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update

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IR Communication ON THE Web A Funny Thing Happened on the Way to the E-Forum: Part 2



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IR Communication ON THE Web

A Funny Thing Happened on the Way to the E-Forum: Part 2

With a nod of approval from the SEC, electronic communication with shareholders is set to increase. Beyond delivering information and providing opportunities for shareholders to “talk back” on a one-to-one basis, the door is now unlocked for large numbers of people to enter company-sponsored electronic forums where conversation can go any direction. As exciting as the possibilities for dialogue are, there is room for caution — or at least deep consideration — when a company invites engagement. In Part I of this series, *Update* identified new features that provide Web site visitors with choices for learning and interacting, including video investor presentations, annotated conference call transcripts with replays, investment calculators, financial report comparative information and “Ask the Board” forms. Part II takes a look at e-forums and Dell’s new IR blog.

BY CAROL METZKER

Giving E-Forums a No

Although AMERCO did not experience inappropriate discussion threads, some company IROs and managers have concerns that the anonymity of the Web or the allure of the attention of a large audience in a public space could result in a lack of professional or civil behavior by forum participants. A couple of IROs expressed concern that the same way a disgruntled stockowner might seek to disrupt business at an annual shareholder meeting, or a chat room participant might make provocative comments to further a personal agenda, a forum participant might engage in inappropriate conversation. These concerns are halting e-forums from being adopted even by some of the most innovative technology companies.

Shortly after the SEC adopted the rule amendments, the micro-cap oil and gas exploration company Hyperdynamics announced that it would create an electronic forum for shareholders. Tony Schor, president of Investor Awareness, an IR consulting firm working on behalf of Hyperdynamics, indicated that after further consideration the company elected not to start one.

“Hyperdynamics decided there were better ways to communicate with shareholders than through message boards,” said Schor. Sometimes forums are not positive and some messages can be malicious, he explained: “Open communication forums are great in concept, but they’re open to people with a vendetta and other agendas. Hyperdynamics decided instead to meet directly with shareholders, face-to-face, with existing or potential shareholders. Or by phone.” Schor emphasized, “Serious investors find their way to the source of good information.”