WEEKLY INSIGHT
Spanish e-commerce law project approved
After several attempts, the Spanish Ministers Board approved last Friday the e-commerce draft bill for the so-called Ley de Servicios de la Sociedad de la Información y Comercio Electrónico (LSSI). The text will now be sent to the Parliament for debate. The law aims to offer greater security and more trust to users and service providers on the Internet. This will be the first law on the Internet in Spain and will apply to other activities held through electronic means and interactive networks. From eBusiness Center. [Full Story]

Highlights
- The LSSI's stems from a European directive about the matter released in June 2000. This norm had to be incorporated into the legislation of the Fifteen member states before January 17th this year.
- The European directive refers only to e-commerce, that’s the reason why LSSI’s detractors accuse the Spanish Government of extending it to information issues. On the other hand, the law’s defenders argue that it only applies to economic activities.
- The most controversial aspects of the project are the spam regulation, the differentiation between personal web sites and e-commerce sites, a compulsory register of sites with profitable revenues and the power of the Government to shut down a site instead of a judge.
- The law, which should be approved by the Parliament by summer, has been contributed to by 66 organisations, from companies like IBM or Telefónica to industry associations like AECE or SEDISI, users’ organisations and political parties.
- The final text approved by the Ministers Board states sanctions from 3,000 euros up to 600,000 euros.

Press Review
From El País
"The second cause of complaint towards the spam prohibition is the difficulty in carrying out the law. The LSSI tries to regulate an intangible space, without borders nor timetables, without company register nor taxes. In the Internet, anybody can do business without having to register a company, and people can access shops anywhere in the world. In fact, 20% of Spanish internauts buy from foreign web sites."
[Full Story]

From Cinco días
"In Spain, 52% of businesses are connected to the Net, but purchase and sales volume is very low, just 18%. The reasons for this low percentage are uncertainty, user distrust and worries over privacy. The new law, according to Birulés, tries to put an end to that uncertainty."
[Full Story]

From La Vanguardia
"Government can shut down commercial sites, but can’t shut down web sites which offer informative content. In this case, the shutdown or banning of data suspected of breaching the law must be ordered
**by a judge.** The draft Internet bill, released yesterday by the Government, is not so clear and Science and Technology minister, Anna Birulés, and sources from her department, interpret the legal text in that sense. (...). The AECE and the AUI consider the draft bill as positive. These rules will be the first great regulation of an Internet activity in Spain and will endow a stable legal framework for e-commerce."

[Full Story]

"(...) the best press law is the law that doesn't exist. This principle, applied to the Internet, accounts for the denial of any regulation of a media whose major characteristic is, above all, a total and absolute openness to any kind of contribution."

[Full Story]

**From Baquía**

"In the minister's opinion [Anna Birulés], the LSSI will offer 'trust, security and certainty' to businesses and 'it will incentivise' the commercial use of the Internet among those companies which aren't yet adapted to the Internet. (...) 'The law doesn't regulate what people do in the Internet, what we can't send through the Net, mails, etc, but only those things with economic effects', she said."

[Full Story]

**From El Mundo**

"[The LSSI] is born with the goal of establishing an appropriate legal framework to develop an Information Society through the Internet, 'that generates in all agents the necessary trust to use this new media'. That is, to regulate cyberspace. (...) The law simply establishes the need for prior registration in order to develop an activity on the Internet whenever the company had already done so in another register due to a legal order."

[Full Story]

**From Telépolis**

"Moreover, the law requires the registration of each and every web site that receives a consideration in exchange for the service provided. That point, not only could asphyxiate economically the little publications that finance a part of its expenses with ads, but also benefit big companies. (...) If the law was approved as it was filed with Congress, it would only be applied to commercial Internet activities, and not to non-profit web sites. Spam would be prohibited. The AI (Asociación de Internautas) has also accomplished a change in the fines applicable, considering the possibility that fines be applied depending on the company results."

[Full Story]

**From La Gaceta de los negocios**

"The law considers 'society information services' - a euphemism of web sites in many situations -, as an economic phenomenon of the first magnitude where there are a lot of agents taking part. Broadly, the draft bill finishes with the concept of anonymity that, until now, characterized the Internet. From now, the Administration knows the majority of the service providers resident in Spain, or with any establishment in the country, so that a legally liable person will exist. (...) The law will only be applied to individuals who do an economic activity through the Internet or another network that allows interactive communication. (...) They consider that economic activity exists when a web site holder obtains revenues from the users (because they develop e-commerce activities) or from a publicity insert (banners, pop up ads..), or from web page sponsorship. Thus personal webs that don't generate any income for their holders are not bound by the law..."
How much does it cost a company to change its mobile operator?

Any company wishing to change to another mobile operator has to thoroughly evaluate whether the benefits from the transfer outweigh the costs. For Josep Valor, professor at IESE, confidence in the supplier of the service will be a determining factor in choosing a supplier. For Gracia Serrano, Manager of Technology at PwC, every businessman will have to choose the operator that best adapts to the needs of workers that move around in their jobs. [Full Story]

REPORTS

CEO survey: Uncertain Times, Abundant Opportunities
Source: PricewaterhouseCoopers
Date: January 31, 2002
Abstract: CEOs worldwide responded to September 11th with action. In the short term, nearly half created or revised corporate disaster recovery plans or imposed travel restrictions, and 43% revised downward their financial forecasts. Looking ahead, nearly 60% focus on two probabilities: continuing stagnation in the global economy and the vulnerability of global supply chains. Workforce reductions and the outsourcing of non-core business functions, respectively at 50% and 46% of the CEOs, offered the tools of choice to respond to the global economic downturn. Nearly 70% of CEOs say that corporate social responsibility is "vital" to profitability. Even in the current economic climate, it will remain a high priority for 60% of CEOs globally. A strong contingent of CEOs view the Internet as one tool among many for doing business (47%) and as part of a multi-channel strategy for reaching customers (40%). It is the primary sales channel for only 4% of the CEOs (however, 7% in the technology industry cluster), and 9% of the CEOs regard it as unimportant. Results from Internet-based sales are, on a worldwide basis, quite mixed. Fifty-four percent of CEOs report results as expected or above expectation, but another 46% are disappointed. [Full Story]

Ad Leaders Report: Assessing Measurement Systems Online and Off
Source: I/PRO
Date : February 6, 2002
Abstract: After a peak in 2000, online ad spending settled somewhat in 2001. According to Competitive Research Reporting, this drop, of 7.8%, compares favorably to the declines seen by Spot TV (14.7%), National Spot Radio (22.4%), and Sunday Newspapers (10.4%). For the Web, respondents - a total of 145, cited demographics as the most important criteria 41% of the time with content the second most common answer at 35%. Interestingly, demographics was an even stronger first choice for the other three media: 58% for print, 65% for radio, and 57% for TV. Those who do not advertise online cited a consistent reason at the top of their list: a lack of reliable performance measures (36%). Others reasons cited are little confidence in the medium (28%), limited budgets (28%) and that their brands don't fit on the web (28%). [Full Story]

I Estudio de formación online en España
Source: Global Estrategias
Date: February, 2002
Abstract: According to the survey, 60% of Spanish companies will use e-learning in less than a year, accounting for a great growth compared to the current growth rate of 15%. 57% of companies have an intranet that can be used as a virtual campus to 'hang' on-line courses. 65% of these programs will be outsourced.
However, just 43% of interviewed companies have used e-learning. Global Estrategias insists that software evolution will drive the creation of own content, thus opening new opportunities for Intranet use. [Full Story]

What do the CTOs think?
Source: InfoWorld CTO Network
Date: January, 2002
Abstract: In January, InfoWorld CTO Network surveyed 42 CTOs (Chief Technology Officer) about which enterprise computing technologies made the biggest impact in their organizations in 2001, and what they expected in 2002. In their opinion, XML (88.1%), Web Services (52.4%) and CRM (28.6%) were the three software technologies which had the most significant impact on enterprises in 2001. The goals of CTO’s most important IT initiatives in 2001 were business process automation (29.3%), customer relationship management (17.1%), enterprise application integration (12.2%) and offering web services (12.2%). In 2002, most companies will focus their IT initiatives on web services and business process automation (both 23.8%). [Full Story]

COMPANIES
Technology leaders look for a standard language of web services
Technology leaders, such as BEA Systems, Fujitsu, Hewlett-Packard, IBM, Intel, Microsoft and Oracle as well as SAP have founded a cross-industry initiative, Web Services Interoperability Organisation (WS-I), to accelerate the development of interoperable web services across a variety of platforms, applications and programming languages. The organization will not build Web services specifications, but it will suggest to standards bodies what needs to be created. From CNet. [Full Story]

MTV will make computers
MTV has announced a deal to start selling an $1,800 PC bearing its hip "M" logo. The machine is standard fare with a few extra goodies designed to lure 18-to-24-year-olds: a DVD drive, a TV and radio tuner, a drive for burning CDs and a fast Athlon processor. The idea of creating designer computers marks a milestone of sorts for the PC. It underscores the degree to which computers are moving away from the office and toward the home, where style is king. The fact that MTV makes a PC is another way of saying that the computer has assumed such a familiar place in the family that it is now worthy of personalization. It strikes at the heart of the human need to accessorize. From Los Angeles Times. [Full Story]

Google will be in competition with Overture
EarthLink, an Internet service provider, had named Google its search engine after permitting its contract with Overture to lapse. Overture provides a search engine where businesses can pay to have their Web sites listed more prominently in results. EarthLink said it had decided to let its contract with Overture end on January 1 after deciding to expand its relationship with Google. Shares of Overture Services slid $12.50, to $17.92. From Baquía. [Full Story]

WE RECOMMEND
Technological and Social Drivers of Change in the Online Music Industry
While everybody has written about the legal problems of online music, people have forgotten the social and technological factors which drive this phenomenon.
Mark Fox, an Associate Professor at Indiana University, thinks that the increasing role of the Internet in the distribution of music is transforming the music industry from an oligopolistic, highly-concentrated industry characterized by significant barriers to entry, to one in which every user is also a potential distributor. According to Fox, labels need to adopt new business models to be able to offer the same benefits to consumers and add more value for music listeners than the providers of free music can. From First Monday. [Full Story]

Security and Strategy in the Age in Discontinuity
Management modern’s founder, Peter Drucker, identified 30 years ago four major sources of discontinuity in business: the explosion of new technologies, the globalization of the economy, the growth of pluralism and the spread of knowledge.

Ralf Shrader and Mike McConnell, chairman and vicepresident of Booz Allen Hamilton respectively, point out that the events of September 11 did not signal a change in the nature of the discontinuities, but have demonstrated that the severity of such discontinuities can be broader and deeper than we had previously understood. Moreover, the attacks demonstrated a vulnerability to "interdependence risk" - a new kind of discontinuity for most companies in most industries.

To create business resiliency, the authors recommend CEOs to frame a security regimen around three primary goals: people, the core business and the networks. From Strategy+Business. [Full Story]