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# SURVEY ABOUT BUSINESS COMMUNITIES

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## ABSTRACT

*Virtual Communities have grown up. After their start in the fun sector, they shift more and more over to serious operational areas. This article provides a short overview of these new business models and the trends in the field of Business Communities. All conclusions are based on a market survey developed by IDS Scheer AG in cooperation with the Institute of Information Systems.*

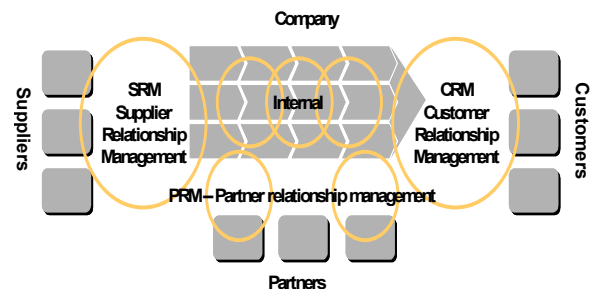
## 1 INTRODUCTION

Virtual communities are social aggregations that emerge from the net when enough people carry on their public discussions long enough. Here sufficient human feeling is involved to form webs of personal relationships in cyberspace [1].

The origins of Communities are to be found in the consumer section. Virtual communities originated in the dialog of the research community in the 80ies. Topics and problems of several fields of research have been discussed, supported by Internet services, above all newsgroups. People with the same kinds of interest get together in order to compare notes about a certain topic. As a rule there has been no active management of these interactions on the part of the operator.

## 2 SCOPE – OPERATIONAL AREAS OF BUSINESS COMMUNITIES IN THE VALUE CHAIN

Meanwhile the field of Virtual communities extend to the whole value chain (cp. Fig. 1).



**Fig. 1: Operational areas of Business Communities in the value chain**

Nowadays the common operational field of Virtual Communities is the Business-to-Customer-sector. The same rules are effective in the E-Business than in the Old Economy. Casual customers are always welcome but success is founded on regular customers. Besides gaining new customers is much more expensive than keeping a regular customer.

In this spirit Virtual Communities are used as a tool for Customer Relationship Management (CRM) in order to gain new customers or rather to bind regular customers to a website as well as to the company that is standing behind the Community. The use of a community is creating a shared identity with a sense of community between the members. This positive sense is automatically bound to the image of the operator or the brand of the operator. This image cultivation leads to a positive E-Branding, one of the success factors of E-Business. [2]

From another point of view the community supplies the operator with important customer data (potential and regular customers). In contrast to anonymous and static websites every member is authenticated by name. Every interaction in the Community, for example a posting in a discussion forum or the uploading of contents, is directly connected to the member data. Conclusions can be drawn out of every action.

Beside this active actions data can be collected via user tracking out of "passive" actions, like the reading of documents or the external links that the user follows. Out of these information the operator can extract a profile of the user. Identified special user interests can be used for future marketing measures. Additionally trends can be identified and used for the own policy of communication.

Another use of Business Communities in the context of CRM can be found within the area of customer support. In particular peer-to-peer support can be achieved which means that members will help each other. A new very reasonable kind of support.

One field which becomes more and more important for Business Communities is the area of internal Knowledge Management. More and more community solution manufacturers implement knowledge management features like document management, information workflow and so on.

The basic advantage of virtual communities as compared to other knowledge management tools is that there is not a single user-machine interaction. On the contrary a community offers a platform to interact among other human beings. This covers every adjustments of the knowledge management process.

The distribution of knowledge is supported by recommendations of other members. This can be achieved for example by peer assessments or as a simple answer to a question asked by a member in a discussion forum. If there is a clear picture drawn of the know how and specialization of the members, matching methods can be used to build intra-interest groups to distribute knowledge in a personalized way. The suggestions of amazon.com, "Customers who bought this book also bought....", become transferable to the knowledge management.

The development of knowledge can be supported by Internet services like chatrooms. There members can find a place to communicate simultaneously. In this way implicit knowledge like feelings and suggestions which are normally hard to extract, flow into the common knowledge base.

Communities of practice [3] emerge from the fact, that every member is known at least by its nickname. Every action in the community is based on another human being. Special interests, experiences and so on can be published on a personal homepage to complete the picture of the member. If the phone number or mail address is available there is nothing to stop you to get in touch with another member in real live for example to plan a common project. This supports the

networking in a special way. Notes can be compared as well as solutions for business problems. [4]

The community business models of the future will cover the areas of Supplier Relationship Management and Partner Relationship Management. In the last years the focus was on the integration of the information flow of information systems, especially the integration of the different enterprise resource planning (ERP)-systems of the actors in the value chain.

Communities can additionally integrate the soft information flows. Information about new strategies, new products work a circuit in the way rumors are normally spread. These kinds of Virtual Communities will offer knowledge about products that suppliers or partners can use in development processes or sales processes. Beyond it contact persons behind the company-boundaries will be well known, caused by the new resulting virtual networks. These informal information flows will become more and more important in the near future and build up a second layer of soft information about the integrated hard information layer (see Fig. 2).

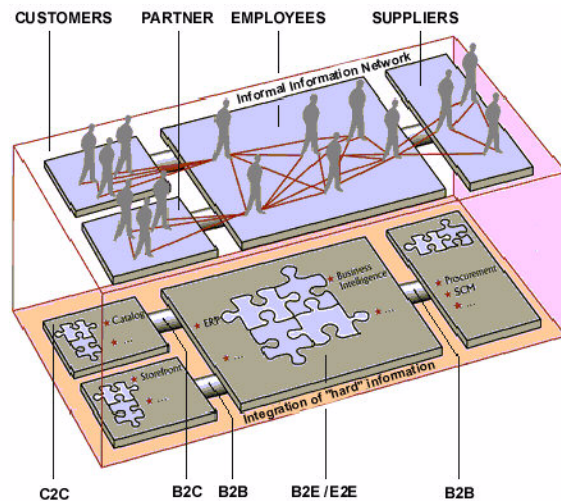


Fig. 2: Second layer of information [cassiopeia AG]

### 3 SURVEY – TRENDS IN THE CONTEXT OF BUSINESS COMMUNITIES

The market survey of IDS Scheer AG [5] analyzed 12 Community Standard Software solutions and 144 international Business Communities. The conclusion is drawn from these two different views. On the one hand there is the state of the art and the efforts in new developments in the software sector as the basis for further developments and trends. On the other hand the state of the art of the existing Communities has to be mentioned. So it was possible to draw a clear picture.

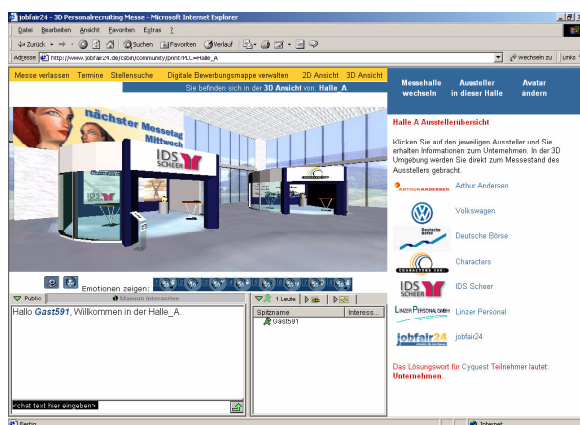
On the sector of community software development five main trends are shown.

First of all the support of knowledge management features through new community modules is important. The manufacturers want to enter the market of internal knowledge communities as a new sales channel. Document management-tools become more and more integrated in the new software releases. Valuation of knowledge and the support of information workflow are the other facts that round off these developments.

Closely connected to this trend is the second trend: The integration of tools for project management. Personal organizers, virtual conference rooms, mailing modules and so on transform business communities nearly to virtual workplaces. In combination with the knowledge management support the business communities are prepared for the demands of internal company communities.

The third trend represents the integration of other applications. Whereas in the past software manufacturer tried to develop stand-alone solutions, that could just hardly be combined with self-developed solutions, they have meanwhile realized the lack of interfaces and open architectures. In the new generation of community solutions on the one hand the integration of script-based dynamic websites like PHP or ASP is supported, on the other hand the integration of Software Systems, like Shop systems, ERP-Systems and so on.

Beneath this functional trends there are two other trends: Visualization and integration of mobile devices. Companies like e.g. Blaxxun try to develop new visualization methods to support an easier handling of communication. Especially 3D virtual reality is tested to convey the user the illusion that he acts and communicates in a real world. New fields of application result from these new techniques, e.g. virtual conferences, virtual fairs, etc.



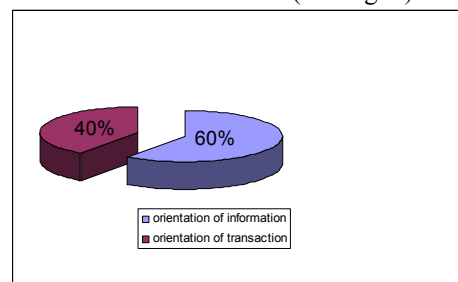
**Fig. 3: Screenshot of the virtual recruiting fair of job24.de**

The integration of mobile devices like mobile phones, SMS, palm tops, etc. is announced by nearly every manufacturer. However the goal to be traced is not the transfer of existing concepts to mobile device.

Rather there will be an additional support via these devices to the communities of today.

The analysis of the observed Business Communities can be summed up to one mega trend: “In five years there will not be explicit Business Communities anymore. They will be an integral part of E-Business-Sites on the Internet.”

One can observe that more and more communities leave the origin field of pure communication business models. They rather make use of the communities as a tool to make their Internet sites more popular. Because the possibility to gain money just by advertising banners is forecasted more and more negative, the operators try to get hold of some money by transaction. Today, already 40 percent of the communities are oriented in transaction (see Fig. 4).



**Fig. 4: Orientation of business communities**

This evolution calls for a fusion of shops and communities. The spreading of communities over the whole value chain, as described in chapter 2 shored up by the development of the software manufacturer in the direction of knowledge management and project management will result in a huge integrated platform, that support the daily work, the private interests as well as transactions. There will be a combination of private internal community areas and open public areas. The main focus will be on the interfaces between them, on the one hand in the technical way and on the other hand in the organizational way.

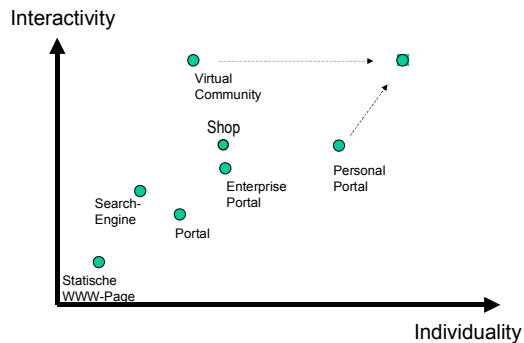
This article can only provide a short overview of the analyzed trends of the survey. The whole set of trends, market and financing models, success factors for communities, etc. is given in the market survey of IDS Scheer AG [5].

## 4 CONCLUSION

The gold rush feeling in the community sector is over. Nowadays the Business Communities become

serious. New operational areas have been found. The alignment just to gain money makes room for process-oriented thinking. The question is rather how communities can support other business models or communication processes.

There will be a huge fusion of the Internet business models and tools. More and more they all have to provide two dimension interactivity and individuality (see Fig. 5). Just to provide a shop without any possibility to interact with other customers will not be accepted by the spoilt Internet users.



**Fig. 5: Fusion of Internet Business models**

The same idea is transferable to the real business. Just to share data in a network between information systems will not be useful as a combination of integrated data sharing and communication between the human beings. Communities will hold a key position in this context.

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