**WEEKLY INSIGHT**

**Economic Forum Changes its Focus**

The world's most powerful policy makers and entrepreneurs, who have in the past used the World Economic Forum to promote the opportunities promised by technology and borderless commerce, seem more obsessed this year with their endless vulnerabilities. From *New York Times*. [Full Story]

**Highlights**

- It’s the first time that talks have been held outside the Swiss resort of Davos since their inception 30 years ago. The move to New York is a significant gesture to the city that suffered both emotional and financial loss in the September 11 terrorist attacks.
- The World Economic Forum has gathered about 2,700 powerful policy makers and entrepreneurs who have analysed US foreign affairs and possible solutions to terrorism and harmful globalisation effects.
- According to a Harvard University report - released during the meeting, Spain holds 26th position in ranking of the implementation of new technology in the economy of the country. USA is on top, followed by the Nordic Countries and Holland.

**Press Review**

From *News.com*

"Microsoft Chairman Bill Gates said Sunday that he sees no global economic recovery this year, countering a budding groundswell of optimism tied to economic data that point to a fast rebound. Gates, co-founder of the world's largest software supplier, said that corporate capital spending cuts and a glut of excess capacity in hard-hit sectors such as telecommunications may keep the economy moving sideways through the rest of 2002."

[Full Story]

From *CNN*

"Many of the discussions at this year's World Economic Forum meeting concerned "transparency," the idea that markets need to have information about business to function properly. The WEF meeting, ironically, only grew more opaque as it progressed."

[Full Story]

From *La Vanguardia*

"Worse than 11-S effects, has been the new technological paradigm disappearance, the business revolution announced by Davos, that would rise productivity growth rate forever. According to Gail Fosler, Senior Vice President and Chief Economist of The Conference Board, the agency of macroeconomic analysis, recession doesn't mean that the revolution has faded out. 'For the first time, productivity has risen in a recovery period'. But others ask if productivity good behaviour during last months is just a question of manpower by technology unity after big cuts."

[Full Story]
REPORTS

Create E-business Plans for Competitive Advantage
Source: Gartner G2
Date: January, 2002
Abstract: By 2004, the primary goal of e-business plans will be to create new revenue opportunities, not just to automate business processes. By the same time, many companies will expect to realize a 25% higher return on their e-business investments. Gartner G2 offers some recommendations to create an effective e-business plan that helps a company achieve optimal growth by using the Internet to gain competitive advantages. E-business plans must address five topics: e-business vision and objectives, process assessment, governance, people and technology. Moreover, it's necessary to review corporate business strategy with senior IT managers as well as business unit leaders. Companies also must formalize decision-making procedures and communicate e-business concepts and initiatives across the organization and integrate the e-business plan with corporate goals. [Full Story]

Drivers of Price Dispersion Among E-Tailers
Source: Massachusetts Institute of Technology
Date: November, 2001
Abstract: Frictionless e-commerce implies that price disparities for identical products sold by different e-tailers should be smaller online than offline, but some recent empirical evidence reveals the opposite. In this paper, eBusiness@MIT tests 105 e-tailers to identify three clusters based on their scores on five factors. The first cluster is the smallest group with 9.5% of the members. They are sellers who have moderate to small web traffic and target those consumers who already clearly know what they want to buy. Cluster number two comprises 40% of the e-tailers, characterized by highest prices and superior shipping and handling service. The last cluster is the largest one, comprising 50.5% of the 105 e-tailers. This group provides the lowest prices and offers deep product information, but their reliability and shipping and handling services, however, are perceived to be the poorest. In addition to e-tailer characteristics, market characteristics and product category differences are also drivers of online price disparities. [Full Story]

2002 Index of Silicon Valley: Measuring Progress toward the goal of Silicon Valley 2010
Source: Joint Venture
Date: January, 2002
Abstract: Joint Venture created the annual Index of Silicon Valley in order to provide information on the economy and quality of life in Silicon Valley, based on the input and perspectives of more than 2,000 of the region's residents. To mark the 10th anniversary of Joint Venture's inception, this year's Index features a 30-year retrospective view on the Silicon Valley economy and appoints the goals of Silicon Valley 2010. From 1998 to 2000, venture capital investment in Valley companies increased 566% in real terms, from $3 billion to $21 billion, and Value Added per Employee, a proxy for productivity, grew 37%. According to Joint Venture experts, the current economic slowdown must be understood in the context of both short-term business cycles and long-term waves of innovation. This special analysis shows that boom-bust cycles have led to a subsequent longer-term wave of innovation and economic vitality. Over the coming years, Silicon Valley must achieve 17 goals to improve its productivity and broad prosperity, protect nature and preserve open space, and offer education as a bridge to opportunity. [Full Story]
COMPANIES

Europe gives thumbs-up to HP-Compaq
The European Commission has approved the HP/Compaq deal after concluding that the deal between the two US computer groups would not harm competition in Europe’s information technology sector. The decision, which came after a one-month investigation by the Brussels anti-trust authorities, is a boost for the two companies’ top management who have been defending the deal against growing investor criticism. The US competition authorities have still to decide on the deal but are expected to approve it after requiring the companies to make some disposals of overlapping businesses. From Financial Times. [Full Story]

AOL Time Warner reportd losses
AOL Time Warner reported a net loss of $4.9 billion and a tepid 4% revenue gain in its fourth quarter of 2001. Revenue for the last quarter rose 4%, to $10.6 billion from $10.2 billion the previous year, while earnings before interest, taxes, depreciation and amortization increased 14%, to $2.8 billion from $2.4 billion. The fourth quarter 2001 was bolstered by revenue from customer subscriptions, which were up 16%. That helped offset a 14% decline in advertising and commerce revenue. The cable business was a bright spot as revenue rose 18%. But the music unit continued to struggle, posting a 4% drop in revenue, which the company attributed in part to weak music sales industry-wide. From Washington Post. [Full Story]

DoubleClick buys MessageMedia
DoubleClick, an Internet marketing services company, says it has completed its acquisition of e-mail marketer MessageMedia in a stock deal valued at nearly $13 million. The deal gives DoubleClick an ace in the e-mail marketing industry, thanks to its previous acquisition of FloNetworks and a concentrated effort to build its direct e-mail business over the last 18 months. From CNet. [Full Story]

Siebel Systems doubles net profit

WE RECOMMEND

Web services: computers talk
Web services are the latest wave of innovation on the Internet. Despite the fact that key technical standards still haven't been finished; specific services and new service providers have yet to be defined; and questions such as consumer privacy and security remain unanswered, the substantial investments in Web services that players such as IBM, Microsoft, and Sun Microsystems are now making have convinced some observers that this technology will soon be a reality. These services, business and consumer applications, allow users share data and services through the Internet, and can be selected and combined through almost any device from personal computers to mobile phones. McKinsey experts forecast Web services will change business and customer relationships and will cut up to 20% of the amount of time and money needed for systems integration, the single biggest IT expense of most companies. From McKinsey Quarterly. [Full Story]

Towards Real-Time Economy
From New Economy to Now Economy. Information technology is increasingly taking the lag out of doing business, in effect creating a real-time economy. But the real-time enterprise is not simply about speeding
up information flow. It is also about being able to monitor a business continuously and react when conditions change. The third main benefit of a real-time enterprise is using newly available information to offer new products and services.

Taking as an example General Electric's 'digitising' process, the Economist analyses real economy impact in technology, supply chain management, customers relation and other business aspects. The magazine also revisits the 'event-driven firm' concept, a theory from Indian-born economist Vivek Ranadivé. From The Economist. [Full Story]

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E-BUSINESS CENTER ACTIVITIES

Do you want to participate in the e-Business within Spanish companies 2002 survey?
e-business Center is conducting its first survey, e-Business within Spanish companies 2002, that analyze the situation and the e-business expectations in the long and medium-term among 1,500 first Spanish companies.

If your company operates in Spain and has sales of above €18 m (Ptas 3 b) you can take part in our poll. Send us an email indicating your company's name, operating sector and sales, as well as which people within general management and e-business department will answer our questions. We will quickly reply sending to you a username and a password.

Your contribution will grant you access to the complete study results as well as two interesting free working papers: Radiografía de Internet en España and El nacimiento de Internet.

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