Peter Weill and Michael R. Vitale, the authors of *Place to Space: Migrating to eBusiness Models*, (Boston, MA: Harvard Business School Press, 2001), begin their journey with the conviction that the e-revolution is not just another management fad. Their statement, the ‘e and dot revolution can declare victory when e-business becomes business and the dot-com becomes the corporation’ (p. 30) emphasizes their belief that professionally-managed and financially-stable traditional companies will eventually take over the leadership role in the electronic markets through their hard work, and abundance of assets. They will become will be the most productive and profitable in the long run. This echoes Chircu and Kauffman’s (1999) earlier claim in *Electronic Markets* that ‘reintermediation’ in e-commerce by traditional firms will be increasingly observed. They suggest that successful e-business strategy requires not only competitive advantage from e-commerce innovation but also a combination of firm capabilities and suitable environmental conditions.

The authors’ inspiration for *Place to Space* is the pioneering work of Sviokla and Rayport (1994) on marketplace and marketspace. ‘Marketspace’ can be defined as a second, parallel world where buyers and sellers may never meet and the goods and services may be delivered in a different way than in a traditional setting. One example that makes definitions of place and space clear is when banks provide services to customers at branch offices (i.e., the marketplace) and when customers use banks’ electronic online services (i.e., the marketspace). Sviokla and Rayport (1995) conclude that ‘to succeed in this new economic environment, executives must understand the differences between value creation and
extraction in the marketplace and in the marketspace: they must manage both effectively and in concert’. (p. 35)

*Place to Space* is positioned for managers of these brick-and-mortar companies who now have come to understand the importance of e-business, but are not quite sure how to migrate from their existing business models to a combination of bricks-and-mortar and the Internet. Weill and Vitale express concern for the senior managers of ‘Old Economy’ companies who have pressure from all sides – from investors, stock market analysts, employees, customers, suppliers and competitors – to migrate from marketplace to marketspace. The managers perceive this migration as chaos that requires swift and decisive action. The authors suggest that managers use *Place to Space* to bring some order to this chaos by using its structured approach to understanding and implementing e-business models. To this end, the authors classify e-business models into a finite number of ‘atomic’ business models, each of which captures a different way of doing business.

The book also recommends that senior managers decide on their e-business model by using a new diagnostic tool, the *e-business model schematic*. It is intended to help them create specific schematics that will empower them to assess their current business models. From this, they can identify the business models that best fit their organization and combine these models to create powerful value propositions for customers. Then the firms will specify their e-business initiative by the combination of atomic business models, channels to the customer, targeted customer segments, and IT infrastructure capability necessary to implement the initiative.

Business models are one of the most discussed and least understood areas of electronic commerce and electronic markets (Alt and Zimmermann, 2001). Sound business models influence potential revenues and the nature of the future e-business initiative. *Electronic Markets* (2001) recently published a special section on business models to analyze the effects of digitization on markets and organizational strategies. The editors felt that there was a lack of consensus in both practitioner and academic circles on the elements of business models.

Weill and Vitale define business models in a way that comes close to Timmers (1998). He conceives of a business model as ‘architecture for the product, service and information flows, and a description of the potential benefits for the various business actors, and description of the sources of elements’ (p. 4). This point of view probably has already achieved significant standing among this journal’s readers, since the Timmers article has repeated ranked as
Electronic Markets’ most-read article. (See www.electronicmarkets.org/em_top_articles.html.)

The authors propose eight atomic business models based on their extensive real-world case studies of international companies such as GE Supply, Cisco, Reuters, CDNow, and Lonely Planet. For each model, the authors discuss the strategic objectives, the sources of revenue, the critical success factors, and the required core competencies necessary for proper implementation. It should be noted that some combinations of business models are compatible, while others are incompatible and might lead to problems such as channel conflict. Another crucial notion for effective e-business models is ownership of three key assets: customer relationships, customer transactions and customer data. The more of these assets a firm has, the greater is the likelihood of its success in e-business.

E-commerce grew rapidly in the last decade in areas such as electronic buying and selling, in electronic markets for various products, and in the use of intelligent agents for commerce, as predicted by Malone, Yates and Benjamin (1997). But the recent failure of Internet companies has made both researchers and academicians wonder about which business models will lead to sustainable competitive advantage in the Digital Economy. Place and Space, with its powerful evaluative framework, can generate stimulating discussion on the possible strategies that electronic markets-focused firms may use to achieve success.

Kauffman and Walden (2001) identify the role of firm technical infrastructure to support the redesign of business on the Internet as an important issue while analyzing the business processes in e-commerce. However, they cite little work that studies the types of new business models that have arisen as a result of e-commerce. Place to Space is a step in that direction. It tries to put forth a theory of how e-business strategies can create sustainable competitive advantage on the Internet and enable firms to make profits. The authors also propose a framework to analyze the level of e-business threats and opportunities facing a click-and-mortar firm and how these companies can integrate the Web and its traditional channel into one cohesive business model.

Place to Space is a hands-on book for information technology strategy specialists. It will also be useful for e-business consultants and senior managers of traditional firms who need to reevaluate and reengineer their infrastructure and distribution channels to maximize the opportunities offered by Internet. The book also prompts researchers to start to study how well different business models work in empirical analyses of firm performance. The
combinations of models that can be applied to develop e-initiatives offer more flexibility compared to focusing on only one. Longitudinal studies by researchers will certainly help to evaluate these business models in terms of whether they can perform effectively in the ever-changing environment of business. Business schools also can take this opportunity to design MBA level courses that deal with the strategy and implementation aspects of e-business models. *Place to Space* can be useful as a reference textbook to guide future executives (now MBA students) to understand the strategic opportunities and threats in e-business.

**References List**


