

## eNation

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For the last twelve months we have been writing about various aspects of the Internet and in particular e-business. This month I would like to take stock and look at some of the changes that are happening to and through the Internet.

A major feature of the business news recently has been the incredible valuations achieved by some Internet stocks, particularly in the USA. Some of the valuations appear to defy any kind of commercial logic, with conventional criteria for assessing the value of companies being thrown to the wind. The fact is that the Internet is already having a huge impact in some business sectors. Companies such as Amazon, the on-line book store, have emerged from nowhere to become global brands in a matter of months. This was brought home to me in a most tangible way only a couple of days ago when I picked up a parcel at my local post office in Port St Mary; of about 15 parcels behind the counter at least two were clearly marked with the Amazon logo. Sceptics will tell you that despite its billion dollar valuation Amazon has yet to make a profit. But I am inclined to think the market share and brand recognition they have achieved is potentially priceless.

Another area where the Internet is having a huge impact is in communications. Already more information is sent by e-mail than conventional mail. The Internet is also rapidly changing the way we use our telephone lines and consequently the business models of the telephone companies. Data traffic tends to replace long distance calls with local calls. A good illustration of this would be to compare the cost of sending a 50 page fax to a recipient in South Africa with that of sending the same message by e-mail. A 50 page fax would take approximately 10 minutes to send at a cost of £2.60. To send the same message by e-mail using a basic dial up connection to a local ISP would cost 4.3p.

As revenues go down in some areas new opportunities arise such as the sale of Internet bandwidth to Internet Service Providers. Telecommunications companies are increasingly trying to re-position themselves as business service companies, adding value to the basic communications infrastructure that they provide through the development of data services and even IT consultancy.

In the early days the Internet was primarily the domain of a certain type of young men; it had a rather nerdy or even sleazy image. This is also changing rapidly. There is a large and growing community of older Internet users as people in retirement have both the time and the motivation to enjoy the benefits of e-mail for keeping in touch with family and friends. In the last year, the number of over 55's using the Internet in the UK has grown to over 9%, an increase of around 30%. At the other end of the spectrum girls are starting to outnumber boys when it comes to publishing their own web pages and using facilities such as chat rooms to make new friends.

Governments are also moving with unwonted speed, keen to claim the title of most e-business aware jurisdiction. There is a strong recognition that the Internet is a truly global medium which is allowing business to pick and choose its location with unprecedented ease. This is particularly relevant to places like the Isle of Man which survive by offering a business friendly environment to attract service industries. The importance of this is clearly recognised here with the publication of a draft Electronic Transaction Bill last month, meanwhile others have gone even further. Bermuda for example has a Minister for E-commerce, I for one believe they are on the right track!

Here on the Isle of Man there has certainly been a lot of Internet activity in the last year. The department of education has made huge strides in providing permanent Internet access to all of the Island's schools. The bank of Ireland's ground breaking 'f-sharp' Internet banking service has recently been launched and The Clinch charity (respite care for disabled children) has just launched a web site which allows secure credit card donations in 18 currencies! A world first in its own right I believe. Check out [www.clinch.org.im](http://www.clinch.org.im) and give them some Indonesian Roupees!

As more and more information and business migrates to the net there is a huge emphasis on the tools and companies which help us to find what we are looking for. Search engines, portal sites, banner adverts, intelligent agents etc. all serve their purpose. However the most telling development is the increasing number of conventional adverts which prominently display the company's web address. Dynamic new companies such as Easyjet which focus on providing the best possible price to the end user by cutting out the middle men even offer lower prices to Internet customers across the board. In the long run the businesses which succeed in this brave new world will be those who exploit its efficiencies to the greatest benefit of their customers!

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