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EIU’S ViewsWire: NEW WINE IN A NEW BOTTLE

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Abstract

On May 1, 1998, the Economist Intelligence Unit (EIU) launched its new Web-based information service, ViewsWire. ViewsWire was an attempt to take advantage of the Internet by combining the resources of the Economist Group’s information services and publishing skills with cutting-edge search-and-retrieval technology and a proprietary database system. By linking related stories, articles, and briefings together, the aim was to allow ViewsWire users to create their own “personalized decision-support profiles.”

Moreover, global executives—the service’s target audience—would be able to log on to ViewsWire via the Internet from their desktops, their home PCs, or their laptops, to demand and retrieve the information that they needed—background briefings or up-to-date news—anytime, anywhere. In other words, ViewsWire promised to be a publishing service that did away with publishing schedules.

To successfully produce ViewsWire, however, required the EIU to reengineer how it organized information internally and how it coordinated that process across more than 500 editors and analysts in more than 100 countries, working to a variety of different formats and timelines. Was it possible to create a new information product for the Web, based on a global intranet and a worldwide resource of information gatherers? What was the best means of implementing the new structure, and how could it be integrated into the existing work practices? How could a publishing company do away with publishing schedules and deliver information in Internet time?

Until now, most publishers have offered old wine in new bottles—print sources, published according to print schedules, and simply converted into electronic formats. With the EIU ViewsWire, our users also get new wine in new bottles—a truly digital service with content created, updated and analyzed specifically for executives using the Web. We call it “plug-and-play” executive intelligence.

– Lou Celi, Managing Director of EIU Electronic

A NEW BOTTLE

One of the reasons for the “old wine in new bottles” apophthegm was a general failure to recognize the Internet and, lately, the World Wide Web as a new medium of communication. Despite a great deal of hyperbole that the Net allowed for personalized marketing, and that the Web would have an impact on mass communications similar to the introduction of television in the 1950s, initial use of the new medium had revolved around old-style billboard (i.e., banner) advertising.

For most large media organisations, early attempts through the mid-1990s to exploit the new media opportunity instead proved frustrating, if not altogether fruitless. Limited bandwidth, leading to severe congestion, and disenchanted advertisers meant that the traditional economics for mass commercial communication were ineffective. By July 1996, more than 70% of the commercial providers of original content on the Web—virtually all of the large high-profile mass media sites—had either disappeared or
radically scaled back their operations (see Exhibit 1). This prompted Time Inc. President, Don Logan to re-title the World Wide Web, “The Great Black Hole (Bayers 1996; Lovelock and Clark 1997).”

But in many ways, the impact of the Web upon the mass communications world was similar to the initial impact of television earlier in the century. Just as at that time producers tried to repackage successful studio programs for the new pictures and sound world (with actors standing and reading their lines to the camera), the contemporary content providers of the Web moved in a similar fashion, placing passive text on an interactive medium.

The problem for media organizations was two-fold. First, most information providers were simply rechurning old content, “a wrong-headed entry into the digital marketplace. Operating largely at the expense of their own print operations, hundreds of newspaper Websites beg the question: What is a sustainable business model?” (Davis 1999). This was the problem of old wine. However, intimately tied to this problem of repackaging old content was the failure to recognize the new medium as different. The second problem, therefore, was that most information suppliers failed to utilize the interactive aspect of the new medium, preferring instead to see the Web as a tool for mass communications as they already understood it—i.e., mass distribution. There was also the problem, therefore, of using the new bottle as an old bottle.

The Web had the feel of radio and television and cable broadcasting. Certainly the Web seemed to mirror the competing interests and the lack of clear business models of early broadcasting.

Even “dial-twisting,” the practice in the early days of radio of sampling and seeking, was regarded at both Time and Wired as the equivalent of Web surfing. And the assumption was that on the Web, as happened in radio by the 1940s, users would settle into specific habits and favour specific content selections. In other words, the Web would become a predictable world for advertisers—and there is no more important virtue for an advertiser than predictability.

Oddly, I don’t remember anyone asking, “What if the Web doesn’t become a mass medium?” Or “What if people use it differently from television or radio?” Or “What if advertising doesn’t deliver an economical return?” Or “What is it that really makes media, as we know it?” The shared faith that the medium would outlast its own infancy allowed everyone to overlook, or avoid, the most taxing and interesting questions. (Wolff 1998)

Recognizing the New Medium

By 1996, the first attempts to make innovative use of the new media were beginning to emerge. In early 1997, Wired magazine proclaimed that the future was all about “push” technology (see Exhibit 2). Instead of waiting for the customer to purchase, media companies would push out a constantly updatable stream of information on anything from news headlines, to stock prices, to traffic updates. When “push” failed to take hold by mid-1997 it was replaced by “portals”: all-encompassing information gateways that provided customers with a “one-stop” solution to their information and entertainment needs (Lombardo 1999). Portals, in turn, were replaced in 1999 with “virtual communities,” naturally discrete groups to which marketers could deliver a

1“Across the Internet, publishers of the largest Websites are drowning in a sea of red ink. Beginning in 1995, the Web lured mainstream media companies who poured in big money—despite the lack of a sound business model. There were some significant exceptions. The Wall Street Journal’s Interactive Journal delivered original, service-oriented news to a global business audience that allowed it to successfully pursue online subscriptions such that it was projected to turn a profit in 1999. The Financial Times interactive edition was profitable since it launched in 1997.

2Push technologies were technologies designed to send content to the client without the client specifically requesting it at a certain point in time. Television and radio broadcasting were classic examples of push technology. Traditionally, the World Wide Web had been based on “pull” technologies: the user sought out the content he or she wanted and downloaded it to the client machine. In the Internet context, in order for a push technology to work, the user had to have a “push client” (software designed to receive and display new content) installed on his or her computer. Push technologies ranged in their degree of “pushiness” from simple notifications that new content was available (whether via e-mail or other means) to automated content delivery. In every instance, however, the user would only receive content if the appropriate push client had been installed on his or her computer. Push technology generated substantial early interest among Internet developers. Push clients such as Pointcast, which would start automatically any time the user’s computer was turned on, were launched with great fanfare. Anticipating a demand for push technology, Microsoft used a broadcast or “Webcast” metaphor in developing Active Channels, a push client/server technology that was integrated into the Microsoft Internet Explorer Web browser and later versions of the Windows desktop. Netscape, in turn, developed Netcaster, a channels-based push client for Netscape’s Navigator Web browser. However, push technology proved far less popular that anticipated, and Microsoft subsequently made the enabling of Active Channels (the push technology built into Internet Explorer) optional.
mass message technology (see Exhibit 3) (Bradley and Nolan 1998; Hagel and Armstrong 1997). None of these attempts managed to deliver on the promise of the new medium, but each was an attempt to exploit the interactive potential.

What this meant for the EIU was that, by 1995, although it was a late-comer to the Web, the medium itself had yet to find its niche. Two aspects of Internet business development made the EIU’s comparatively late entry onto the Web seem palatable. First, many media companies had been doing poorly on the Web and many were in active retreat by 1995/96. Second, the lack of strategic use of the Web—as outlined above—meant that while other information providers and publishers certainly did have a competitive lead, that lead was far from unassailable.

Through 1995, EIU management began charting a strategic outlook for using the Internet and the Web to complement and benefit the Company’s growth, by addressing two questions:

1. How can we move, strategically, from print publication to electronic distribution?
2. How can we exploit the interactive potential of the new medium so as to build a relationship with the audience?

As they progressed, what became obvious was that capturing the Web’s potential meant more than a marketing drive; success would require restructuring the Company’s internal coordination.

**THE ECONOMIST INTELLIGENCE UNIT (EIU)**

The EIU was established in 1948 in London to provide information on business developments, economic and political trends, government regulations, and corporate practice worldwide. By the 1990s, EIU had a worldwide network of offices in London, New York, Hong Kong, Vienna, Singapore, and Tokyo.

The target audience for the EIU’s core products was multinational companies, exporters and importers, direct and portfolio investors, financial institutions, governments, business schools, and any group that needed to know about political, economic, and business developments across a number of companies. Within this group, the core services of the EIU were aimed at companies establishing and managing operations across national borders anywhere in the world and, therefore, specifically senior executives, their support staff and the managers responsible for international operations.

The Company’s editorial focus was centered upon country analyses and regional information provision, covering some 150 countries across five continental regions (see Exhibit 4). To this end, the EIU output its information services in a range of formats and frequencies. They also encompassed an expanding industry portfolio, including information dedicated to the automotive and telecommunications industries. In 1996, for example, the EIU acquired Pyramid Research, a specialist research unit focused on telecommunications in emerging markets (see Exhibit 5). More recently, a healthcare division was created with the launch of Healthcare International and Healthcare Asia.

Even with its strong growth over 50 years, however, the EIU was perhaps still best known as the business information division of The Economist Group.

**The Economist Group**

The Economist Group successfully established itself as an authoritative source of information and opinion on international business and politics. The core of the Group was its flagship newspaper, *The Economist*, a weekly magazine of international news and business. Founded in 1843, *The Economist* garnered a position as one of the most high-profile current affairs periodicals in the world. It reported and analyzed world affairs, politics and government, business and finance, economics, science and technology, the arts and multimedia.

Other specialist magazines, newspapers, information services, and conferences within the Group catered to more focused communities of interest in commerce and government, the professions, and the trade and transport industries. These included *The Journal of Commerce, CFO Magazine, Treasury and Risk Management*, and *Information Strategy* (see Exhibit 6). Together, the Group’s information activities all centered—at least in part—on world commerce and politics.

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3Through 1997/98, circulation of *The Economist* averaged 654,214 per issue, an increase of 6% on 1996/97.
In 1998, the Group grew by 6% in revenues, while profit before exceptional items and interest increased by 12% to UK£30.5 million and generated a net cashflow from operating activities of UK£37.3 million (see Exhibit 7).\(^1\) By comparison, the EIU grew in profits to UK£6.2 million, an increase of 19% over 1996/97, with revenues to UK£46 million, an increase of 17%.

Given the Group’s focus on the executive and multinational market, electronic delivery, especially via the Internet, had become central to the Company’s future by the late-1990s, as customers increasingly moved toward the networking of business information. As a result, a team dedicated to electronic delivery, sales and marketing was created to guide strategy and investment in the area.

**THE NEW WINE: EIU GOES ELECTRONIC**

*The digital future is crucial for us.*
— Economist Group Annual Report

**Phase 1—From Print to Electronic**

By the mid-1990s, there was a growing recognition within the management of the EIU that electronic distribution was important. What exactly this meant in terms of the Web and the use of the Internet, however, was less clear. So a number of individuals were asked to look at which groups were successful on the Web (and why), and what other major print media were doing electronically.

> [It] was wonderful, revolutionary even, that a major media company would embrace the view of the Web as a profoundly important new publishing tool, but also odd. In the online services, you had a functional, understandable business model. People paid to get access to the information and entertainment that was being provided. The Web, so far, had no economic model…. All other major media and software companies who had the foresight to be involved in online delivery—Ziff-Davis, Apple, AT&T, and Microsoft, for instance—were thinking about closed online services rather than the Internet. (Each of those efforts—Ziff’s Interchange, which was sold to AT&T; Apple’s eWorld; the first several versions of Microsoft’s MSN; and the AT&T-backed Europe Online—would die agonizing but quick deaths.) Nor were the existing online services giving much thought to the Internet…except to dismiss it. (Wolff 1998)

The first set of results were surprising: although a lot of activity had been undertaken on the Web, there were no (or at least, very few) distinctive publishing strategies emerging. However, there was a growing sense that customers expected to have the option to access or receive EIU’s material electronically (see Exhibit 8). Together, these two issues suggested to EIU management that while they needed to develop an Internet presence rather rapidly, they were not yet being required to react defensively; the market was still wide open for developing an aggressive strategy and exploiting the possibilities inherent in the new medium.

Traditionally, the EIU had worked to a series of set publishing formats. Unlike the news media, the EIU did not let the latest events determine its focus. It attempted to provide a balanced and well-researched supply of intelligence and foresight on the operating environment of each country along with developments in management thinking. To achieve this, regular contributions from a global network of more than 500 information-gatherers were edited into common formats and then published according to specified, regular timeframes. This material was then distributed as printed reports, newsletters, and customized briefings. By the mid-1990s, several deals had also been struck with online information providers, such as Reuters and Dow Jones, for the distribution of EIU content.

The EIU’s first response to the new media was to make sure that their existing group of reports and information services was available online.

**EIU.com**

In February 1996, the EIU launched its first comprehensive Website, EIU.com. EIU.com was, simply, an initial strategy for offering the EIU’s research information services via the Web. Services offered included the same reports, newsletters, and

\(^{\text{1}}\)On the other hand, earnings per share were down by 6% from the previous year. The Group was able to declare a final dividend of 24.5 pence per share, giving a total dividend of 34 pence per share for the year—an overall increase of 13% on 1996/97.
customized briefings that had previously been offered, along with archived research material and a set of e-briefings (see Exhibit 9). Customers of the EIU could directly access and download reports and could also search through the archived material for reports up to two years old (using simple boolean searches).

Effectively, this could have been viewed as a marketing drive with the Website being used as a virtual storefront to attract offline interest. Users were able to enter and “wander around” the site. If they were interested in what they saw, they could register for a trial of the material, and purchasers would be signed up offline. However, several abstract features distinguished the strategic orientation of EIU.com from its publishing competitors.

First, the site was not being used to drive new business as much as it was to service the existing customer base. In other words, the EIU’s initial Web strategy was to increase the convenience for existing offline customers (i.e., a strategy to make sure that they didn’t lose sales), rather than attempting to increase sales. Second, there was no price incentive offered to bring people online. (Given that the incremental cost of each online report was effectively zero, the savings in publication and distribution of digital copy are often cited as resources for offering discounts for online editions.) Third, the analogy used by the EIU was not that of a storefront, but of an iceberg. By accessing their subscription material online, customers saw “the tip of the iceberg” (McConaghy 1999). Below the water-line lay the rest of the iceberg composed of an ever-increasing array of products and database material. And this led to the fourth distinction: EIU.com was not the EIU’s strategy per se. Rather, this was one aspect of the EIU’s online representation.

The strategic, technological, and concomitant organizational focus was yet to come.

**Phase 2—ViewsWire: The Product**

_Thanks to the Internet we can, for the first time, offer our business customers the intelligence they need in a Web service that draws on the full resources of The Economist Group—from The Economist newspaper and The Journal of Commerce, to the EIU’s country reports and newsletters._

– Helen Alexander, C.E. of The Economist Group commenting on ViewsWire

On May 1, 1998, the EIU launched ViewsWire, or what they called “a decision-support tool designed for corporate executives on the Web” (see Exhibit 10). As with its traditional approach, ViewsWire was compiled from the contributions of more than 500 EIU analysts and editors based in over 100 countries. However, ViewsWire represented publications across the Economist Group’s portfolio, including *The Economist, CFO Magazine, The Journal of Commerce, Oxford Analytica*, and the *Financial Times*. Moreover, unlike its existing approach, which eschewed a “latest events” focus, ViewsWire was compiled on a daily basis. The content of ViewsWire was divided into three main sections:

- **Briefings:** EIU’s expert perspective on the economic, political, and business impacts of recent global events.
- **Forecast:** From tables of macroeconomic forecasts to summaries of the EIU’s expectations, a systematic look at future international trends.
- **Background:** Factual economic data and a look at regulations that help put current global events and expected trends into context.

The aim of ViewsWire was to provide the analytical depth required for executives to make informed decisions about the countries in which they were doing business or were going to be doing business. As a comprehensive Web strategy, this approach was more attuned to the medium itself. With 100 to 150 new articles being added to the site each day, the analogy of the iceberg became more apt. Users could navigate through the system by country, by subject, and by addressing facilities that allowed the user to set up a range of personal profiles.

To complement the approach, a much more aggressive pricing system was introduced whereby the more users that accessed the system, the more cost-effective for a company or organization the service became (see Exhibit 11). In other words, the EIU was

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3 In the initial stage, customers were restricted to those buying at least US$7,500 worth of material.

4 It needs to be borne in mind, however, that the ease with which these reports can then be reproduced and circulated has also often induced copyright holders to charge more for a digital edition.
encouraging organizations, once they had signed on, to have as many people as possible within their organization registered as users so that they received the most use that they could from the service.

To make ViewsWire work, the EIU was looking to sell its information-networking resources directly into the networks of other organizations. In other words, this was not mass, indiscriminate broadcasting, but nor was it individually personalized delivery. This was—if successful—a combining of the information services and internal networking resources of the EIU, sold onto the internal networking resources of its target client base.

*As a global professional-services company we have relied on the EIU’s analysis and forecasts for the countries where we serve clients. With the EIU ViewsWire we can effectively share this information throughout our organization, empowering our professionals to make informed, effective decisions.*

– Shehan Dissanayake, Director, E-commerce Services, Arthur Andersen

From a macro, strategic perspective the ViewsWire service could provide a distinctive edge in presenting commentary and analysis (i.e., views)—and not simply news—from the EIU and Economist Group resources. It was also an electronic only service that was completely Web-based—in other words, it would become effectively an interactive “Web paper.”

However, to produce ViewsWire, the EIU needed to reengineer how the Company itself organized and developed its own information internally. There were several elements to this intra-networking reorganization.

**ViewsWire: THE IMPACT UPON INTERNAL PROCESSES**

All firms need to develop their own corporate culture. This was particularly true for a firm that employed a common methodology and an “intuitive” approach to work practices, and needed to come out with a common voice within its newsletter products and information services. Furthermore, the EIU viewed a part of its competitive advantage as being able to “leverage its collective knowledge through replication and/or new application of knowledge.” To create knowledge required EIU being able to tap into its own expertise, wherever that resided, and at any given time.

To build knowledge by accumulating a company’s individual experiences is one of the principal reasons for building databases and corporate Intranets. However, building such “knowledge and information networks” requires significantly greater internal coordination of work schedules, constant system maintenance, and a different marketing approach. That the EIU possessed an internal knowledge resource that, if properly exploited, was of benefit to its clients, was not doubted by anyone in the Company. Successful implementation, however, presented a range of structural problems to the Group’s existing work practices.

First, ViewsWire placed the EIU specialists on alert to provide country analysis and forecasts in response to fast-changing events. Second, production of ViewsWire required a certain quota of submissions from analysts and editors so that the output of ViewsWire—100 to 150 new stories each day—could be met. Third, coordination across the Group now had to be consistent and effective on a daily basis.

Individually, each of these elements appeared relatively straightforward. But to work, the model required a significant degree of flexibility. This represented a marked change for an organization set up as individual (and largely autonomous) units, working to strict deadlines and timeframes. To confuse the picture even further, ViewsWire promised subscribers interactive access to ViewsWire analysts, as part of their anytime, anywhere access.

Addressing and coordinating each of these issues would mean the difference between success and failure for the new service.

**Network Reporting—Not a Wire Service**

The EIU had no intention of changing its basic strengths in providing the new service. Indeed, the basic belief, as outlined above, was that by networking the internal expertise of the EIU’s editors and correspondents, a value-added service could be provided wherein the total was greater than the sum of its parts.

The problem here, however, was that EIU editors did not themselves undertake the vast majority of the writing that appeared in the various newsletters. Their primary job was to locate and solicit expert analysis in a timely manner. A requirement of daily contributions threatened to subvert this basic model. Even more so, responding to client requests implied a level of expertise that the Company neither had nor wished to acquire. When, for example, important news broke about financial constraints in Mexico
or telecommunications developments in China, it was expected that ViewsWire would be the preeminent source of information, analysis and understanding for the corporate business world. However, the EIU was not purporting to be a wire service that simply replicated stories as they happened. Rather they needed to rely on a greater degree of expertise and understanding of the specific country’s operating environment.

This meant that judgement calls had to be made as to which stories were to be chased at any given time on the basis of existing knowledge and resource allocation. As a result, the Group quickly realized that to be effective they had to educate both the editors, who were the principal contributors to the system, and the clients, who were the principal users of the service. Editors had to be taught to break out of the publishing timeframes that they were working toward and to simultaneously adopt a daily perspective in their outlook. They also had to be taught to look inward to the network itself. Where previously they had looked outward for expertise to provide analysis and commentary in a traditional publishing manner, now they also had to look inward to the knowledge within the Group, in responding to immediate requests for information and analysis.

Users, on the other hand, had to be taught how to use the system so that: (1) they weren’t disappointed through unfulfilled expectations; and (2) they knew how to “drill down” into the wealth of information that existed to provide the background and understanding for which they might be looking on any given subject.

**Setting Quotas—Expecting the Unexpected**

Quotas for the new service could not be administered too dogmatically, as it could not be pre-ordained where news would break. In response, loose guidelines were established, identifying objectives rather than requirements. Each newsletter editor was expected to supply approximately two additional stories for the ViewsWire service each week, more or less, depending on whether they were in a “hot news” area.

It was soon recognized that a networked knowledge product is a significantly different proposition than a simple collection of information. With most editors producing in excess of 16 pages (some six to 10 stories) every two weeks, it could be assumed that filling a quota of two stories per week would be a rather straightforward affair. However, each product (the newsletters and ViewsWire) had a different focus. The EIU newsletters largely eschewed a day-to-day focus, whereas the ViewsWire was a daily service. Moreover, if all that was being provided was material straight from the newsletters service, then prospective users could simply have subscribed to the relevant newsletters and employed a search function over the online archives. Or they could have subscribed to one of the online news aggregators (such as Reuters) to whom EIU sold a certain percentage of its newsletter stories.

Again, this meant teaching contributors how to view the ViewsWire service and to provide the most value to the network. As with any change in corporate mindset, this took time to implement, as the habits of many years of time scheduling had to be broken and reset.

**Micro-Management—Coordinating the Network**

Management at the EIU saw that they had several options in implementing the ViewsWire service and attempting to tie the network itself together. One was to impose rules—albeit flexibly—to achieve the above criteria. Another was to allow the service to grow organically; to set a structure in place and then to encourage both contributors and subscribers to make the most of the potential allowed by the network. Somewhat experimentally they chose the latter.

The existing individual country and/or regional focuses of the newsletter and information services were retained, but they were now expected to fit into an overarching structure that sought to build the new product from the cumulative strengths of the Group’s individual resources. No full-time editor was assigned to oversee the resulting product. A small managerial team in New York was given coordination responsibility. However, they tended only to undertake minor cosmetic changes to the material; all editing was expected to be done by the contributing editors who had a better understanding of the material.

As the service grew, it was expected that a dedicated managerial team would evolve. By late 1998, the date foreseen for such a development was approximately 2000. However, as the service took off through 1999, this projection was increasingly brought forward. Similarly, on the marketing side, at the outset of the service, one person was assigned part-time to develop the product.

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7Admittedly, to be required to subscribe to all of the EIU’s newsletters would not be a particularly value-oriented alternative, but very few subscribers were likely to fall into this category.
Within three months this had become three full-time staff, with many more involved as a part of their existing responsibilities. To some degree, this reflected the general trend that had given rise to the concept of ViewsWire in the first place: growth in the demand for electronic media and electronic services was far outstripping the demand for traditional delivery. If the EIU were to survive, they had to successfully capitalize on these trends.

At the network level, ViewsWire took advantage of cutting-edge search-and-retrieval technology with an intelligent database designed by eLogic Inc (http://www.elogic.com), a California-based Internet software development company. Being Web-based, the service was easily and readily accessible, and the cross-linking of material was intuitively simple given the hypertext linkages that comprised the Web. However, the EIU management had decided that placing intelligence within their networked service was important if they were to distinguish themselves from the simple search services offered by various news organizations. By linking related stories, articles, and briefings together, ViewsWire allowed users to create their own personalized decision-support profiles.

ViewsWire: A WEB PAPER?

The move to daily electronic delivery of country analysis marked a significant turning point in publishing strategy for the group. Effectively, the EIU was producing a new product by tying together the internal networking capacity of the Company’s diverse information resources with its external output. In so doing, they were attempting to create a concept of “anything, anytime” publishing, the antithesis of print journalism with its set time schedules.

However, as with many large groups, the size of the EIU (and of the Economist Group) was both its strength and challenge, requiring phenomenal coordination. The organization as a whole needed to be able to respond to requests and then to quickly identify individuals with the required skills. It also needed to be able to access its own resources and database knowledge rapidly and efficiently. A further objective of its timeliness in delivering solutions and dramatically shortened development time was the ability to present subscribers with a précis of up-to-date commentary and analysis. Again, this required immediate access to information and knowledge.
### Exhibit 1. The Great Web Wipeout, 1996

<table>
<thead>
<tr>
<th>Winners</th>
<th>Losers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLAYBOY:</strong> “Sex always sells.”</td>
<td><strong>PATHFINDER:</strong> “Even Time Warner gets burned.”</td>
</tr>
<tr>
<td><strong>ALTAVISTA:</strong> “Best of the index services.”</td>
<td><strong>C/NET:</strong> “Turning back into a TV network.”</td>
</tr>
<tr>
<td><strong>FEDEX:</strong> “Surprisingly useful Website.”</td>
<td><strong>STARWAVE:</strong> “A Paul Allen tax write-off.”</td>
</tr>
<tr>
<td><strong>INFOSEEK:</strong> “No. 2 on our search list.”</td>
<td><strong>HOTWIRED:</strong> “Hanging on by its nails”</td>
</tr>
<tr>
<td><strong>DATAQUEST:</strong> “Now the Web authority.”</td>
<td><strong>CYBERCASH:</strong> “Retail sales? What retail sales?”</td>
</tr>
</tbody>
</table>


### Exhibit 2. The Future is “Push”

Source: Front cover of *Wired*, March 1997
### Exhibit 3. Infomediary Potential for Internet-Based Business

<table>
<thead>
<tr>
<th>Type</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portal</td>
<td>- High traffic generated by good marketing skills&lt;br&gt;- Frequent visits by customers&lt;br&gt;- Broad range of topics, which provides potential for broad profile&lt;br&gt;- Strength in building partnerships&lt;br&gt;- Innovative and risk taking</td>
<td>- Little experience building trust-based relationships&lt;br&gt;- Lots of trial, not much loyalty&lt;br&gt;- Little to no experience managing profiles&lt;br&gt;- Historically vendor focused versus customer focused</td>
</tr>
<tr>
<td>Virtual Community</td>
<td>- Customer focused rather than vendor focused&lt;br&gt;- Strong trust-based relationships&lt;br&gt;- Innovative and risk taking</td>
<td>- Small traffic flows&lt;br&gt;- Depending on scope, may be too narrow to build adequate profiles&lt;br&gt;- Unproven database-driven marketing and relationship-building skills</td>
</tr>
<tr>
<td>Transaction Aggregator</td>
<td>- Profiles include transaction data&lt;br&gt;- Skilled at building partnerships&lt;br&gt;- Skilled at handling transactions&lt;br&gt;- Innovative and risk taking</td>
<td>- Many are not broad enough&lt;br&gt;- Although trusted to enable transactions, not necessarily a trust-based relationship&lt;br&gt;- Profiles show transaction history only&lt;br&gt;- Unproven database-driven marketing and relationship-building skills</td>
</tr>
<tr>
<td>Advertising Network</td>
<td>- Understanding of tools and skills required to capture customer information&lt;br&gt;- The infrastructure to capture information across Websites&lt;br&gt;- Broad perspective on consumer behavior&lt;br&gt;- Experience managing networks of business relationships&lt;br&gt;- Innovative and risk taking</td>
<td>- Profiles contain usage data only, no transaction data&lt;br&gt;- Completely vendor focused rather than customer focused&lt;br&gt;- Not a trust-based relationship – no brand-name recognition or awareness</td>
</tr>
</tbody>
</table>

Exhibit 4. EIU’s Global Coverage

Source: EIU, URL: http://store.eiu.com/all_titles.asp?ref=left_nav, October 1999
Exhibit 5. EIU’s Telecommunications Information Unit—Pyramid Research

Source: Pyramid Research, URL: http://www.pyr.com, October 1999
Exhibit 6. The Economist Group’s Information Services Portfolio

Exhibit 7. The Economist Group’s Financial Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit and loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>£205,024</td>
<td>£193,515</td>
<td>£188,659</td>
<td>£137,489</td>
</tr>
<tr>
<td>Operating profit</td>
<td>£28,261</td>
<td>£25,599</td>
<td>£23,762</td>
<td>£17,990</td>
</tr>
<tr>
<td>Net interest</td>
<td>(232)</td>
<td>(1,143)</td>
<td>(1,725)</td>
<td>1,775</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>£25,076</td>
<td>£26,722</td>
<td>£23,997</td>
<td>£19,765</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>£18,884</td>
<td>£20,077</td>
<td>£17,682</td>
<td>£13,420</td>
</tr>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>-</td>
<td>370</td>
<td>658</td>
<td>-</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>£33,575</td>
<td>£35,342</td>
<td>£36,398</td>
<td>£32,518</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>-</td>
<td>133</td>
<td>122</td>
</tr>
<tr>
<td>Net current (liabilities)/ assets</td>
<td>(17,051)</td>
<td>(12,769)</td>
<td>(13,872)</td>
<td>2,850</td>
</tr>
<tr>
<td>Long-term creditors and provisions</td>
<td>(29,131)</td>
<td>(47,764)</td>
<td>(56,629)</td>
<td>(9,024)</td>
</tr>
<tr>
<td>Net (liabilities)/assets</td>
<td>(12,607)</td>
<td>(24,821)</td>
<td>(33,312)</td>
<td>26,466</td>
</tr>
<tr>
<td><strong>Ratios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit to turnover</td>
<td>13.8%</td>
<td>13.2%</td>
<td>12.6%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Taxation</td>
<td>24.7%</td>
<td>24.9%</td>
<td>26.3%</td>
<td>32.1%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>74.9p</td>
<td>79.7p</td>
<td>70.2p</td>
<td>53.3p</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends per share</td>
<td>34p</td>
<td>30p</td>
<td>26p</td>
<td>20p</td>
</tr>
<tr>
<td>Times covered</td>
<td>2.2</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>£37,263</td>
<td>£34,669</td>
<td>£30,129</td>
<td>£29,720</td>
</tr>
</tbody>
</table>

Source: The Economist Group, URL: http://www.economistgroup.com/mainframe, October 1999
<table>
<thead>
<tr>
<th>Online title</th>
<th>Established</th>
<th>Access</th>
<th>Advertising rates</th>
<th>Claimed reach</th>
<th>Publication time</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REGIONAL WEEKLIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Week businessweek.com</td>
<td>December 1994</td>
<td>Free for ltd content, paid subscription for full content, free to mag subs</td>
<td>US$40-865 CPM depending on quantity</td>
<td>200,000 registered viewers/month</td>
<td>Simultaneously with print edition, updated daily</td>
<td>All print content goes online for subs. Ltd content for non-sub</td>
</tr>
<tr>
<td>The Economist economist.com</td>
<td>June 1997</td>
<td>Free to mag subs, US$48 for online subs</td>
<td>US$65-880/ CPM depending on size (25,000-74,999 hits)</td>
<td>330,000 registered users worldwide</td>
<td>Simultaneously with print edition</td>
<td>All of print content plus surveys from past issues. Archive back to 1990</td>
</tr>
<tr>
<td>Time Inc [Time Warner media accessed through umbrella site Pathfinder.com]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not all content from print editions goes on site. Daily news updates if there’s a breaking story</td>
</tr>
<tr>
<td>Asiaweek asiaweek.com</td>
<td>August 1995</td>
<td>Free</td>
<td></td>
<td>600,000 views/month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time.com/asia</td>
<td>January 1998</td>
<td>Free</td>
<td></td>
<td>500,000 views/month</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DAILY NEWSPAPERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AWSJ part of wsj.com</td>
<td>April 1996</td>
<td>Paid sub</td>
<td>wsj.com US$28-76/CPM</td>
<td>250,000 + paying subs</td>
<td>Posted and updated daily</td>
<td>Content of all wsj editions and other Dow publications 50% paper content 50% Web-only content</td>
</tr>
<tr>
<td>Financial Times ft.com</td>
<td>October 1998</td>
<td>Subscription is free</td>
<td>US$57-98/CPM</td>
<td>7 million hits/month</td>
<td>Posted daily and updated at least 3 times daily</td>
<td>Same as print edition</td>
</tr>
<tr>
<td>International Herald Tribune ith.com</td>
<td>January 1996</td>
<td>Free</td>
<td>US$40/CPM</td>
<td>1.2 million hits/month</td>
<td>Updated daily at 5am (HK time)</td>
<td></td>
</tr>
<tr>
<td>HongKong Standard hkstandard.com</td>
<td>October 1995</td>
<td>Free</td>
<td>US$2,838 full banner/month on homepage. US$1,935 for section page.</td>
<td>160,000-180,000 hits daily</td>
<td>Posted daily and updated 2-6 times daily</td>
<td>Content different from print edition</td>
</tr>
<tr>
<td>South China Morning Post SCMP.com</td>
<td>December 1996</td>
<td>Free (pay per view archives)</td>
<td>US$20-45/CPM</td>
<td>2.5 million page views per week</td>
<td>Posted daily at 11am. Breaking news updated throughout day</td>
<td>About 90% of print edition content posted and more</td>
</tr>
<tr>
<td>Straits Times Interactive</td>
<td>December 1995</td>
<td>Free</td>
<td>US$193-903/month</td>
<td></td>
<td>Posted noon daily</td>
<td>Virtually all print content goes online</td>
</tr>
</tbody>
</table>

Exhibit 9. EIU.com

The Economist Intelligence Unit

on the Internet

EIU's latest — July 8, 1999

- Eastern Europe: Nuclear plants obstruct EU enlargement path
- Global Cost of Living: highest in Japanese cities
- Malaysia: Beyond the Tempe
- Slovenia: No longer Balkan, yet not Western

Before you plan your next financial move
Simply read the leading newsletter on the region

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Source: EIU, URL: http://www.eiu.com, October 1999
Exhibit 10. ViewsWire

Source: EIU, URL: http://www.viewswire.com, October 1999
Exhibit 11. ViewsWire Pricing Scheme

Network pricing for the ViewsWire service is based on the number of authorized users as follows:

<table>
<thead>
<tr>
<th>Authorized users</th>
<th>£ Price</th>
<th>US$ price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 user</td>
<td>£4,600</td>
<td>7,500</td>
</tr>
<tr>
<td>Up to 5 users</td>
<td>£6,000</td>
<td>9,500</td>
</tr>
<tr>
<td>Up to 10 users</td>
<td>£8,500</td>
<td>12,750</td>
</tr>
<tr>
<td>Up to 25 users</td>
<td>£11,250</td>
<td>17,000</td>
</tr>
<tr>
<td>Up to 50 users</td>
<td>£14,250</td>
<td>21,250</td>
</tr>
<tr>
<td>Up to 100 users</td>
<td>£17,000</td>
<td>25,500</td>
</tr>
<tr>
<td>Up to 250 users</td>
<td>£19,750</td>
<td>29,750</td>
</tr>
<tr>
<td>Up to 500 users</td>
<td>£21,750</td>
<td>32,500</td>
</tr>
<tr>
<td>Up to 750 users</td>
<td>£24,250</td>
<td>36,500</td>
</tr>
<tr>
<td>Up to 1,000 users</td>
<td>£26,000</td>
<td>39,000</td>
</tr>
<tr>
<td>Up to 2,500 users</td>
<td>£30,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Up to 5,000 users</td>
<td>£34,000</td>
<td>50,700</td>
</tr>
<tr>
<td>Up to 7,500 users</td>
<td>£38,000</td>
<td>56,250</td>
</tr>
<tr>
<td>Up to 10,000 users</td>
<td>£41,000</td>
<td>61,900</td>
</tr>
<tr>
<td>Up to 25,000 users</td>
<td>£44,000</td>
<td>67,500</td>
</tr>
<tr>
<td>Up to 50,000 users</td>
<td>£47,000</td>
<td>73,200</td>
</tr>
<tr>
<td>Up to 75,000 users</td>
<td>£50,000</td>
<td>78,800</td>
</tr>
<tr>
<td>Up to 100,000 users</td>
<td>£53,000</td>
<td>84,400</td>
</tr>
<tr>
<td>Over 100,000 users</td>
<td>£55,000</td>
<td>90,000</td>
</tr>
</tbody>
</table>

Source: EIU
EIU’S ViewsWire: NEW WINE IN A NEW BOTTLE
Teaching Note

SUMMARY OF THE CASE

This case provides a study of an organization using networking technologies for a dual purpose: to create a new product from existing resources wherein “the total is greater than the sum of its parts”; and to bring the customer inside the company to exploit the contents of the company’s databases. In seeking to adopt new technology and to establish a Web presence, the EIU discovered that one of its competitive advantages was its own intranet and its own databases—effectively its own knowledge system. In other words, what at the outset might appear to be a marketing study, as the EIU sets about establishing a Website and using the Internet for electronic distribution, in fact focuses upon the reengineering that resulted as the company sought to leverage its use of the new medium to exploit its competitive advantage. In so doing, the EIU has ended up creating a new product, ViewsWire, which some within the organization speculate is in fact a new genre. Neither a wire service nor a traditional publication, if it works it will fall somewhere between a newsletter and an information service, between a publisher and a consultancy.

Still in its early stages when this case was written, the product is feeling its way along, as the EIU’s administrators work out the best way to facilitate timely publication without the rigidity of a publishing schedule. In this regard, the case focuses on the opportunities that the networking technologies underlying the Web provide, and the impact on internal processes of integrating the company’s intranet with its distribution platform over the Internet. The case revolves around the EIU’s belief that one of its key strengths lay within the collective knowledge of the organization, that there was a resource to be exploited if they could work out how to effectively bring clients inside the organization, rather than simply pumping information out toward them.

TEACHING OBJECTIVES

The case has five primary teaching objectives:

1. To examine the impact of new media technologies on the old media businesses.
2. To examine the integration of a corporate intranet with the Internet: how they mesh together; what changes in work processes are required; what problems arise from streamlining the value chain (i.e., putting the correspondents in direct contact with the customer; giving the customer direct access to the corporate database).
3. To examine the strategic information resources within a company, where they reside, and how they can be leveraged (i.e., the evolution from looking at networking technologies as tools for cost efficiencies to tools of competitive advantage).
4. To examine the differences between a company’s “public” and “private” (or internal) networking objectives. (Where does a company’s intranet end and its public access site begin?)
5. To discuss the various approaches to Web publishing and to question the assumptions (such as revenue generation) behind these approaches.

SUGGESTED STUDENT ASSIGNMENT QUESTIONS

1. In an information or networked economy, barriers to entry are often significantly different from those that existed previously. (They are usually much lower.) Identify potential competitors to the EIU’s new service, ViewsWire, and suggest strategies by which: (a) the competitors could target the EIU’s weaknesses and (b) the EIU could proactively move to stay ahead of any potential competition.

2. A holy grail of the publishing and information industries is individualized (personalized) marketing—i.e., products shaped to the individual’s specifications. The EIU has attempted to achieve this by taking a generic product and utilizing networking
technologies so that the customer can fashion the end product themselves. What problems, if any, do you foresee with this approach?

3. Information products (such as Microsoft’s Windows) often benefit from increasing returns, whereby “the more you sell, the more you sell.” In other words, a strategic advantage is to have built up a large installed base. In the case of EIU’s ViewsWire, how should the product be priced? Should it be priced low to bring in many customers and then benefit from the iterative sales, or should it be priced as a premium service?

4. Given the tiered pricing strategy that the EIU has employed, how can the Company enforce this with an information product? Is this a problem for the company?

5. Summarize the case focusing on what you see as an evolution in the core business of the EIU.

MAJOR TOPICS FOR CLASS DISCUSSION

- Integrating a corporate Intranet with the public Internet.
- Motivating correspondents to publish and to respond to an ad hoc schedule.
- Information and privacy concerns for the EIU.
- The future market for information services and for traditional media (i.e., newspapers, magazines, journals).
- The concept of knowledge as a competitive advantage.
- Using networking technologies to leverage off a company’s knowledge base.

ANALYSIS

The phrases “intra-corporate networking” and “enterprise networking” first came into common use in the late-1980s, when corporations began to link together formerly independent and disparate local area networks (LANs). These terms enabled firms to differentiate the resulting corporate-wide network from the individual LANs of which it was formerly composed. Since that early period, a considerable evolution within the intra-corporate network has occurred, as the former host-centric computing paradigm has been replaced by a “distributed processing” paradigm, epitomized most powerfully in the transition to client-server architecture. A key facet of this new paradigm has been the need for “any-any” connectivity within the corporate network linked with a growing amount of public networking.

This transition and the growth of intra-corporate networks needs to be seen within the context of competitive corporate strategies. While large companies continued to make extensive use of the public telecommunication system worldwide, the strategic advantages to be gained from a firm’s own intra-corporate communications network are coming to be increasingly appreciated. These include, most obviously, lower costs, security, and network compatibility (both hardware and software).

There are few widely accepted frameworks in the literature designed to guide managers in choosing which applications are most applicable to their given situation, and how the implementation of interorganisational systems (IOS) will alter the relationship between participants, or how companies can use Internet technology to gain competitive advantage. For example, the popular literature has touted the potential to gain competitive advantage from the use of EDI, the Internet, and, most recently, intranets (Cortese 1996; Hagel and Armstrong 1997; Kalakota and Whinston 1997). However, the complexity and rapidly changing dynamics of using these technologies make it unclear whether or not long-term competitive advantage can be achieved. Currently, most commercial Internet applications focus on using the World Wide Web to direct a company’s marketing message to end customers. On the other hand, an intranet is by definition an internally focused application that is currently being used to disseminate information throughout the company or facilitate cross-departmental teams. How to tie these two together and then manage this dynamic remains something of an open question.

The development of extranets, linking a firm’s intranet and Internet strategies, promises to broaden both the potential and the managerial responsibility of e-commerce. The result is seen to be a comprehensive framework for developing e-commerce

---

8Mercer (1996) defines enterprise networking as “a corporate-wide network that ties together the communications, processing and storage resources of the corporation by making those resources available to users distributed throughout the corporation” (p. 30). Retrospectively, he notes, the term has also been applied to “legacy” networks.

9Heralded most forcefully by the arrival of intranets; see “Enter the Intranet,” The Economist, January 13, 1996, pp. 68-99.
strategies that managers can use to alter their business-to-business and business-to-consumer relationships to achieve competitive advantage.

Kalakota and Whinston (1996) identify four previously separate uses of information technology that are converging to create the discipline of electronic commerce. These applications include:

1. electronic messaging such as fax and e-mail,
2. sharing a corporate digital library to promote information sharing and collaborative work,
3. electronic document interchange utilizing EDI and electronic funds transfer, and
4. electronic publishing to promote marketing, advertising, sales, and customer support.

In the case of the EIU’s ViewsWire, we are obviously focusing on uses (2) and (4), although the real issue is the development of a comprehensive e-commerce solution premised on an integration of the company’s intranet and Internet platforms. It is perhaps worth keeping in mind that Kalakota and Whinston summarize their view by defining e-commerce as “a modern business methodology that addresses the needs of organizations, merchants, and consumers to cut costs while improving the quality of goods and services and increasing the speed of service delivery. The term also applies to the use of computer networks to search and retrieve information in support of human and corporate decision making” (1996).

Riggins and Rhee (1998) attempt to draw many of the above perspectives together to present a “unified view” of e-commerce and, in so doing, have devised an “Electronic Commerce Domain Matrix” (Figure 1) that distinguishes between current uses of Internet technology. This provides an interesting framework for examining the EIU approach. Indeed, I would start off the class by posing the following question:

How should a company go about implementing an effective intranet strategy?

I would then take the class through a brief discussion of the material below, illustrating some of the distinctions between intranet and extranet strategies. I would pose the question and approach with a view to motivating an analysis of corporate objectives in implementing an intranet/extranet solution. An intranet solution is focused internally on streamlining intra-corporate communication. An extranet is focused on streamlining certain aspects of business-to-business processes. Internet-focused strategies tend to be premised on marketing objectives. Therefore, any integration of these strategies is likely to become confused unless strategic objectives are kept in focus.

**Different Dimensions of Internet Technology Applications**

Current applications on the Internet are typically externally focused and usually designed to facilitate new business relationships and attract new customers via a company’s Website. Within the framework of the matrix (see Figure 1), such uses of Internet technology can be grouped as Cell 4 applications. Most intranet applications are, by definition, internally focused to enhance the existing relationship between parties within the company, typically by promoting the efficient exchange of information. For example, posting company telephone or e-mail directories online or allowing employees to browse company information creates an efficient way to disseminate information between employees or departments that was previously disseminated by other means. These intranets can be grouped as Cell 1 applications.

The grid is particularly useful in understanding the different definitions of electronic commerce as proposed, for example, by Kalakota and Whinston (1996). The four dimensions can be seen to be represented by the four cells in the matrix. Internal/relationship-enhancing applications typically are electronic messaging systems such as e-mail to promote efficiency within the organisation. They support existing relationships by promoting closer integration between current trading partners. Internal/relationship-facilitating systems promote work teams and information sharing such as Lotus Notes or videoconferencing.

![Figure 1. Electronic Commerce Domain Matrix](image-url)

**Type of Relationship**

- **Internal**
  - **Enhanced**
    - Cell 1
  - **Facilitated**
    - Cell 2

**Location of Application User**

- **Internal**
  - **Improving Coordination with Internal Business Units**
    - Cell 1
  - **Information Exchange to Work With New Team Members**
    - Cell 2

- **External**
  - **Improving Coordination with Existing Trading Partners**
    - Cell 3
  - **Market Creation to Reach New Customers**
    - Cell 4
systems and are usually targeted at improving team effectiveness within the company or within an alliance of cooperating trading partners. External/relationship-enhancing applications are the traditional forms of IOS, such as EDI, and are usually justified by improved efficiency. They help to establish new relationships and to facilitate the creation of networked relationships that were previously not feasible, such as decentralized work teams. Finally, external/relationship-facilitating systems are the newest type of strategic-based IOS such as Websites to promote the company’s product or image.

Most commercial uses of Internet technology have so far tended to be framed within Cell 4 (Internet consumer-to-business) or Cell 1 (intranet intra-organizational) applications. As shown in Figure 2, there is a vast region of opportunity that has, until recently, remained largely untapped in terms of applying Internet technology. The emergence of extranets is beginning to fill this void and bridge the gap between intranets and Internet applications. (The term extranet has been defined as “a collaborative network that uses Internet technology to link businesses with their suppliers, customers, or other businesses that share common goals....An extranet can be viewed as part of a company’s Intranet that is made accessible to other companies or that is a collaboration with other companies” (http://whatis.com 1998).

In particular, the distinction that an extranet can be part of a proprietary system where trading partners receive controlled access to certain portions of the firm’s Intranet or a collaborative network linking trading partners together to engage in cross-application information messaging is an important one. Using this distinction, Riggins and Rhee (1998) classify extranets as either intronets, (Cell 3-type applications), or supranets (Cell 2-type applications). Table 1, based on Riggins and Rhee’s work, provides a comparison of the two.

![Figure 2. A Unified View of Electronic Commerce](image)

Intronets are extranets where external trading partners receive controlled access behind the initiator’s firewall and into the initiator’s intranet. Ideally, the external trading partner uses a typical Web browser to drill down and “pull” the desired information into the client browser application. In this way, the user controls the usage of the system, while the initiator controls the content and functionality of the system. Typically, the external party will access a database within the intranet to gain access to a unique information product maintained by the initiator. If the initiator of the intronet is able to provide unique, up-to-date, valuable information, the initiator may be in a position to gain competitive advantage from the network. In particular, if the information provided via the intronet results in changes being made at the user’s organization, the initiator may be in a position to “lock-in” the trading partner and create dependence on the intronet.

In contrast, a supranet is a consortium-sponsored, consortium-controlled interorganizational network providing seamless communication services between member organizations across multiple types of applications. The typical goals of these supranets are overall consortium efficiency and reduced time to market of business-to-business virtual team deliverables. These networks function as interorganizational group decision support systems where information is electronically “pushed” to the next phase of the value-added process. The overall objective of the consortium’s supranet is to promote the overall competitiveness of the entire consortium against other business ecosystems.

Two critical aspects of the EIU’s integration strategy are (1) the scarcity and value of the information being provided, and (2) allowing the external entity some initial access and encouraging alteration of their internal processes in order to take advantage of the information being provided. If the user of the service becomes locked in to using the system, the initiator—in this case, the EIU—may then be in a position to charge for sustained (or increased) usage of the system or shift the balance of power in the business relationship. By keeping the network service up-to-date and valuable, the initiator can gain significant competitive advantage in its business relationships.

Because the majority of these applications are not yet widely publicized, a well-known customer-to-business Web service, CNN Interactive (http://cnn.com, 1998), may be illustrative. CNN Interactive provides more than just current news articles that may be found on their television cable station. CNN Interactive is in the process of developing an historical archive that is becoming increasingly valuable due to its comprehensive coverage and the links it provides to related articles. While CNN Interactive is
currently available free-of-charge on the Web, the news organization will likely eventually charge a fee for full access to its historical archives. As news journalists, educators, students, and others become accustomed to free access to the news service, they will alter their process of gathering historical information to take advantage of the technology. At that point, the company will likely implement a two-tier (or even multi-tier) pricing scheme where some initial information is free, while other information is available only to those who have access. The pay-for-access service may become a requirement for many information-intensive organizations, making that portion of CNN Interactive a business-to-business network similar to the case of the EIU ViewsWire.

Table 1. Two Types of Extranet (Riggins and Rhee 1998)

<table>
<thead>
<tr>
<th>Type</th>
<th>Intronet</th>
<th>Supranet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsorship</td>
<td>Owner sponsored</td>
<td>Consortium sponsored</td>
</tr>
<tr>
<td>Gateway access</td>
<td>Proprietary network</td>
<td>Semi-open network</td>
</tr>
<tr>
<td>Relationships</td>
<td>One-to-many</td>
<td>Many-to-many</td>
</tr>
<tr>
<td>Service offered</td>
<td>Information product</td>
<td>Communications medium</td>
</tr>
<tr>
<td>Primary justification</td>
<td>Provide unique resource</td>
<td>Efficiency/timeliness</td>
</tr>
<tr>
<td>Primary beneficiary</td>
<td>Initiator with information</td>
<td>All consortium members</td>
</tr>
<tr>
<td>Long term objective</td>
<td>Lock in partner</td>
<td>Consortium competitiveness</td>
</tr>
<tr>
<td>Nature of application</td>
<td>Pull application</td>
<td>Push application</td>
</tr>
</tbody>
</table>

References

Cortese, A. “Here Comes the Intranet,” Business Week, February 26, 1996, pp. 76-84.

Useful Websites