

Corporate secrecy under the microscope after Twitter leaks

July 22 2009, By Chris O'Brien



The publication of internal documents about Twitter that were filched by a hacker caused fans to express their outrage -- before they hunkered down to read them.

For all the controversy, my own gut reaction after reading the notes and financial projections: "Is that it?" These were the great trade secrets that Silicon Valley fretted could undermine Twitter's future and send it plunging off a cliff? Hardly.

After covering [Silicon Valley](#) for more than a decade, I remain astounded by how companies of all sizes remain obsessed with secrecy. We live in an age of growing transparency. Yet companies are desperately pushing back against the information age they are enabling.

Apparently, openness and sharing is good for everyone but them.

Let's be clear. Companies of any size, even large publicly traded companies, are required to share only the tiniest, thinnest bits of information about themselves. Anytime they are asked to make the slightest concession toward more disclosure, expect whining, followed by lobbying.

[Twitter](#) didn't ask to be hacked, and certainly didn't deserve it. But whatever internal anxieties it caused, the resulting revelations would hardly quicken anyone's pulse.

I can't think of a single startling revelation I took away from reading the whole lot. Most of the information was trivial, silly or obvious. Twitter is worried about competition from [Facebook](#) and [Google](#). (No, really?) Executives at Twitter have just as much trouble articulating what Twitter is as everyone else. And the company plans to generate revenue, this quarter apparently, by doing, well, something that isn't clear. Oh, and they want to be the first Web service with 1 billion users because it would be "awesome."

As far as I can tell, none of the revelations caused Twitter to go over a cliff. Last I checked, the sun came up and millions of people were still tweeting their brains out.

And yet I'm sure the episode sent a shudder through corporate suites across the valley.

No shock that I have a strong self-interest in arguing that companies should be more transparent. I know that will fall on deaf ears. But what really leaves me scratching my head is the desperate attempts to control even the most mundane facts.

For example, consider last fall when Google confirmed rumors it had dismissed some number of contractors. Speculation put the number as high as 10,000, but Google declined to reveal the actual number. It stuck to its guns even when the Securities and Exchange Commission asked the company about it in a series of letters exchanged earlier this year.

In a letter to the SEC filed Feb. 20, Google explained its reasons: "In addition, we do not believe that the trend in the number of (temporary workers, vendors and contractors) is a component of expenses that would improve an investor's understanding of Google's financial condition and operating performance."

Really? So why not just tell investors and let them decide whether it matters?

Yahoo, perhaps the leakiest of valley companies in recent years, was admonished in January by new CEO Carol Bartz to "STOP IT!" We know this because her e-mail was leaked to a Wall Street Journal blog.

Of course, others have gone to much more extreme lengths to maintain control. There was Hewlett-Packard's ill-conceived decision to spy on reporters in 2006 to find the source of leaks to the press. And before that, Apple sued the Think Secret blog, arguing that its posting of rumors about new products hurt consumer interest and gave competitors a leg up. In a press release in 2005, Apple wrote: "We believe that Think Secret solicited information about unreleased Apple products from these individuals, who violated their confidentiality agreements with Apple by providing details that were later posted on the Internet."

For those debating the ethics of posting material stolen by a hacker versus enticing sources to leak information, remember this: From inside the executive suite, those two scenarios look equally evil.

What do these companies fear? As far as I can tell, leaks about Apple products haven't diminished fervor for its products. In fact, in some cases, it seems to stoke it. I'm not sure the ongoing publishing of Yahoo internal e-mails has caused any advertisers to scrap purchases, or users to go elsewhere.

No, I think it's much more basic. Any type of information leak signals a lack of control, and risks a blow to the executive ego. In some cases, embarrassment.

This obsessive need for control shows an alarming lack of trust in the judgment of their customers and investors. And fair or not, that makes it hard for me to feel much sympathy when their secrets are exposed to the light of day.

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