

## Extranet or the Too-little-known Linchpin of Globalization

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### Abstract

*Little known outside of Intranet, the Extranet has grown from a simple entry point into a virtual territory where organizations collaborate, trade, handle exclusively their business partners, and ensure that any confidential content remain private. Since the Extranet has eliminated distance and time, it has become one major instrument of globalization, making most of its definitions obsolete in view of the strategic management roles it plays nowadays. Considering the main strategic platforms supported by Extranet, be it e-commerce, collaboration, protection of intangible assets and value constellations, this article suggests that a more accurate definition of Extranet be used; one that reflects the fact that over the past decade it has carved its own identity and its own role - well differentiated from the Intranet. An adaptation of Frohlich and Westbrook's (2001) theoretical framework "Arcs of Integration" is then suggested as further quantitative analysis of the measurement of the impact of the Extranet on a company's performance.*

**Key words:** Extranet, Intranet, web server, EDI, security, collaboration, integration, supply chain, CRM, value chain, value constellations

### Introduction

Three recent searches on Google<sup>2</sup> by the author, using three single keywords, 'Internet', 'Intranet' and 'Extranet,' respectively, produced the following numbers: Internet 1,550,000,000 results; Intranet: 49,500,000; and Extranet: 9,940,000.

While the one-billion-and-a-half results generated by the Internet search hardly come as a surprise, the low score of the Extranet as compared to the Intranet (almost 5 times less) is intriguing. Granted, the Intranet is a prerequisite – and to some extent, an entry point – to the Extranet. Still, over the years, the Extranet has evolved into something much more significant than a gateway to the Intranet. It has now become the workhorse of business collaboration, literally connecting hundreds of millions of organizations together as well as their customers, suppliers, and all their other partners all over the world; a major change ushering a new era in the networking of our global economy, yet one which those searches failed to acknowledge.

This article aims to demonstrate that the Extranet has become a strategic tool for management and can now be considered one of the main pillars of globalization; which begs the question of what is Extranet.

There is no simple straightforward answer. There have been some misconceptions about the Extranet itself and multiple definitions have been suggested as a result, many of them inaccurate and raising some definitional issues. These issues will be considered in section one.

For the time being, let's say that the Extranet is a gateway into an organization information system whose access is restricted to authorized third parties to the organization. Thus, the Extranet is a bridge, a link and a shared platform where transactions and communications take place in privacy. As such, it has been utilized for various purposes.

As the subsequent sections will show, the Extranet is now used for: e-commerce purposes [Business to Business or Business to Consumer (B2B or B2C)]; protecting information (which should not be accessed by the public); exchanging information between companies (for instance, sharing knowledge about the market demand); implementing e-Customer Relationship Management (the Extranet allows

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