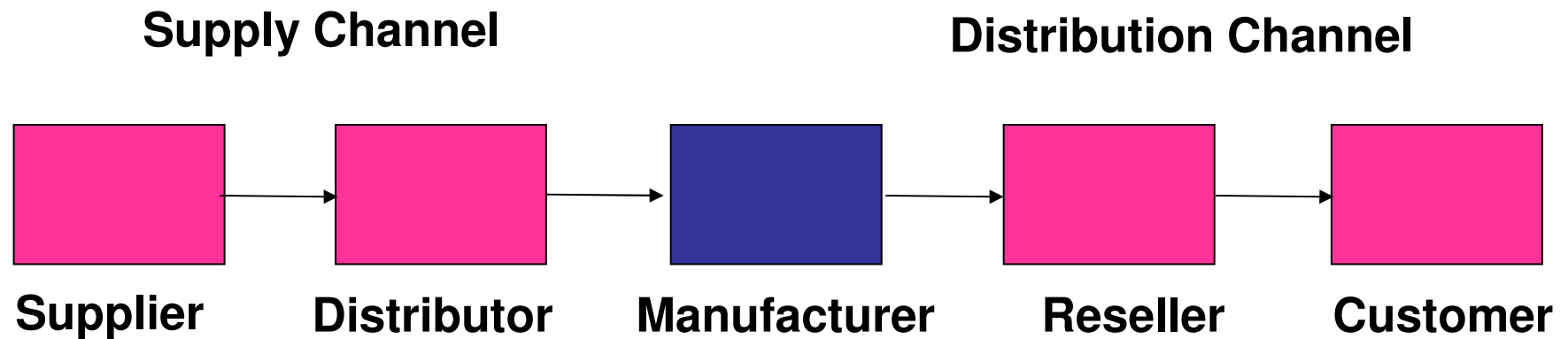


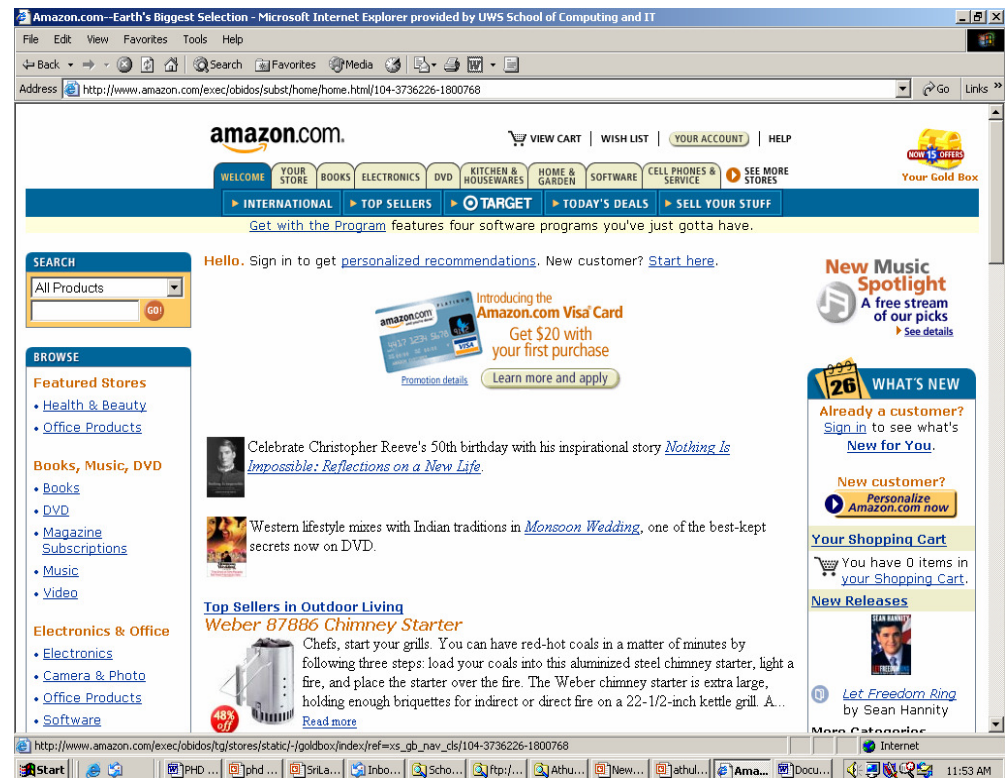
3.3. Open Business Models

Traditional Value Chain



Amazon.com Web site

- Website offers online viewing of preface, table of contents & back cover
- Easy ordering and fast shipping to anywhere in the world.
- Has diversified to online auctions and other lucrative household items



Example: Amazon.com

- Started in 1995 with 2 employees in a rundown warehouse in Seattle.
- Grow revenue in 3 years to more than \$600 million.
- Beat two giants Barnes & Nobel and Borders Books and Music.
- Payment is received before product is shipped.
- Has created an e-retail infrastructure that meets even needs such as hard-to-find, relatively unpopular, out-of print titles.
- Provides 3rd party contents such as author interviews, pre-release information, reviews etc., a valuable part of the book purchase process.