

**Twitter's founders
created a
simple messaging
service.**

**Its users
turned it into
something huge.**

**So the
question now:
Who's in charge?**

/ by STEVEN LEVY

Last August, the people who putatively run Twitter —the small crew that three years ago launched the world's fastest-growing communications medium—announced a relatively minor change

in the way the site functions. The tweak would have a small effect on retweeting, the convention by which Twitter users repost someone else's informative or amusing message to their own Twitter followers. Retweets start with RT, for "retweet," and usually cite the first author by user ID. And, importantly, retweeters often add a word or two of commentary about the repeated content.

But there was a problem: Twitter itself didn't invent retweeting; it was created by Twitter users. In a blog post explaining the changes to retweets, the company's second-in-command, Biz Stone, called them "a great example of Twitter teaching us what it wants to be." The good news, he said, was that Twitter was building retweets right into the site's architecture. The bad news was that Project Retweet didn't make any provision for the commentary that users might like to add.

It didn't take long for Twitter users to respond: How dare Twitter mess with... Twitter. A self-described "social, search, and viral marketing scientist" named Dan Zarrella posted a passionate cri de coeur, writing that Twitter was about to "com-

pletely eviscerate most of the value out of retweets." That night, Zarrella created a Twitter hashtag—another grassroots Twitter convention, which lets users group their conversations—called #saveretweets. A few tweeters liked the plan, but the general consensus was summed up by one user skilled in Twitter's uncompromising brevity: "Very bad plan we hates it."

The Retweet Incident is a distillation of how Twitter has come so far so fast—and how tricky it might be to keep the momentum going. In an amazingly short time, the messaging service—which does little more than circulate bursts of text limited to 140 characters to a list of people who have chosen to receive them—has established itself as a staple of social networking, commerce, electioneering, celebrity culture, public relations, media, and political protest. According to internal documents leaked earlier this year, the company expects to have 25 million active users by the end of 2009 and 100 million by the end of 2010. In 2013, it hopes to become the first Internet service to sign up 1 billion users.

There's a big difference between 1 million adherents—roughly the number of

people who receive tweets from Twitter's CEO, Evan Williams, whose recent messages reported the birth of his first child—and 1 billion, which puts you up there with Google and soccer. Can something as elementary as Twitter become an enduring pillar of the Internet?

Perhaps, but Williams and Stone are going about it in an unusual way. They're not laser-focused on how to fend off companies like Facebook and Google—which are madly integrating Twitter into their own business plans even as they take steps to neutralize or maybe buy it. And they don't seem to be worried about money. The company's revenue will be a modest \$4 million or so this year. Even so, Twitter reportedly turned down a \$500 million acquisition offer from Facebook last November and seems perfectly happy to burn through its roughly \$150 million in investor funds.

Instead, Williams and Stone spend lots of time concocting schemes to boost the happiness quotient of a workforce that's still only in the double figures—stuff like free lunches and inspirational visits by politicians, folksingers, and a direc-

tor from the TV show *House*. The idea is to establish a corporate culture that will abide even when the number of employees explodes. "I feel like we're 1 percent into this," Stone says. "We don't want to be that child actor who finds success early and grows up to be weird."

But Twitter is *already* weird: It rocketed into the mainstream without really knowing what its service was. Its users defined it. It was those users who made Twitter into a throbbing global sensing organism that delivers instant opinion and eyewitness reporting on everything from presidential debates to football injuries. Though the company held a discussion earlier this year called "What Do We Want to Be When We Grow Up?" the mission statement is still a work in progress. "If there are three sentences I'd use to describe Twitter," Stone says, "one of them would be I don't know."

As the company pursues those billion users and a business model, however, it may need to move past a studied ignorance of what it wants to be and shape its product more aggressively. The challenge is to do that without alienating the very community that's fueling the company's rocket-ship ascent.

IT'S EASY TO write off Twitter as a happy accident, a right-place, right-time fluke. But that misses the point. When Twitter's creators designed the service, they made a series of crucial and deliberate decisions—ones that seem brilliant in retrospect—that created the conditions that allow users to innovate.

The first was a commitment to simplicity. A little history: Williams' previous company was a podcasting venture called Odeo. After Apple started distributing podcasts in June 2005, Odeo was pretty much redundant, so Williams started looking for a new idea. Jack Dorsey, one of his engineers, had one for him: status updates—specifically, brief reports that answered questions like: Where are you? What are you doing?

Dorsey suggested a system that mimicked the simplicity of SMS to let users send messages from the Web or their cell phones about what they were doing from wherever they were. In March 2006, a small group including Dorsey and Stone built a prototype in two weeks. "The important thing was that we spent a lot of time getting it down to its essence,"

says Noah Glass, a cofounder of Odeo who managed the so-called Twtr project. The system would receive a message from the sender and then forward it to the right people. Nothing else. Simple.

The second key decision was crucial: creating asymmetry between writers and followers. They didn't need to be "friends" or in any way on equal footing. Anyone could read a writer's updates, and that was powerfully liberating. "One thing I didn't like about social networks was that awkwardness of friend requests," Williams says. He wanted Twitter to be more like blogging, where readers pay attention to whatever they like. "That frees up creators, because they can do anything they want," he says.

The implications were profound—and unexpected. No one thought people would want to follow strangers, or that celebrities would use Twitter to apprise fans of their activities, or that businesses would use Twitter to announce discounts or launch new products. Allowing unrestricted following eventually meant that P. Diddy could share the progress of a tantric sex session with a hundred thousand followers, and the Kennedy family could use Twitter to keep the public informed about developments in Uncle Teddy's funeral. It obliterated the line between confidant and audience.

The third key decision was to open up Twitter to software developers from the get-

go, allowing them to build their own apps and services. They could even build sites that replaced the Twitter homepage with a spiffier, more functional interface. It just seemed like geeks would hack on it, and it would be cool," Stone says. "We didn't know that it was going to be a whole giant thing."

Outsiders have enhanced the value of Twitter in countless ways, like creating software dashboards that let users navigate the Twitterverse the way a Las Vegas security honcho monitors the casino floor. Other services allow you to link tweets to pictures or video. Twitter has also led to a boom in URL-shortening services, a former backwater of Web utilities, which became vital when people wanted to include links in their tweets without the URL taking up half the space. "There may be some 50 people officially working at Twitter, but it's more like 5,000 people work for Twitter, and they all deserve as much credit as we do," Stone says.

The most transformative hack has been the ability to search through millions of tweets, even those posted just seconds earlier. It means anyone can monitor the hottest current topic of discussion or simply get a sense of what people are saying, in real time, about a product or movie or celebrity. A Virginia company called Summize was one of several to come up with a way to search Twitter. The technology turned out to be



so important that Twitter acquired Summize and hired nearly all of its engineers.

Twitter's evolution spawned a new grammar, and the Twitter community created many of the conventions now integral to the service. This includes hashtags (marked with a # symbol) and the @ prefix before a username. Companies using Twitter to track financial information adopted the \$ sign to identify stock names. Heavy retweeting by tech guru Tim O'Reilly helped popularize the practice.

To Twitter fans, 140 characters wasn't a limit but a jumping-off point. It might have seemed obvious that something as brief and ephemeral as a tweet was unsuitable for a press release, policy analysis, or novel, but people have used Twitter for these things anyway, sending multitweet streams that constituted a brand-new Internet genre.

Essentially, Twitter left a ball and a stick in a field and lurked on the sidelines as its users invented baseball.

IF TWITTER is going to make any money, however, the company has to take its own turn at bat. For most of the past two years, the focus has been simply to keep things running, reducing the nettlesome downtime that plagued the service and stemming the rising tide of spam. "We're finally emerging from this firefighting mode," Stone says. From here on, the company wants to put its own mark on the service, improving its homepage, producing services of its own, and refining the best ideas of its users—like retweeting.

The company has gone on a hiring spree: Recent arrivals include Douglas Bowman, a key Google designer; Alex Macgillivray, a former top lawyer at Google, who will handle possible technology acquisitions; and new COO Dick Costolo, cofounder of news-feed company FeedBurner. Amazon.com CEO Jeff Bezos is an investor. And after closing a round of \$100 million funding in September, the company will certainly hire and grow even more. As it does, it will need to balance humility and ambition. "We don't want to get too clever and think we know everything," Stone says. "But maybe we can serve our developers better by creating the real future they want."

Of course, those developers won't be too happy if Twitter winds up competing with them. And users may not embrace Twitter's attempts at improvement. Every move the

company makes comes under harsh scrutiny. Consider something as innocuous as its Suggested Users List, a collection of roughly 200 Twittering celebrities, companies, and experts that the service flags as an interesting starting point for novices. It was unveiled last February. Outrage ensued. Mahalo CEO Jason Calacanis (who has never made the list) saw it as an unearned gift to favored users and offered to buy three years of inclusion in the top 20 for half a million bucks. Tech legend Dave Winer, who describes himself as one of the site's biggest fans, was alarmed by the company's ability to alienate its core users in such a way. "We need to get that power out of their hands," he wrote on his blog.

Stone and Williams hope to minimize such tensions. But they also need to assert some control over their own product. After all, there's only so much you can do when millions of your users access your service in a way that bypasses your homepage. And, unbelievably, Twitter doesn't even make an app for cell phones or other mobile gadgets, basically ceding that development to outsiders. "It's nice to have the ecosystem out there innovating," says Kevin Thau, the Twitter exec in charge of mobile. "It has created this whole communications system where people are saying, 'What Twitter client do you use? Which one do you like?'"

It's not that Twitter lacks ambition. The scale of its vision was revealed last summer when a hacker stole hundreds of the company's confidential documents and leaked them to TechCrunch. The key bullet point, straight from a February 2009 strategy meeting: "If we had a billion users, that will be the pulse of the planet."

Considering how far Twitter has come, that audacious boast is a plausible goal. (Another bullet point from the leaked memo, "Are we building a new Internet?" is a stretch.) Twitter envisions building its international audience by making deals with carriers to sell phones with Twitter connectivity built straight into the browser or texting functions. (This will help boost Twitter use in developing nations, where SMS still rules.) The company also envisions delivering content from Twitter to and from every connected device in your life, like radios and game consoles. Pulse of the planet indeed.

That's why competing Internet giants are deeply interested in, if not outright obsessed by, Twitter. Over the past few months, Facebook has made alterations that reek of Twitter envy, like the ability to make status reports available to all Facebook users and adopting the @ sign for usernames. A stripped-down version of its service, Facebook Lite, seems to show that when Facebook is reduced to its essence, you get a real-time feed that looks like a close cousin of Twitter.

Google has made suspiciously Twitter-oriented adjustments as well. One is something called PubSubHubbub, a server protocol that could instantly push new content to users, whether it's from a blog, Facebook, instant messaging, or Twitter. This has the potential to blunt Twitter's uniqueness by commoditizing short bursts of information: Instead of a Twitterverse, we'd have a Statusphere distributed across dozens, even hundreds, of companies.

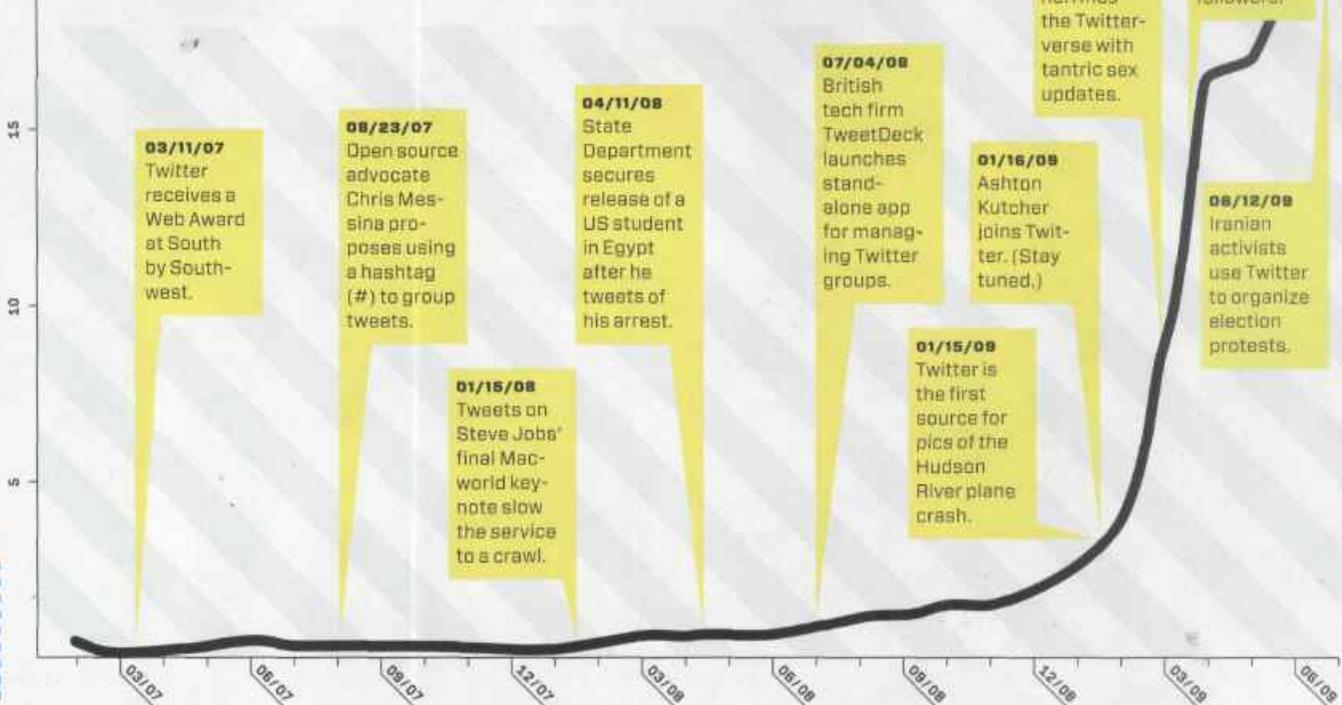
These plans suggest that all kinds of content could be Twitterized. It's like



**IF TWITTER
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The Rise of Twitter

Just a few years after its July 2006 launch, Twitter has ridden a wave of publicity (and serendipity) that few startups can dream of. A look back at some milestones on the path to social-networking supremacy. —ERIK MALINOWSKI



email, Winer argues. It shouldn't belong to anyone. On his blog, he suggested an open system that duplicates Twitter messages and puts them in a bucket with posts from "140-character networks formed by others, including Facebook, Yahoo, Google, whoknowswho."

Williams and Stone, as you'd suspect, don't want Twitter to become a commodity. They want to amplify Twitter so it's as vital to your social life as Facebook and as important to your search as Google. "We want to make Twitter indispensable, so it tells people what they need to know and what they want to know and hopefully not much else," Williams says.

If Twitter does that, he believes, the company will be wildly profitable, no matter what the skeptics say. Last summer Williams was invited to the exclusive Allen & Company confab of bigwigs in Sun Valley, Idaho. He was astonished to hear Barry Diller and John Malone, two pillars of the pre-Internet world, proclaiming that Twitter would never make much money. "I didn't argue my case," Williams

says. "But all the Internet guys there were laughing at those media guys. Are you kidding? Do you understand how money flows to the Internet? When you know that Twitter is a vehicle for directing information and traffic to large audiences, you realize there's obviously a huge business."

What is that business? Twitter isn't talking much about it, although a recent change in its terms of service opens the door to financially exploiting Twitter's assets. Stone does say that the first stab at serious revenue will be providing services to businesses that use Twitter, helping them analyze discussions and providing them with "verified accounts" to let them communicate with customers. That doesn't sound like much: Twitter will probably make more bucks with Google-like targeted ads, one of the other possibilities mentioned in the purloined documents. Maybe the most promising revenue streams will come from packaging and analyzing the information from the billions of tweets that are collected exclusively on Twitter's servers. "We have a hell of a lot of data right now," Williams

says. "And we'll have an unfathomable amount in five years." Given those possibilities, the revenue goal outlined in the leaked memos—generating a dollar per user—doesn't seem overly ambitious. Williams even sees a bright side to the theft of the documents. "Ironically, they may have dispelled the misperception that the company is frivolous or a flash in the pan," he says. When he envisions Twitter five years from now, he sees an independent, profitable business with thousands of employees. "We definitely will be bigger and better, and hopefully that's about it," he says.

Of course, the strength of Twitter is that the company already has thousands of people defining and redefining it every day. And Williams doesn't have to supply them with a desk or free food. Whether he can keep that workforce happy is a story that will unfold, 140 characters at a time, over the next few years.

Senior writer **STEVEN LEVY** ([@steven_levy](http://twitter.com/steven_levy)) wrote about tech executives in Iraq in issue 17.08.