Glossary of Terms for the New Digital Economy

Aggregator: A value-adding intermediary between producers and consumers that sets prices and discount schedules in advance. Core value propositions of aggregation are optimization, selection, organization, price, convenience and fulfillment. Amazon.com, Chemdex, E*Trade, HomeAdvisor and Travelocity are examples.

Agora: An e-marketplace where buyers and sellers meet freely, negotiate and assign values to goods. The core value proposition of an Agora is liquidity -- the ease of converting assets into cash. Buyers and sellers cooperate and compete to arrive at mutually acceptable deals. Yahoo Classifieds, eBay, Priceline, NASDAQ and FreeMarkets are all Agoras.

Alliance: An ethereal type of e-marketplace whereby key players strive for high value integration without hierarchical control. The core value proposition is creative collaboration to meet the end-user's needs shared by the community of contributors. Goods and services in this model are designed via dynamically shared experiences. Key players include: AOL, MP3, Wintel, NetNoir and Linux.

Buy-Side Auction: A type of Agora that enables a buyer to receive bids from sellers. During a designated time period, suppliers bid against each other in an on-line auction for the sale or products or services. Covisint and GM TradeXchange are two key examples of buy-side auctions.

Coopetition: An organic function and by-product of the e-marketplace business model in which participants must cooperate and compete with each other in order to meet their business needs. "Scarcity" no longer creates value; the size of the network does. The larger the network, the more value it brings to its participants.

Distributive Network: A type of e-marketplace that plays a vital role in ensuring a balance between the e-marketplaces they support. The core value proposition of this business model is to facilitate the exchange of information, goods and services between participants within each e-marketplace. The best current examples of Distributive Networks include: UPS, AT&T, the Internet, and Enron.

E-commerce: Commercial activity that takes place by digital communications over a network like the Internet.

E-marketplace: The digital environment (platform) in which participating buyers and sellers secure their e-commerce transactions. By 2003, there will be 10,000 or more e-marketplaces. CommerceOne and Ariba are two big e-marketplace providers.

E-procurement: A new class of procurement that enables buyers and sellers to automate their interactions allowing each participant within the supply chain to anticipate supply and demand. Covisint is an e-procurement alliance for the Big Three automakers to which over 30,000 auto suppliers and OEMs are beginning to get connected.

Gilder's Law: The idea that bandwidth grows at least three times as faster than computing power (see “Moore's Law”). Today, more information can be sent over a single fiber optic cable in a second than was delivered over the entire Internet during any 30-day period in 1997.

Global Trading Web™: The world's largest B2B Distributive Network on the World Wide Web with participants such as Boeing, Ford, GM, AT&T, and other B2B players. The GTW was conceived and continues to be developed by e-marketplace provider, Commerce One.

Intranet: A network designed to organize and carry out digital transactions within a company or organization. It has all the features of the Internet, but it is only accessible to the members who are granted private access within that company or organization. General Electric and GM have two the largest Intranets in the world.

Metcalfe's Law: This law states that the value of a network is a function of the number of nodes or participants connected to it. Thus, the value of any network grows exponentially with each additional node or participant, i.e. fax machines, phones and computers connected to a network of other fax machines, phones and computers.

Moore's Law: Every 12-18 months, processing power doubles while costs stay constant. Also, bandwidth expands, while computer microchips get smaller and become more powerful. Microchip size reduced in half during this same time period, yet the microchip's computing power remains constant.

Open Market: A type of Agora set up for one-to-one transactions between buyer and seller of which Monster.com and other career search resources are the best examples.

Sell-Side Auction: A type of Agora, like eBay or YahooAuction that allows a competitive environment among many buyers for the offering of goods and services from a single seller. Most Internet users refer to sell-side auctions as "Internet auctions."

Shannon's Law: The lower the power in a digital communication system, the more efficient it becomes. This law predicts that the future of networks will be in small, battery operated, handheld devices joined together in B2C and B2B Webs.

Value Network: Enabled by a digital info flow allowing participants to communicate freely and trade together, a “Value Network” is a web of partnerships. As communications go backward and forward between all suppliers, value is added with each individual "touch" along the supply chain(s).