

Network Effect

domains, impacts & issues

Orange Labs

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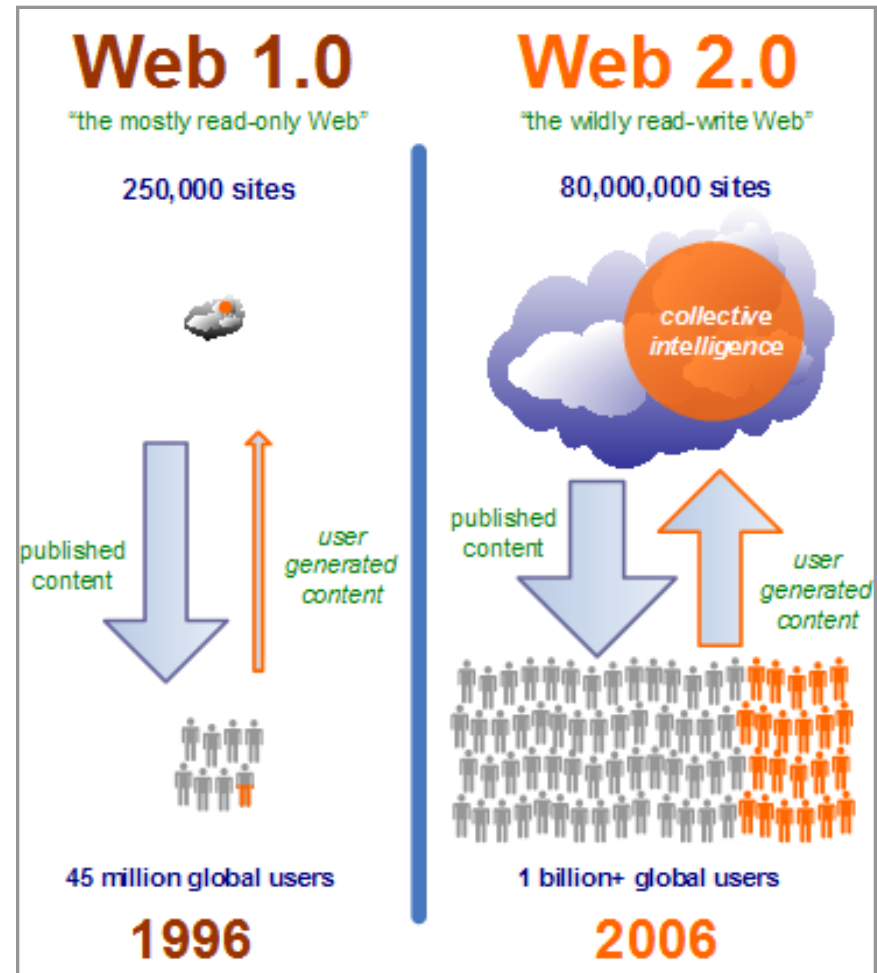


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Network Effect : "many heads are better than one"

- It is the power of the crowd & the ecosystems, giving the opportunity to all the players, regardless of their sizes, skills, to share/ enrich their contributions (players become "prosumers")
- It is and will be one of the major factors of innovation & value creation in the web 2.0 era
- It must be encouraged & supported by companies in the B2E, B2C as well as B2B contexts



"Web 2.0 is a set of economic, social, and technology trends that collectively form the basis for the next generation of the Internet—a more mature, distinctive medium characterized by user participation, openness, and network effects". by J. Musser, T. O'Reilly & Radar Team

Network Effect : mashups & domains

- In the NE, value creation & innovation come from **Mashup** that is the "**aggregation**" by one player of the **basic building blocks**, produced by other players, in order to **create a new, composite block** that is **innovative, valuable & customized**
- The **Multimedia Content** domain with **User-Generated Content** (e.g. DailyMotion, YouTube...)
- The **Knowledge Content** domain with **User-Generated Knowledge** (e.g. Wikipedia, Google Knol...)
- The **Services** domain with **User-Generated Services/Applications** :
 - Thanks to the companies that are exposing more and more services (via APIs or GUIs), we are moving the **Internet of Services**
 - The **Cloud Computing & Software-as-a-Service** become important trends
 - the **cloud** will be the software mashup library, the deployment & execution infrastructure, and hence **an innovation playground open to all the players.**

Newer & less known
than the others

Network Effect : fostering, impacts & challenges

→ Fostering the NE potential of innovation

- Extending & supporting the use of the existing the tools (blogs, wikis, social platforms, mashup engines, recommendation engines, Social network platforms, SaaS platforms...)
- making them even easier to use, open/interoperable insuring the reuse and the fair competition between the players

→ Impacts

- This web transformation is introducing an important disruption
- will deeply impact the business models, and
- will reshuffle the cards between the "traditional" players and new competitors (e.g. major TV networks vs. YouTube audience; wikipedia vs. britannica hits; Salesforces.com CRM vs. SAP or Siebel CRM; GoogleDocs vs. traditional MS Office Suite...)

→ Other challenges regarding the NE

- Intellectual Property (IP): how to protect idea & innovation in open collaborative networks ?
- What about Labor Laws & Taxes, is there a need for regulation in this worldwide work and value creation ?

thank you

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