The Long Tail as a Power Curve
Where the Long Tail Meets the Sneaky Exponential
(Cumulative Value of Potential Interactions)

The Long Tail
The Sneaky Exponential, Where 1/1,000,000,000 of possible interactions take place
Exhibit III-1: Network Configurations

Samoff 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**
- Email 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
- Over 6,500,000 contributions 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

- **Remixed**
  - 8% mixed
  - 37% band website
  - 24% online blogs

- **Collaboration**
  - 25% Internet Radio
  - 33% online video

- **Viral Communications**
  - 37% Myspace visit
  - 11% Aol all access

- **Fan**
  - 52% shared
  - 56% some Internet

- **Heard**
  - 62% shared
  - 56% some Internet

- **Purchase**
  - 94% online store
  - 27% download

- **Attend Concerts**
  - 47% went

- **Buy Merchandise**
  - 10% bought

- **Communicated**
  - 8%mixed

- **Contact**
  - 10% Myspace visit
  - 11% Aol all access
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

Structure
- Large base of human capital
  - Advantage: Mobilizing skills, Finding Bugs
- Free, casual Entry
  - Advantage: More Members, better versed
- Users as producers
  - Advantage: Refine align expectations
- Incremental release
  - Early and often
  - Advantage: Reduce risk
  - Advantage: Reduce rework
- Open Discussion
  - (e.g. web sites, trackers)
  - Advantage: Standardization
  - Advantage: Reuse, Less time to market
  - Advantage: Maintenance saving
  - Advantage: Quality
- Collaborative Environments
  - Advantage: Lower admin. Costs
  - Advantage: Accumulation of knowledge
- Peer review
  - Advantage: Professional development
- Values and norms
  - Advantage: Productivity, Quality
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)