

CPSC155b: Second Hour Exam

(April 3, 2001)

Instructions: Choose four of the following six questions and give complete (but brief!) answers to these four. Each correct answer is worth 25 points. Do not answer more than four questions. If you do answer more than four, the first four answers that you give will be graded, and the rest will be ignored.

You may not use the same (or a substantially similar) answer for question 3(c) and question 6. Similarly, you may not use the same (or a substantially similar) answer for questions 4(c) and 5(c).

Question 1:

- (a) (9 points) What is eBay's business model?
- (b) (8 points) What are the main strengths of eBay's business model and current market position?
- (c) (8 points) What are the main potential weaknesses of eBay's business model and current market position?

Question 2:

- (a) (12 points) Recall that there is controversy in copyright law about whether fair use is "a right" or "a defense." Explain the nature of the two positions. What does it mean to say that "fair use is a right," and what does it mean to say that "fair use is a defense"?
- (b) (13 points) Until recently, the question of whether fair use is a right or a defense was not of much practical importance to the general public; rather, it was mainly of interest to copyright lawyers and other professionals in the copyright industries. Digital content distribution, content-protection technology, and the Digital Millennium Copyright Act have made the "right vs. defense" controversy important to the general public. Why?

Question 3:

- (a) (8 points) How does Napster work?
- (b) (8 points) In October 2000, Napster announced a partnership with Bertelsmann AG, the corporate parent of one of the major record labels. Does this partnership make (technical and/or business) sense to you? Why or why not?
- (c) (9 points) Regardless of what ultimately happens to Napster or the Napster-Bertelsmann partnership, the question of whether the recording industry can profitably harness P2P technology remains open and interesting. Do you think it can? If so, how? If not, why not?

Question 4:

- (a) (7 points) Define "B2B Commerce" and "B2B electronic marketplaces."* Why is effective development and deployment of B2B electronic-marketplace technology crucially important?

* Don't say that "B2B" stands for "business-to-business." I know that you know that. Give actual definitions of the two phrases.

- (b) (9 points) Give three examples of revenue models used by B2B electronic marketplaces.
- (c) (9 points) The technical community is currently devoting a lot of resources to the development of B2B electronic-marketplace technology, and there are high hopes that B2Bs will have revolutionary positive impact on business efficiency. However, there are still significant technical, legal, and business issues that need to be resolved before this B2B revolution can reach fruition. Give an example of such an issue and explain why it is hard to resolve.

Question 5:

- (a) (9 points) Why is XML a more useful and powerful tool for B2B marketplace development than HTML or EDI?
- (b) (8 points) What is the XML Common Business Library (xCBL), and why is it useful both to B2B market makers and to participating businesses?
- (c) (8 points) Although it is an important enabling technology, XML is "only part of the solution" and cannot overcome all of the challenges now facing B2B e-commerce stakeholders. Give two examples of challenges that cannot be overcome by XML, and briefly explain why XML cannot overcome them.

Question 6:

(25 points) Give two examples of potentially viable business models for Internet-based, commercial distribution of popular music. For each example, in addition to describing the business model, explain how the central product(s) and/or service(s) would work technically, and explain the main advantages and disadvantages of this business model for each of two major stakeholder groups. (Stakeholder groups include but are not limited to consumers, record companies, composers, performers, Internet-service providers, and consumer-electronics manufacturers.)