e-Business Newsletter. By e-Business Center PwC&IESE

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e-Business Center notifies that you will receive your next newsletter on January 7th, 2002. With best wishes for Christmas and the New Year.

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WEEKLY INSIGHT

Euro leads the paths to European cybershops
With the advent of the Euro, Spanish virtual businesses will have to consider a playground much wider than regional or statewide. Pundits argue that the use of a unique currency will make prices across Europe more transparent, easing the comparative price tasks between virtual businesses in different countries. [Full Story]

Highlights
- Although there was no obligation to adopt the Euro before January 1st, 2002, most of the online retailers did it some months ago.
- According to IDC, the Internet Euro zone is composed of 43 million households.
- The adoption of the Euro affects prices that - due to comparisons - will tend to unify between shops of different countries.
- Experts think that the introduction of the Euro will increase credit card use for online retails.

Press Review

From Reuters
"While much of Western Europe frets over the launch of euro notes and coins next month, Europe's online auctioneers are saying "Bring it on!" Some industry observers believe the improved price visibility stemming from the debut of euro cash will stimulate trading for Europe's auction Web sites". [Full Story]

From Computer World
"Consequently it might be the moment for Europe thanks to the dawning of a single market supported by a common currency, European e-commerce - considered as Internet penetration, percentage of customers amongst users, and the mean shop basket- lags its American counterpart in one or two years. However, with falling technological barriers, plummeting PC prices, and the arrival of new, cheaper access devices like TV or mobile phone sets, in which Europe appears ahead of the US, the introduction of the common currency might suppose the much awaited final thrust for the take-off of e-commerce in Europe". [Full Story]

From Fortune
"The move to a single currency will have an effect, however, on prices for big-ticket items like cars, and on financial services like insurance, that can easily be sold over the phone or over the Internet, says Michael Paul, a pricing consultant with the German firm Simon-Kucher & Partners. It will simply be much harder to hide cross-border differences in prices. That's good news for European consumers and bad news for
Commentary by...
Francesc Riverola, EBCenter Associated Researcher

The odds of the Euro
In theory, the launching of the Euro should open national markets over political boundaries, thanks to improved price transparency between the country members and to the erased costs originated from exchange rate transactions. But, what is going to be its impact on Spanish e-commerce? I do not think that the Euro will cause any important changes for most of the Spanish B2C actors. The difficulties of the physical transport of the products and its high costs would remain in this new environment. Furthermore, the costs could go higher because of the increased distance between supplier and customer. Currently, Spanish B2C companies are having a lot of difficulties meeting their delivery obligations in the local market, so we think that competing in a supranational market is something out of reach in the near future. Also, the common currency does not solve the eternal European problem of the language. Some of the most attractive European markets, such as France and Germany, and even Italy, do not accept English as the language to deal with, thus, in order to get access to these markets, companies would have to think twice. But, the launch of the Euro also opens opportunities to some sectors, such as online music or auctions, where the role of logistics is not principal. In the case of commerce between companies (B2B), the increased transparency of prices between countries using the common currency should make things easier for those looking for new opportunities, but its results are not easy to quantify. For the time being, as much as for electronic commerce as for traditional transactions, the key value added for the Euro has to be found in its exchange rate. The low external value of the common currency ($0.90) has to be considered a Godsend for the old continent's manufacturing industry, because it makes European products more attractive overseas.

EBCENTER ARTICLE

The process of telecommunication liberalisation at half throttle
By Susanna Arasa, EBCenter Content Manager

Although three years have gone since the beginning of the telecom liberalization process in Spain, the new players have not succeeded in appropriating substantial market share. Josep Valor, IESE's professor, and José López-Tafall, Retevisión's PR director, agree that what lies in the cornerstone of deregulation is local loop unbundling.

REPORTS

The Net Impact Study
Source: Momentum Research Group
Date: December, 2001
Abstract: This preliminary report (definitive results will be available in January, 2002), conducted by experts such as Hal Varian, Robert E. Litan and Jay Shutter, shows important data about the Net impact in the American society. For instance, US organizations that are deploying e-business solutions have realized a cumulative cost saving of $155 billion and have increased revenues cumulatively to approximately $444 billion over a three-year period. If sustained for 10 years, these cumulative cost savings and the increase in the productivity growth rate would have a very strong positive impact in the standard of living in the US and would involve a permanent increase in per capita income.
**Better growth through revenues integrity**  
**Source:** PwC  
**Date:** December 7, 2001  
**Abstract:** According to PwC experts, telecom companies have traditionally isolated revenue assurance resources inside the billing, IT, or financial departments, in spite of revenue leaks from every department and across departments. Cultural barriers may be even more serious than structural ones, such as the cultural view within many telecom companies that revenue leakage is only an internal control issue. Yet even without any improvement in obtainable revenue assurance tools, companies can improve revenue capture significantly through the consistent application of five mission-critical tools available today: automated billing validation, switch-to-bill reconciliation, interconnect, verification, provisioning, and network integrity.  
[Full Story]

**International benchmarking study of Internet access (dial-up and broadband)**  
**Source:** Oftel  
**Date:** December 7, 2001  
**Abstract:** Oftel, the British telecom regulator, gives an overview of world Internet access. The study concludes that **39% of European homes** are now connected to the Internet and that, of these, over **80% use PSTN dial-up access**. Average time spent on line has risen from 30 hours a month to 35 hours a month over a nine months period. Around 61% or so of small and medium sized businesses are connected to the Internet, compared with 55% in May 2001. Overall, 73% of businesses used ordinary phone line/dial-up access to connect to the Internet, 28% used ISDN and 1% used leased lines. Sweden has the cheapest prices for cable modem and DSL services, while UK is the most expensive country for DSL services and the cheapest for cable modem, after Sweden. [Full Story]

**The case for on-line communities**  
**Source:** McKinsey Quarterly  
**Date:** December, 2001  
**Abstract:** The idea that an on-line community can increase the "stickiness" of a World Wide Web site and the value of users to it is proving to be true. **Chat rooms, bulletin boards, product review pages**, and similar community features **create substantial value for both retail and content sites**. Users who contribute product reviews or post messages visit these sites nine times as often as non-users do, remain twice as loyal-and buy almost twice as often. [Full Story]

**E (Health) Transformation**  
**Source:** PricewaterhouseCoopers Consulting  
**Date:** December, 2001  
**Abstract:** The most fundamental change is probably the shifting of the balance of power along the value chain among the consumers, the purchasers and the providers. This shift is being brought about by the combination of **information technology and communications; medical technology/genomics; cost and capacity limits;** and the **introduction of market dynamics** through healthcare reforms. Historically, purchasers and providers have determined what healthcare is provided and to whom. The rapid growth in the use of the Internet for finding health information and the switch in emphasis from treatment to prevention fuelled by genomics, with a consequent rise in self-care, has changed the balance of this equation. The PwC Consulting report envisions a future of much competition and cooperation in the healthcare industry. A client-focused, market-driven, web-enabled network of healthcare professionals, businesses and
institutions could be the cure of healthcare. [Full Story]

COMPANIES

Yahoo want to buy HotJobs
Yahoo has entered into a bidding war for the career Web site HotJobs.com by offering $436 million in cash and stock. The unsolicited bid is slightly higher than one already on the table for HotJobs by its bigger competitor, TMP Worldwide, parent of Monster.com. If the deal is approved by HotJobs, Sunnyvale's Yahoo would immediately become the Internet's second-largest job board with nearly 7 million resumes posted. Only Monster.com would be bigger, with 14 million resumes. From SF Chronicle. [Full Story]

Music Firms and Broadcasters Settle on Web Royalties
Music and broadcasting companies have tentatively settled on royalty rates that radio stations should pay when they stream their broadcasts over the Internet. The two sides requested that the settlement be approved by the Copyright Office and removed from an ongoing arbitration hearing known as the Copyright Arbitration Royalty Panel, or CARP. The settlement did not include online-only radio stations, known as Webcasters, which are still locked in CARP hearings with music companies over the royalty rates they should pay. From Reuters. [Full Story]

WE RECOMMEND

The great game
A Business Week dossier analyses the video-games market after the appearance of Microsoft Xbox. According to analysts, improved Internet capabilities and next-generation video-gaming consoles will lure 40 million households into online gaming by 2004, up from 25 million in 2000. More than 80% of some 60 makers of game hardware and software end entertainment expect broadband-connected consoles -- and not PCs -- to ultimately be the dominant home platform for online games. From Business Week. [Full Story]

E-commerce Special in The Wall Street Journal
The financial newspaper reviews US e-commerce and issues such as payments, regulation, technological trends and the most emerging sectors. They asked a number of retail experts and average shoppers to name their favorite online stores and, more importantly, why they like them. From The Wall Street Journal. [Full Story]

Who is who in e-business
Business 2.0 magazine reviews the evolution of e-business and classifies 23 core e-business technology and 56 companies that provide them. According to the magazine, the core Internet-based technologies listed on their pages all survived the wrath of 2001 for a simple reason: they make the costliest, clunkiest business processes -- from buying toilet paper to processing credit card transactions -- cheaper and faster. In the short run, they save businesses a lot of money; in the long run, they win them customers and profits. From Business 2.0. [Full Story]

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