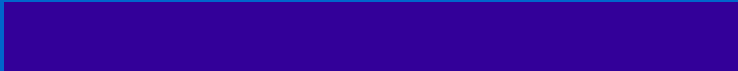


- 
- 
- 
- 
- 
- 
- 
- 
- 
- 
- 

# Internet Use to Communicate Ideas



- 
- 
- 
- 
- 
- 
- 
-

- 
- 
- 

## To Influence Public Policy

E-mailing congress.

Creating coalitions.

Researching, developing and refining an issue.

Advertising your views or position.

To elect public officials.

- 
- 
- 

# Business Communication

Educating stakeholders about an issue.

Encouraging involvement in an issue or organization.

Brand and reputation management.

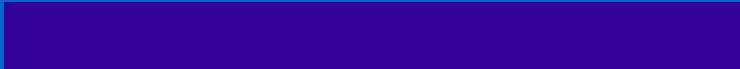
Soliciting feedback.



# The Ultimate Communication



What our business is all about and why it provides value to you the customer.



- 
- 
- 

## In case you don't notice:

The 28-year old co-founder and CEO of \_\_\_\_\_  
(fill in the blank with appropriate Internet  
company name).

- 
- 
- 

# Kosmo.com

“Your Internet purchases at your door in one hour!”

Combining the convenience of web shopping with speed of delivery.

Offers CDs, books, magazines, games and food items that range from sandwiches to frozen pizza to movie snacks. Will add gifts, flowers, pet supplies and consumer electronics.

Sells more Ben & Jerry’s ice cream than any supermarket in New York City.

New operations in Seattle and San Francisco. Adding Boston and Washington D.C. and plans to be in 30 cities by the end of 2000.

- 
- 
- 

# Kosmo.com

Major challenges: Very capital and labor intensive.

Needs a 10,000 square foot warehouse and food distribution center in each city and video return boxes in coffee shops and a small army of employees--300 in New York City.

- 
- 
- 

# Arbinet.com

“We are selling the ultimate virtual commodity in the virtual marketplace.”

And what would that be?

## Network Bandwidth!

Arbinet links telecommunications providers and ISP with business buyers looking for better rates on network capacity.

- 
- 
- 

## Arbinet.com

Uses a reverse-auction format that would be a logistical nightmare without the Internet.

Would-be buyers of bandwidth post the rates they pay on the Arbinet site along with a percentage decrease they would like to realize.

Telecom providers then offer bids within the designated range.

A classic excess capacity issue since carriers inherently operate at a low capacity. AT&T only runs at 20% efficiency so why not broker the other 80%.

- 
- 
- 

# CarsDirect.com

“We will save you money and frustration in buying a new car and deliver it to your home.”

Has sold 5,000 cars since its launch in May 1999 worth more than \$172 million.

Provides information on 2,500 makes and models.

Polled over 1,000 dealers it does business with and devised a bell curve chart of prices for every car it offers.

Has expanded its offerings to financing through BancOne so provides loans, leases and insurance.

Also has a warranty extension program.

- 
- 
- 

# Ford Motor Co.

## **Ford To Test priceline.com's "Name-Your-Own-Price" Internet Car Buying Service Through Ford.com**

Test program uses priceline.com service in Florida.

Prices accepted online will be honored at local Ford dealerships.

The first dealership to accept the offer gets the sale.

Customers remain completely anonymous until their price offer is accepted by a local Ford dealer.

- 
- 
- 

# ITsquare.com

“We will find you the best possible firm for your software development project.”

A project prospectus is created online detailing the project scope, budget and time constraints.

Reviewed by an ITsquare.com professional.

Invite the most qualified of 750 consulting organizations to bid on the project.

Customers like the third party review of the requirements posting.

- 
- 
- 

## Accompany

“We can get you collectively, a better deal on computers, consumer electronics, sporting goods, etc.”

Brings consumers together for volume discounts on products and services.

Buyers specify a desired price and don't pay more than that price.

To build site traffic, has a partnership with About.com and Small.com.

Suppliers include Chipshot.com, Electronics.net, TechData and Phillips.

- 
- 
- 

## E-Scan

“We can provide market-intelligence that combines product sales data with Web use and buying trends.”

Backed by Information Resources, Inc.(grocery scanner data) and Media Metrix Inc. (web usage data).

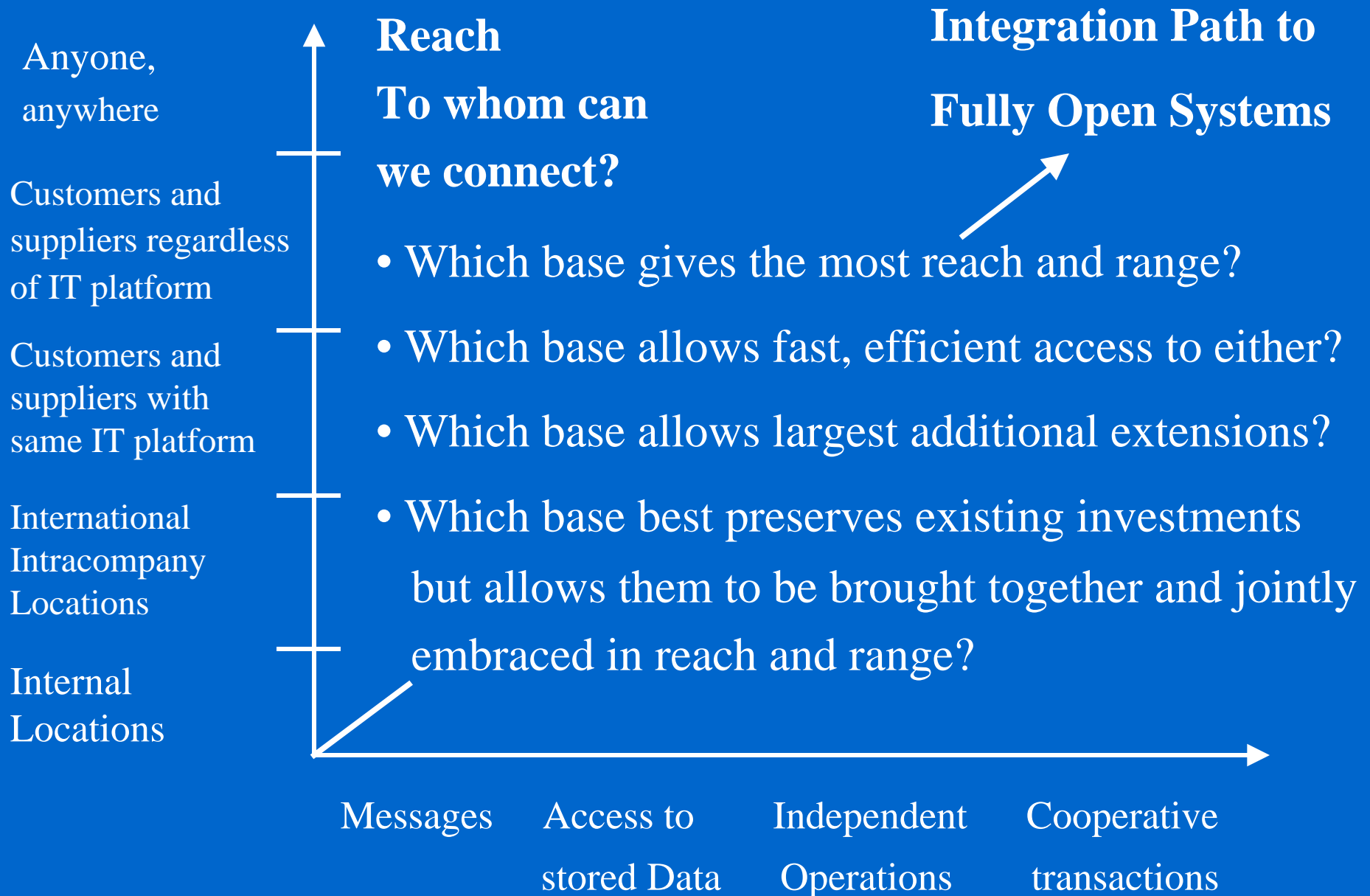
Goal is to correlate what people are doing on the web and what they buy in the B&M world.

55,000 households use an Information Resources handheld ScanKey device to scan their grocery and drugstore purchase and send in the data for prizes and other incentives.

# Internet Market Opportunities

Market Segments (Access Points)	Browser Companies	Internet Service Providers	Content Providers	Internet Solution Providers
Enterprise	Microsoft	AT&T	Movie	Consultants
Intranet	Netscape	IBM	Producers	Systems
Extranet		MCI	Yahoo	Integrators
Medium Company		Sprint	Newspapers	Software Co.
Intranet			Other	
Small Company			Publishers	
Internet Access				
Consumer				
Internet Access				

# The Reach and the Range of the Internet

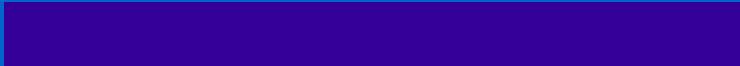


- 
- 
- 
- 
- 
- 
- 
- 
- 
- 
- 
- 

# The Internet



## Policy and Legal Issues



- 
- 
- 
- 
- 
- 
- 
-

- 
- 
- 

## Or as the book says:

Putting your business online, not on the line.

If your Internet business is a success, you will be sued. Don't take it personally, it is just the way things are.

Dave Hitz, Founder of Network Appliance

When there is opportunity, there is risk. Many of the legal questions about business on the Internet are still unanswered. It is likely the debate will continue for some time.

•  
•  
•

# Policy and Legal Issues

- Taxation - Federal, State and Local
- World Trade - E-Commerce, Property Rights
- Antitrust Laws and Enforcement
- Privacy, Confidentiality, Integrity, Authenticity, Spamming, Hate Mongers, Pornography

•  
•  
•

## Government and the Internet

From antitrust investigators to anti-porn lawmakers, virtually every branch of government turned its focus to the Internet in 1998.

- 
- 
- 

## Cyberspace and Borders

Cyberspace radically undermines the relationship between legally significant (online) phenomena and physical location. The rise of the global computer network is destroying the link between geographical location in four significant ways.

1. The power of local governments to assert control over online behavior.
2. The effects of online behavior on individuals or things.
3. The legitimacy of the efforts of a local sovereign to enforce rules applicable to global phenomena.
4. The ability of physical location to give notice of which sets of rules apply.

The Internet thus radically subverts a system of rule-making based on borders between physical spaces, at least with respect to the claim that cyberspace should naturally be governed by territorially defined rules.

- 
- 
- 

## Department of Commerce

The Internet succeeds in great measure because it is a decentralized system that encourages innovation and maximizes individual freedom. Where possible, market mechanisms that support competition and consumer choice should drive the technical management of the Internet because they will promote innovation, preserve diversity, and enhance user choice and satisfaction.

The **Justice Department** took the software giant Microsoft to court on charges that it tried to illegally dominate the Internet browser market.

**Congress** considered hundreds of proposals on regulation of the Internet and related technologies.

The **Federal Trade Commission** grappled with ways to protect consumers in the sometimes rough-and-tumble world of cyberspace.

The **Federal Communications Commission** wrestled with the convergence of once-distinct media.

The **Commerce Department** found itself in the middle of high-profile international controversies over its electronic privacy and security policies.

•  
•  
•

# Antitrust and Microsoft

Two important and fairly long standing questions:

1. What role should antitrust play in an advanced market economy?
2. Can the software, telecoms and other fast-changing high-tech industries of the 1990s be dealt with in the same way as traditional industries when it comes to antitrust?

- 
- 
- 

# Antitrust Role Question

What role should antitrust play in an advanced market economy?

1. Markets are better than governments at curbing monopoly power.
2. Well functioning markets still need watchful governments.

- 
- 
- 

# Antitrust and High-tech

Do old laws apply to new, high-tech industries that are in such a fast-paced environment?

1. In markets where technology is changing very fast, antitrust is less necessary and/or even harmful.
2. New industries, thanks to positive feedback loops and other peculiarities of high-tech markets, are actually more prone to monopolistic abuse.

- 
- 
- 

## Microsoft Ruling

It accepted the point that modern technology fuels intense rivalry and rapid economic change.

But, it did not come to the conclusion that the law need not intervene.

At the very core of the court's findings is the applications barrier to entry in the operating system market which arises partly because of positive feedback.

- 
- 
- 

## Positive Feedback

The more applications that run on Windows, the more valuable Windows is to users.

It is difficult to argue that this does not make the product immune to competition.

But, standards do not endure on the strength of positive feedback alone. The standards that last turn out to be at least as good as the supposed alternatives.

If a better technology comes along, today's standard will be replaced.

- 
- 
- 

## Therefore, However

Antitrust proponents argue that network effects entrench standards, thereby conferring durable monopoly power--an application barrier to entry since over 70,000 applications run on Windows.

If network effects offered long-term protection, there would have been no need for Microsoft to intimidate computer makers into helping them to smash Netscape.

Microsoft did argue that any dominance that it has is fragile.

- 
- 
- 

## A Final Therefore

Because network effects were not enough to entrench Microsoft's position, deliberate steps to stifle competition. This could result in the company facing onerous penalties.

The government's case was as much about proving Microsoft's intent as about establishing its actions. Had the company been franker about those intentions and shown some regret, the trial might have paved the way for a settlement. Bill Gates referred to give an inch.

- 
- 
- 

## Remember the Role of E-mail

Email, the means by which almost every opinion and action is communicated within Microsoft, allowed the court to eavesdrop on every important meeting over the past five years.

This was devastating because it established that their intent was to destroy Netscape and bully or bribe other firms to submit to their will.

- 
- 
- 

## To be continued . .

The technologies now shaping the Internet mean that a single software company is unlikely to gain the dominance that Microsoft acquired with its PC operating systems.

Stay tuned for Pat Mantey's Technology Trends lecture.

- 
- 
- 

## Internet Sales Tax

How many times have you bought something over the Internet and justified doing so based on not having to pay sales tax?

## Despite Reprieve, Tax Laws Complicate Internet Retailing

The Internet Tax Freedom Act was supposed to give e-commerce sites a three-year reprieve from the tax collector, during which time they could presumably protect consumers from taxes that specifically target the Internet and themselves from the roughly 30,000 tax jurisdictions anxious to collect those levies.

For some Internet-only retailers, that may be true. But for the droves of brick-and-mortar companies trying to join the virtual retailing club, the tax moratorium has been far from a panacea.

- 
- 
- 

## Barnes & Noble Example

Barnes & Noble launched its Web site through a subsidiary and decided to keep the two entities separate, so as to avoid charging a tax on Internet sales in most states.

Accordingly, Barnes & Noble stores in Connecticut (or any other state where the Web site has no offices) cannot promote the Web site or give full refunds for books bought on the Internet, because the stores could then be seen as acting as sales agents for the Web site, thus creating a so-called "nexus" between the two entities.

If that were the case, Barnes & Noble.com would have to charge tax to buyers in Connecticut.

- 
- 
- 

# Gambling on the Internet

Legal gambling generates a half trillion dollars in revenue in this country every year. Law enforcement believes much more than that is wagered illegally. And the next frontier for illegal gambling just may be the Internet.

- 
- 
- 

# Gambling on the Internet

VIRTUAL VEGAS, SPORTS INTERNATIONAL, WAGERNET, INTERNET CASINOS, INTERLOTTO and GAMING WORLD are just six of the increasing number of WEB sites that are offering gaming-related services over the worldwide WEB.

Is electronic commerce ready for the onslaught of digital casinos?

What are the obstacles likely to impede virtual gaming?

What is the likelihood of governmental endorsement of individual websites which offer gaming services?

<http://www.goldenpalace.com/?T99B10200105SSH00>

- 
- 
- 

## Cyberlaw: A Growth Industry

1998 was also a major growth year for cyberlaw.

The trench warfare between Microsoft and the Justice Department may have dominated Internet legal news in 1998. But there were other important and interesting developments in the young world of cyberlaw.

- 
- 
- 

## Legal Happenings in 1998

The trickle of lawyers who consider themselves Cyberlaw specialists grew to a flood.

A massive increase in the number of companies that decided to go to court to fight false Internet rumors -- "Corporate Cybersmears."

Although the Internet has made it easier for pedophiles and child pornographers to exchange their illegal wares, developments in 1998 suggest that the Internet has made it easier to identify such people and to bring them to justice.

- 
- 
- 

## Specific Legal Events

**The Sun v. Microsoft suit.** Java has the potential to remake the entire structure of this market; this suit will determine whether it ever gets the chance to fulfill that promise.

The passage of the **Digital Millennium Copyright Act**. This will have remarkable effects on Internet copyright law. Most of these effects will be bad: discouraging innovation by device makers, discouraging lawful uses of copyrighted works, etc.

The passage of the **Child Online Protection Act**, which bans a commercial Web site from transmitting material that is "harmful to minors".

- 
- 
- 

# Internet Law Confusions

When in doubt, assume that the rules that apply to B&M businesses also apply to Internet businesses.

Never assume that the Internet provides more legal protection than in the traditional marketplace.

- 
- 
- 

## Possible Legal Problems

Defamation or libel suit.

Consumer protection law violation.

Truth-in-advertising violation.

Deceptive practices, false or misleading representation or improper endorsements.

Trademark conflicts (global).

Copyright violations.

Hyperlink controversy.

- 
- 
- 

## There is more

Industrial espionage and/or thief of trade secrets.

Invasion of privacy.

Obscenity and indecency liability.

•  
•  
•

## A Leading Civil Rights Issues!?

US Department of Commerce report entitled *Falling through the Net* concluded that the differing levels of computer ownership and Internet access is one of America's leading civil rights issues.

- 
- 
- 

# World Trade Summit

Seattle - Nov. 30, 1999

The US is in conflict with Europe over e-commerce.

The US wants a permanent worldwide moratorium on taxing e-commerce and lenient policies on new e-industries.

Europe wants to freeze out US entrants by imposing privacy restrictions and also treat e-commerce as services. The latter would allow France to limit the sale of English language software, music and movies over the Internet under “cultural protection.”

- 
- 
- 

## Another Trade Issue

### Intellectual Property Rights:

The stakes in the intellectual property rights fight are enormous. Brazil and India could be forced to pay nearly \$2 billion in royalties for US copyrights and trademarks.

Fifty percent of US application software in foreign countries is pirated.

- 
- 
- 

## A Number of Broad Issues

### **US Priorities:**

- End European farm subsidies.
- Reduce tariffs on goods and services.
- Add environmental protections to trade agreements.
- Ensure labor rights through coordination between the WTO and ILO.
- Protect biotech products from labeling requirements.

- 
- 
- 

# World Trade Issues

## European Priorities:

- Maintain current farm subsidies.
- Restrict labeling requirements for bio-engineered food.
- Create a committee to foster labor rights.
- Stronger antitrust enforcement.
- Retain current investment rules.

- 
- 
- 

# World Trade Issues

## **Developing Nation Priorities:**

- Relax antidumping enforcement.
- Create special rules for developing nations.
- Open more export markets for farm goods, clothing and textiles.
- Limit intellectual property safeguards.

- 
- 
- 

## The Internet - A vehicle for hate!

Although hatred-inspired violence is hardly a new development, there is a dangerous new ingredient: the Internet.

It gives hate mongers just what they want: a cheap device to reach millions of new recruits.

Although the number of hate groups is small (300 to 1,000 out of 8 million web sites) it is considered worrisome.

- 
- 
- 

## Using the Internet

Before the Internet, many extremists worked in relative isolation, forced to make a great effort to connect with others who shared their ideology. Today, on the Internet bigots communicate easily. Extremists have found a secure forum to exchange exchange ideas and plans.

Anti-defamation League

•  
•  
•

## The Numbers are Growing

On April 19, 1995 - the day of the Oklahoma City bombing - there was a single known hate site on the World Wide Web. Since that time the Internet, and those who would use this tremendous communications tool to promulgate hate and violence, have flourished.

Today, the Simon Wiesenthal Center has identified more than 1,400 problematic Web sites - more than double the number since we published our first report a year ago.

- 
- 
- 

## Disturbing Trends

This new report also touches on some recent and troubling phenomena - including hate sites for kids, racist computer games and the increased use of the Internet by overseas extremists who employ the World Wide Web to evade local laws and regulations.

- 
- 
- 

# Stormfront.org

A white nationalist (supremacy) group headed by a founder Klansman.

Web page visited 1 million plus times since created in 1995.

Includes a kids page.

An online coloring book.

A white power version of Doom.

- 
- 
- 

## The General Reaction

There is little demand to ban such sites.

“The founding fathers invented the first amendment and I think they had web sites in mind when they did it.”

Morris Dees, Southern Poverty Law Centre

The Internet helps fighters for tolerance by exposing previously shadowy groups.

- 
- 
- 

## Elements of the Problem

When does obnoxious speech become hate, and when does hate beget violence?

“Unfortunately, hate is often what it means to be a human being. We would be foolish to think that technology will solve the problem of human vice.”

**David Goldman, Executive Director, Hatewatch.com**

- 
- 
- 

## Web Pages on Both Sides

### Hate Monger Sites:

Nuremberg Files (anti-abortion site removed)

<http://www.godhatesfags.com/home.html>  
(Westboro Baptist Church web page)

<http://www.stormfront.org> (white supremacy group)

<http://www.americknights.com> (Ku Klux Klan)

<http://www.davidduke.com> (David Duke web page)

<http://www.adl.org/backgrounders/wcotc.html>  
(World Church of the Creator ADL article)

- 
- 
- 

## The Nuremberg Files Law Suit

The plaintiffs in the case were Planned Parenthood of the Columbia/Willamette (Oregon) and several abortion providers. Additionally, the defendants have been restrained from publishing or republishing personally identifying information about the plaintiffs to the Nuremberg Files Web site or any mirror site. Others acting in concert with the defendants are similarly enjoined.

- 
- 
- 

## Nuremberg File Law Suit

The judge's order called the wanted posters and the Nuremberg web site a "true threat to bodily harm, assault or kill" one or more of the defendants. He continued that from his own review of the evidence produced at the trial "the plaintiffs have proven by clear and convincing evidence" that each of the defendants acted "with specific intent and malice in a blatant and illegal communication of true threats to kill, assault to do bodily harm to each of the plaintiffs and with the specific intent to interfere with or intimidate the plaintiffs from engaging in legal practices and procedures."

- 
- 
- 

## Anti-Hate Monger Sites

Hate Watch - [www.hatewatch.org](http://www.hatewatch.org)

Anti-defamation League - [www.adl.org](http://www.adl.org)

Wiesenthal Center - [www.wiesenthal.com](http://www.wiesenthal.com)