

How Six Apart Tapped Social Networks

The company pioneered blog software. But with the advent of social networking, was it ready to branch out?

By Patrick Cliff

You couldn't blame Ben and Mena Trott for feeling satisfied, even a little smug. The couple's San Francisco software company, Six Apart, had helped fuel one of the Internet's hottest trends--blogging. And it had not one but two hit products. Movable Type, designed for corporate users, boasted clients like Boeing and General Motors. TypePad was a leading product for personal bloggers. By mid-2005, Six Apart had raised some \$10 million in venture capital and had more than 100 employees.

But the Trotts were not satisfied. In fact, they were worried. Blogging was still big, but Six Apart was facing tough new rivals--most notably Wordpress, a popular new open-source product that could be downloaded free of charge. Meanwhile, the tech world seemed less interested in blogging than in social networking. Ventures like MySpace and Facebook were growing at astounding rates, and new sites were being showered with venture capital. The Trotts had a promising social networking idea of their own and were eager to diversify. But given the speed at which the market was moving, they didn't have much time.

The pair, high school sweethearts from Petaluma, California, scarcely could have imagined facing such issues when they launched Six Apart in October 2001. It was the early days of blogging and Mena was enthralled. She wrote a blog called Dollarshort, in which she mused about her childhood and daily life, and started gaining new readers every day. Many of those readers were bloggers themselves, and both Mena and Ben, a programmer, could sense a trend emerging. They also were frustrated by the lack of good software for bloggers. So they built their own--naming it Movable Type, after Gutenberg's printing press. Working out of their apartment, they created a website and began selling the software as a download. "Almost 200 people downloaded it in the first hour," Ben says. "We were saying, 'This is real.'"

The trend indeed took off. By November 2005, some 41.5 million Americans were reading blogs every day, according to ComScore Media Metrix (the number has since swelled to 62.5 million), and Six Apart was a real company. Movable Type was sold as a basic software license; it's now priced at \$150 for a five-seat annual license. TypePad, hosted over the Web and designed for less technically adept users, goes for \$50 per user per year. The numbers added up fast. The company also acquired several small companies, including LiveJournal, a social networking site based in Portland, Oregon.

But the Trotts and their colleagues saw big changes happening. Wordpress was being downloaded at a rate of about 85,000 times a month, threatening Six Apart's market share, and other open-source rivals were emerging as well. In the age of free software, selling licenses and subscriptions seemed out of date. Meanwhile, everyone was buzzing about social networking--especially after News Corp.'s \$580 million purchase of MySpace.

Some executives at Six Apart wanted in on the action. The question was how to proceed. The company could put more money and manpower into LiveJournal. But though the site had nearly 12 million users, more than 75 percent of them were younger than 26--roughly the same demographic as Facebook, which has nearly 14 million users, and MySpace, which has more than 100 million. Did Six Apart, which had never built a community-oriented site of its own, really want to plunge scarce resources into competing against those two giants?

Executives at the company began analyzing the market. The point of networking sites, it seemed, was to amass as wide a network of "friends" as rapidly as possible. But aside from making users feel popular, what did those sites really offer, asked Brad Fitzpatrick, founder of LiveJournal and now Six Apart's chief architect. "It's like, 'Okay, I've declared my friends. What next?' Why not enhance the experience by adding new functions, such as photo sharing, e-commerce, and, yes, blogging?"

Just as important, the leading networking sites had proved profoundly alienating to adults. A huge audience of Web users was essentially excluded from the social networking craze, argued Barak Berkowitz, who had joined Six Apart as CEO in 2004. He suggested a social network for grownups, one that was geared toward helping users stay in touch with a smaller group of family, friends, and neighbors. It would capitalize on Six Apart's blogging expertise; indeed, it would be more like a blog network than a social network. That notion was especially appealing to Mena, who couldn't help but think about her own mother--Clare Grabowski, a 49-year-old administrative assistant in North Carolina. Why couldn't Clare have a social networking site of her own? And because it was aimed at a new, more mature market, the new site could comfortably coexist with LiveJournal.

Of course, launching the social networking site, dubbed Vox, would mean supporting four different products, each with its own revenue model. Some at the company wondered if Six Apart could handle it all. Nonetheless, the idea began to gain traction.

But Six Apart had to move fast. Scores of start-ups were jumping in with niche products of their own. What's more, Six Apart had just received an invitation to make a presentation at the upcoming Demo conference, to be held in Scottsdale, Arizona, in September 2005. For years, the gathering had been the hottest place for a splashy new product launch; Ask Jeeves, TiVo, and PalmPilot all had made their debuts there. Six Apart already had been hard at work on a new version of TypePad. The developers would have to shift gears to work on the new product to get it ready for the conference--which was now less than a month away.

The Decision

Six Apart decided to go for it. For three weeks, developers worked day and night transforming the guts of TypePad 2.0 into a social networking site, while the executive team scrambled to line up advertisers and partners. On September 21, Ben Trott took the stage in Scottsdale. "We don't think moms are stupid," he said. "We just think we haven't made tools that are good enough that they want to use." Then Mena introduced the audience of CEOs, venture capitalists, and journalists to her mother. Clare Grabowski appeared from behind a black curtain to chuckles and applause. Mena took her hand and announced, "This is Clare Grabowski, and she's not stupid." She asked her mother why she didn't have a blog. "I don't have anything to say," Grabowski answered. "You certainly have a lot to say when you call Mena every day," Ben quipped.

As the three traded friendly gibes, the onstage chat served as a live model for what Grabowski's site on Vox could become. She could write about her family and her dog. You probably would not want to read it, but Mena's mom doesn't want you to anyway. The crowd ate it up.

Vox was formally launched in early 2006. Since then, it's been praised for its elegance and ease of use. Six Apart negotiated agreements with partners like the photo-sharing site Flickr, the video-sharing site YouTube, and Amazon.com, whose services are tightly integrated into Vox. In March 2006, the company closed a \$12 million round of financing led by Intel Capital and Focus Ventures. "Vox was an untapped consumer space," says Mike Dierks, a former director at Intel Capital (he recently left the company). "I think it's going to build a big audience."

The first group of users consisted of about 30 friends, but the service soon gained momentum. By the time Six Apart opened Vox to the general public in October 2006, the site had more than 80,000 registered users. By the end of 2006, the number had reached nearly 200,000. Managing a diverse line of products, meanwhile, hasn't been so difficult. For one thing, the different products feed on one another. Just as coding done for TypePad was incorporated into Vox, Vox technology has been put right back into TypePad. The company has convened a technology practices board comprising team members from each of the four products. The goal is to build a technological infrastructure that can be used by each. "We're sharing a lot of code between products," says Ben.

Mindful of the countless tech firms that have enjoyed rapid growth only to flame out, Six Apart is letting Vox grow slowly. "We've seen so many products open then disappear," says Mena. "We are trying to build a community." One of the most enthusiastic members of that community, as it happens, is her mother. Recently, Mena was traveling in Europe and missing her daily call with mom. Says Mena: "She knew I wasn't dead because she reads my blog."

Your Assignment: Case Study

'How Six Apart Tapped Social Networks'

Earlier this year the website PBS.org was hacked and some sources claimed that a previously undiscovered security flaw in Movable Type 4 was to blame.

Scenario: Security issues such as bugs and hacker attacks have caused concern for Six Apart's business and their subsidiaries. Prepare a professional correspondence letter to the company's constituents (users, employees, investors, etc.), as you, Chris Alden, the CEO and communications specialist of the company, explaining the changes and upgrades to your system and your commitment to eliminate future security risks. (Examples of bad-news communications can also be found in Chapter 9 of your book) – *This is a fake letter, so feel free to be creative with your explanation of upgrades and how you plan to improve the situation at the company.*

Prepare a one-page memo in proper block format to all constituents, taking special note of heading formatting and spacing. Use 12 point font, single spacing, and 1" margins. Examples of this can be found in Chapter 1 and the Appendix section of your book. Due on Monday, 2/5/11. Don't forget to use the writing center for resources if needed.

Secondly, read and complete the 'On the job' enhancement section of chapter 1 in your book, pages 28-29. Attach the answers as a second page to your memo for review and grading.