Florida Think Tank White Paper

The Past to the Present

Few innovations have changed the way we work, learn, view value, and connect with the world as the Internet. Just as we successfully changed to leverage past major innovation such as the printing press, the dewey decimal system, the phone, and the pc, we are now faced with a new set of revolutionary issues and forces of change, not the least of which is the need for speed. It took the automobile almost fifty years to penetrate 25% of the population while the Internet did it in less than eight. Just as the road ways, dealer networks, and government regulations were developed for the auto industry, critical issues such as technology, policy, applications, adoption by users, and controls and regulations have all been developed in an extraordinarily short window for the Internet to come of age.

Just five years ago most of the readers of this paper did not even have email and fewer than 13% of associations had web sites. For those who did, topics such as personalization, customization, business-to-business, and e-commerce were only being discussed by the few on the "fringe."

Unfortunately, part of that fringe were competitors who were not even on our radar screen. For-profit players such as dot-coms, trade and professional publishers, international manufacturers, and even trade shows were looking at how to use this new medium to gain a once-in-a-lifetime market opportunity. For the past two years this opportunity translated into e-commerce. However these players have recently learned that e-commerce alone is not the magic pill. As Fusion forecasted over three years ago, these players realize that they need community, knowledge, and a trusted brand to get potential buyers to visit their site on a frequent basis and to create buyer loyalty. This realization has placed associations right in the target sites since no other organization has the brand, community, and knowledge like associations.

Today we are all becoming attuned to the threat of for-profit portals, and are being

barraged with offers of "free" portal services. The challenges with these "free" services are many:

- Who controls your database

- What if they go out of business, where is your web presence?

- What is the cost to your brand if they change their policies or approaches in mid-stream (and they will)?

Those that are your allies can easily become your competitors once they have access to the assets they require to be successful. You must never forget that their motivators are earnings and market share—not advancing the profession or industry.

What will the coming years bring? While no one can foresee the next technological breakthrough, we can guarantee a future with perpetually increasing speed and agility of change. To appreciate what is yet to come, let's quickly benchmark where most associations are today and where they will be going in the next year and a half. Think of this as a checklist against which to compare your current web design and plans.

The combined information from both our benchmarking surveys and design experience shows that most associations have successfully moved from the *electronic brochure* to the following applications:

- Member communication and collaboration

- Online education

- Directories

- E-commerce (storefronts/shopping carts)

- "Intelligent" applications (information, one-to-one)

- Meetings (online registration, web casting, abstract submission/review, virtual tradeshows, personal schedulers)

During the coming eighteen months, leading-edge associations will unveil totally new business models using the Internet. They will move from activity-based applications, such as those listed above, to using their Internet presence as a critical component for governance, reducing transaction costs, finding new channels for products and services,

and building more effective and encompassing communities. The web will no longer simply serve their membership; it will engage their entire population.

This new level of web integration requires more than basic applications. It requires re-thinking the way the association is organized, ensuring web integration with your back-end association management system, and it requires identifying new sources of value creation delivered to your members via the web. For many associations, it means moving beyond converting your current services and products for web delivery (bookstores, conferences, etc.) and delving into helping your members reduce their cost of transacting business or reaching their vendors and customers so that they can operate faster, better, and cheaper.

These new value-added services can help you enlarge the size of your membership not only by keeping the members you have, but also by providing these services to links in the supply chain that traditionally did not perceive your organization as valuable.

As discussed earlier, the challenge lies in the fact that associations are not alone in this endeavor. For-profit entities that have been involved in e-commerce or electronic transaction business models for several years have realized that buying, selling, or transaction opportunities alone do not capture a marketplace. As a result, they are creating Internet stores that build on both community and knowledge sharing to enhance

customer capture rates. In addition, the way they define their "membership" will be much broader and inclusive. Their franchise will be built on the inclusion of the entire supply chain, from top to bottom and side to side, and every fringe faction in between. In their efforts to seek a total digital marketplace built on a trusted brand, community, and knowledge as reasons to frequent a site, associations fall in their line of sight.

The New Frontier

Looking beyond eighteen months requires identifying technologies that will shape the future of the Internet and set the stage that associations must traverse to build a digital domain. These are among the major technologies which Fusion tracks.

Broadband Connectivity. With T1-like speeds coming into offices and homes for little more than a monthly cable bill, the previously high hurdle of bandwidth is falling away. Connecting your membership to these services may be the key to keeping/getting them. The for-profits are already doing this.
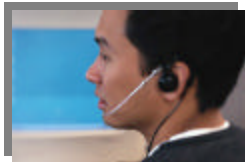
Voice and Data. The convergence of voice and data will make traditional ways of communication obsolete. With voicemail systems that forward to e-mail and e-mail systems that read messages aloud, the distance between mediums will all but evaporate.

Wireless Internet/Mobile Computing. With Internet-based information services already appearing on cellular phones and the latest palmtop organizers offering wireless connectivity, your membership will be demanding mobile access to your value-added information. How you choose to categorize and deliver that information will play a role in how truly valuable it will be.

Security. In light of recent Internet security breaches, the integrity and safety of data, flowing in any direction, will continue to be an issue for your membership. As your online presence evolves to include actual transactions, security will be mission-critical.

Extensible Markup Language (XML). The mobility of information will rely heavily on the predictability of its format. A single, proprietary storehouse of data will not be enough. With emerging standards like XML, data will move freely from system to system and member to member without the need for perceptible translation. The smoother the flow of data, the higher its effectiveness.

In the coming years, these burgeoning technologies will transform everything as we know

it, and a new world will emerge.

To thrive in this new world, associations will need to move toward what Fusion Productions trademarked the **e.comm.unity**™. In an e.comm.unity™, the significance of brand ownership by the association becomes a fundamental strategic imperative. The packaging and organization of information is critical, and guarantees of security and confidentiality are a given. With the new technologies available, associations with an e.comm.unity™ strategy will be able to provide a trusted source of high-value information, knowledge, community, products and services whenever, however, and wherever constituents require it.

Unless associations give up the control of their brand, community, and information, we do not believe the future lies with the for-profits/e-commerce slant. Nor do we believe the current wave of "rent our portal for free and get the latest applications" will succeed. In both cases, the loss of data mining, dilution of brand, and narrow focus of applications will be too limiting for success in the future. In short, the future is ours to lose.

Keys to Inventing Your Future

The real Internet revolution is about breakthrough association models that were never possible before—models with the power to fundamentally reshape business dynamics, reinvent the profession, and redefine the nature of competition.

Here is Fusion's approach to getting to this new model:

Rethink Your Association Business Model. Ask the Hard Questions.

- What could the association do better using Internet technology?

- What industry, process, or member knowledge could you leverage?

- What unique assets and capabilities could you use in new ways?

- How would you set yourself up if you were starting from scratch?

- What are the potential constituencies that you could be reaching but aren't?

- What type of "dot-com" company could put your association out of business?

Set Priorities

Evaluate the opportunities available to the association and prioritize. Look at the relative benefits of each, time to value, and the needed organizational changes, while keeping in mind that traditional ROI will be tough to measure. Since no organization has unlimited resources, choosing what *not* to do can be the hardest part. There will always be trade-offs.

Act Fast

Speed matters in the cyber economy. First-mover advantage is nice to have, but don't be paralyzed into inaction simply because you don't have a "big idea." There are plenty of opportunities out there. The key is to get in the game, even if it means testing, learning and refining as you go—just like everyone else. It's often better to hit a few singles than to hold out for the home run.

Be Flexible

The Internet has given rise to a fast-changing, unpredictable business environment. Strategies must be created quickly, evolve constantly, and be replaced periodically. Adapt and change, or stagnate—and risk losing ground.

Know Your Limitations

An effective Internet strategy requires a combination of strategic insight, technical expertise, web design skills, and first-hand experience with what works—as well as what does not. If your organization doesn't have these skills and capabilities in-house, turn to outside experts. You'll save time and money in the long run.

The dawn of a new era for associations is what Fusion believes we will see six years from now.

The power of the Internet will grow, the need for a trusted source of information will become critical to everyday life, and new technology will allow us to provide just-in-time "right bites" of information when and where our stakeholders require it.
The major threats are that we do nothing to change our business models to the new world and we give up our brand, community, and knowledge to for-profit portals or so called "partners."

Keep pace with the future technologies and the business implications, move with speed, protect your assets and the future is yours!

"To get a better insight into critical barriers, opportunities, threats, and best practices discussed by this years Florida Society of Association Executives Think Tank please see attached notes from the breakout groups.

Fusion Productions is the leading research, strategic planner, and designer of next-generation association web sites and portals. Over twenty five years of association experience including:

Two research studies for ASAE Foundation:
- "World-Class Web Sites Study" (1997)
- "Developing Innovative Models for Online Education" (1999)

ASAE technology benchmark study of 7,500 associations

Next-generation web site clients including:
- NAEA
- FPA
- ASHA
- Gaylord Entertainment
- United States Navy and many more

For further information visit us on the web at www.fusionproductions.com or e-mail us at

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