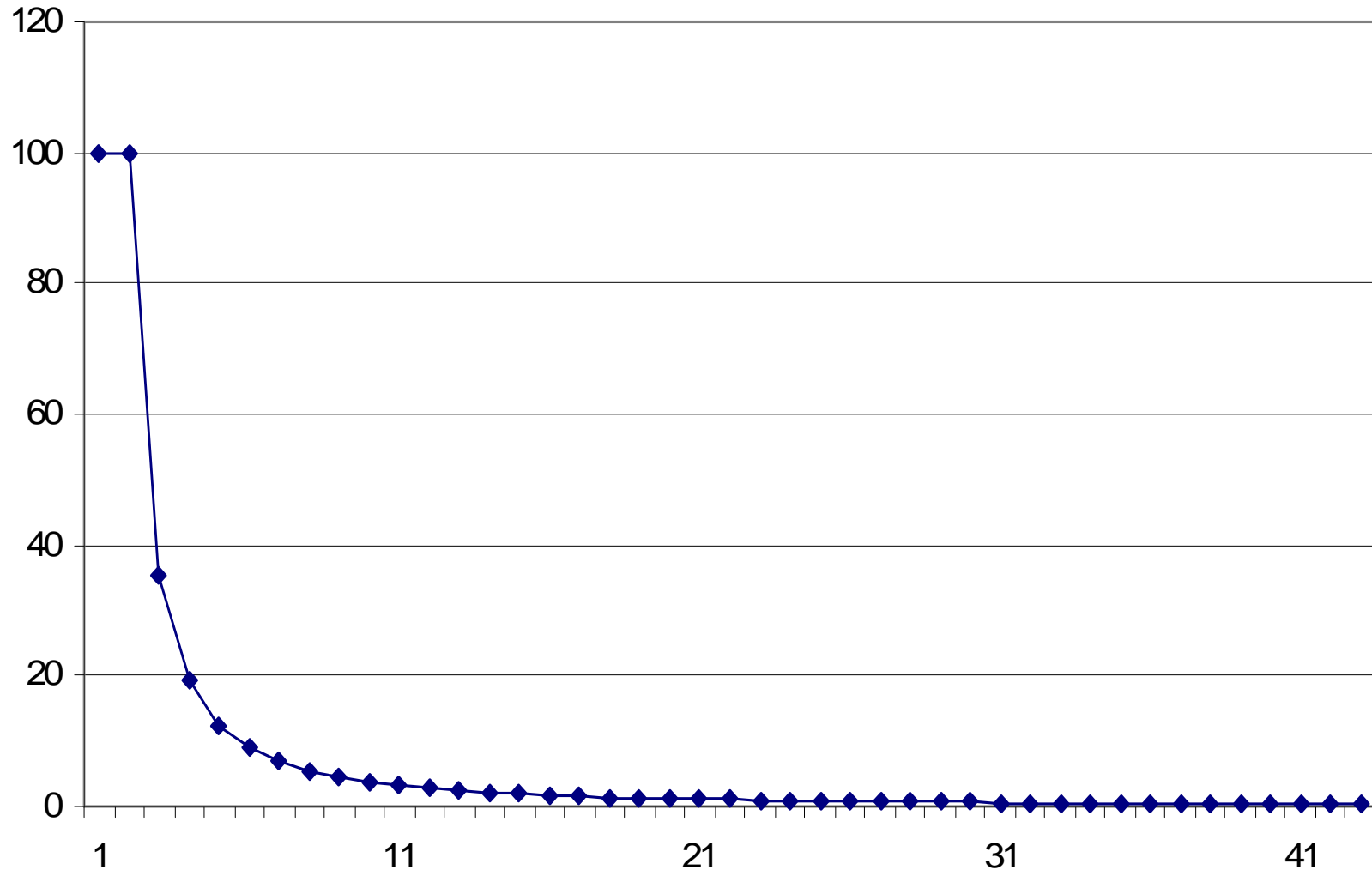


The Long Tail as a Power Curve



Where the Long Tail Meets the Sneaky Exponential (Cumulative Value of Potential Interactions)

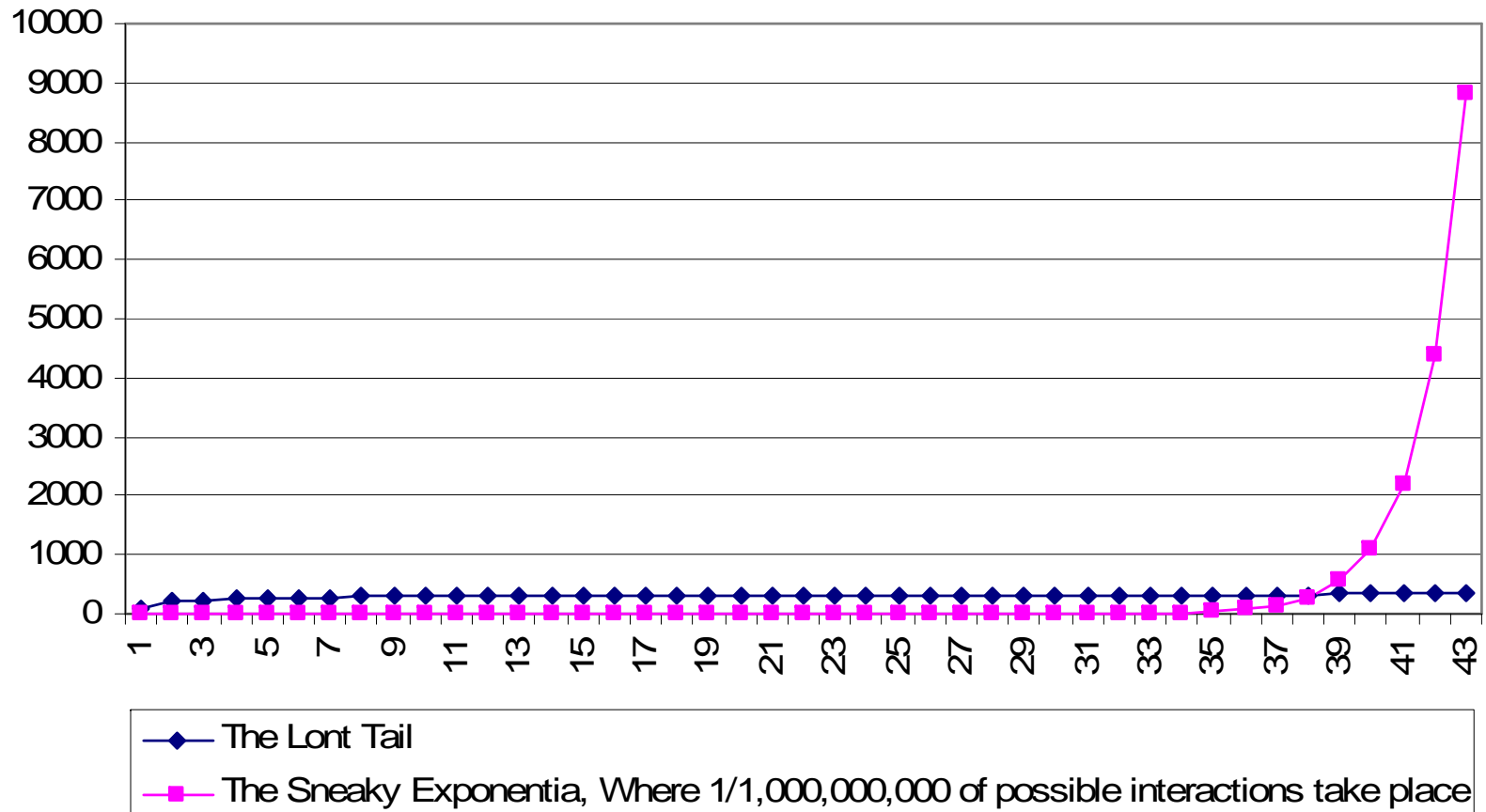
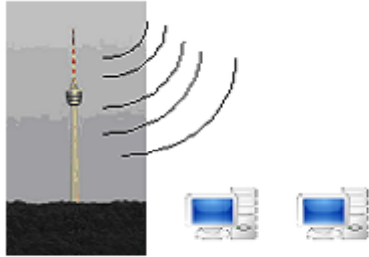


Exhibit III-1: Network Configurations

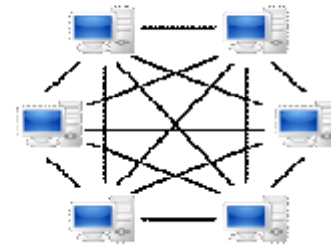
Sarnoff Network
Network
(One-to-Many)



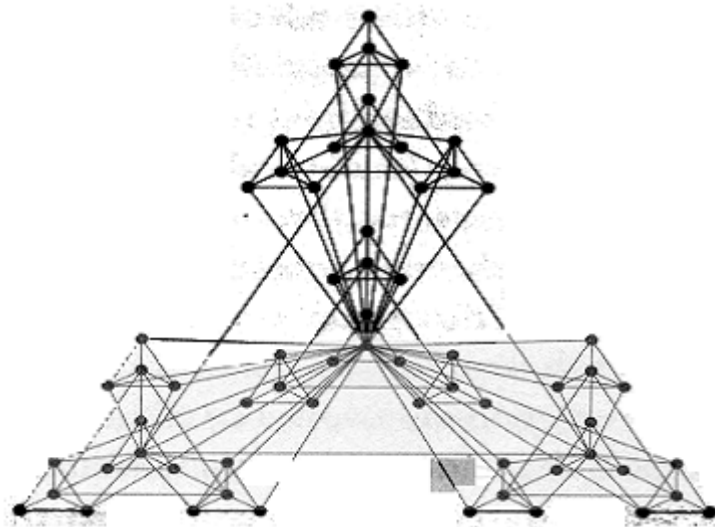
Metcalf Network
(One-to-One)



Groups Forming
(Many-to-Many)



Decentralized, Distributed, Hierarchical Communications Creates
Creates An Ultra-Robust Multi-scale Network that Facilitates
Structured Viral Communications



MODULES ORGANIZED IN A DECENTRALIZED
AND DISTRIBUTED HIERARCHICAL NETWORK
(E)

LAYERS OF ENGAGEMENT IN THE OBAMA CAMPAIGN

CYBER CONTACT

E-mail list 13,000,000
Friends 5,000,000
Profiles 2,000,000
Texters 1,000,000

FACE-TO-FACE CONTACT

Volunteers 1,500,000
Activists 150,000
Staff 2,500

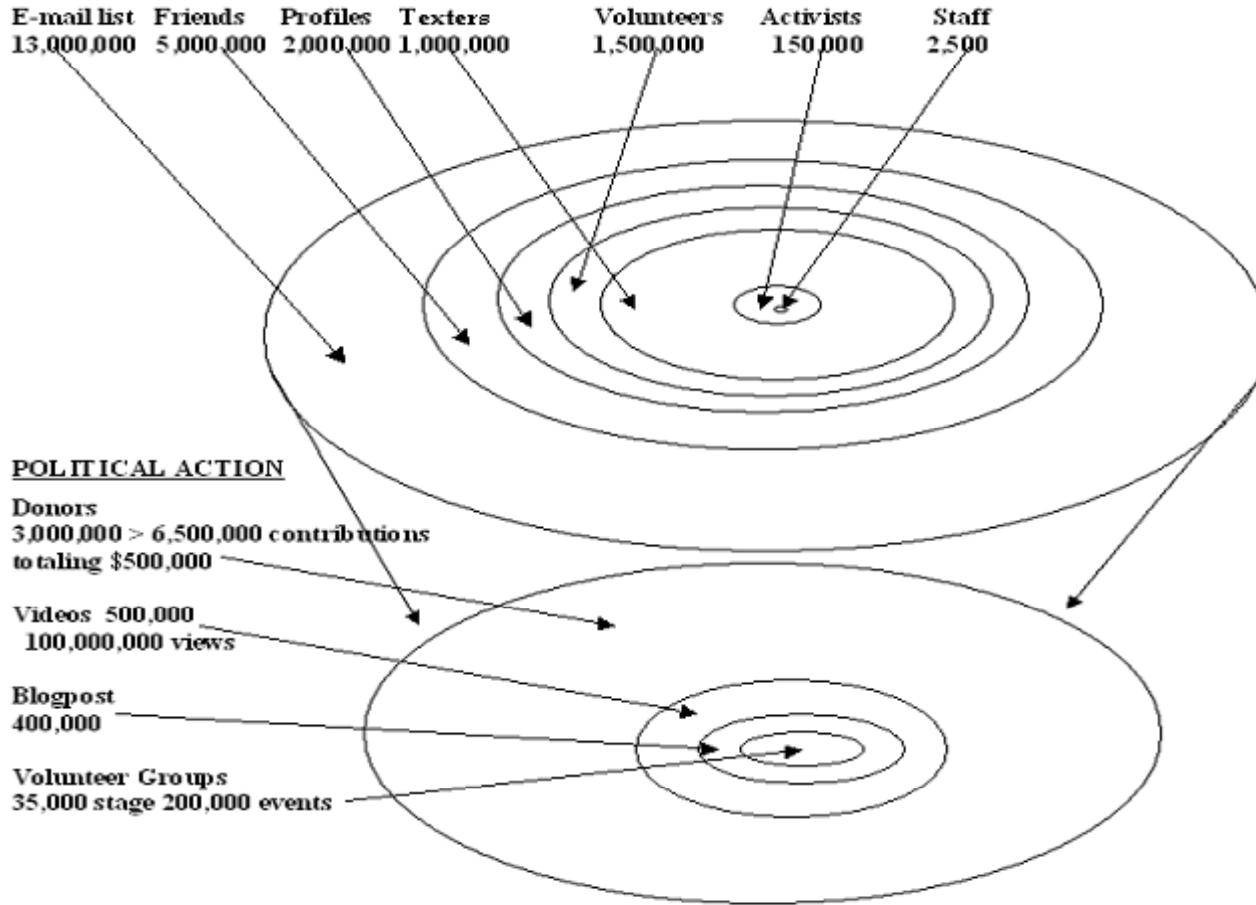
POLITICAL ACTION

Donors
3,000,000 > 6,500,000 contributions
to totaling \$500,000

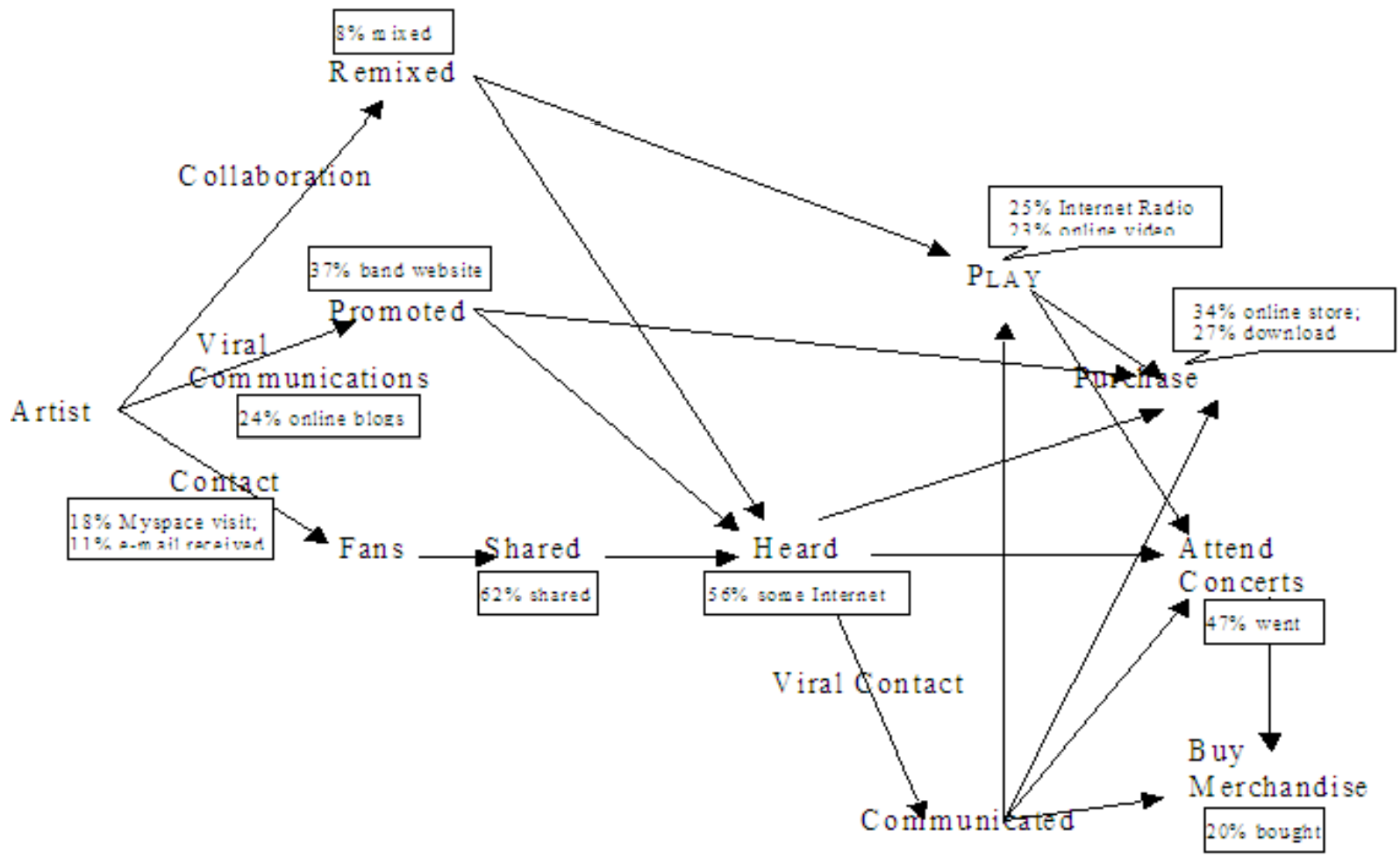
Videos 500,000
100,000,000 views

Blogpost
400,000

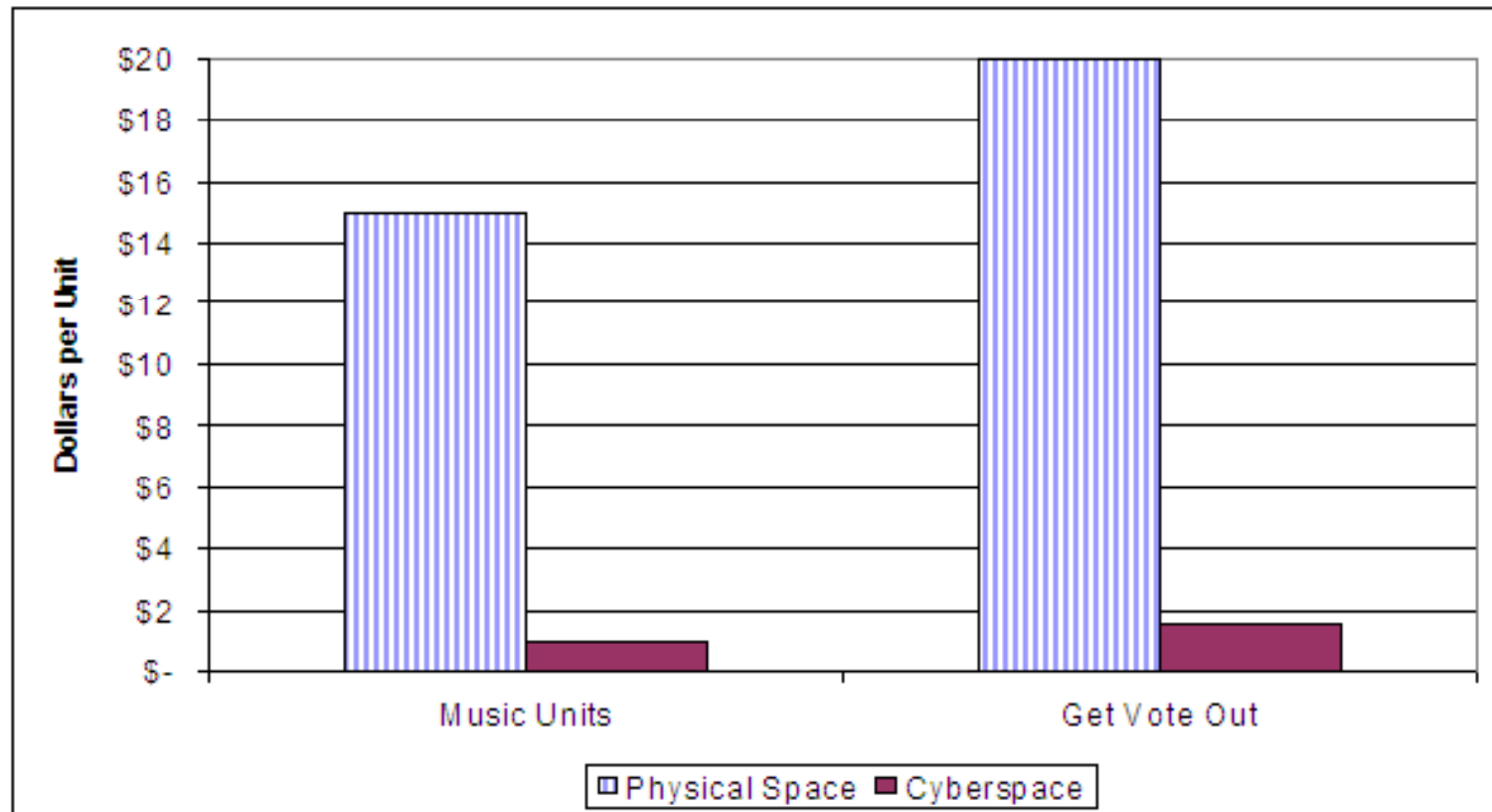
Volunteer Groups
35,000 stage 200,000 events



Digital Production and Distribution Enhances the Artist's value Proposition

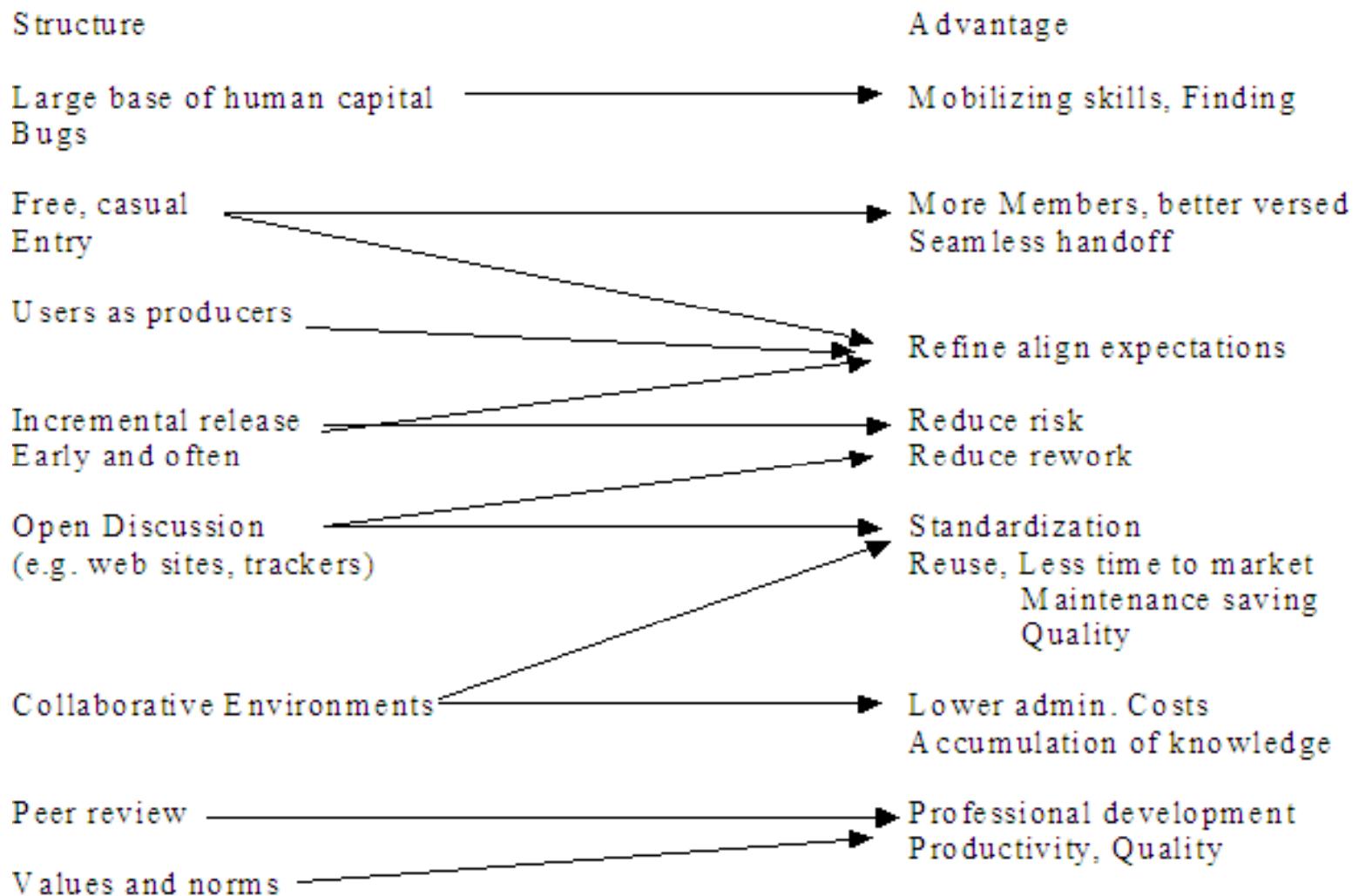


Declining Cost of Production: Cost of Reaching Music Fans and Voters



Source: Recording Industry Association of America, Annual Reports; Douzinskis 2008.

Exhibit III-5: Structures and Advantages of Open Source



Elements of Successful Internet-based Organizations

Why do people choose to cooperate?

- In each case there is a key resource that is exploited more effectively by the new organizational form (smart radios: spectrum; open source: rich information; digital music: content and bandwidth; political organization: engagement), rewarding the participants with a higher level of performance.

Who gets to participate according to the rules of entry?

- Entry into the organization is easy and open – permission is not needed.

Where are the positions located?

- The organization is horizontal, socially and geographically. This does not mean there is no hierarchy and rules of order – shallow hierarchy exists (the ratio of members to managers is very high), as do rules of how the participants in the network interrelate.

What are members allowed to do in those positions?

- In all cases, the importance of centralized control is reduced and local action and autonomy is important. Allowing and encouraging collateral and viral communications between members through shared tools and protocols are a key strength of the new organization. Communications become multi-purpose.

How are they motivated and monitored to comply with the rules?

Norms of peer-to-peer relations of equality are the central disciplining force, not relations of power.

Mark Cooper

The 1st Workshop on Internet Economics
(WIE'09)