Next Wave Internet: high-margin reseller opportunities

White paper: A new business model for selling solutions

As the Internet moves into the business mainstream, new opportunities are rapidly emerging for resellers to provide high-margin services for their customers. As with the PC LAN revolution of a decade ago, opportunities on the next wave of the Internet are appearing everywhere, with a shortage of trained staff to deploy solutions. Connecting people to people, business to business, or markets to markets, these opportunities offer resellers the chance to move up the value chain to high-margin businesses, building on their base of LAN and application solutions.

Whatever the business goal, the Internet can provide the medium that opens up the world of new business for your customers, and can bring your organization to a totally new, high-margin business model. The story is an exciting one — new markets, new customers, new products, and new opportunities with existing customers.

The Internet is open for business

The first wave of the Internet had little appeal to resellers. The Internet was developed primarily as a method of collaboration for individuals studying scientific problems in government and nonprofit research and development. It connected large computer systems in selected research universities and government contractors, markets outside the focus of most resellers. There were also restrictions on the commercial use of the Internet.

The second wave of the Internet set the stage for today's reseller opportunities. General commercial use, electronic commerce pilots, and a mass market of millions of users began to open up opportunities to use the Internet as a business tool.

These changes were accompanied by key changes in the technology. Internet search software has progressed from crude but effective text-based programs to sophisticated graphical applications with point-and-click user interfaces. Commercial services have made the Internet accessible to private individuals with low-cost subscription fees and easy-to-use software for information search and retrieval. As a result, virtually everyone on the Internet has the ability to send e-mail, search for information, post their own information, and retrieve text, drawings, images, and even sound and video from anywhere in the world.

With these changes came the potential for enormous new business opportunities that set the stage for real business use — the next wave of the Internet. These opportunities are not based on the past business models, which emphasized the technical expertise required to install and integrate complicated networks. The networks today are much less complicated. Instead, these models emphasize the ability to deliver value by setting up public and private networks based on the Internet, establishing virtual marketplaces and virtual organizations.
The public and private sides of the Internet

The Internet is now a community of users whose interests span countless topics, and who communicate and exchange information every minute of the day. Businesses are using the Internet to reach customers who just a year ago may not even have owned a computer, let alone joined a worldwide network. This increasing electronic sophistication of the general public is creating new opportunities for making information available and selling products and services.

This has become the public side of the Internet, the one that is used by millions of individuals every day. No other medium enables enterprises to communicate with and distribute information and even products to as many potential customers, and as inexpensively, as the Internet. This is the beginning of the virtual marketplace.

There is also a private side of the Internet. This is the Internet that enterprises are using to communicate with employees in the field, between their own operations, or with business partners. Rather than expensive leased lines and interface hardware between LANs, businesses are simply hooking up LANs to the Internet, letting the Internet become the backbone. This is the beginning of the virtual organization.

Virtual marketplaces

As the public Internet grows to become virtual marketplaces, businesses have the unique opportunity to serve their existing customers much more efficiently while at the same time reaching new customers and markets. Global reach, rapid response, and dramatic increases in impact and efficiency are the hallmarks of the well-developed virtual marketplace.

It is this shift in focus that is the central opportunity for resellers — helping their customers understand, prepare for, and exploit opportunities for virtual marketplaces. Three key solution areas provide the basis for high-margin customer projects: publishing, collaboration, and commerce. In the first, resellers help organizations publish key information on the marketplace in an instantly accessible format. Collaboration solutions leverage strengths to deliver customized solutions, and resellers enable customers to reach out and work with their markets. The next step is for the reseller to build on the publishing and collaboration solutions to enable electronic commerce, where the Internet becomes a channel in its own right.

The model for the virtual marketplace provides robust opportunities for the reseller — with existing customers and new ones. LANs currently installed in departments focused on customers can easily be linked to the Internet. With the addition of appropriate publishing, collaboration, and commerce tools, the reseller can offer major improvements in the reach, impact, scope, and efficiency of customer selling and support activities. Often this shift leads to the development of whole new markets. An example is the Future Fantasy Bookstore, a community retailer that experienced a double-digit increase in sales by selling globally over the Internet [http://futfan.com/]. At other times, the measure of the impact is efficiency: Microsoft services hundreds of thousands of inquiries daily about Windows® 95 from around the globe at a much lower cost than that of using traditional telephone support [http://www.windows.microsoft.com/].

The key to high-margin opportunities is to focus on business impact. Successful projects are sold in terms of business return on investment, not technical or operational benefits.
Virtual organizations

The second, and larger, next wave Internet opportunity involves the development of virtual organizations. Here, the Internet provides resellers with tools to help their customers deal with the challenges of increased competition, globalization of markets, and the need for radical increases in efficiency. The opportunity to develop a virtual organization is actually substantially larger than the more publicized virtual marketplace.

In this model, the Internet is used to expand the boundaries of LANs to build teams at will from across the enterprise and its partners. These teams enable the organization to operate much more efficiently and to leverage skills and experience around the globe.

The advent of the encrypted tunnel, with its ability to support virtual private networks, allows resellers to easily enter this new and exciting market. By employing simple-to-install tunnel connections for clients and servers, the reseller can connect literally anyone anywhere into a private, secure, authenticated team.

Digital’s on-ramps to the Internet

Digital’s understanding of the Internet market makes it possible to shift your business model to focus on delivering high-margin, high-value projects to your customers. This model recognizes that traditional LAN integration skills no longer add as much value as they did. Instead, products and services that leverage the Internet to address business problems are becoming the high-margin component of selling networking solutions.

Digital also has leading-edge system and software products that enable resellers to put Internet solutions into the hands of businesses. Alpha and Prioris Intel®-based servers running Digital UNIX® or Windows NT™ deliver the power and features necessary to create and run Web servers or Internet hosts for even the largest and most active enterprise. Digital desktop PCs are delivered ready to connect to both the enterprise LAN and the Internet, incorporating Microsoft’s Windows 95 or Windows NT. Digital was the first PC vendor to make Internet connectability and Web access a standard part of its system offerings. In addition to their industry-leading performance, these products also offer choice and scalability, both key to keeping up with the rapidly changing world of the Internet. UNIX or NT,” Intel or Alpha, large or small, Digital is the single source you need to meet your customers’ demands.

Digital provides key software and systems to enable virtual organizations. The Digital Internet Tunnel software provides the encryption necessary to protect public network transmissions, and the protocols that let customers’ workers get past their firewall to access a private network. Digital systems also make effective firewalls, which prevent unauthorized access by individuals into an enterprise’s private network. This combination provides the security needed to protect the private network, and the gateway to let workers and partners react quickly to drive the business.

Both systems and software work with Digital’s enVISN architecture, a foundation for creating and customizing flexible virtual networks spanning LAN, WAN, and the Internet. The ability to design both public and private Internet networks, and configure a specific network architecture that meets the needs of any business, makes Digital’s Internet products unique in the industry.

Digital itself provides leading-edge examples of how to make use of both the public and private sides of the Internet. Digital’s 15 external Web sites provide customers, potential customers, and even curious browsers with information on a vast array of products and services. With these Web servers, Digital reaches more potential customers than ever, and distributes accurate and timely information on its products and services to new and established customers.
Within the company, Digital also makes use of its own private Internet to decentralize its organizational structure and bring product managers, engineers, and marketers closer to its customers. Professionals use over 400 internal Web sites to make corporate information available to everyone that needs it to guide and assist customers in finding the Digital solution that meets their requirements. This brings together the company’s worldwide operations into a virtual business that sends the same message and works toward the same goals.

In summary, the Internet offers five key high-margin opportunities to develop virtual organizations and virtual marketplaces:

- Internet publishing
- Internet collaboration
- Electronic commerce
- Internet security
- Virtual private networks

Digital’s corporate presence on the Internet, and its reputation as a leading provider of high-performance systems and software offering choice and scalability, provide a framework for electronic business and commerce. Whether your business is software, systems integration, Web services, expert consulting, training, or other ways to assist enterprises using the Internet, Digital is the provider of core products for leveraging the power of the Internet for business activities.

To learn more about high-margin reseller opportunities, send e-mail to: info@digital.com.

Related white papers:
- Evaluating Internet Servers
- The Internet: past, present, and future
- Digital Internet Tunnel, EC-N5751-41

From the Internet, information is available on Digital’s World Wide Web home page: http://www.digital.com/info/internet