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WEEKLY INSIGHT

e-learning emerges as a great business opportunity
Spanish companies are starting to see online learning as a way to improve their competitiveness, save costs and develop news abilities in their employees. This is confirmed by reports, but also by many e-learning initiatives that are appearing in all sectors. This week, Eshablar.com, a portal to learn Spanish, has been released by Espasa Calpe publishing. Another portal, Elearning.ideo.com by Auna Grupo, provides e-learning for business solutions, The intense activity that the e-learning sector is undergoing has also been pointed out at the II e-learning Meeting, held on 23rd and 24th October at IESE. More than 30 guest speakers coincided in two aspects: that the great e-learning potential is still to be exploited, but the future means combining ad hoc and virtual learning (blended e-learning). [Read II e-Learning Meeting]

Highlights
- Content, technology and service are the three biggest segments of the e-learning market. The e-learning Spanish association (AEFOL) estimates that content accounts for 66% of all the market, technology for 24%, and services for 10%, although the latter is the segment with the best growth prospects.
- The sectors that use e-learning most are financing and insurance, the utilities and the technology industry.
- According to a Grupo Doxa survey, e-learning in Spain accounts for about 2.8% of business learning, an amount that increases to 4% when it refers to big companies. The report estimates that, in 2005, e-learning will account for 20% of training in these companies.
- The European Commission has announced the creation of an e-learning program aimed at improving the effectiveness of schools and universities of the European Union.

Commentary by...
Sandra Sieber, professor, IESE
e-learning as a strategy

To compete effectively, companies must rely more and more on the knowledge and continuous learning of their employees. The awareness of this statement has led organizations to include e-learning within their general training policies by adopting flexible learning formulas which make it easy for the employees to adapt to changing environmental conditions.

Boosted by the information technologies, especially the Internet, e-learning offers novel ways to teach. It particularly seems to offer more possibilities of immediate feedback, adjusting to the specific needs of a given moment. Moreover, online learning has opened the learning to collaborative environments, something that is becoming more and more important in a reality of flexible structures and multi-disciplined teams.

However, e-learning continues to offer important challenges. As someone stated at II e-learning Meeting of IESE, the availability of the right technology continues to be, in most cases, more a desire than a reality, and the best methodologies to transmit knowledge or to packet content are still unknown. Maybe one of them is the development of a story-based curriculum, which lets the student learn from his/her experience by acting out a story, as explained by the renowned expert Roger Schank. Whatever the case, it is very likely that it means bringing training much closer to the particular characteristics of every employee.

However, the obstacle that companies must overcome is to achieve a suitable deployment of e-learning, which converts them into organizations truly orientated to learning. For that there must be a change in the way knowledge is taught while aligning learning with strategy, which will mean fundamental changes in the structure, roles and culture of the organization.

REPORTS

Site loyalty, key on consumers’ perception of advertising and brands

Title: Audience Affinity Study
Source: Online Publishers Association (OPA)
Date: October 2002

Abstract: Site loyalty has a positive effect on consumers’ perception of advertising and brands. That is the major finding of a survey elaborated by the OPA. According to the report, 82% of high-affinity visitors think that products and services advertised on their favorite online media are high quality. Among less-affinity readers this percentage decreased to 36%. On the other hand, 75% of a media followers state that ads are not intrusive, compared to 31% of less-affinity users who do.

Media affinity also determines advertisement reading: 63% of high-affinity compared to 30% of less-affinity. In the opinion of OPA, high-affinity users are more desirable to the advertiser: 81% think that brands are important, 87% would spend more to buy a brand they know and trust, and 88% always prefer to buy a high quality product or service, even if he has to pay a little more.

Corporate ventures continue interested in start-ups

Title: Corporate Venturing European Activity Report
Source: European Private Equity & Venture Capital Association (EVCA)
Date: September 2002

Abstract: The year 2001 was characterized by a decrease in corporate venturing activity according to the 2001 update of the EVCA Corporate Venturing European Activity Report. Direct investment by players located within Europe was €544m in 474 deals, a significant drop from the €1.0bn invested in 632 deals a year earlier.

The overall decrease in the amount invested can be explained by a significantly lower level of investment dedicated to internet technology and software companies.

In contrast to the general downward trend, investment in businesses in the telecommunications hardware sector benefited from 31% more investment in 2001 (130m compared to 99m the previous year). The document highlights that the amount invested in start-ups decreased by proportionally less than the total amount, meaning that corporate ventures continued to invest in start-ups.

Knowledge Management, Key to Customer Service

Title: Knowledge Management: The Key to Customer Service Success
**Source:** ServiceWare Technologies Inc.

**Date:** October 2002

**Abstract:** Web-based self-service lets you offer service 24x7x365 to employees and costumers. This kind of service requires you to deploy a knowledge management (KM) initiative, which lets customer service and support agents devote more time and resources to handling complex issues.

Serviceware gathers in this document all the benefits of having KM in the company. First, the **re-use of existing knowledge** elements prevents recurring costs related to repeated research of the same topics, and repeated formulation of the same solutions; moreover, it **improves the customer service experience**, offering faster and more accurate responses to questions.

The third advantage is the **improving of support staff productivity**. Lastly, the customer service representative may even use the KM tools to initiate cross-sell and **up-sell opportunities with their customers**, driving revenue up.

[Full Story]

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**COMPANIES**

**Microsoft comes to the mobile phone market through the Smartphone operating system**

The first Windows-powered Smartphone to hit the high street will be British Orange's SPV, offering picture messaging and desktop connectivity. The Orange handset costs **$277** (179 pounds) and will arrive early next month. According to the company, the handset will launch in France, Denmark and Switzerland in the weeks after its U.K. launch, and in its international markets such as Belgium, the Netherlands, Slovakia, Romania and Thailand in early 2003.

From *Business Week* [Full Story]

**Case might spin-off AOL**

AOL Time Warner chairman Steve Case has suggested to senior executives that the company could spin off its America Online unit. But it is unclear whether Case considers this a realistic business plan or is just expressing frustration with complaints from company executives that the division is a **drag on the company**.

From *USA Today* [Full Story]

**RealNetworks dicloses its source code**

RealNetworks released the source code to its client software, which includes fully functioning media players for Linux, Mac OS X and Windows. The open-source client, which RealNetworks calls the "Helix DNA Client", includes code for the company's RealOne media player and its audio and video codecs.

From *News.com* [Full Story]

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**WE RECOMMEND**

**e-marketplaces, an advantage to distributors**

For distributors, e-marketplaces are an opportunity to develop e-commerce initiatives. By joining marketplaces, distributors share the development expense with other distributors, gain access to people who are experts at preparing content, and have an opportunity to test e-commerce with customers for minimal risk.

However, many distributors who have had limited success gaining business through their own website are **skeptical** of marketplaces because of their past experiences. Other distributors dismiss e-commerce altogether because they claim their business is based on close relationships with local customers. According to Line 56, it is important to note, though, that a marketplace gives distributors additional exposure and marketing support geared toward customers within their own region -- potential customers who their outside salespeople are actively targeting.

Another disincentive for distributors to utilize the Internet is the **fear of being price-shopped**. Marketplaces can eliminate this problem by allowing distributors to post SKUs that allow for product differentiation and giving distributors the option of listing value-added services they provide.

Yet another disincentive for distributors to participate in marketplaces is the belief that transaction fees will **reduce their profit margin**. A marketplace that reaches a critical mass of MRO and contractor users, however, will bring orders from new buyers at no marketing costs to the distributor. Perhaps the biggest reason distributors are not joining
marketplaces is slower-than-expected adoption rates by buyers. But, according to *Line 56*, a distributor need only calculate the time and resources it costs its employees to go out and find new customers to place the cost and value of joining a marketplace into perspective.

From *Line56 [Full Story]*

**Is your company using all its software?**
Several computer-industry experts say U.S. companies have purchased billions of dollars worth of software that they don't use — "shelfware," in IT parlance — and that this overbuying is now contributing to the current slowdown in IT spending. But license fees are only the tip of the iceberg: maintenance and support fees pile on the wasted dollars, too. *CFO* estimates that when annual maintenance and support fees equal 20 percent of the underlying license fee, a company with an unused software license will have wasted as much in support costs as it has on the original software license in just five years.

According to this magazine, it's difficult for companies to know exactly what they have, let alone use it all. One reason for this situation is that software companies often deluge customers with a continuous stream of new or enhanced products that customers buy even though they haven't yet fully rolled out the older versions. The author recommends companies to have clear strategies for purchasing and deploying software. Also useful is an approach to ROI that makes unused software a nonissue.

In addition, to transform your company's unused software into a fully functional member of society, the author pushes companies to **join a software users group**, to learn the latest software-utilization tips and tricks; to **conduct an inventory** of the organization's software and compare it with the licensing documentation; to **buy only the software the company actually needs**; to **centralize IT functions**; and to **consider unused software** first when departments request new software.

From *CFO [Full Story]*

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