WEEKLY INSIGHT

Vivendi Universal groups all of its US Internet activities

Vivendi Universal, the French media conglomerate that controls music labels, a European TV company and a major movie studio, has announced it is consolidating its U.S. Web entertainment properties into a single business unit based in Los Angeles. It is Vivendi Universal Net USA Group Inc., which will provide online applications and infrastructure to promotional sites for Vivendi Universal's record labels, movie studios and other entertainment businesses. [Full Story]

Highlights
- Robin D. Richards will be CEO of Vivendi Universal Net USA Group. he has managed MP3.com since last October (acquired by Vivendi Universal in August).
- The new unit will create one of the most substantial aggregations of media consumers on the Internet.
- Vivendi Universal Internet division had revenues of euro 48 million in 2000.

Press Review

From La Tribune
"Vivendi Universal Net USA will control MP3.com, Emusic.com, GetMusic.com, RollingStone.com, Flipside.com and Uproar.com. The different sites attract a total of 36.5 million visitors". [Full Story]

From The Hollywood Reporter
"All of our technology must enable the acceptance of multiple platforms and enable the delivery to a multiple of devices," Richards [chairman and CEO of Vivendi Universal's MP3.com] said. "You can't do that until you link everything you have into one infrastructure with one user network. Then you become a very powerful force on the Internet". [Full Story]

From La Vanguardia Digital
"Vivendi Universal's strategy, apart from the strictly organizational changes, involves a major rethinking of its online business model which, in fact, could affect the whole entertainment industry. Business is not so much about having users subscribe to particular content, but in the applications that permit access to that content.

In this way, Vivendi Universal hopes to create a "centralized infrastructure" for all its content (music, movies, games, education) that will allow a completely personalized relationship with each user." [Full Story]
**From News.com**
"Vivendi Universal, owner of Universal film studios and record giant Universal Music Group, says it will **combine its Web properties** into one unit in an effort to get its **traditional media units** to work more closely with its Web businesses ".
[Full Story]

**From Los Angeles Times**
"The consolidation may bring an **unspecified number of layoffs**, but no decision had been made ".
[Full Story]

**Commentary by...**
Susanna Arasa, EBCenter Content Manager

**Synergies**
Last year's buying euphoria made large communications groups acquire numerous content and services online initiatives. Time Warner, Disney, and Vivendi were some of the media empires that established a digital division within their companies in order to become integrated media companies. Their methods were diverse: alliances, mergers, or acquisitions, but in their letter of intent, they always referred to the word synergy. Multimedia groups were convinced that their conquer of the Internet not only would revalue their stock, but it would also contribute to reduce their costs and increase their advertisement incomes. They trusted the strength of multichannel content distribution, cross-selling marketing campaigns, offer of advertisement packs, and the power of references (redirection of the traffic between the different areas of the group).
A year later, a tendency to centralize everything and return to the core business prevails. But there are still some groups that are willing to bet for the independent business units model that could help them achieve some synergies. That is the case of Vivendi, which has just announced the creation of the Vivendi Universal Net USA Group. This subsidiary will manage the synergies between different but in their opinion, also complementary, entertainment markets both on and off line.

**EBCENTER ARTICLE**

**GPRS takes the leading role due to UMTS's delay**
By Marta Comín, EBCenter Content Assistant.

Until third generation mobile telephony arrives, GPRS has become the only real option to be continuously connected to the Internet. [Full Story]

**REPORTS**

**The dot-com meltdown and the Web**
**Source:** Pew Internet & American Life  
**Date:** November 14, 2001  
**Abstract:** Internet experiences by some Americans are beginning to be affected by the dot-com meltdown, but the vast majority of them are making quick adjustments to get the Web content and services they like without paying extra money. 12% of Internet users - more than 13 million people - say their favorite Web site has gone out of business. But close to two-thirds of them (62%) have found other Web sites that provide the same information or service. 17% of Internet users - about 19 million people - have been asked to pay for...
access to a Web site or content that before used to be free. But half of them have found a free alternative. **Just 12% of them paid for the service** and the rest just decided to stop getting that content or service from an online source.

E-COMMERCE AND DEVELOPMENT REPORT 2001
Date: November 20, 2001
Abstract: UNCTAD quantitative analysis focuses on the impact of e-commerce on the global economy by looking at two scenarios: first, if developing economies catch up with developed countries; and, second, if they fall behind technologically. The results of the first scenario indicate that **developing countries would increase their external competitiveness and their output, wages and welfare**. The results of the second scenario reveal that the developing world, except for Asia, would experience a reduction in wages and deteriorating terms of trade. E-commerce constitutes, therefore, an additional factor that could increase the gap between developed and developing countries.

Holiday eCommerce Index
Source: NetRatings, Harris Interactive, Goldman Sachs
Date: November 19, 2001
Abstract: According to the Nielsen//NetRatings Holiday eCommerce Index, traffic to ecommerce Web sites jumped 14 percent during the second week of November, signaling the **beginning of the online holiday shopping season**. Thirty-five percent of all Americans are satisfied with their online shopping experience and 17 percent stated that their holiday shopping satisfaction is higher this season than last year. Sixty-seven percent of those surveyed said pricing was their main purchasing factor, while 26 percent of shoppers indicated that shipping costs are impacting their purchasing decisions this season.

China's Internet Ecommerce Adoption in Key Vertical Industries
Source: IDC
Date: November, 2001
Abstract: China's entry into the World Trade Organization (WTO) will mark the start of a prolonged march toward broader use of ecommerce within the country, but it won't happen all at once. eCommerce in China is expected to exceed $60 billion by 2004, up from $2.2 billion in 2000. But in the meantime, forthcoming participation in WTO is providing impetus for a more favorable ecommerce environment. Some of the changes needed include favorable government policies; increased use of security and better financial infrastructure; more Web sites; and integration of Web activities with business operations.

COMPANIES
Terra Mobile closes its Finland and Sweden sites
The mobile Internet services portal won't be working in Finland and Sweden next year. Terra Mobile, a Telefónica Móviles and Terra Networks' company, **will continue its activity in Spain and also in the United Kingdom, Germany, and Brazil**, where the portal is called Terra Mobile-Iobox. From Expansion.
Volkswagen will connect all business processes over the Web
In the long run, German automaker Volkswagen Group wants to connect all business processes -- from product development to production -- among suppliers, dealers and customers over the Web. Volkswagen Group says process times have been decreased by up to 95 percent through the simplification of procurement procedures and the optimization of logistical processes. From Line56. [Full Story]

Softbank of Japan Marks Down Portfolio
The once high-flying Internet conglomerate Softbank has announced a mark down in the value of its sprawling portfolio of major investments in Internet companies by nearly 51 billion yen ($414 million), resulting in a loss of 54.3 billion yen ($441 million) in the six months ended Sept. 30. From New York Times. [Full Story]

WE RECOMMEND

TIME Europe Digital 25
Time Digital Europe 25 presents the people doing the most to shape Europe's technology future. Jorma Ollila, Nokia Chairman and CEO, is the number one, and German Hasso Plattner, SAP Co-chairman, is the number two. In this Index, we can also find Japanese Keiji Tachikawa, NTT DoCoMo President and CEO. From Time. [Full Story]

Time, a more reliable measurement of online advertising
Online publishers and advertisers are closely watching a new experiment in Web marketing that aims to replace discredited "impressions" and "clicks" with a more reliable measurement: time. Though some of the Web site's ads have drawn barbs from Web surfers, industry experts say the new package compares favorably with broadcast deals that charge advertisers by the minute. According to experts, the more time someone spends with an ad, the more impact it has and it can be that much more effective. From Cnet. [Full Story]

European e-business champions
French Magazine 01 Informatique highlights best e-business initiatives carried out by big European companies, and explains the position of these companies towards the Internet. According to the magazine and Mazars survey, 97% of European companies have an intranet. 77% of French companies think that the Internet is a powerful commercial tool, while only 55% of British companies do. Spanish Banco Popular and Repsol YPF, German Comerzbank and English British Airways are among top European companies in their adoption of CRM strategies. From 01 Informatique. [Full Story]

Why innovating companies fail
For Clayton M. Cristensen, author of The Innovators Dilemma: When Technologies Cause Great Firms to Fail, a "disruptive technology" is a product or service that your best customers can't use and that has substantially lower profit margins than your business can support. However, ignoring these innovations imply a competitive disadvantage for companies. From Strategy+Business. [Full Story]

Copyright 2001 e-Business Center PwC&IESE. All rights reserved. This document can be redistributed, retransmitted or copied without modifying for any but commercial use. This copyright comment and the URL http://www.ebcenter.org must be included at all times.
Do you want unsusrive? Click here and complete the blanks