The Emerging Internet Market

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(The full paper had not been received at the time of printing of the proceedings.)

Extended Abstract

As more and more "traditional" industries and businesses start to use the internet as a business tool, the demand for internet service providers in many forms will increase dramatically.

However, few of these new customers can or should be expected to show the tolerance normally afforded fledgling industries in high-technology areas. This is especially true as the internet promoters themselves have built up an expectation that the indsutry is more mature than other new technologies owing to its relative age and maturit.

To succeed in the internet, both as an entrepeneur and for the industry as a whole, there is a critical need for a clear application of the basics of marketing and business: clear products, clear communications with the market and common grounds for competition.

To put it more simply, people will buy the internet if they know what they are buying and whom to buy from.

Understanding how to position the internet service industry is perhaps one of the greatest challenges the field of technology venture marketing has ever faced. The market has been "polluted" by masses of potentially mis-leading and speculative information. While the general level of awareness is quite high (can any businessman have NOT heard of the internet in the past year?), the level of understanding of what the internet can actually do and what and HOW enterprises can procure internet-based services against their requirements is quite low.

The industry itself is largely to blame for this. The commercial internet has developed so rapidly over the past several years that no strong "industry model" has had a chance to assert itself. Customers approach the market with the vaguest ideas of what is possible and what they need. Assistance they get in solidifying these areas is highly dependent on their first contact with the industry (usually the network provider), and the overall procurement process is often tainted by well-meaning but narrowly-focussed considerations. It is ironic that companies with very rigorous procurement policies and procedures often discard these when it comes to the internet - usually from a lack of understanding rather than a lack of diligence.

Yet, there are models for risk-reduced procurement processes which are beginning to be supported by the industry. The market needs education in these.

The internet has been cited as "the cottage industry of the 90s". While on a "toplogical" level this is true - small companies, rapidly formed with little outlay and often rural areas - the negative stigma of this appellation needs to be eliminated. No serious corporate customer is going to purchase a "critical business tool" from a "cottage" company. This is a critical market perception for the small player faced with the recent moves into the market from heavywweights such as Microsoft and various PTTs.

The key issues to developing the internet industry are:

* Greater understanding by the industry of real business requirements

* A stronger, shared understanding within the industry of the commercial roles (and more clearly defined grounds for competition)

* Communication of this model to the marketplace

* Greater business professionalism within the industry

* Assisting the marketplace in the practical problem of developing procurement policies for the internet

This paper expands on the case for developing a clearer industry model and proposes one possible approach, which is based on our own research into the emerging internet market, and supported by sales experience.

While the range of internet business services that could be on offer is vast, we expand on

several specific areas of provision and identify common features and points for competition. A guideline procurement policy is also outlined, and, considering the truly global nature of the industry, a comment on differences in approach between European and North American policies is offered.