

Exercise 1

4 competition models

- ***Porous Gardens***

- Imagine you are an employee of International Widgets, selling digital software and media all over the world – mostly online. As technological, political and economic motivations compete to shape the future of Internet, your company and personal life also come to a turning point.
- Your future hasn't been written, and neither has the Internet's. Let's imagine several possibilities.
- In one possible future, what we call the Porous Gardens scenario, the Internet is fun, but your business and wallet both rely on it. That's why you've just bought a shiny new Smart Gadget Notepad online. You love Smart Gadget because its Smart Store has countless apps that do just about everything. It's fun and you can run your business with it. Plus, it looks really cool.
- But, gone is the global open Internet that you knew a decade ago. Now your online life is limited to Smart Gadget and the apps it develops for its network.
- Choosing a network and a brand is as important as choosing a spouse. You turn over your privacy and dollars for Smart Gadget's network, hardware, software and legendary functionality. Eventually getting out is too costly. Now you are stuck.
- And, governments license developers because apps and hardware are too important to fail.
- Developers work with one brand only; same with apps.
- Smart Gadget's network and hardware can't connect to other, similar networks. In fact, sometimes it's impossible to do business with companies that use other networks. You and your business are now caught in a turf war as everyone aligns with their favorite brand.
- You are committed to your platform and you live and die by its success.

Moats and Drawbridges

- Imagine you are an employee of International Widgets, selling digital software and media all over the world – mostly online. As technological, political and economic motivations compete to shape the future of Internet, your company and personal life also come to a turning point.
- But this isn't the only possible future. Here you are in another future scenario. You've taken a promotion to be the Media Manager for International Widgets Pacific Operations, providing local news content to viewers outside your region. Not only does this mean more responsibility, it means moving to a new place.
- Everything's going well, until the Internet we know and love changes into something we call the 'Moats and Drawbridges' scenario. In this scenario, the networks that make up the Internet have become centralized, nationalized, regulated and controlled. The global open Internet is replaced by many separate, not-very-well connected collections of networks – each walled off and closely monitored.
- The result is that your business can't reach its audiences because large corporations lean on governments to create policies that restrict access to non-national content and allow for cultural censorship. Even worse, persisting fears about cyber security make distributors unwilling to connect to your network.
- But it's not just your company that's cut off – you are too. Not only can you not show off your work to friends back home, you can't access any of your favorite websites.
- With the Internet controlled by the corporations, you're forced to cut a deal that sells the exclusive distribution rights for your content to the biggest media distributor servicing other regions. They don't buy your platform and they don't understand the cultural differences. All they know is the bottom line – what sells and what doesn't.
- You're trapped at work and at home, locked in a virtual castle. While you're struggling to find a way to survive, the distributors in other regions flood your content back into your market, now approved because the content is hosted on corporate servers.
- The newsmakers you once worked with are now forced to deal with the large corporations, making them lose creative control, while also letting the corporations decide who watches what where and for how much.
- Eventually you give up and move home, hoping there's still a place for you in the company there.

- ***Boutique Networks***

- Imagine you are an employee of International Widgets, selling digital software and media all over the world – mostly online. As technological, political and economic motivations compete to shape the future of Internet, your company and personal life also come to a turning point.
- Here is a third possible future for you and the Internet: You love using Vyper, the leading global teleconferencing platform. Not only do you use it every day to connect to clients all over the world, you like that it lets you keep in contact with your family and friends. You also like that it's always accessible wherever you are.
- But in this scenario, which we call Boutique Networks, the unique Internet addresses we use and take for granted today have become a rare commodity. The Internet's continued growth means that there are simply too many people in too many places that all want to join in the conversation. Instead of upgrading to the next version of Internet technology, Internet Service Providers, device manufacturers, and the companies, such as Vyper, that provide services that provide over the Internet have implemented short-term workarounds.
- Now, there is simply no way to provide every person with an Internet address that can be contacted by any other person connected to the Internet. The result is that the Internet has been transformed into many independent intranets. The intranets are regional and they only cater to certain services.
- They also allow providers to implement complex payment schemes. As the Internet dies, everyone is forced to move to the intranets.
- Suddenly Vyper stops working. The lack of consistent technology use by the intranets makes it impossible to adapt. The intranets are so fractured that there's no chance for a global communication platform. At work you feel like you've gone back in time. Speaking face to face using video over the network has become too expensive in a world where intranets define their own rules and prices.
- You feel it at home too. A few years ago you used Vyper to debut your firstborn to your parents on the other side of the world. Now you're not sure when you'll be able to see them again. Your contact list becomes a sad record of people you can't reach. The intranets that do provide a teleconferencing service do so at exaggerated prices and with limited reach.
- VO: Here you are, ten years from now. You work for International Widgets Worldwide News, providing users with apps for receiving news on their mobile devices and the content to go with it. In this scenario, the Internet of the future is a lot like the Internet we know and love today. The Internet has continued to be open and accessible, and has continued to evolve and change.

- **Common Pool**

- Imagine you are an employee of International Widgets, selling digital software and media all over the world – mostly online. As technological, political and economic motivations compete to shape the future of Internet, your company and personal life also come to a turning point.
- In this scenario, just as today, no one knows for sure where the Internet's heading, but everyone has their own vision for it. Industry experts are busy building serious models for serious business.
- Meanwhile, amateurs are playing amidst the chaos, discovering critical issues and finding innovative ways of solving them. Eventually the world turns to these users creating open source, collaborative, and freely available fixes. The Internet remains driven by principles such as open standards, distributed responsibility for core functions, collaboration, competition and evolution. But this dynamic Internet, and the innovation and competition it fosters, means that you soon need a new business model. After putting their faith in other users, people aren't willing to hand over their hard earned money to corporate content providers. That's when you get an idea – let the users report the news.
- Since your audience receives its content on mobile devices like the Smart Gadget Notepad, you figure that's the place to start for a new platform. You partner with Vyper, a global teleconferencing platform that is already successfully using real-time, high-definition video to connect users through their Notepads. Together you create a global news system – allowing users to report to other users about whatever interests them the most.
- You survive because you realize that users don't want media made by experts, they want something that will help them sort through all that great amateur content. That's why you let your users tell you what they like. Then you give them a constant flow of video streams, from big news to small news to everything in between.
- The success of your platform draws out the copycats. You have to stay on your toes because competition is now coming from parts of the world that couldn't even access the Internet before.
- Despite the imitators, International Widgets manages to keep ahead by remaining in touch with what users want.
- That's why you open up the platform's code. The first user-created extension to catch on lets people add annotations and comments to the video streams in real time. The second lets you attach a Vyper-based chat room to any feed, letting users and reporters talk as the news is happening. These innovations don't just make your platform better – they attract new users with new ideas. With content and functionality driven by users, International Widgets helps everyone get what they want, when and how they want it. Across the globe people are tapped into a new world of news. You never know how long your company's success will last, but you take comfort in the fact that the Internet is a place that's always allowed to evolve.