

NET WORTH

Shaping Markets When Customers Make the Rules

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MAIN IDEA

Until now, big businesses have held the upper hand in the gathering of information about consumers. These companies have, in turn, generated sizable revenues through selling this information on to other third parties -- telemarketers, database marketers and direct marketing companies. To add insult to injury, not only do the consumers themselves miss out on a share of these revenues but they are then bombarded with a host of marketing materials.

The advent of a digital network in the form of the Internet shifts the balance of power back to the consumer. For the first time in history, the consumer will be able to hire an agent-- in the form of an "information intermediary" or an "infomediary" -- to manage the collection and sale of personal information. The direct result is that the consumer rather than the data aggregator will then be able to share in the added-value created by the sale of that personal information.

On a broader scale, however, the infomediary will also have several other key advantages for consumers. They will give the consumers an effective, collective voice in negotiations with commercial entities, securing discounts and other financial advantages. Infomediaries will also, through becoming more and more educated on the preferences of the consumers, empower consumers to become more efficient. They will offer highly selective marketing services linked to key trigger events. the result -- consumers will receive marketing that is relevant, timely and applicable to their needs rather than being subject to the current blanket the entire market style of product advertising and promotion.

And the final advantage. Infomediaries will achieve all this while protecting your personal privacy to the utmost.

Section 1 The Infomediary Business Opportunity Page 2

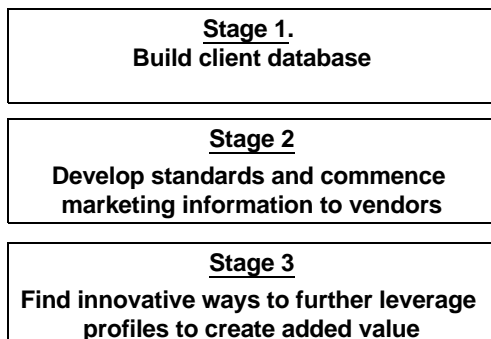
In an information based economy, specific information about the preferences and future requirements of consumers becomes a very valuable commodity -- even more so as the size of the database increases. Yet consumers still require confidentiality, and don't want to deal with companies that will disseminate their confidential details for commercial purposes.

This creates a business opportunity for an infomediary -- someone who will compile a significant amount of information about consumers, and who will then use that information to generate revenues from organizations that want to tailor their product offerings for specific market segments.

In essence, an infomediary will gather information about consumers, organize that information, sell it to the highest bidder and pay consumers a return for their participation.

Section 2 The Three Stages of Evolution of an Infomediary Business Page 4

Building an infomediary business will require a coherent 3-stage sequential process:



The rewards for successfully building an infomediary business may be quite significant. The economic model suggests: Each household which provides an information profile for the database may receive annual benefits of around \$1,400. An infomediary may generate around \$700 million in revenue by its fifth year of operations, growing to more than \$4.8 billion by year 10. A company with \$4.8 billion in annual revenues would attract a market valuation well in excess of \$20 billion. To build the critical mass of around 16 million household profiles will probably require start-up expenditure of more than \$200 million.

Section 3 The Broader Business Implications of Infomediaries Page 7

The emergence of the infomediary and other aspects of the frictionless economy is going to have a profound influence -- it will literally reshape markets in even more profound ways than the emergence of the personal computer has reshaped the face of modern commerce.

The main beneficiaries will be consumers, because they will have a more coherent voice representing their interests, enabling them to generate added value from the changes. Similarly, the infomediaries and their financial backers will reap the benefits. So too will those vendors who understand and anticipate the changes taking place. In fact, the only potential losers in the entire market restructuring will be those vendors who persist in acting the traditional way.

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