WEEKLY INSIGHT
EU will allow innovative software applications to be patented
The European Commission has unveiled a controversial proposal for a harmonized law on software patents that is less encompassing than laws in the U.S. and Japan. The proposed law, which would replace 15 different regulations in the 15 countries within the European Union, would allow patents only for software applications of a technical nature - that is, software that runs a mechanical device or changes how a mechanical device works - and wouldn't permit patents on business methods. From Computerworld. [Full Story]

Highlights
- According to European Commission, the European software applications market accounts for 40 billion per year.
- The European Patent Office (EPO), based in Munich, has recognised 20,000 innovations, but these are not valid in all member countries. For instance, the UK doesn't recognise these patents, and German jurisprudence prefers to protect by patenting only commercialisation techniques.
- The critics, most of them open source software supporters, consider that software patents are negative for innovation. For them, patenting 'product programs' implies the possibility of registering innovative techniques implemented through software, including business methods.
- The United States and Japan allow patents on a much wider range of software, and they both permit patents for business methods, such as the `one-click' purchasing technique registered by Amazon. [Full directive text]

Press Review
From News.com
"The Commission's position offers no sanctuary from the law to would-be software pirates. Officials were quick to say that software transmitted over the Internet or published would continue to be protected under copyright law. Patents provide an absolute 20-year monopoly, which the owner can exploit for commercial advantage. Copyright provides a lesser form of protection, which runs far longer. (...) According to Francisco Mingorance, director of European Public Policy for the U.S.-based association, to which Microsoft is a heavy contributor, the proposal would increase the costs to software firms seeking to protect intellectual property."
[Full Story]

From The New York Times
"[Frits Bolkestein, commissioner in charge of the internal E.U. market] described the commission's proposal, which would require the approval of the European Parliament and the member nations, as a compromise between the stance taken in the United States and the position of those who back "open-source software", which is published widely without patents so that others can contribute to it and augment it with their own new features."
From Financial Times
"The Commission’s attitude, formulated after a year-long consultation with the software industry, was hardly surprising. Brussels-watchers had fully expected it to take a much more restrictive approach than the US, where thousands of business-method patents have been granted.
On the minus side, Marks & Clerk, the intellectual property firm, says more than 70 per cent of UK businesses think they should be able to protect new business methods and software - with a similar proportion worried that US rivals will now enjoy an advantage."

Commentary by...  
Joaquim Barberà, e-Business Center PwC&IESE assistant
A tough balance between innovation and competitiveness
When the concept of patents first appeared, i.e. a right which reserves its holder the exclusive enjoyment of an invention with industrial use, the idea was to create an incentive for research and consequently favor competition in the market. However, over two centuries later, this legal institution has suffered changes in its nature, so many companies are using it more as a commercial weapon against their competitors than as a contribution to industrial progress. This circumstance is particularly evident when software is involved. Thus, the components and applications of a personal computer in the United States are subject to an average amount of 5,000 different patents. Companies such as IBM, Hewlett-Packard or Intel spend many million dollars a year to register thousands of inventions, regardless of the fact that they may or may not be of use for any of their own products. Later on, in case of dispute, many of the patents granted end up being cancelled by a court of law. But, in the meantime, the company holding the patent will have been able to exercise its exclusive right to negotiate a compensation from those who wish to use the corresponding invention, a transaction not always well deserved. Once the final version of the Directive is passed we shall find out whether the European Union has been capable of striking the right balance between the latter situation described and total refusal so far of the member states to grant national patents in connection with software inventions.

EBCENTER ARTICLE
Business alliances are becoming the norm in the sector
By Susanna Arasa, Contents manager EB Center
The arrival of Internet software has stimulated business alliances between traditional manufacturers of software and new companies specialising in solutions online. 

REPORTS
No more than two consortia per industry can survive
Tittle: Evaluating Consortium E-marketplaces Across Industries
Source: Gartner G2
Date: February, 2002
Abstract: Most recently, "e-excitement" drove a lot of companies in industries such as automotive, aerospace, retail, consumer packaged goods, metals, chemicals and energy to create consortium e-marketplaces. However, Gartner experts predict no more than two consortia per industry can survive. Furthermore, consortia can easily devolve into disruptive forces that lead to lost opportunities, lost money
and litigation. The authors recommend to learn from consortium e-marketplaces and invest resources in their own private e-marketplace initiatives. According to Gartner G2, consortium e-marketplaces should focus on services and applications that facilitate collaboration such as communication, data translation, business process outsourcing, application services and supplier gateways. [Full Story]

**Corporate Portal, major medium for delivering information to employees**

**Title:** The Corporate Portal Market Survey  
**Source:** Plumtree Software  
**Date:** February 18, 2002  
**Abstract:** Plumtree has completed an analysis of organizations deploying a portal by surveying 110 customers and interviewing 23 customers face-to-face. This white paper synthesizes that research with other empirical studies of the portal market published over the past twelve months by industry and financial analysts. The findings suggest that the benefit most often cited by organizations that have deployed a portal is self-service access to information and applications, followed by consolidation of investments in different Web technologies. The resources integrated by a portal include documents, applications and, through online collaboration, people. The market for portal software has continued to grow despite the overall contraction in information technology spending in 2001 and the first part of 2002. According to the report, portals reach a broad audience quickly and the portal's audience is as large or larger than any other enterprise application. In fact, 37% of respondents have deployed a portal visited by 1,000 or more users who visit weekly. Only e-mail rivals a portal as a medium for delivering information to a large number of employees, an observation that has led many analysts to promote the portal as a delivery vehicle for employee services and other applications. [Full Story] (A free subscription is required)

**Most of Europe likes POP**

**Title:** E-mail use in Europe  
**Source:** Netvalue  
**Date:** February, 2002  
**Abstract:** This study is the result of measurements based on panels of home Internet users, representative of the population per country in France, the UK, Germany, Spain, Denmark, for November 2001. The research shows that, after web sites consultation, e-mail is the most used service on the Internet: 85.6% of the Spanish internet users made use of e-mails in November 2001, which represents more than 3 million individuals. Spanish Internet users prefer to use webmails than mails from client e-mail applications (POP3/SMTP protocols) as opposed to their European neighbours. Spain, for example, has the strongest penetration of webmail: 71.4% of internet users consulted webmails or mail services from portals in November 2001. Spanish users are less active with client mail programs. Danish users, on the contrary, use mostly POP3 mails (73.7%), versus 43% who use webmails. [Full Story]

**COMPANIES**

**AOL and Santander do not manage to extend Internet use**

AOL Avant, the internet venture between Spanish bank SCH and US internet group AOL Time Warner, has started a restructuring plan which will affect 30% of the workforce and will cut 70 out of 200 jobs. According to the Spanish financial newspaper Expansión, the restructuring is the consequence of the commercial failure of the "Intel DotStation" strategy, consisting of hiring out "dumb" terminals which offer an internet connection. However, Spanish portal Libertad Digital published that the company is satisfied with sales' pace. From Financial Times (extracted from Expansión). [Full Story]  
From Libertad Digital. [Full Story]
IBM and Intel challenge Moore's Law
Intel and IBM have announced chip advances. According to both companies, new chips will significantly speed up computing processes and challenge Moore's Law, that says computing power doubles every eighteen months. From Wired News. [Full Story]

Jeff Bezos Sells 2.95 Million Shares
Amazon founder and CEO Jeff Bezos sold 2.95 million shares in the Internet retailer, under a program of selling the stock at fixed intervals. The shares were worth $38.6 million at Friday's closing price. From Los Angeles Times. [Full Story]

WE RECOMMEND
Next Generation Web
It's called Semantic Web and its father, World Wide Web creator Timothy J. Berners-Lee, hopes that it will be adopted by 2005. It's a smart network that will finally understand human languages and make computers virtually as easy to work with as other humans. Built on semantics and mathematics, Semantic Web would understand not only the meaning of words and concepts but also the logical relationships among them. In this way, computers would dispatch intelligent agents, or software messengers, to explore Web sites by the thousands and logically sift out just what's relevant. That alone would provide a major boost in productivity at work and at home.

Development of the Semantic Web is being funded mainly by the World Wide Web Consortium (W3C), the guardian of Web technology and standards founded by Berners-Lee in 1994 and based at MIT. Critics say the organization is moving too slowly on developing standards to ensure that different Web-service offerings can work together. And companies are reluctant to invest in developing such software until big corporations are on the same page. Berners-Lee admits that building consensus among the W3C's members can be trying at times. But, according to the author, "someone needs to keep development of the Semantic Web on course toward enriching the world--and nobody is better qualified than Tim".

Secure Investments
For years CIOs have had to use scare tactics and other soft arguments to justify an investment in security. Now, for the first time, they may be able to get numbers they need to show a measurable ROI, so-called ROSI. Research groups at three universities have developed robust and supportable numbers on the return on security investment (ROSI) data and formulas. A University of Idaho formula showed that an intrusion detection system that cost $40,000 and was 85% effective netted a ROSI of $45,000 on a network that expected to lose $100,000 per year because of security breaches. An MIT team showed that building security into software engineering at the design stage nets a 21% ROSI, with diminishing returns at the implementation and testing stages. Carnegie Mellon University's team proved that "survivability" of attacks increases as companies boost security spending. With field testing, empirical data should improve the science of ROSI, and insurance companies could use ROSI numbers to create "hacking insurance," with discounts for demonstrably better security systems. From CIO. [Full Story]

Enronitis Affects e-business Managers
Some of the most celebrated CEOs of the Internet era are suffering crises of credibility. Business 2.0 magazine has elaborated a survey asking what managers had to say about credibility. Among the most credible business figures are Federal Reserve chairman Alan Greenspan (87%) and Former General Electric CEO Jack Welch (74%). After them, we found Microsoft founder Bill Gates (69%), Cisco CEO John
Chambers (40%) and Hewlett-Packard CEO Carly Fiorina (37%). Just 8% of respondents think that Ken Lay, of Enron, is a credible person.
The most credible companies are Disney, Wal Mart and General Electric (74% all of them). Coca-Cola (71%),
Microsoft (69%) and Sony (68%) follow them closely. From Business 2.0. [Full Story]