes is the ability to allow friends to upload their pictures to your albums and you can email non-Friendster users your pictures. The characteristics of Friendster in January 2009 are as follows:

Manufacturer	Friendster.Indc
Overall Rating	
Profiles	
Security	
Networking Features	
Search	
Help/Support	
Legitimate friend focus	

Table 4

2.5. Hi5

Hi5 is yet another name in the sea of social networking website that thrives in the internet. Ramu Yalamanchi was the founder of Hi5 and it was launched on 27th June 2003. In the Web 2.0 arena, there was nothing a website can do that has not already been done by similar websites. As for Hi5, its only significant difference from My Space is its name and the whole point of having the name. That would be being able to give your friends – a high-five. The characteristics of Hi5 in January 2009 are as follows:

Manufacturer	Hi5
Overall Rating	
Profiles	
Security	
Networking Features	
Search	
Help/Support	
Legitimate friend focus	

Table 5

2.6. Orkut

Orkut was quietly launched on January 22nd, 2004 by Google, the search engine company. With other popular websites such as Yahoo 360, Friendwise, Classmates and MySpace, there are many there are many who wonder how Orkut became the name of this popular online community. Orkut is named after the individual who created it. He is known as Orkut Buyukkokten. He is a Turkish software engineer and he developed Orkut as an independent project while working at Google, the outgrowth of their “twenty percent, time” company policy whereby all employees at Google can spend 20% of their time working on personal interests. The characteristics of Orkut in January 2009 are as follows:

Manufacturer	Orkut
Overall Rating	
Profiles	
Security	
Networking Features	
Search	
Help/Support	
Legitimate friend focus	

Table 6

3. Orkut and its Features⁵

Orkut is Google’s attempt at social networking. Already popular in Brazil and India Orkut is struggling to make a headway in the United States. Orkut was the first social networking community that has gained more than 100,000 users in just 48 hrs and 1,000,000 in the first 6 months and has crossed 2,000,000 users in the first 8 months. In order to register for an account in Orkut you must be more than 18 years old and have a Gmail account and all your Orkut updates, messages and friend requests will be forwarded to your Gmail account. Orkut can be used in nearly 150 languages.

There are many web based social networking sites existing today, but each of them are, in some ways, unique from all the others through its appearance, usability, and most importantly its features. Some of its features include Messaging, Scrapbook, Polls, Communities, Evaluating, Birthday reminders, and Crush list.

3.1. Profile

Orkut is a typical social networking site still in infancy. You can create your profile by filling in your likes and interests. However, Orkut has seemed to take a page from Facebook and does not have any customization options. You can upload photos, create albums and add applications to your profile. In your profile you can also upload videos display your testimonials which you receive from your friends. The best you maintain your profile is the more benefit you can expect from your profile. In Orkut you will be able to maintain your profile in 3 different categories i.e., that is you can describe about you Social, Professional and Personal life and interests. We have an additional evaluating feature in Orkut that people can rate you in terms of how trust worthy, cool, and sexy you are in terms of one to three and also you can see the number of fans you have which will be displayed on your profile. In Orkut we can say it as an additional advantage that you will be able see the profiles of other persons and then get connected if are interested whereas in other social networking sites you have to add the contact first and then will be able to see the profile of others. The advantage can be described as, once you visit the profile, you will be able to know about his study background and his interest and if you find

⁵ <http://www.socialnetworks10.com/>

them related to you can add them, otherwise can ignore them. In Orkut if you visit others profiles, the other person will have a chance to see his profile visitors as well which can also be a benefit (if you do not recognize the person and the other person recognizes you by looking at your profile). An example of an Orkut profile is shown in the figure 3 below.



Figure 3

3.2. Messaging

Messaging is the common feature to all online social networking. Just like in e-mail, Orkut users may send messages to other users, enabling them to meet new people and keep in touch with current friends and loved ones. There are 3 types of messaging services available in Orkut.

Scrapping: Scrapping is a type of message service used in Orkut where in the message received by you can be seen by everyone in Orkut. You can also hide your scrap book but can be hidden only to the one who is not connected with you but the rest (friends directly connected to you) will be able to see your message (scrap book). Scraps can also be written in different languages. Figure 4 illustrates the Scrapbook. Scrapbook is public.

Messaging: Orkut also has another type of messaging service which is personal and in this message service only you and your sender (receiver) will be able to see the messages you receive (send). These messages are stored in the message box (inbox/outbox). This message box is private.

Instant messenger: Instant messenger in Orkut is also a message service by which you will be able to see these messages only for some instants i.e., you will be able to see the messages till you have not

close the window. Once you have closed the window you will not be able to recollect the collection of your messages. It is also a private messaging service where in only the sender and the receiver will be able to see their messages.

3.3. Polls

Another somewhat uncommon feature in Orkut is the creating of polls. Users may create either restricted or unrestricted polls for the Orkut community to participate in. This helps users to conduct productive surveys, hold small elections, or simply just ask questions for the community to help answer.

3.4. Communities

The Communities feature enables users to create groups within the Orkut network. Groups may range from people with common interests to debate groups. Any group that users can think of they may create, as long as members would join. A BCM community network available on Orkut is as shown in the figure 4



Figure 4

3.5. Birthday Reminders

Birthday Reminders feature makes it easier for users to remember important upcoming birthdays, especially when, nowadays, life is busy and friends are many. Remembering birthdays is an important thing, especially when some people classify their "true friends" as those who remember their birthdays. For other people who are busy with their stressful lives, birthdays may become the last thing on their minds. This is where this feature becomes really important.

3.6. Crush List

And perhaps the most interesting feature for young singles in the Orkut community is the Crush List. Users may add other users within the Orkut network into their crush list, and only those who have added each other to their crush lists will be informed of it, so that knowing whose crush is whose would be a lot easier, especially for those who are shy.

3.7. Applications

There are nearly 4000 applications available on Orkut. These applications include games, puzzles, Music, Horoscopes, Politics, Food and Drinks, and Communication etc. Users can also increase their network as we have certain games in which you can play with an unknown person and if your interests match may be you can end as a friend to him.

4. Orkut Statistics in the Market⁶

Orkut is top most social networking site in Brazil and India. It has around 50% of the total users from Brazil. The usage of Orkut in some of the countries is as shown in the figure 5. There are also users in other countries but the figure here shows according to the percentage of users in these countries is more than the rest of the countries.



Figure 5

To have an account in Orkut you should be above 18 years of age. The age group of 18-25 leads the usage of Orkut. The statistics of Orkut users according to the age group and the reason they use Orkut are as shown in the figure 6 below. It is mostly used by the friendship networks.

⁶ www.orkut.com

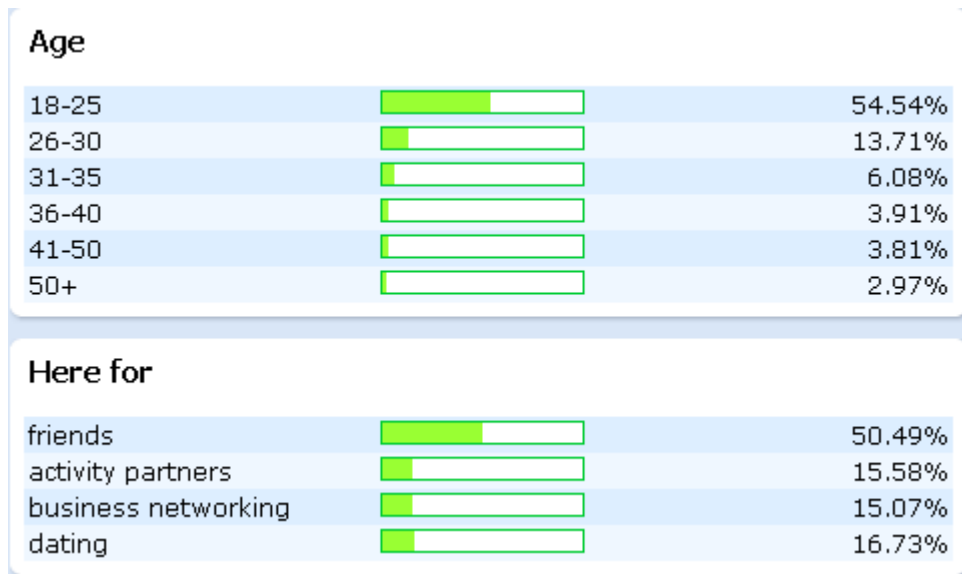


Figure 6

5. Technique Used in Orkut⁷

The technique used by Orkut is as shown in the figure 7. This figure illustrates the function of a client, a container and an application server. This technique is generated with respect to the Open Social v0.9. With v0.9's streamlined approach, the container can send social data to a remote server via "data pipelining" and you can combine that social data on your server, using your existing presentation layer, with a technique called "proxied content." The flow looks like this:

1. Client requests an application view
2. The container sends social data to the remote server
3. The remote server combines social and application data, returning HTML and JavaScript
4. The container sends the content to the client

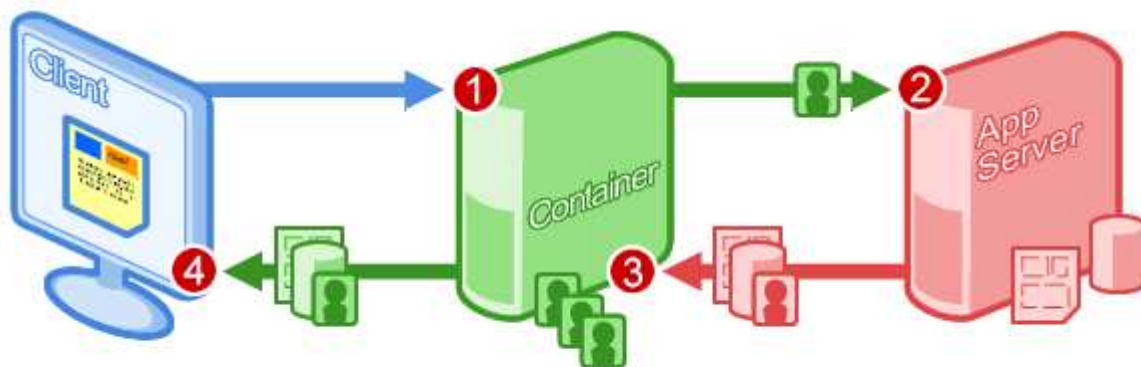


Figure 7

⁷ <http://code.google.com/intl/en-GB/apis/orkut/docs/orkutdevguide/orkutdevguide-0.8.html>

6. How Orkut Makes Money

The most important for any social networking site is to earn money. This is the basic requirement for any networking site. Any social networking site earns money out of its site by applications and advertisements on its website. In case of Orkut if you want to advertise anything on you have to contact Google which handles these issues.

Orkut is owned by Google. It's provided as a "free" service because Google knows the more people it can attract to Orkut, the more those people will use the other Google services. Those services are what pay the bills, usually from the companies who do pay to advertise.

AdWords is Google's flagship for advertising products and main source of revenue. AdWords offers pay-per-click advertising, and site targeted advertising for both text and banner ads. And here is how the Orkut makes money by its site.

- Orkut Buyukkoken (the creator of Orkut) gets \$12 when a person registers to this website
- He also gets \$10 when you add somebody as a friend
- He gets \$8 when your friend's friend adds you as a friend & gets \$6 if anybody adds you as a friend in the resulting chain
- He gets \$5 when you scrap somebody & \$4 when somebody scraps you
- He also gets \$200 for each photograph you upload on Orkut
- He gets \$2.5 when you add your friend in the crush-list or in the hot-list
- He gets \$2 when you become somebody's fan
- He gets \$1.5 when somebody else becomes your fan
- He even gets \$1 every time you logout of Orkut
- He gets \$0.5 every time you just change your profile-photograph
- He also gets \$0.5 every time you read your friend's scrap-book & \$0.5 every time you view your friend's friend-list

Many Global Financial Consultants think this person might become the richest-person in the world by the end of 2009.

Finally, this is the best fact. This person has 13 assistants to monitor his scrapbook & 8 assistants to monitor his friends-list. He gets around 20,000 friend-requests a day & about 85,000 scraps a day.

7. Summary

Here in this term paper we have seen

- An introduction to Social Networking
- The use of Social Networking
- Some of the Social Networking sites available in the Market
- Introduction to Orkut
- Features of Orkut
- The technique used in Orkut
- How Orkut makes money out of the website

8. References

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- <http://answers.yahoo.com/>
- <http://www.ibibo.com/>