

Harnessing the Power Using the Internet in Innovating Your Business

The dot-com explosion of the 1990s was mostly a lot of sound and fury that meant nothing – only representing a tiny sliver of businesses exploring the power of what the Internet can do. A get-rich-quick mindset developed during this time where it was thought doing business strictly through the Internet would help generate revenue to anyone that invested in it. What is correct is that the Internet did change the rules of the game; however, how it's used is where the true value lies.



A new avenue of creating wealth is supplanting the corporation as the starting point for developing strategy. It is a system of meshed entities using the Internet as the basis for business communications and transactions – suppliers, distributors, service providers, infrastructure providers and customers all come together to create this. Today, all participants are essential that contribute according to their core competencies.

The key to competing in the digital economy is **business model innovation** that exploits the Internet power for business. Smart companies use the Internet to achieve goals they have driven toward for 25 years. It's clear that profound changes are impacting deep corporate structures. They focus on:

- Core competencies;
- Reducing transaction costs;
- Innovating more effectively; and
- Gaining new ways to achieve deep customer relationships.

Understanding the Business Web

In every sector of the economy, the competitive ground has shifted and business web sites are clearly established as the new mechanism for winning in the marketplace. To be sure, many companies of both old and new economies have set up web sites and have been disappointed by the results because, ultimately, a web site is the digital era equivalent of a business card – important, of course, but also not the only avenue to generate revenue.

The power of the Internet allows companies to focus on their core competencies. Often the majority of the employees in a given corporation have nothing to do with the company's core competencies. With the Internet, business functions or large projects can be reduced to smaller components and framed out (often simultaneously) to more specialized companies around the world with virtually no transaction costs.

This captures the enormous benefits brought on by the competitive environment. Suppliers strive to reduce costs and increase quality and innovation. They know there are other specialized workers and companies around the world keen to do the work.

With business web sites, issues such as partnering, distribution channels, industry restructuring and strategic repositioning are suddenly much more complex. Strategists will no longer look at the integrated corporation as the starting point for value creation. Rather, they will start with a customer value proposition and a blank slate for the production and delivery system. They won't reject value proposals out of hand as being unfeasible, because the art of the possible is dramatically changed through the Internet.

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