

SOCIAL MEDIA RISK FACTORS FOR THE FINANCIAL SERVICE INDUSTRY AND BEYOND

MANAGING RISK, UNLOCKING VALUE

August 1, 2012

Your Presenters



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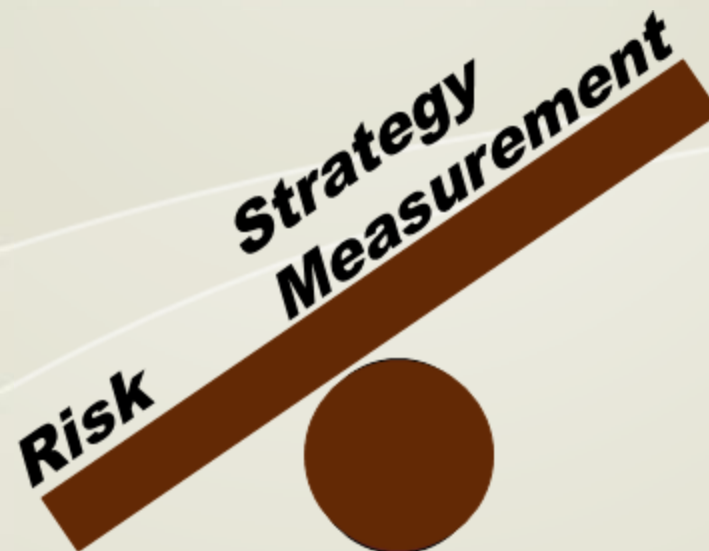
Tweets



Jeff Auker @jeffauker

59s

Social media **#risk** is best managed through **#well**-measured initiatives in pursuit of clear **#objectives** supporting broader corporate **#strategy**



Second Point

Tweets



Jeff Auker @jeffauker

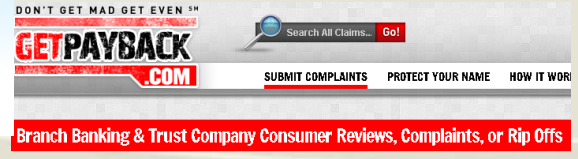
17s

Your choice is not whether your business is in social media, only what role you will play.



If You Choose Not To Decide, You Still Have Made A Choice

- Rush, Freewill



Disciplined.

Social.

Media.



Strategy + Objectives + Measurement - Risk

1

The Business Value of Social

2

Identifying Risks

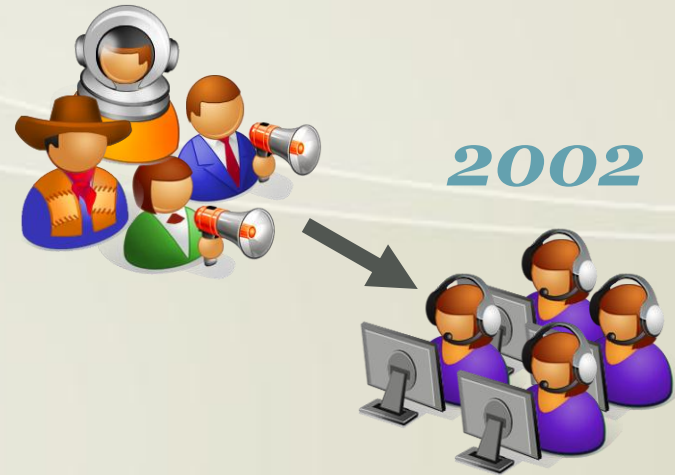
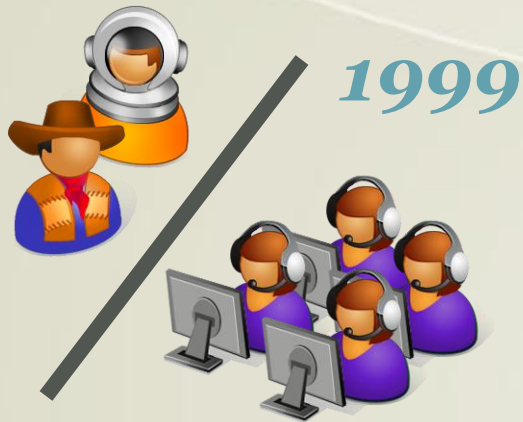
3

Managing Risks

1

THE BUSINESS VALUE OF SOCIAL MEDIA

Business Has Gone Digital...



...Digital Has Gone Social...

901,000,000 active users of Facebook (*Over half access via mobile*)

FACEBOOK, APRIL 2012

45-50 year olds
make up the
fastest growing
US segment of
social media users

EDISON RESEARCH, JUNE 2012

93% of recruiters
use LinkedIn to
source candidates

CNET NEWS, JULY 12, 2012



39% of Americans spend more
time socializing online than
face-to-face

BADOO, APRIL 2012

22% of Americans visit
social networking sites
several times per day

EDISON RESEARCH, JUNE 2012

61% of US companies listen to
what is being said about them
in social networks

INSITES CONSULTING, JUNE 11, 2012

The meetup.com SF Chihuahua group consists of **594**
members who have met up **53 times** since November 2006

San Francisco Chihuahua Meetup, Meetup.com, 2011

...And Social Has Gone Mobile

BUSINESS INSIDER
SAI

CHART OF THE DAY:

More People Have Mobile Phones Than Electricity Or Drinking Water

Jay Yarow | April 30, 2012 | 13,554 | 13

Recommend 32 +1 58

How big is mobile? Really big. This slide from analyst Chetan Sharma shows that mobile is the most pervasive technology ever invented.

As you can see, mobile has deeper penetration than electricity and safe drinking water.

Follow the Chart Of The Day on Twitter: @chartoftheday



90%
of US has a mobile phone

Smart phone penetration doubling every **3** years

TechRepublic.

Career Management

Employees using social media: How many times do we have to tell you?

Comments 72 Tweet 120 Like 287 +1 1 +0 more +

ReadWriteWeb

Social Networking Now More Popular on Mobile than Desktop

By Sarah Perez / February 18, 2010 9:29 AM / 21 Comments

Tweet 14 Share 2 +1 3 +

Mobile Phones vs. Toothbrushes (Billions)



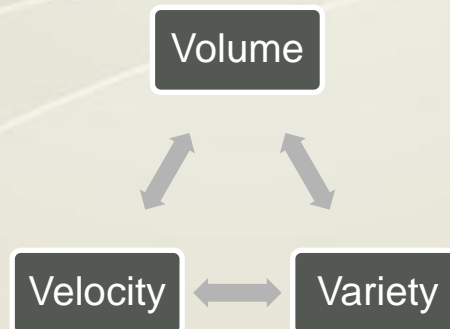
- World Population (6.8 Billion)
- Number of Global Mobile Subscriptions (4.6 Billion)
- Number of Global Mobile Users (4.0 Billion)
- Number of Toothbrushes Sold Annually (3.5 Billion)

Source: 60SecondMarketer.com

60secondmarketer

80% of the attention your brand receives online is offsite – *Postrank*

90% of the data in the world today has been created in the last two years alone – *IBM*



Evolving Customer Expectations

	Traditional Media	→ Social Media
Authenticity	Talking points	<i>Real conversations</i>
Collaboration	One-to-many	<i>Many-to-many</i>
Organization	Designed segments	<i>Self-selecting</i>
Ownership	Firm creates & curates	<i>Co-creation & curation</i>
Transparency	Preserve brand	<i>Open disclosure</i>

TRUST

Monthly Facebook users do *NOT* outnumber:

- A. The 3rd, 4th, and 5th most populous nations -- combined
- B. The population of all European countries -- combined
- C. Mobile phone users in Africa and Latin America
- D. Total world population in 1800
- E. The number of YouTube views of Justin Bieber's "Baby" video

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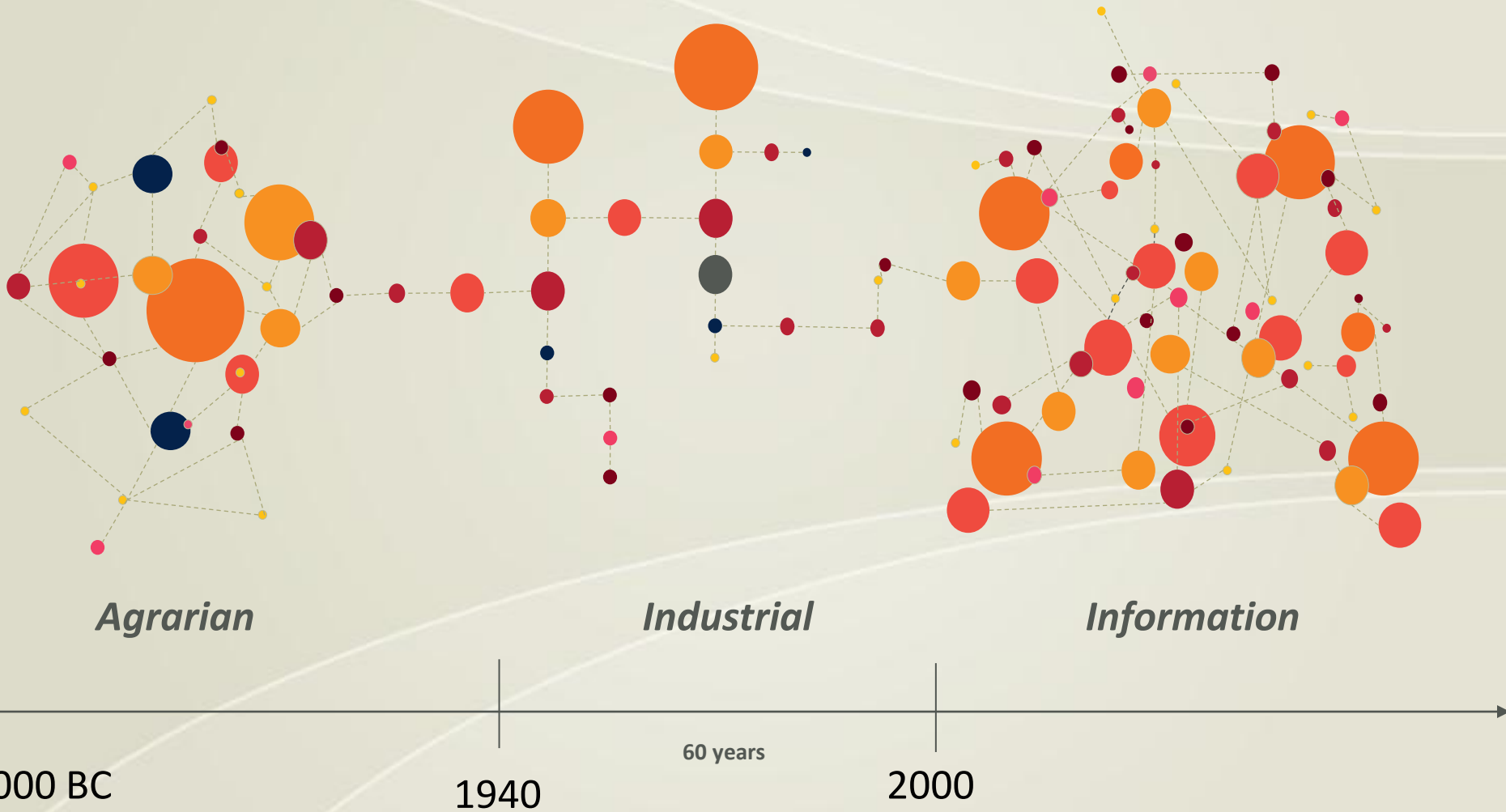
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The 3 Ages Of Social Communications

In the 2500 years of recorded human history, human social interactions have been driven by two-way networked interactions



Implication 1: The Thank You Economy

wine library tv™
CHANGING THE WINE WORLD

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Episode 1,000

March 14, 2011

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00:43 11:01

Gary Vaynerchuk has finally made it to episode 1,000 of Wine Library TV! It's been an amazing ride since that day in February 2006, with great guests, amazing (and sometimes awful) wines, as well as a lot of Jets talk. Today, the main focus is a huge thank you to all the Vayniacs who helped make this community...and a huge announcement from Gary.

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My Wines

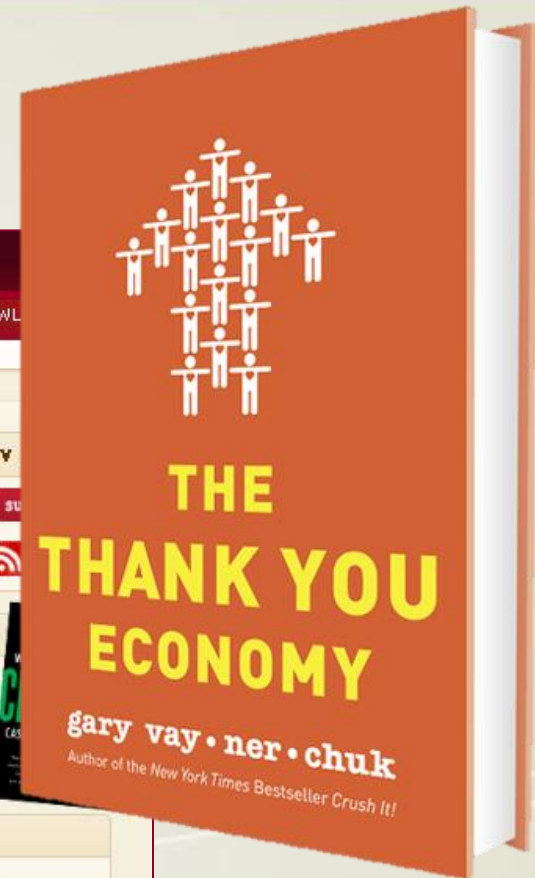
TR TASTING ROOM

Check Out One of My Monthly Wine Experiences at [TastingRoom.com](#)

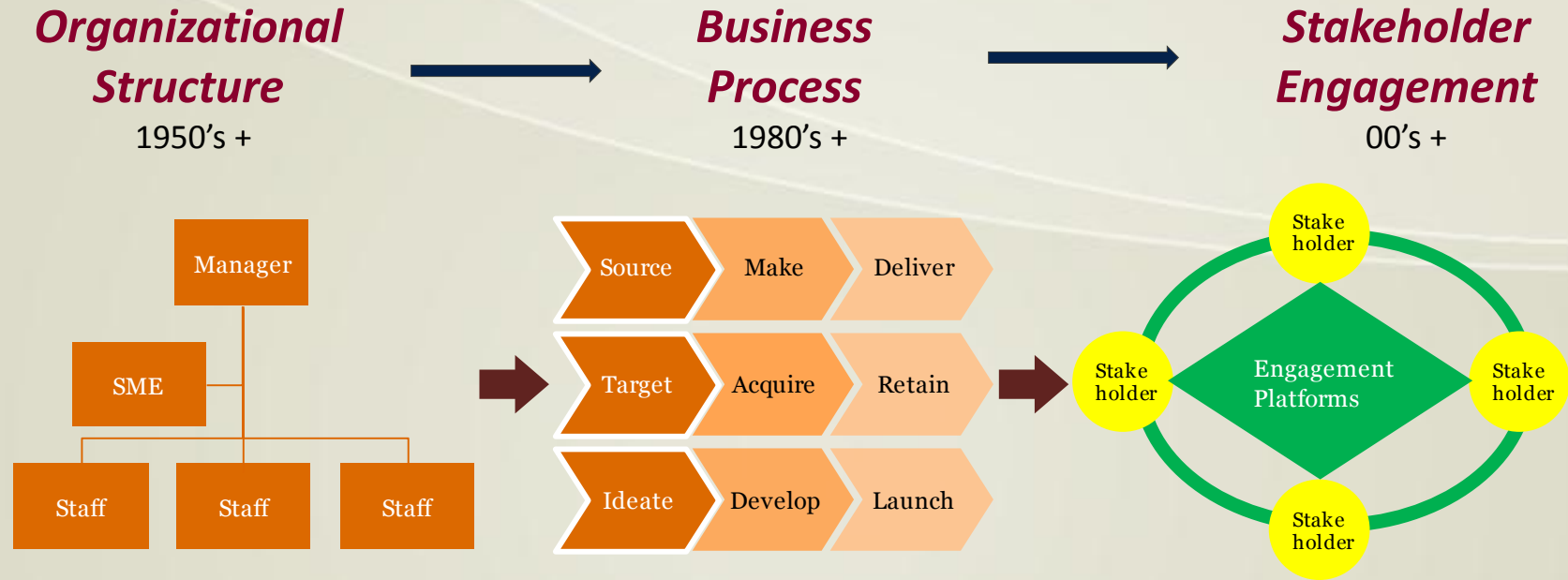
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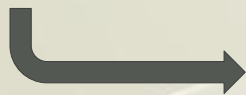
[Tumblr](#)



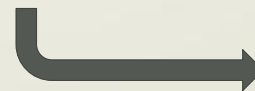
Implication 2: The Networked Enterprise



How do I **organize** and command skill sets?



How do I **structure** my business processes?



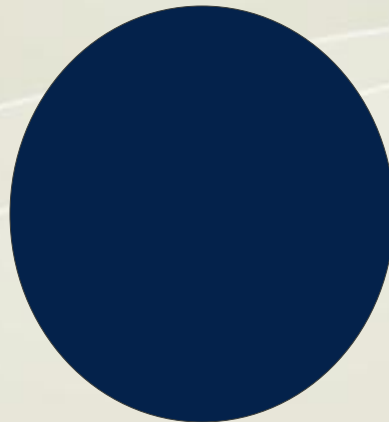
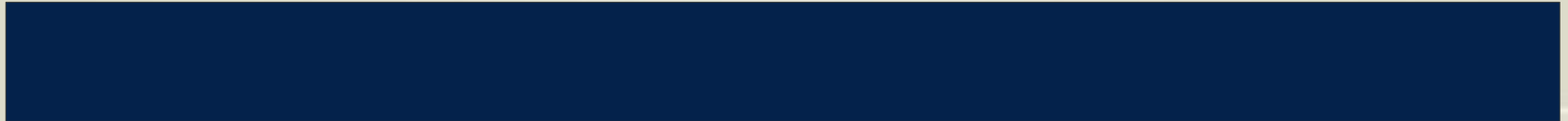
How do I **identify and engage communities** that can help me address **business objectives**?

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Strategy

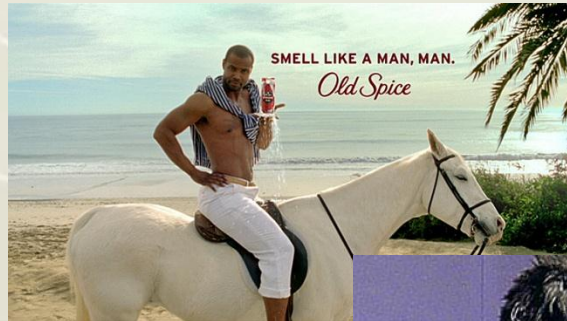
Measurement

Risk



Unlocking the Business Value of Social

- 1 Brand Awareness
- 2 Acquisition
- 3 Customer Service
- 4 Research
- 5 Risk Management
- 6 Crisis Management
- 7 Product Development
- 8 Social Enterprise
- 9 Recruiting



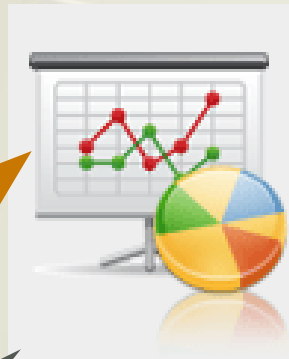
Home / Blog / I Hate Comcast: Updated



Many Companies Are Still Winging It...

While the vast majority of companies are now engaged in some form of social media...

27% of companies **rely on the intuition** of their executives to assess the business value of social media initiatives.¹



Just 12% consider themselves **effective users**²

40% of companies admit to having **no training or governance** of social media²

28% of companies *do not measure* the performance of social media marketing. **At all.**¹

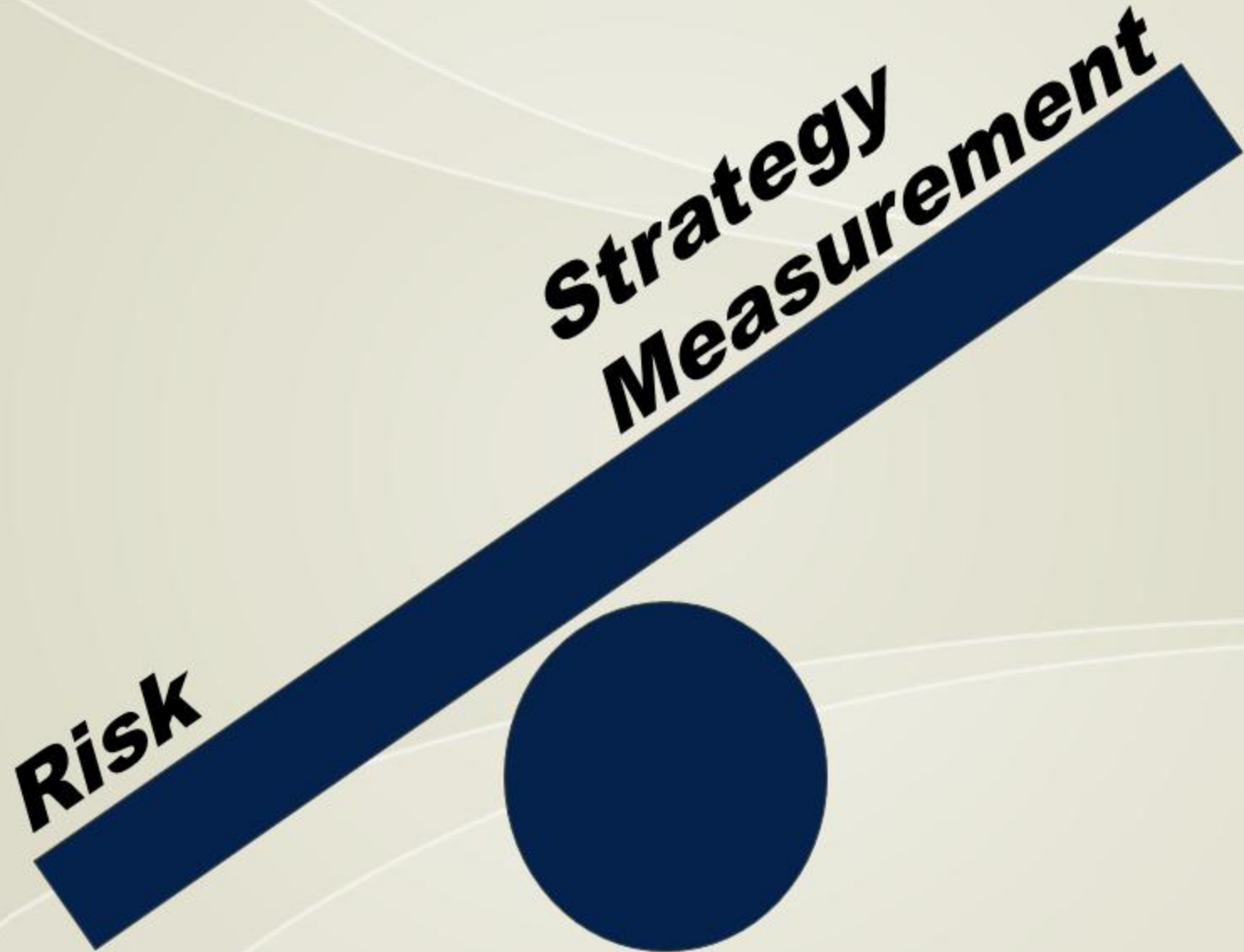
45% consider **linking Social Media to ROI the greatest challenge to success.**¹



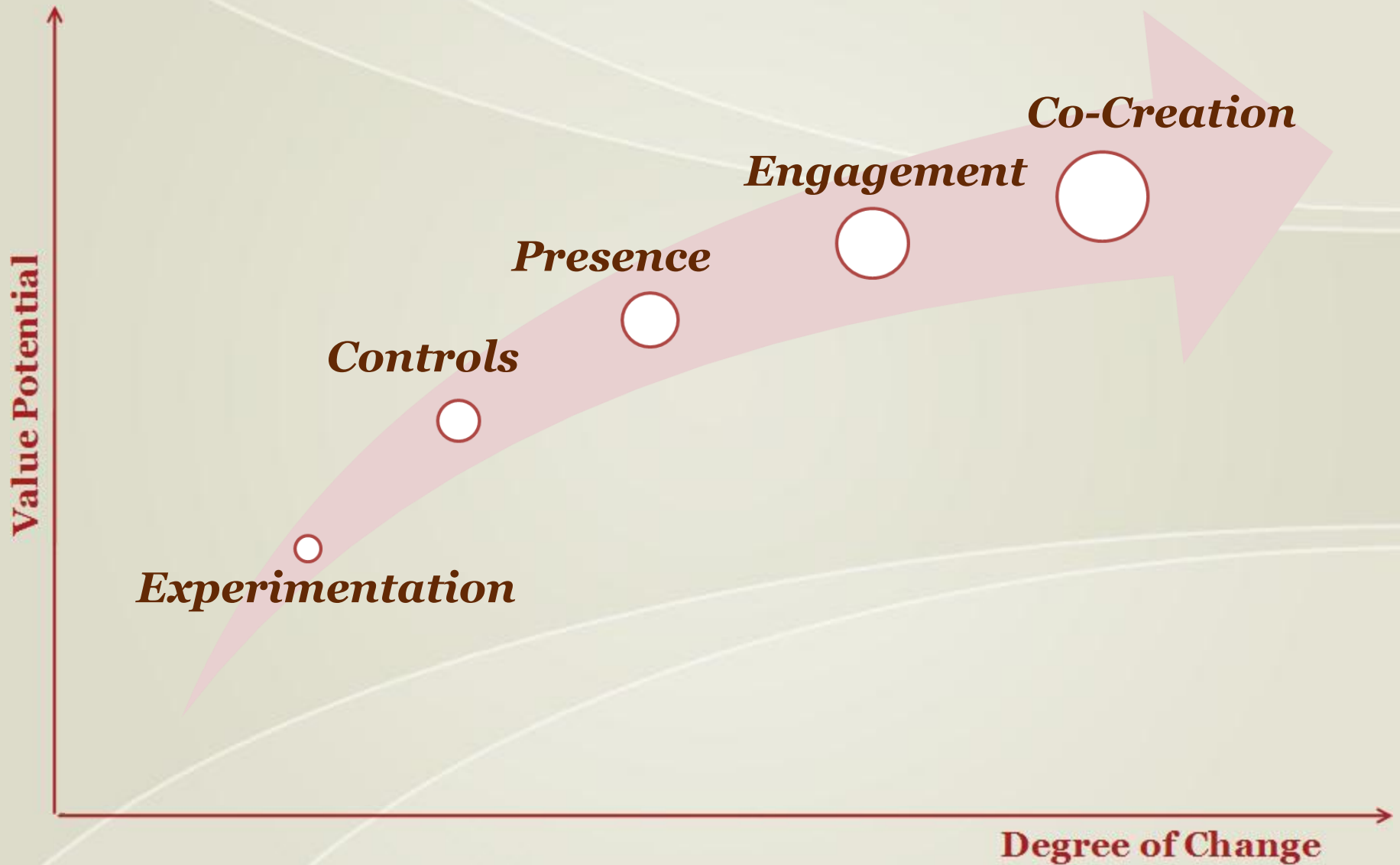
Only 29% consider their social media initiatives **"strategic."**¹

¹The Economics of the Socially Engaged Enterprise, Pulsepoint Group & The Economist, May 2012

²Usefulsocialmedia.com March 2012



Path To Maturity

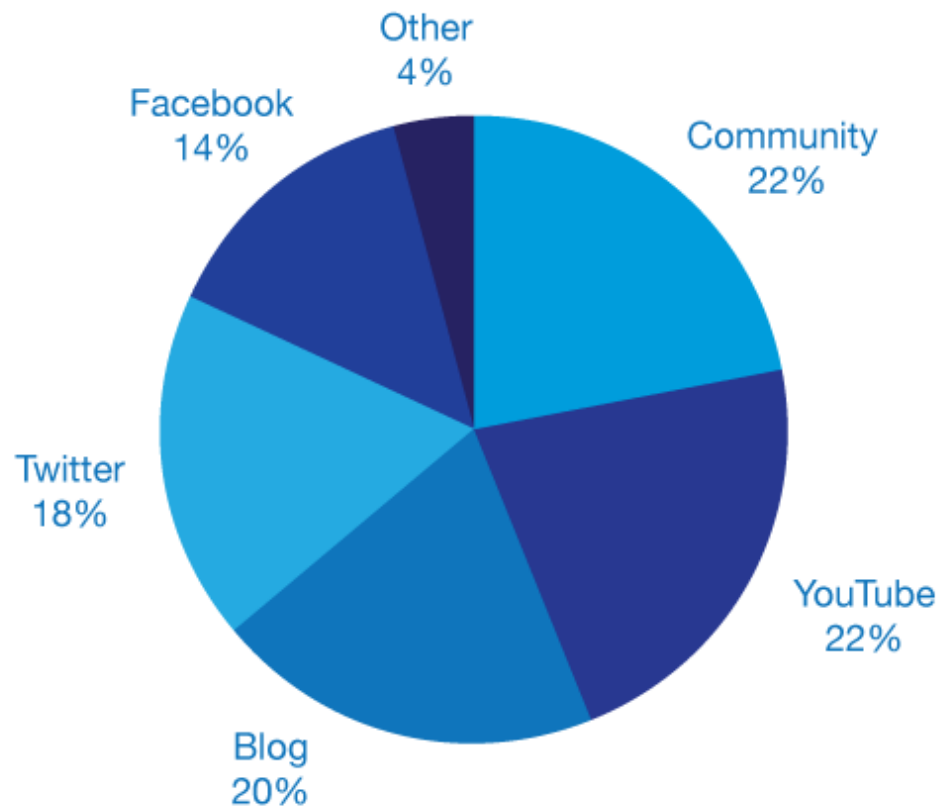


2

IDENTIFYING RISKS

Social Media Crises Originate Evenly Across Platforms

Distribution of Platforms From Which Social Media Crises Originate (2001-2011)

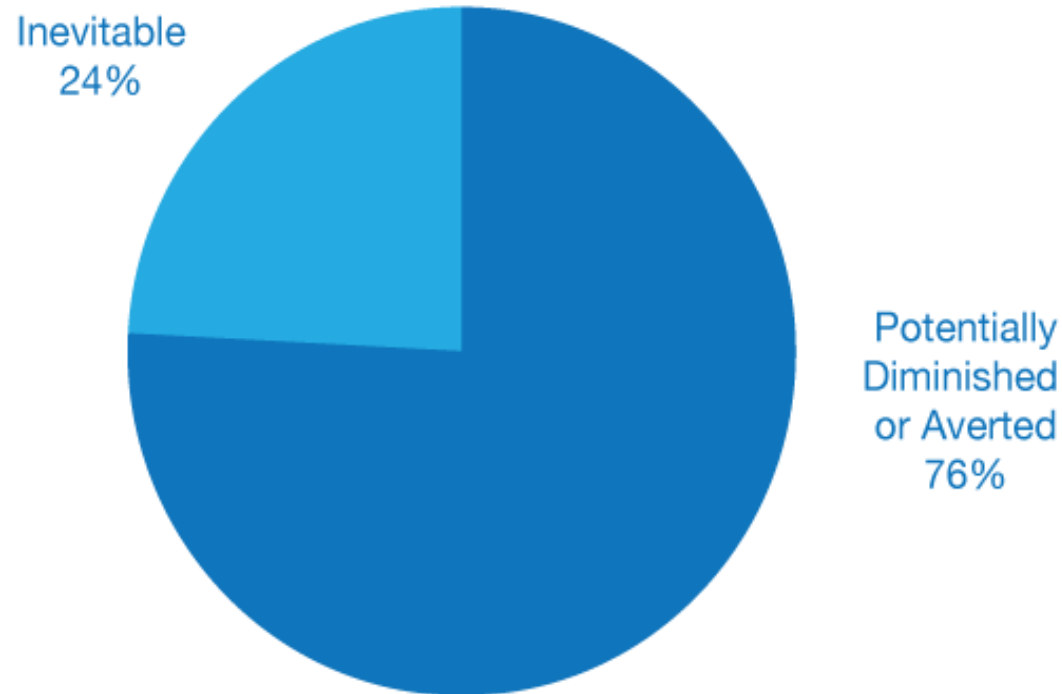


Data: 50 social media crises occurring between Jan. 2001-Aug. 2011



Most Crises Can Be Avoided Or Lessened

Percentage of Social Media Crises That Were Inevitable vs. Potentially Diminished or Averted (2001-2011)



Data: 50 social media crises occurring between Jan. 2001-Aug. 2011



Bad Experiences Are Quickly Amplified

Causes of Social Media Crises (2001-2011)
(More Than One Cause May Apply)



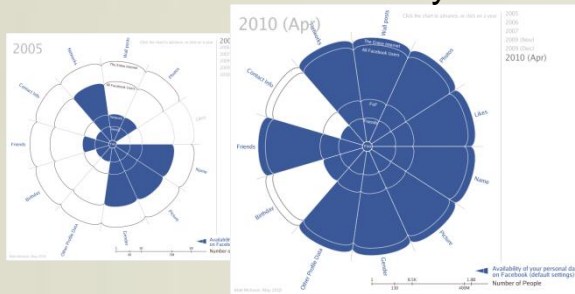
Data: 50 social media crises occurring between Jan. 2001-Aug. 2011



Typical – And Some Not So Obvious – Risks

Risk #1: Privacy

Even if employees know **your** rules, do they know the rules of the **networks & tools** they use?



Risk #3: Gaps in internal expertise

Do you know where your **agency** is tonight?

Risk #4: Regulatory

Is it clear what **regulators** demand of you?



Risk #2: Gaps in accountability

Do your **processes** and accountabilities have **gaps** exposed by new technologies?

The people in charge of talking are in the marketing department.



But...

The people in charge of listening are in the service or sales department.*



Risk #5: Porous borders

What happens when **internal and external** blur?

Risk #6: Employee relations

What are the responsibilities of the employer who **knows too much**?

According to Altimeter, what % of social media crises could be avoided or mitigated (approximately)?

- A. 90%
- B. 75%
- C. 50%
- D. 25%
- E. 10%

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3

MANAGING RISKS

Risk Management Is In The Early Stages

63%

of organizations believe that social media presents a serious security threat to the organization

29%

of organizations believe they have the necessary controls in place to mitigate risk posed by social media

65%

of organizations do not have a policy in place that informs employees of acceptable use of social media, or are unsure if such policies exist

35%

of organizations that have an acceptable social media use policy actually enforce the policy

Risk Management Is In The Early Stages

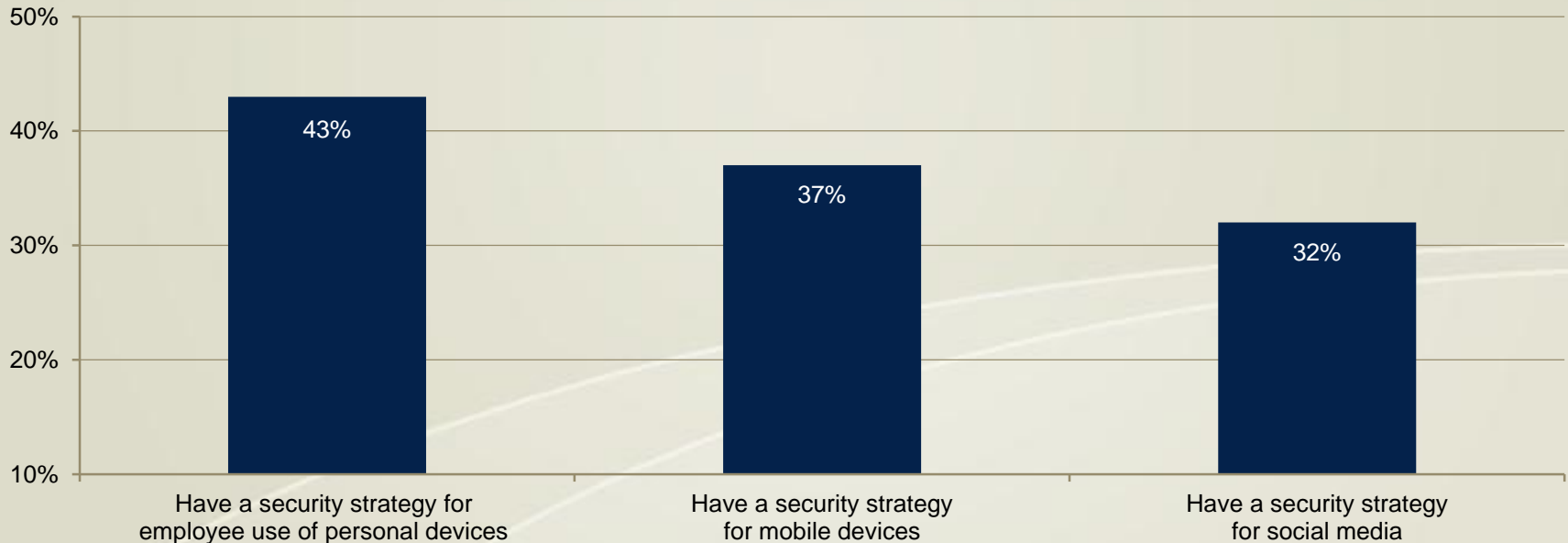
54%

of organizations worry about loss of confidential information or violation of confidentiality policies

51%

of organizations worry about increased exposure to malware and viruses

Source: Websense, Ponemon Institute, Global Survey on Social Media Risks, Sep. 2011



Question 17: "What process information security safeguards does your organization currently have in place?" (Not all factors shown. Total does not add up to 100%.) (PwC Global Survey)

The Risks May Be New, But Proven Approaches Still Hold

Reputational Risk

- Publication of inappropriate content
- Inadequate monitoring and response to social media
- Unauthorized sources posing as Morgan Stanley

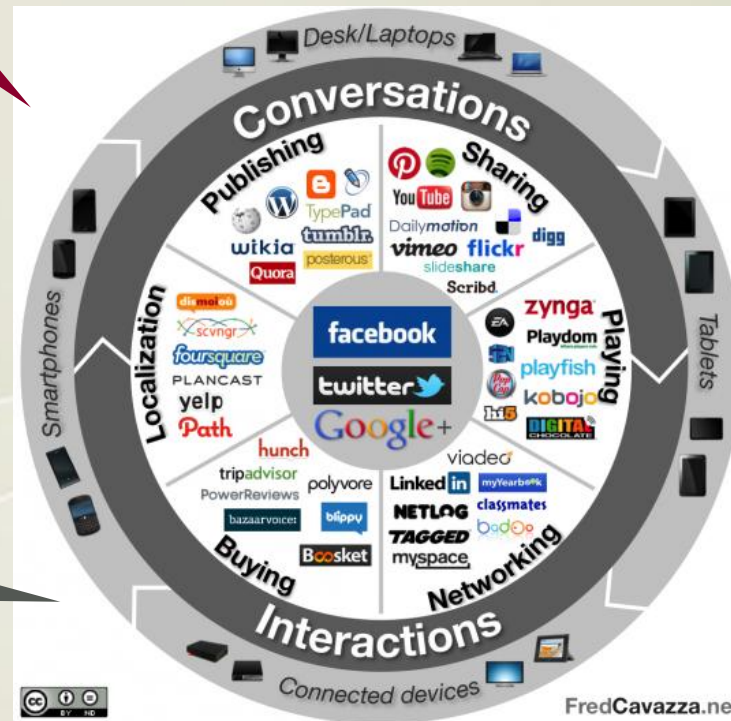
Operational Risk

- Employees posting sensitive information on personal accounts
- Ineffective corporate social media usage
- Information security issues and malware

Social Media Ecosystem

Regulatory & Legal Risk

- Regulatory inquiries and fines
- Legal expense and judgments
- Unclear legal ownership of social media accounts



Social Media Execution Framework



Internal Audit Objectives

There are generally five objectives that come from internal audit of social media :

1. **Evaluate Strategy** – Evaluate whether effective oversight and strategy have been established for social media
2. **Evaluate Design** – Evaluate the design, communication, operating effectiveness of the enterprise's social media policies and processes
3. **Evaluate Consistency** – Evaluate consistency of the company brand and messaging on external facing corporate owned social media channels
4. **Evaluate Training** – Evaluate whether appropriate levels of training have been established to ensure all personnel have been provided sufficient information regarding the organization's approach, policies, and procedures related to social media
5. **Evaluate Reliability** – Evaluate the reliability and accuracy of the established monitoring and reporting controls

Key Questions For Your Clients

1	Have you performed a social media risk assessment? Have you mapped social media risks with various regulatory and compliance requirements?
2	Does your organization have a social media strategy?
3	Has the organization established an appropriate social media governance framework, including leadership and accountability, policies and guidance, and stakeholder involvement?
4	How do you educate your employees, stakeholders, and partners about social media risks? Are employees aware of their responsibilities with regards to use of social media?
5	Is your organization monitoring or listening what's being said on social media channels? Have you developed a process for responding to social media threats?
6	Have processes been established for creation and management of social media channels?
7	Are the social media channels and platforms scanned for vulnerabilities? Is there a threat and vulnerability management program and is social media included in that?
8	How do you measure and monitor the return on investment? Do you have an information management strategy to integrate social media content?

Determining Scope

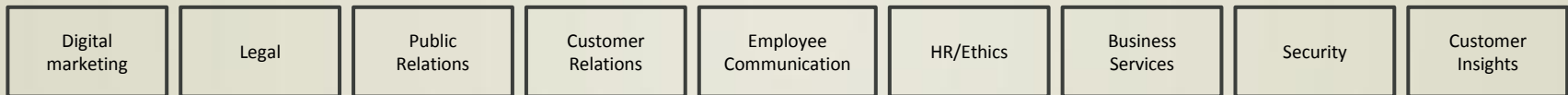
In Scope

VS

Out of Scope

Which business teams should be involved and which decision-making stakeholders should be involved?

Business Team Examples:



Decision-Making Stakeholder Examples:



Should the audit include internal social collaboration tools as well?

Should international social media channels, brands, and accounts be included?

Which processes (governance, processes, people, security and tech) should be focused on?

Enterprise Deployment - Overview

Establish Governance

Model

Define corporate stance on social media strategy

Define Program Scope and Universe

Define universe and objectives and associated policies and guidance which reflect governance strategy

Deployment

Deploy social strategy in organization

Analyze Risk Posture

Perform risk analysis to ensure alignment between projected and actual risk levels

Operations & Management

Sustainability and long term operations

Social Media Governance and Executive Sponsorship

Social Media Strategy, Objectives, and Policy

Business Sponsorship

- Business objectives and KPIs
- Monitoring metrics and ROI measurement
- Information management
- Staffing

Marketing & Communications

- Social media universe and policy
- Community management
- Brand management
- Crisis management

Human Resources and Legal

- Terms of use
- Code of conduct and staff rules
- Partnership agreements
- Training and awareness

Information Security

- Authentication and authorization
- Certification & accreditation
- Monitoring & incident response
- Vulnerability scanning

Risk, Compliance, and Audit

- Risk assessments
- Risk management
- Regulatory compliance
- Internal controls
- Internal audit enforcement

Which of the following is **not** typically a type of social media risk?

- A. Reputational & Perception
- B. Data Security & Protection
- C. Financial & Operational
- D. Legal & Compliance
- E. Insurable & Logistical

Which of the following is **not** typically a type of social media risk?

- A. Reputational & Perception
- B. Data Security & Protection
- C. Financial & Operational
- D. Legal & Compliance

E. Insurable & Logistical

Thank you



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