



E-Business Market Dynamics

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Christopher S. Rollyson

- E-Business Strategy for Global Enterprises
- Business Strategy for Startups/Spinouts

E-Business adoption will be strong, helped by a dark horse

- New level of sobriety among VCs, entrepreneurs, service providers and investors
 - Into the chasm
 - The hype is on how bad things are
- Culling process that's focusing efforts of core groups of players
- Climb out of the chasm by using web applications
 - Technology will prove its worth by saving money, *not* by growing revenue
 - Galvanizing impact on corporate players

BAMs will pursue a new wave of successful spinouts

- First efforts were expensive learning experiences that could not succeed
 - Walmart, nbc.com, nyt.com, bluelight.com
 - All the talent was in start-ups; lack of knowledge among corporate managers
- Today, there's plenty of talent around, with bruises to show and valuable lessons to contribute ;-) !
- The balance is shifting overall to a corporate game
 - More familiar territory for BAMs
 - Growing recognition that solutions require technology/start-up savvy and corporate wisdom
- The gift of time

The pure-plays that survive will run themselves like more traditional businesses

- No longer a prediction, just inescapably true
- We've lived in an off-line world
 - Convergence of off-line and on-line will slow the pace
- Pure-plays will stop talking about how to change the world
 - Instead, will target incremental change
- The search for BAM talent and industry domain knowledge

Internet time: the fate of the speed imperative

- Internet time: “because we could”
 - Hyperconnectivity and digitization: communicate thought instantly and pervasively
 - Distinction between fascinating ideas and bankable reality not that easy
- 2001: time to market not mission-critical in many cases
 - It has become a long game
 - Comprehensive picture of the whole solution and the complexity of integrating BAM world
- Internet time with a reality handicap ;-) !

Alliances between pure-plays and BAMs will carry the day

- One thing hasn't changed: hyperconnectivity continues to grow
 - Individuals and organizations are inescapably on a network of ideas, technologies, resources
 - The need to identify core value, draw from the network for non-core resources
 - Requires vision for what to keep organic
 - What nodes does the organization want to own?
- Reconciliation between off-line and on-line
 - “E” people learning bricks
 - BAM managers have been cramming
- Amazon-ToysRUs deal

Mass matters

- BAMS have the advantage for the long term: it's a bricks world
 - Volume for exchanges
 - Funding
 - Influence
- Understanding of economies of scale
 - Increasingly important due to shorter product life cycles

A new oxymoron, long overdue

- “Website Benefits Realization” or downsizing
 - Websites are expensive and will have to prove their worth
 - Little knowledge of how websites create value
 - Down market culling will bring this to the fore
 - Look to the Big Five to bring solutions to market
- Difficulty due to conflict of interest among providers
- Similar dynamic to ERP disaster

Amazon.com will become known as a BAM enabler extraordinaire

- Superiority in overall preferences and behavior
- Digital systems and processes to mine them
- Wide scope by design
- Examples
 - PwC Website Diagnostic
 - Forrester PowerRankings
- Pervasive “understanding” of customers
 - Negligible variable cost

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E-Markets and netmarkets: a mixed year

- E-Markets/consortia: dynamism and sense of threat is gone
 - Expect slow progress at best
 - “Consortium” means that slow members can sabotage overall progress
- Netmarkets/entrepreneurs
 - Best case scenario to develop niche “plug in” solutions for e-markets, which will be slow in coming
 - Focus on diminishing transaction costs from internal corporate platform, rather than open netmarket
 - Many defunct already

The fate of start-ups and VCs

- Perspective on a seemingly bleak climate
 - 1998-99 exclusively domain of Early Adopters and Visionaries
 - Pragmatists and Main Street not in the picture yet
- “Two guys and a business plan” no longer viable
- VCs cutting losses and cleaning up portfolios: extra cautious
- Corporates still smarting from first wave of spin-outs
- That said, knowledge capital will lead people to take risks as soon as they can
- Start-ups who can structure themselves for this harsh environment will do well
 - Still have the advantage for ramping up raw innovation

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Coming attraction to the Late Majority: supply chain

- Enterprise metaphor: customers and inputs, hence the “chain”
- Supply chains are expensive due to a lack of information
 - Perfect targets for Internet/web solutions
 - Example: diminish safety stocks
- The holy grail: “the glass pipe”
- Supply chain focus will persist for several years
 - Will require a lot of focus to get done

E-Business is business

- Sounds corny, but it's profound
- The conflict of established forces and new upstarts
 - The result will be a synthesis of the two
 - Adoption process will be long and opportunities continuous
- Watch the impact of hyperconnectivity and digitization
 - Example: email v. telephone
 - Example: direct mail v. web pages
 - Multiply this by trillions of interactions
- E-Business redefines communication and interaction
 - It's a big job
- 2000 turning point: there will be time

Contact information

- Christopher S. Rollyson
 - chris@rollyson.net
 - 312.925.1549
 - <http://www.rollyson.net>
- Presentation
 - <http://www.rollyson.net/public/papers.html>

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