Using the Internet for Competitive Intelligence

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Introduction

Competitive intelligence (CI) is a key discipline for IS managers who recognize the importance of information content as well as information technology. CI is both a product and a process. The product is actionable information -- information that is used as the basis for a specific action (e.g. acquiring another company). The process is the systematic acquisition, analysis, and evaluation of information about known and potential competitors.

As a competitive intelligence resource, the Internet is both an additional source of information and a cost effective means of sharing and disseminating information to decision makers. The Internet is also a major force reshaping the business environment -- giving rise to new kinds of revenue opportunities, creating incentives for collaboration with existing competitors, and providing niches for new kinds of competitors.

Information sources: people
Competitive intelligence relies on two kinds of information: interviews and published literature. The Internet is probably most valuable for obtaining information from individual experts all over the world. As the de facto global network standard, the Internet allows users on one proprietary E-mail system (e.g. CompuServe) to send and receive messages with those on another system (e.g. MCI-MAIL). Furthermore, Internet functions such as FTP (file transfer protocol), gopher (a system of navigating the Internet via text menus), and the World Wide Web (a navigation system based on hypertext links) provide the CI researcher with easy access to the information products and services of university and government librarians, journalists, university professors, and consultants. One example of special interest to CI researchers, is Thomas Ho's page on the World Wide Web, an extensive and well organized index to Internet business resources published by a professor at Indiana University/Purdue University Indianapolis.

Individual experts can also be tapped via Internet discussion groups (listservs) and news groups (Usenet). For example, a researcher at a major chemical company was looking for the number of packages of cake mix shipped in a recent year. Her answer came the same day from another corporate information specialist, who saw her inquiry on BUSLIB-L, the business librarians' discussion group. He not only provided the 1993 value of cake mix retail sales but also a reference to the source publication. Lists of available listservs and news groups are available on the Internet for browsing and searching.

Internet discussion groups and news groups are also a source of product and service evaluations. The comparison of two competing information services, NERAC and Teltech, is a classic example consisting of contributions from several different Internet listserv members.

Information sources: published literature
As a source of published literature, the Internet has strengths and weaknesses. On the one hand, the Internet is accelerating a trend toward telescoping the information food chain, giving researchers direct access to information without the time delays and added costs imposed by middlemen. For example, SEC reports filed electronically by public companies are now available free of charge on the Internet at the EDGAR site as well as on corporate "home pages." Formerly, such reports were available only by contacting the company or searching an expensive commercial database service.

On the other hand, commercial database services are still indispensable for many intelligence gathering tasks. The cost of a database search is often considerably less than the cost of the staff time devoted to searching the Internet, which still lacks a comprehensive, efficient information retrieval system. However, accessing multiple commercial services via the Internet is more convenient than dialing several different numbers and telecommunications costs are usually lower, since the added cost of a public packet network (e.g. Sprintnet) for this purpose is eliminated. You can search a listing of the most popular commercial databases for business and technical research by subject or publication name.

Sharing and disseminating information
Information gathering is the first part of the competitive intelligence function. Analyzing and

disseminating information is the second. Traditionally, accessing information in electronic form has been carried out via private local and wide area networks (LANs and WANs). Sharing and disseminating information has been facilitated using groupware programs such as Lotus Notes. The Internet has been called the "poor man's WAN" and the "poor man's Notes," since providing similar functions on the Internet requires a relatively small investment, even when the cost of securing the network connection against intruders is taken into account. Many companies are sidestepping the security issue by keeping their Internet connections physically separate from internal networks.

Presenting information to decision makers
However, the Internet is not only important as a means of accessing information on a global and inter-company basis; it is also extremely useful as a method of presenting information. For this reason, even large companies with private WANs and sophisticated groupware installations are setting up internal Internet World Wide Web (WWW) servers to disseminate their CI products and services to decision makers. WWW client programs such as Mosaic and Netscape (also called "browsers") provide point-and-click access to both internal and external information, allowing a busy executive with limited information retrieval skills to read a briefing and explore related or backup material at leisure.

The Web document should complement rather than displace traditional methods of communication; the paper report is still the most convenient method of information delivery in an airplane or limousine. For ideas on how to organize corporate information on a Web server, visit the SAIC site. Be sure to note the guest book feature for obtaining reader feedback, the recruitment section for attracting employment candidates, and the section for Web documents contributed by employees.

The Internet as a force for change
The Internet is accelerating changes in the business environment that have been underway for some time, partly because small and medium-sized firms now have access to the same kinds of telecommunications capabilities as large firms do. Companies have new ways of cementing alliances, new methods of obtaining customer feedback, and new opportunities to develop information-related revenue streams. Even organizations that are not yet linked to the Net can be affected by it. The CI researcher is adapting to an environment in which the Internet is used both to compete and to collaborate and in which a company can be both a competitor and a strategic partner at the same time.

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