WEEKLY INSIGHT

Netscape sues Microsoft
Netscape, which was acquired by AOL Time Warner in 1999, filed the civil suit in federal court here Tuesday. The company is seeking unspecified damages, which could be tripled later on, and a jury trial. Netscape is also asking the court to impose a preliminary injunction against Microsoft that could compel the company to sell a version of Windows without some or all of the "middleware" components, such as the Web browser, media player or instant messenger. From News.com. [Full Story]

Highlights
- Netscape is seeking not only billions of dollars in damages in its suit, but also a court order that might force Microsoft to offer a version of Windows without a Web browser, media player and other software bundled in.
- Nine other states are seeking stiffer penalties against the software giant.
- According to research firm WebSideStory, the once-dominant Netscape Navigator now has 8% of the market share for browsers, while 91% goes to Microsoft's Internet Explorer.
- For its part, Microsoft filed a legal brief of its own, complaining AOL has turned over only a handful of documents subpoenaed as part of the discovery phase for a March 11 hearing in the antitrust case against Microsoft.

Press Review

From New York Times
"The suit is the most recent clash in an escalating confrontation between the two large, powerful companies. Microsoft has its own worries about AOL. One is the possibility that the media company could deny Microsoft equal access to its high-speed cable network, regarded as a vital distribution channel for Microsoft's software and services in the future. (...) The AOL concern, analysts note, is that Microsoft is replaying the same tactics it used with Windows, the industry-standard operating system in the personal computer industry, in the next generation of the development of the Internet and electronic commerce. (...) If Microsoft succeeds in dominating these crucial new layers of Internet software - as it dominates the vital operating system layer on the PC - innovation, consumer choice and, of course, companies like AOL will suffer."
[Full Story]

From SiliconValley.com
"The lawsuit does not specify a dollar figure for damages, but analysts estimate it could be in the billions. For public policy, the most significant element in Netscape's lawsuit is the request for an injunction to restore competition, which could involve changing Windows so that it does not come packaged with Internet Explorer, said Robert Lande, an antitrust expert at the University of Baltimore."
[Full Story]
From San Francisco Chronicle
"The move crystallizes the acrimony between two corporate behemoths whose products have the power to shape the way many consumers work, communicate, entertain themselves and spend their paychecks in the years to come. (...) Their models differ, but their mottoes are practically the same. AOL’s vision is called AOL Anywhere. After years of extolling the virtue of a PC on every desktop, Microsoft in 1999 altered its mantra to 'great software anytime, anywhere from any device'."
[Full Story]

From Financial Times
"The legal action has far more than historical significance. While the browser wars are over, the contest between the two companies is not. Microsoft and AOL Time Warner are still battling for control of the personal computer desktop. As wireless and broadband technologies transform online access, that fight is shifting to other devices - from mobile telephones to television sets and gaming consoles - that can link people to the internet. (...) Both companies have made vigorous efforts to acquire each other's strengths, with Microsoft making clearer progress. AOL’s acquisition of Netscape was partly aimed at competing head-on with Microsoft, giving it a technology foothold in Silicon Valley to complement its base in suburban Virginia. But many senior Netscape engineers fled the company soon after the merger and after an alliance with Sun Microsystems that was meant to compete with Microsoft for corporate customers fizzled out."
[Full Story]

EBCENTER ARTICLE

How to solve the right to privacy in the workplace without being detrimental to companies
By Roberto García Castro, e-Business Center Research assistant

Although it is natural for companies to want to control what their people use e-mail for, from a legal point of view this could be considered as an illegal intrusion into their privacy rights. According to Joan Fontrodona, IESE professor, companies can notify their staff of the rules, to minimise conflicts. Inmaculada Fernández, PwC manager, thinks managers must elaborate a corporate policy about how to use e-mail. [Full Story]

REPORTS

The World’s Online Populations
Source: Cyberatlas
Date: January 17, 2002
Abstract: Cyberatlas has elaborated, from different sources, a list of the statistics on Internet users, ISP and the population of 50 countries. Canada (760) and Australia (718) are the countries where, in absolute numbers, there are more ISPs. However, while Canada has an online population of 14.2 million, in Australia there are five million people connected to the Internet. More than half of the population of the United States, the United Kingdom and Iceland has access to the Net. In the United States there are 168 million online users compared to a total population of 278 million citizens; the United Kingdom has 59.6 million people and 33 million Internet users; and Iceland, with 278,000 inhabitants, has 167,000 people with Internet access. [Full Story]
**Paid Content More Successful on Mobile than on the PC**

**Source:** Jupiter MMXI  
**Date:** January 17, 2002

**Abstract:** According to Jupiter MMXI, by 2006, European consumers will spend **3.3 billion for content on their mobile phones**, compared to **1.7 billion on their PCs**. In fact, 47% of European web users would not even consider paying for content on the PC Internet in the future. However, 16% of Europeans would consider paying for music online, a much higher percentage than other categories. **67% of total European paid content spending will come from music, gaming, and online video in 2006. [Full Story]**

**Climbing the Slope to E-Business Recovery**

**Source:** Gartner  
**Date:** December 14, 2001

**Abstract:** Although some economies will avoid the worst, the technology industry recession is worldwide because large U.S. companies with enormous international operations dominate this sector. As a result, the pace of technology-driven business change has slowed. E-business in particular has reached the base of the 'Hype Cycle', and enterprises are finding it difficult to move e-business initiatives forward. According to Gartner, between mid-2001 and mid-2002, enterprise e-business change programs are entering a temporary period of relative calm and order - the 'gap year' in e-business transformation. However, by the end of 2002, enterprises will again be buffeted by the distinctive pressures of technology disruption, new competitive forces and unpredictable customer demands. Instead of letting e-business progress slow to a crawl, Gartner recommends e-business managers and leaders take advantage of the slowdown to accomplish some tactical objectives and be in a strong position when conditions improve. [Full Story]

**Global Internet Statistics by Language**

**Source:** Global Reach  
**Date:** September 30, 2001

**Abstract:** **English-speaking users** connected to the web amount to **220.4 million**, which represents **43% of the total** Internet users. The rest, i.e. 292.7 million internauts, come from non English-speaking areas. European languages (English excluded) add up to **31.8% of the total**, whereas users from Asian-speaking areas are equivalent to **25.3%**. After English, Japanese-speaking internauts outnumber the rest (8.9%). Then, come Chinese-speaking users (8.8%), German-speaking (6.8%) and Spanish-speaking (6.5%). The less-connected users come from areas whose inhabitants use minority languages, such as Icelandic (0.14%), Slovenian (0.46%) and Romanian (0.6%). Curiously, above them are Ukranian, Slovakian and Catalan with 0.7%. [Full Story]

**COMPANIES**

**Amazon reports profits**

Amazon will be hard pressed for an encore after reporting a **net profit of $5.1 million** for the fourth quarter on Tuesday, far exceeding analysts' expectations and the company's own promise of reaching a pro forma profit, which excludes certain costs. The company posted record sales--$1.12 billion for the quarter, compared with $972 million a year ago. Amazon said sales growth in 2002 would be 10 percent or more with positive operating cash flow. Pro forma income for operations is expected to be $30 million or more. From News.com. [Full Story]

Ericsson reports losses
The Swedish maker of telephone equipment reported its first unprofitable year in half a century today and warned that losses in the first quarter of 2002 would be even greater than analysts had expected. Choking on debt, operators have delayed building expensive networks to support an array of new services dependent on a continuous connection to the Internet. And that has hurt companies like Ericsson, which, after placing most of its handset operations in joint ventures, derives almost all its revenue from manufacturing these networks. From The New York Times. [Full Story]

Difficult times for Ariba and Commerce One
Ariba and Commerce One reported losses for their most recent quarters, though both companies say they'll benefit from an expected upturn in the software market. Ariba cut its net loss for the first quarter ended Dec. 31 to $161.3 million, compared with $347.6 million a year ago and CEO Bob Calderoni expects Ariba to break even in the third quarter. On the other hand, Commerce One reported a fourth-quarter loss of $168.3 million on sales of $56 million. Last year, the company lost $197.5 million on sales of $170.2 million. From Information Week. [Full Story]

WE RECOMMEND

Five powerful words
Some words really can make a difference on your site. They are not ‘powerful’ in isolation but, in the right context, can make an important difference. According to the author, there are five words like that: free, sign up, buy, now and thank you. If you have any doubts about whether users of the Web are that interested in ‘free’ - do a quick search on Google. There are 172 million results. You must use sign up because you need to reach your prospects by email - people check their email more frequently than they surf the Web. The word BUY is an instruction. It tells people to do something. So make that instruction jump out and grab their attention. Now is good. ‘Later’ is death. Finally, when visitors become customers, your work is just starting. You have a relationship to build. And the first step in building that relationship is to say thank you. From Marketing Profs. [Full Story]

How to use information effectively
IT alone does not create a sustainable competitive advantage but managers assume that people will use the information and share it with others without building incentives and training around the use of information in their businesses. European Business Forum has developed a new management framework called 'Information Orientation' to help managers identify those areas critical to creating effective information use in their companies: Information behaviours and values, Information management practices and Information technology practices.

The magazine appoints Banco Bilbao Vizcaya Argentaria (BBVA) as an example of successful company implementing major IT projects. In 1994, BBVA's management team mobilised the company around a new banking model, which placed the branch, rather than corporate offices, at the centre of its organisational structure. The bank incentivised employees through shares in the company; team-based training, sharing of company performance information, and more transparency. The corporation also developed a simple, but elegant customer relationship management (CRM) system to support cross-selling in the branches. Within three years Banco Bilbao Vizcaya Argentaria ‘s business volume grew by 98 percent, its income increased by 131 percent, and its market capitalisation went up from $5bn to $22bn. From European Business Forum. [Full Story]

Why wireless text messaging fails in the US?
Two factors have severely hampered U.S. adoption of wireless text messaging. The first is diversity: each of the many different two-way wireless text systems has a very **different interface**. The second is the **lack of a standard**. Europe has avoided these problems entirely by settling on a single wireless-telephone system called GSM; Moreover, it's easy-to-use: to send a message, all you need to know is the recipient's phone number.

To e-mail your phone in the United States, I would need your phone number, the name of your cell phone company, and information about how the gateway works. From *Technology Review*. [Full Story]

**A regulatory remedy for European broadband**

The European Union's hope of creating a digital society with widespread broadband access to the Internet has stalled. Saddled with debt, many incumbent telecommunications operators are cutting back on capital expenses.

Regulators should be worried. Their vision of deregulated markets leading to widespread broadband penetration and broad consumer choice has been delayed. About 4 million households in Europe have broadband, far short of forecasts of 36 million by 2005. A short-term focus on taking value out of the industry, mostly through lower overall price levels, has unwittingly dampened competition and slowed the introduction of broadband. It could also lead to **perpetual local monopolies**. From *McKinsey Quarterly*. [Full Story]

**The return of reengineering**

Reengineering was the buzzword in the early 1990s. The concept meant radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed.

According to Harvard Business School experts, today's reengineering combines the austere method of process reengineering with the pliable, **collaborative** medium of the Internet in ways that weren't technologically possible a decade ago. It emphasizes out-of-the-box thinking and cross-functional doing - not just inside a company, but across the companies linked together in a supply chain. It also seeks to provide the discipline that corporate Internet operations sorely need. From *HBS Working Knowledge*. [Full Story]

**E-BUSINESS CENTER ACTIVITIES**

Do you want to participate in the **e-Business within Spanish companies 2002 survey**?

e-business Center is conducting its first survey, **e-Business within Spanish companies 2002**, that analyze the situation and the e-business expectations in the long and medium-term among 1,500 first Spanish companies.

If your company operates in Spain and has sales of above €18 m (Ptas 3 b) you can take part in our poll. Send us an email indicating your company's name, operating sector and sales, as well as which people within general management and e-business department will answer our questions. We will quickly reply sending to you a username and a password.

Your contribution will grant you access to the complete study results as well as two interesting free working papers: *Radiografía de Internet en España* and *El nacimiento de Internet*.
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