An open e-business foundation.
Radical changes in business models and fundamental redefinitions of marketplaces are resulting in an unprecedented transformation of the worldwide economy. What is driving this transformation? e-business — the innovative use of the Internet to conduct business. Despite significant changes over the last four years, e-business is still in the infancy stage. Unpredictable transformations could continue to occur for 20 years or more.

The emerging e-business economy is moving rapidly through a series of interdependent stages, or generations — causing individual businesses to transform at incredible speeds. Examples of these generations are: delivering information; marketing products or services; providing customer relationship management; conducting e-commerce; and managing business-to-business relationships.

But businesses are not islands of operation. Businesses must participate in the marketplace, which dictates the relationships governing the dynamics of buyers, sellers and other interested parties drawn together around specific needs. As individual e-businesses more clearly define and integrate themselves within marketplaces, these new e-business marketplaces will redefine business models forever.

It is critical to realize that technological advances and business transformations alone will not create an environment that enables the e-business economy to prosper. A key ingredient — and an immutable law — of the e-business economy continues to be the adoption of shared standards that openly define the interactions and interdependencies of the Internet. These shared, open standards underlay the initial emergence of the Internet, and will play a key role in its expansion. Shared standards enable e-businesses to optimize their business models, expand market opportunities, infuse flexibility into their businesses, improve operational costs and choose from the best information technology infrastructures.

As long as shared Internet standards remain company-neutral and freely accessible, success in the e-business economy will remain a function of business and technology innovation. This is in contrast to privileged access to Internet control points owned by a small number of technology companies. Imagine a world of competing telephone technologies, where each company offered proprietary extensions to the standard dial tone. In this situation, you could talk only with people who made the same technology choices as you! This would not be logical. The Internet is no different. Helping promote the success of the new e-business economy, the Application Framework for e-business developed by IBM leverages a set of industry standards and technologies through proven methodology and leadership products.

“Market control is no longer a sensible or an achievable business goal. No technology company can any longer dream of coming up with the magic bullet that will establish it…as a sole owner of a key platform.”

— Lou Gerstner, 1999 IBM Annual Report
The immutable law of shared Internet standards

The immutable law of shared Internet standards will continue to grow in importance as e-business transactions become more sophisticated. This increasing sophistication will drive ever-expanding interdependencies of business processes, IT infrastructures, people and cultures. The initial success of an e-business transformation is largely dependent on the organization’s ability to integrate its internal operations — where endpoints and interdependencies are somewhat manageable — with its e-business operations. As an e-business innovates and becomes more sophisticated, its interdependencies will grow rapidly and become increasingly dynamic. Success will be determined primarily by two factors: efficient management of the complexity; and reliable measurements, which can ensure that the value of expansion to match new opportunities in the marketplace outweighs the cost of implementation and maintenance.

The adoption of an open standards foundation is no longer just an implementation luxury, but is of critical importance for any company wishing to exploit the vast business opportunities of the Internet. Open Internet standards are fundamental to assuring success for future generations of e-businesses. Shared, open standards can also enhance an e-business’ ability to:

- Innovate with technology and business models
- Integrate business operations and markets
- Implement an intelligent infrastructure to operate dynamically in the e-business world

![Immutable law of shared standards](image)

*Without open, shared standards, costs grow faster than value.*

*Value rises faster than cost only when participants share open standards.*
Optimizing your e-business potential

An important measure of an IT company’s ability to help customers thrive in the exploding e-business economy is its commitment to open, vendor-neutral Internet standards. This feature should be a fundamental consideration for companies choosing e-business solution providers.

IT companies that defy the open nature of the e-business economy eventually will lose market share in the new world of e-business. Unfortunately, some technology companies continue to promote proprietary Internet control points to establish long-term competitive advantage, rather than competing on the actual merits of their offerings. For example:

- Many e-business application architectures are defined around single operating system environments rather than being designed around the open Internet environment. Consequently, these companies’ e-business offerings are limited to their proprietary environments and are propagating control points into applications.

- Several proprietary technologies are being treated as open Internet standards—even though they have not been adopted by vendor-neutral, unbiased standards organizations or open source communities.

- A few technology vendors continually attempt to exploit product offerings that expand or redefine existing open standards, without seeking industry consensus.

These examples illustrate a lack of commitment to open standards, and the business concept: “cooperate on standards, compete on implementation.” Instead, they represent control points that unnecessarily limit an e-business’ market potential.

Open, shared standards are, by definition, company-neutral, freely accessible and do not provide advantage for one company at the expense of others. Commitment to open standards helps ensure the greatest degree of flexibility, choice and market opportunity as the foundation for e-business applications evolves from proprietary operating systems to open Internet standards.

“The worst in our industry—the elements we must leave behind—is the mentality that seeks to own standards, and establish choke holds based on proprietary technology. Let’s remind ourselves that the spark that ignited the Internet revolution was not technology. It was an agreement to open industry standards. We have to make sure the underlying information technologies are free of closed, proprietary standards.”

– Lou Gerstner, TeleCom ’99
**Cooperate on standards, compete on implementations**

IBM’s commitment to open e-business markets and the concept of underlying vendor-neutral, shared standards, is unchallenged. This is demonstrated in the Application Framework for e-business, IBM’s road map to successful e-business transformations. Based on experience gained from thousands of e-business projects, this framework provides an integrated collection of:

- Best practices and proven design patterns
- Leadership portfolios of software, servers, services and IBM Business Partners
- Open technologies enabling Internet-ready platforms

The foundation of the Application Framework for e-business is built on open Internet standards. This provides IBM’s customers with the greatest degree of e-business flexibility, choice and integration capabilities — particularly within highly heterogeneous environments like the Internet. IBM will continue to implement standards where they already exist, partner with open standards organizations to help create new standards where they do not exist, and contribute significant resources to help ensure the success of the open Internet foundation.

*The open e-business foundation*
Setting the standard
The Application Framework for e-business sets the industry’s gold standard for delivering a highly integrated, open approach for building a foundation for e-businesses. This claim is backed by substantive actions and investments. For example, IBM has deployed more than:

• 100 products which support: key, open standards like XML; Linux®; and other development standards, such as Java™ technologies.

• 2,000 employees who are active participants in more than 150 standards organizations

• 4,500 employees involved in developing Java technology and XML

• 1,000 employees involved in open source projects related to open Internet standards

The economic impact of the Internet will be greater for all businesses (including IBM) if access and interactions are governed by an open standards foundation rather than by multiple, closed control points. Open standards will drive successful e-businesses to look for solution providers that deliver competitive business value based on shared standards — at the expense of those that compete with open industry standards.

IBM’s plan for the new marketplace
The requirement for shared Internet standards will increase as the e-business economy matures and e-businesses grow in sophistication, driving interdependencies of business processes, IT infrastructures, people and cultures. Defined from the beginning by a set of shared, open standards, the Internet is here to stay—and will remain resistant to attempts to establish control points. IBM intends to cooperate on open Internet standard initiatives, and plans to focus competition on implementations and value-added services. The Application Framework for e-business is based on this core conviction and our desire to thrive in the open, complex and interdependent world of e-business.

The IBM e-business product portfolio offers a growing array of tools, applications, and services to help organizations in every stage of the e-business cycle prepare themselves for success in the new marketplace. IBM e-business tools and applications are: based on industry standards to maintain flexibility in a multivendor environment; implemented on servers for rapid deployment and updating; and are scalable as your business grows.

“We’re not managing IBM — or investing its resources — in the expectation of, or hope for, that kind of control. Instead, we’re building an enterprise that will thrive in a more complex, interdependent and open world.”

– Lou Gerstner, 1999 IBM Annual Report
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