

Happy Birthday Netscape August 10, 2005

Just when I thought there was nothing going on in the dog days of summer along came Wired magazine's August issue to remind me that August 9th (yesterday) marked the tenth anniversary of Netscape's IPO. That makes it a good time to stop for a moment and ponder how many ways the Internet has changed our lives, especially where a company's relationship with its customers is concerned.

Every generation has a few seminal moments, and while a company IPO does not compare to the wars and assassinations that have typically marked a generation's coming of age, Netscape's IPO and all of the downstream bubble activity it presaged have irrevocably changed the way we all live.

Before the browser the Internet was a lot of text being pushed around mostly by technical and academic types — what some wise guys once called glorified e-mail. With the browser the Internet was opened up to business and commerce ultimately changing our everyday lives in the process. Everything, from buying products, to finding a baseball score to finding a job was made easier because the Web democratized information. And don't forget journalism and how you are reading this.

Goodbye to information arbitrage

Before the easy availability and display of information in a browser, the world was divided into two camps, people with information and people who wanted it. The opposite of democratization of information is information arbitrage and lots of people and businesses made money simply on what they knew because it was not common knowledge. You would buy a car or get a mortgage based on your gut instinct that you were getting a good deal but unless you did a lot of leg work how would you ever know?

The world has significantly changed because now we all have the same access.

Note the emphasis on access and not necessarily possession. Most of us do not actually possess every bit of information about car prices or mortgage rates, but no vendor can risk being over priced because they've decided to play the old arbitrage game. The assumption today is that you've got the same information the vendor has and the competition is on price, delivery, and service levels.

Increasingly, the market sets prices and standards of interaction. Want to buy something? Amazon and similar e-commerce sites will sell it to you. Want to buy or sell something that's off beat or used? Try EBay. I don't have the data but the last ten years must have been a golden age for shipping companies. Recall, UPS went public in that span in one of the largest IPO's ever.

The browser changed how CRM is delivered and what CRM does

The browser significantly changed CRM too. In 1995, CRM was a hot new technology idea that ran in a client-server environment (remember Windows 95?). CRM was all about transactions between a vendor and a customer; it was about more or less discrete encounters with one way information flow — from you to them. If you wanted to communicate with your vendor your most likely recourse was 'snail mail' or a fax. The idea of using analytics and data mining to discern customer demand patterns was still far off and something they did in marketing, removed from the day to day of running a company. And most importantly, CRM was typical enterprise software that took lots of time and bushels of money to implement.

The Internet, and the part that the browser opened up, the World Wide Web, have

changed everything about business, technology, information and who knows what else. It made some people incredibly rich and if you were naïve or just plain unlucky it made you poor when the air started leaking out of the balloon.

Where to from here?

The one thing it didn't do was to make us any smarter which says a lot because with tools like Google we suddenly had the ability to catalogue all of human knowledge. But we were not made any more intelligent in predicting the impact of wide spread Internet use. One of the more striking aspects of Wired's coverage of the Netscape anniversary was how much we all mostly down played the importance of the Internet's arrival as an information tool for all of us.

In another ten years we might look back and clearly see that one of the more profound changes ushered in by the Internet was the demise of the software industry as we once knew it and the rise of the modern information utility. Over the last five years we've seen a steady stream of innovations that have reduced CRM and other applications to something you access through a browser. For an increasing number of applications, data storage, application security and maintenance all happen across the Web and, if anything, the trend is accelerating.

Savvy vendors like Salesforce.com, NetSuite, SAP, and Siebel are increasingly putting the power to design applications into the hands of the user aided and abetted by advanced technologies like SOAP, Web services, and dynamic HTML. It's hard to say where this all will lead but even at this vantage point it's pretty obvious that the industry we loved to hate because of the time and resources it drained from corporate coffers is changing irrevocably. Inevitably, that will mean a relative de-emphasis on the cost of enterprise applications and a new accent on what those applications do for us.

So happy birthday Netscape, wherever you are, and many happy returns of the day for all of us.

About the Author



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Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

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