2003: the year of uncertainty, the year of consolidation
Josep Valor, IESE Professor and eBusiness Center PwC&IESE Manager

Although it can sound contradictory, this year will be marked by the uncertainty and consolidation of e-business in companies.

Clearly, one doesn't need to be a guru to make the first prediction. The economic panorama is very uncertain, which doesn't mean it is optimistic nor pessimistic; simply it is unknown.

The last two years have seen an economic downturn, worsened by geopolitical instability. Many investment decisions are pending on how remote questions, such as the conflict with Iraq, are solved.

Parallel to this phenomenon, e-business has become part of the day to day work of traditional businesses. As the results of the e-Business at Spanish Companies report show, which was published at the end of last year, Spanish executives admit that the Internet media is a continuation of their traditional business. In other words, e-business is business.

Therefore, we can expect that if the economy recovers this year, e-business will do well too.

Of course, the investments of companies in Internet will vary depending on the importance the e-business project has in their activity. According to the mentioned report, most executives think that the projects are lines of diversification or non essential items for the viability of the company.

On the other hand, respondents estimate that these projects don't offer a return on investment in the short term, thus they tend to postpone their investment in them, above all in times of crisis. If we relate these two variables, instability and long term investments, we can foresee a poor year as regards new e-business initiatives.

Nevertheless, there are reasons to believe that 2003 will also be a year of consolidation of what is already done in e-business. Perhaps this affirmation is not valid for everybody, but those who have bet seriously on Internet will begin to appreciate its benefits. They will go from being early adopters, who bought to try it out, to form part of the majority who consume because they have to.

This maturity will be seen especially in two areas: broadband and ecommerce. High speed connections grew notably in 2002, accounting for about 3.9% of Spanish households.

Although it is difficult to estimate the size of the market and the new services in this year, it seems sure that nobody will unsubscribe. Those who enjoy the advantages of a
bandwidth that is always on won't go back to the narrowness of 56 Kbps.
In spite of the fact that ecommerce has not reached so many people as broadband, those who enjoy its advantages are beginning to generalise their online purchases and, most importantly, to devote a greater share of their budget to this kind of shopping. Proof of this is the $13.7 million spent over the last holiday season in the USA, 24% more than the previous year.

So uncertainty and consolidation don't have to be antagonistic nor negative this year. We hope that they are as complementary as possible. Happy 2003.