MARKET MAKERS, PART II
by Jerry Michalski

Last month, we examined five market-makers in four industries: classified ads (Classifieds2000), housing (Realtor.com and Home shark), commodity industrial parts (Fast parts) and employment (i-Search). This month, Release 1.0 turns to less traditional domains, including many where no money changes hands.

As before, the main premise is that market-makers create relatively safe places for buyers and sellers to meet, negotiate and transact. The markets are made in the middle, not at sellers' virtual storefronts or on buyers' desktops, through the collective efforts of their comparison-shopping bots.

Attracting a critical mass of participants is just the start of what savvy market-makers do. They also add value by creating features that make finding a match easier or buying an item safer. For example, i-Search parses and normalizes job-seekers' resumes so they are easier to compare. Fast parts manages participants' identities and payments so that buyers and sellers feel confident that they won't get taken. When making markets for intangible items such as people’s skills, the extra features are essential to make the market work.

Minting new coins

Many interesting markets don't involve monetary exchanges. In fact, three of the four market-making domains we cover this month are non-monetary. The only one that does have money changing hands is the market for knowledge, in which people get paid for answering questions, publishing useful materials, consulting for clients and so on. To explore this market for knowledge, ideas and consulting, we cover abuzz and its principal client, Human search (see page 3).

The other markets -- fun, barter and Volunteerism -- involve the exchange of time, effort, opinions, skills and physical goods. When they work well, they offer unique value, such as a real-time pulse of public opinion or efficient allocation of otherwise-idle resources. To research the fun market (a fun job!), we cover Rogue Market and the Hollywood Stock Exchange, two Websites that let participants trade in celebrities (see pages 6 and 8). The two sites seem similar at first but in fact are quite different.

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The Web would seem to be a great environment for barter systems to emerge, but so far they aren't thriving. The problem is likely that no structure has emerged from the noise on the Web to help organize barter arrangements. Sites like barter.net, which merely list a variety of barter markets, don't help much. One answer to this puzzle is to create a fiat currency, as the Global Village Bank is doing. The Nella Pages, a related Web market, is designed to show how such a barter system might work (see page 12).

Barter may be having trouble taking root on the Net, but Volunteerism is thriving. Organizations that match volunteers with volunteering opportunities have been thrilled to find that Web citizens are eager to participate. Non-profits don't have much funding for Web exploration, but organizations such as CompuMentor, Idealist and Impact Online are helping them make the best use of scarce resources (see page 13).

One scarce resource is mentoring, especially for girls, who are all too often discouraged from pursuing careers other than teaching and nursing. Telementoring Young Women and WomensWork connect career women with girls who need role models.

Just sprouts

On the whole, this month's abstract market-makers are not as highly developed as last month's traditional ones. This is partly because it's easier to find funding for well-understood, cash-oriented businesses, and partly because these markets have to be built from scratch. Plenty of companies sell online catalogs and cyber store engines, but hardly any offer flexible market-making platforms.

THE MAKERS

Breaking the trail in abstract online markets requires great insight and grim determination. Some of the systems covered in this section ask their participants to do things they may not be prepared to do, such as disclose information that might help competitors, keep that information up-to-date and trust that the system will protect them from fraudulent users. In some cases, it's a lot to ask.

The traditional market-makers covered last month may seem like comfortable bets, but some of the companies in this issue have grander aspirations. More specifically, don't be lulled into complacency. Don't assume that a system doesn't have much future just because it doesn't focus on monetary transactions.

KNOWLEDGE

Over the past decade, several entrepreneurs have tried and failed to create markets in knowledge, consulting, ideas and other kinds of intellectual property. Most notably, in 1984 the late Phil Salin created AMIX, the AMerican Information eXchange (see Release 1.0, 7-90). AMIX was too far ahead of its time and suffered from an impenetrable DOS interface, but it included sophisticated features such as reviews that the person reviewed could rebut but not erase.

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Building a system such as AMIX or those described below requires designers to make many subtle and not-so-subtle decisions about editorial content (who says this is a good report?), feedback systems (who can review whom?), explicitness (how much information should sellers offer?), recourse (what happens when buyers are unsatisfied?), user motivation (how do you get participants to keep their information updated?) and common language (what does "system architecture" mean in this document?).

All these decisions affect the degree to which participants trust the system, the freshness of its contents and the way people find and acquire the materials or services they need. If a few of these factors are out of alignment, the market is likely to fail. It's a complicated business; here are two smart attempts to conquer it.

**ABUZZ: MARKET-MAKER’S PLATFORM**

Sometimes, company and product names really hit the mark. That's the case with abuzz and its offering, Beehive. Originally, abuzz co-founders Andy Sack, Shaun Cutts and Andres Rodriguez planned to launch a Web-based market designed for knowledge workers -- consultants, writers and other people with skills that are often hard to categorize.

There would be private hives and public hives -- even links between hives. Professional-service firms could use Beehive to staff projects; corporate managers could use it to find outside experts or part-time staffers. Beehive would include ways for customers to post reviews of the people they had worked with, much as AMIX and other systems tried to do years ago.

**Hard right rudder**

A couple of months ago, Sack and his team changed course. Abuzz will begin, not with its own marketplace, but with a platform with which other companies can create specific markets. The pilot system will run at HumanSearch, an Internet search service that relies on people, of all things, to respond to queries (see Release 1.0, 4-97).

HumanSearch is a free service. Started by a group of seven students at the University of Rhode Island, it is powered by fifty people around the world -- college students, housewives and professionals -- who love Internet scavenger hunts. The idea was Clay Johnson's, after he realized how frustrating Web searches could be; he is now president. Today, the group can handle about 50 questions a day; (un)fortunately, the site is receiving about 100.

HumanSearch's creators are in a bit of a bind. They want to reward their staff somehow, but they would like to continue offering a free service. (HumanSearch reminds us of two other collaborative Q&A systems -- the "Experts on the WELL" thread in the WELL's News conference and the Internet Oracle, described in the box, opposite.) The sale of banner ads is not likely to solve the revenue problem. If site traffic rose enough to make ad revenues significant, the number of queries and staffers would probably rise even more quickly.
The Internet Oracle

For years, wacky volunteers have run a funny, e-mail and newsgroup-based Internet service originally called the Usenet Oracle (not related to the company Oracle, which is nowhere near as funny). The Internet Oracle, as it is now known, is a running gag, not a market. Think of it as a distributed version of "Ask Dr. Science." Here’s how it works.

Anyone can send a query to the Oracle (e-mail oracle@cs.indiana.edu). The Oracle has its own etiquette. Queries must be phrased with a bit of pomp and proper deference. The queries are farmed out to people who have asked questions before. The best answers are compiled and published separately. Here is an unusually brief example:

Selected-By: "Alyce Wilson Nesbit" <berlin63@hotmail.com>

The Internet Oracle has pondered your question deeply.
Your question was:

> 0 well balanced Oracle, in touch with your inner feelings,
> 
> How can I please my inner child?

And in response, thus spake the Oracle:

) Eat your toys.

Enter the bees

Abuzz approached HumanSearch with infrastructure technology that would allow HumanSearch to support two business models -- questions answered for free by enthusiasts or for a fee by topic experts -- and grow its business. To do this efficiently, abuzz had to develop elegant answers to several key questions: What is a topic? Who is an expert? How is quality kept high?

Abuzz’s solution relies heavily on market-making, with responsibility distributed to participants as much as possible. The system’s flexibility and internal reward structures give participants a lot of control. They also reward participants for seeking out problems that make the best use of their expertise.

The idea is to make the system self-regulating, so it requires minimal supervision and intervention. The system’s major innovations are a dynamic set of topic categories to help match questions with experts, a certification process to qualify experts and a distributed editorial function to keep the experts’ answers sharp.

Segmenting queries into categories is necessary when the queries can range broadly over just about any domain, as they do in HumanSearch. It’s easier when the domain is narrow. In the Aleph document-translation Website, the variables are much simpler: origin and destination languages, plus the level of translation required (see Release 1.0, 7-97 and 3-96).

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Inside the apiary

In the system that abuzz is developing for HumanSearch, experts describe their areas of expertise and seek out the requests that make best use of their skills, they also refine the taxonomy of categories. (The taxonomy is similar to the shared vocabulary of terms in grapeVINE's groupware system, but more dynamic, so it can spotlight the heavy activity; see Release 1.0, 8-92.) Site visitors use the taxonomy, which front-ends intelligent filtering technology, to frame their questions. They can also look at an archive of answered questions, in case theirs has been answered already or one of the question/answer sets helps refine their question.

Questions and answers sent through HumanSearch are anonymous. They show up in participants' inboxes as e-mail sent from Beehive. If the visitors or experts want to reveal their identities to each other, they can do so through the content of their queries and answers. Abuzz is also making provisions in the system for experts who want explicitly to establish brand identities.

Experts (paid and volunteer) earn points for answering questions. The point system is less a feedback mechanism than a way for sellers to control their time and gauge the demand for their services. Over time, these points should also represent their credibility in various topic areas. Once experts are certified, they can charge for their services and bid on questions to answer. The points they have accrued act as their credentials and help convince visitors to give them their business. The experts can change their prices over time to influence their volume of business. Abuzz will take a percentage of those transaction revenues as its fee.

The Beehive system will offer other supporting features. For example, participants can review bids from experts or accept them automatically, as long as they are below a threshold value they set; they can rate the experts' answers and see their account and inquiry status.

Beeing careful

Eventually, the HumanSearch system will distribute quality control by allowing people to band together under brand names they create and maintain. One person becomes the brand's owner, editor and mediator; she is responsible for checking her team's answers and helping them improve their performance.

A competitive commercial site, Answers.com (yet another idealab! company), charges visitors for questions. It also has a staff of editors reviewing all the answers, which greatly increases costs and delays, since a few editors must check all the questions and answers going through the system.

There is great potential for alliances. Imagine a HumanSearch button on a search engines' results page. If you didn't find what you wanted, the search engine can wrap up your search log and send it to HumanSearch. A site full of people who consider themselves topic experts such as the Mining Company might make an excellent partner.

Hives to build

There are plenty of companies selling Web catalog- and storefront-building software, or offering cybemall space for rent, but abuzz's Beehive is the
first platform we have seen for market-making. The HumanSearch project probably won’t generate much revenue, but it will help abuzz refine Beehive.

Sack and the abuzz team see three target markets for Beehive on the Web: other marketplaces, knowledge-management systems and customer service/help desk systems. Marketplaces aren’t likely to be big profit-makers; intranet knowledge systems probably will pay off handsomely, but they will require lengthy, complex sales. The customer-service market could be the hottest of all. Abuzz will head there next.

(SERIOUS) FUN

Markets are fun, fascinating, sometimes frightening things. They synthesize decisions made by hundreds, sometimes millions of individuals around the world. Everyone has an opinion about why "the market" went one way or the other. The Dow, for example, is often talked about as if it were human. Markets make good toys for adults.

Online services and the Net are already riddled with mock stock markets where timid, reckless, cash-poor or risk-averse "investors" can make or break virtual fortunes; fantasy sports leagues that involve trades and negotiations; and multi-player gaming systems where teams audition new members and brag about their victories on their Web pages.

Here we focus on two especially entertaining play markets where participants trade in celebrities’ securities (financial, not emotional) and movies. The two sites seem similar, but they are quite different. Rogue Market is a fan site, heavy on gossip. HSX is for serious financial types.

ROGUE MARKET: STARS FOR SALE

Last October, a Website called Rogue Market quietly opened its doors. The site is the brainchild of Bill Fisher and Matt Lederman, who wanted to experiment with the Internet’s features to create an interesting experience that would attract people. If it was fun enough and took off, it might turn into a long-term business. If not, they would certainly learn something from it.

During the 1992 US elections, Fisher, then a marketing director at Pioneer Electronics, had read about a mock presidential stock market run by the University of Iowa. He liked the idea and combined it with Lederman’s skills and interests in interactive TV.

What began as a project in interactive fiction with lots of participants became an interactive stock market that purposely blurs the line between reality and fiction. With the exception of a few mega-stars who have incorporated for tax reasons, you can’t really own a true financial interest in celebrities. Rogue Market not only creates a market for such shares, it also encourages the market’s participants to indulge in creative blending of facts, rumors and fiction. The typical visitor’s reaction to the site is: This is weird! This is great!
Rogue traffic

Visitors who register at Rogue Market start with $10,000 in site currency (if they offer more information, they get $5000 more). They can invest this money in over 1200 celebrities in 30 categories, ranging from actors, rock and sports stars, supermodels and royalty to infrastructure barons, journalists and content moguls. The most active trading in Rogue Market is in rock, movie, TV and sports stars. The politics section is pretty quiet, though it can spike on breaking news. (After her death, Princess Diana's stock went up over 800 percent in just a few days. Almost all the royals' shares gained during that period.)

About half of the 30,000 registered players return consistently; 2500 of them place trades on any given day. Last July, *Wired* magazine covered Rogue Market, which boosted traffic considerably. Beyond this boost, Fisher has noticed a change in the patterns of traffic growth lately, which he hopes will take the site to new levels.

Most participants fall into one of two categories, similar to the split between technical and fundamental analysts in other markets. One group loves markets and doesn't really care about celebrities. These players try to work the game. The other group cares about celebrities and pop culture, and has strong opinions about the standings. "Technicians" are likely to prefer the Hollywood Stock Exchange, covered below; it is a deeper, more realistic market. People with at least a passing interest in celebrities -- a big group -- will likely prefer the quick and intuitive Rogue Market.

Fisher and Lederman create many opportunities for players to interact with one another. There is a Leader Board, a Rumor Mill and a Rogues Gallery, where players can post profiles. Players have set up chat rooms on AOL and other services to hang out and talk about Rogue Market.

Copping some 'tude

It's hard to tell where fiction starts and reality ends in Rogue Market. The service encourages participants to be playful, post rumors and blur fact and fiction in other ways. Participants' profiles in the Rogues Gallery mix humor and fact in response to off-the-wall questions that Rogue Market poses. News stories in the system often start with facts and give them a tabloid twist. Fisher wants to make the experience plausible and enjoyable. It's a game, but it's also an ongoing poll.

All this activity makes Rogue Market a great barometer of pop culture. By having its participants vote their preferences by trading virtual stocks, Rogue Market may well offer more direct and useful information about people's preferences than that offered by collaborative filters.

The information created in the rogue markets should have legs in other media. It's easy to imagine the "Rogue Market Top 50" established as a brand in TV and print vehicles such as MTV, *People* magazine and E!. The brand will be colored by the Rogue Market attitude Fisher and Lederman have nurtured: plenty of skepticism and cynicism, flavored with tongue-in-cheek commentary on the business of business. Rogue Market now serves 1.5 million page-views per month through FlyCast. It doesn't sell members' names, but it can segment its user base in real time in considerable detail.

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The builders

Rogue Market is produced by a joint venture called Digital Market Productions, which has only two full-time employees, Fisher and Lederman, who wrote much of its software. Fisher runs Open World Interactive, which he founded in 1995 after leaving Simon & Schuster Interactive. Lederman, through his company Xadax, has been writing network-oriented systems for years, including fax-back, telecom and interactive voice response systems. Fisher and Lederman use some freelancers, including a dozen news correspondents, but they have been cautious about expenses. They also want the Web-site to stay out of its members' way; the site will thrive because members use it to have fun with one another.

In building Rogue Market, Fisher has gained great respect for real stock exchanges. Rogue Market has to be both a brokerage and an exchange. It has to track portfolios and place orders as well as match orders and report to all the participants. There are plenty of features to add. Rogue Market traders can't sell short yet; the feature should be added in a couple of weeks. Options trading is further out.

Rogue Market is on a roll. It has found the pulse of an original vein of sentiment about popular culture. It is using that discovery to make syndication agreements and plans for overseas markets.

THE HOLLYWOOD STOCK EXCHANGE: WHAT IS REALITY?

Here's a scenario from the Hollywood Stock Exchange (HSX):

* Say there's a movie called Transit Cops (TRCOP) about to be released. It's September and the movie isn't going to come out until October. It's currently selling at $60 per share. You find out in the HSX Journal that TRCOP's test screenings were dismal and the movie is going into substantial reshoots. Would you hang on to the 25,000 shares you own, or dump them?

Sound intriguing?

HSX, which is far more similar to real-world stock market than Rogue Market, is already more than a game. Its founder, Max Keiser, likes to describe it as a thriving nanoeconomy, and it sure looks like one. Tens of thousands of people spend an inordinate amount of time figuring out how to make "money" in HSX, which has specialists (who make markets in specific stocks and trade on their own account), newsletters and advisory firms.

New HSX players get $2 million in "Hollywood Dollars," which HSX holds in a "money market" account that automatically earns interest. HSX assigns four- and five-letter ticker symbols to all the listed "MovieStocks" and "StarBonds." For example, the symbol for Sean Penn bonds is SPENN; on September 7, it traded at $900 (the coupon is 13-1/2 percent and the current yield was 15 percent). Stock in *The Game* (GAME), the movie he co-stars in that opened last weekend, now trades at $41.40.

StarBonds have yields, coupons and ratings, as one might expect, but their prices haven't settled in yet to reflect their underlying value. The action
in HSX is in MovieStocks, and you only need to understand how HSX implements them to feel the fascination some players have for the system.

The process

HSX follows movies through their four phases -- concept, development, production and release. New stocks/movies are listed all the time. Until the movies open, participants trade their stocks based on industry news and their own feelings about the actors, producers, directors, writers and studios involved. Then things get more interesting.

The weekend a movie opens, HSX halts trading in its shares from Friday evening until Sunday night, when Entertainment Data, Inc. (EDI) reports the box-office numbers. (HSX treats the revenue figures as an earnings surprise; the halt is also a way to adjust for the fact that many of HSX's players trade from work and don't have home accounts.)

After the report, HSX does its own due diligence and re-prices the shares so they are worth their expected cash flow over the next four weekends, regardless what they were trading at before. Currently, the multiple is usually around 2.9 times the opening weekend's total revenues. Then, HSX allows trading in the stock for exactly three more weekends, after which it de-lists it.

The MovieStock is then cashed in at its four-week box-office receipts value. Traders who guessed well about a movie's initial popularity should do well at the opening weekend; those who figured out whether it will remain popular should do well before the stock is de-listed. Those who got caught up in hype probably got hammered.

Here's how The Game went through these stages. It was taken public five months ago at a price of $22 when it was still in production (a "p" stock). A 250,000 secondary was issued a month before its release at the then-current market price of $28. It then became an "r" stock. It traded as high as $34 before opening weekend and was halted that weekend at $34. It earned $14.2 million its first weekend, which caused the stock to reopen at $41.40 (based on the 2.9 multiplier). It is currently trading in the high 30s/low 40s, and is expected to de-list in the low 40s. The SPENN bond is now at $940, with a current yield of 14.4 percent. Oh, before the opening weekend, the put/call ratio at $15 suggested a $14 to $14.5-million opening.

HSX has about 60,000 members and has volumes of 50 million shares a day. Over 10,000 traders show up every day to make, on average, three trades a day. The face value of securities traded each day is over $2 billion (Hollywood... remember).

The world

This is clearly different from Rogue Market. Where Rogue Market mixes rumors, facts and fantasy, HSX sticks to facts as much as possible and even tries to quantify actual rumors. Rogue Market covers fewer celebrities in more domains, so the names are usually familiar to casual visitors. Not so on HSX, where you are likely to drown in names of actors and movies you've never heard about.

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HSX is a real Hollywood insiders' market. To enjoy it, you have to know (or want to know) not only the latest, hottest movies and stars, but also quite a bit about the economics of the movie business and the mechanics of stock markets. There's no link to *Daily Variety* on the HSX site, but it should be a must-read. All of this tends to discourage casual visitors.

That doesn't mean that HSX isn't entertaining. It is. HSX offers three personalities and a publication to help you invest the megabucks: Max Broker, Miss Information, Dr. Zeros (a Volcker/Greenspan act-a-like) and the HSX Journal. What these characters say can move markets. For example, when Molly the sheep was cloned, Dr. Zeros decided it would be inflationary to the bond market, which dropped 10 percent. Later, when Clinton banned cloning, Dr. Zeros reversed his position, and the bonds climbed to all-time highs.

Keiser is proud of the system's depth. "People have a cursory understanding about Hollywood and stock markets," says Keiser. "Here they can learn about both." Quite a bit, it turns out. A professor at the University of New Mexico made HSX a mandatory part of his course; others are following.

More entertainment comes from HSX participants, which include four expert firms and several newsletters. Since a major system re-pricing in August, top HSX investors have grown their holdings 75 percent. Before that, one player's holdings had risen 1400 percent; players were tracking his activities the way Peter Lynch was followed when he ran the Magellan fund. The HSX player now trades under a pseudonym. Recently, a new star trader emerged named Phoenix. There is now a Phoenix Fund, which currently trades at around $13.

The details

Could a market exist without people trying to scam it? HSX Commissioner Denise Fine checks for people breaking the rules (the exchange uses the New York Stock Exchange's rulebook) and occasionally levies fines for misconduct. To Keiser, one of the most fascinating aspects of HSX's evolution has been to see the need for various rules emerge from traders' ever-more-sophisticated activities. Amazingly, the sequence of rules needed maps faithfully to the history of NYSE trading rules.

Naturally, the information generated inside HSX is valuable to movie studios. Keiser is helping them market their movies better and use the research results more effectively. Movie studio executives are interested in floating story ideas on HSX, to see if its investors' reactions warrant green-lighting a project. Nifty. This turns HSX into more than a rotisserie league, because HSX players can actually influence the industry they care about.

Like the movie business it tracks, HSX activity is highly seasonal. Now that September is here and the summer blockbusters are over, investors need to trade differently, a fact they have only begun to understand recently. The transition from summer to fall led to big selloffs that hurt many traders.

Keiser and his colleagues are already at work on other market domains and investment instruments to balance the cycles and broaden HSX's reach. Like
Rogue Market, HSX doesn't yet support short selling (and expects to, soon). HSX had a lot of success trading stock for one TV show, Ellen Degeneres' famous "Ellen Comes Out" episode. About 20 MovieStocks now have options; HSX is working on other derivatives. It also plans to open separate exchanges for TV and music.

The story

In 1995, Keiser was in Paris, hanging out and writing poetry after retiring from a career on Wall Street in 1990. Without expecting to, he sold a story to Miramax, which brought him to LA. There, he contacted Michael Burns, a former colleague from Wall Street who is now the managing director of Prudential Securities' media group in LA. Keiser pitched Burns on his idea for a virtual stock exchange in which Hollywood would be deconstructed and reconstituted. Burns had some ideas of his own and provided the initial $500,000.

Burns and Keiser founded HSX and launched a beta version in April 1996, with a couple of local Web designers. The exchange quickly outgrew itself, and Keiser contracted with Cambridge Technology Partners to develop a patented Virtual Specialist, which was at the heart of HSX's relaunch that December.

The system has reached capacity again, and another integrator is building a system designed for half a million active traders. It will include useful charting and graphing features, as well as a real-time ticker. HSX expects the new software to be running this November and is in discussions with potential distributors and licensees. Keiser's team is also building a Firefly-like collaborative filtering capability.

The sting

If Burns and Keiser had stopped there, they would have created a thriving, interesting and potentially profitable Net business. But they have far larger ambitions. HSX is a Trojan horse.

In the course of creating HSX, Burns and Keiser noted the increasing importance of fiat currencies such as frequent-flyer miles, credit-card purchase rewards and other affinity systems. They predicted that cyberspace would be filled with such systems -- say, Calvin Klein Bucks, StarBucks, Saturn Scrip, and so on -- and that these pseudo-currencies would at some point become exchangeable and perhaps even convertible to real currency. But how would that happen? What would act as a US Dollar-like reserve currency?

They reasoned that a viable online currency would have to be pegged to a credible, collateralizable core value system, which would give the currency what Keiser calls "plausible accountability." Keiser explains, "The world's economies are based on stuff -- physical assets. As the non-Internet economy moves from atoms to bits, virtual currencies will become more of a factor. Someone has to create it. The dollar is based on faith. On the Net, [currencies] should be based on intangibles, like maybe time or ideas. So why not a virtual currency based on ideas and memes."

On HSX, the movie is the intangible; the box office gross is the anchor. Over time, Burns and Keiser want to make the Hollywood dollar convertible.
into other fiat currencies, and eventually into US dollars. They will build their brand by establishing its value in one market, then expand into others. They have already founded the Imagination Reserve Bank.

Keiser didn’t choose randomly to give new members $2 million in Hollywood Dollars. At Keiser’s unofficial and informal exchange rate of 1 million Hollywood dollars to $1 US, HSX members are spending lots of time on very small value transactions. The information they create in the process is highly useful. More importantly, HSX will soon allow members to use their Hollywood dollars for discounts on HSX shop goods. Over time, they will be able to go to the bank and convert the Hollywood dollars to other currencies, and eventually to US dollars.

Without being explicit about it, HSX is giving away $2 US per new member in order to build its credibility as a fiat currency. Contrast this to efforts already under way to create new digital currencies or stored-value systems such as CyberCash (see Release 1.0, 1-95), which run into the issue of replacing the already efficient credit-card system. Fiat currencies aren’t cash... until they need to be.

The kicker

HSX puts its money where its beliefs are. HSX Films, a company that Burns spun off, has shot four movies. It is currently shooting one in Oklahoma called Possums, starring Matt Davis and Barry Switzer. The movie was conceived and developed through the HSX.

Barter

Barter is a time-honored way of doing business. Of course, it predates currencies. Sometimes, in these days of highly mobile currency, people barter in order to avoid paying taxes. Governments tend to frown on this. When barter agreements achieve any scale, governments are sure to pursue them for tax payments at fair market value for the goods or services, as if money had changed hands.

Barter is also a nice way to get something without using up your currency, but it tends to be difficult and rather costly. That is, finding something you want from someone who wants something you can offer is hard work. Sometimes you end up with multiple-party deals, as happens in countertrade: You send your shipment of frozen vegetables to one trader for a boatload of Bulgarian shoes that go to a third party, who sends you some cases of the motor oil you wanted in the first place.

Many small barter sites have sprung up on the Web, but none of them seems to have gotten near critical mass. One way to solve the problem of finding goods you are willing to barter for is to create a fiat currency of your own, much as HSX is doing (see above), but with different motivation.

GVB and the Nella Pages

Hiromi Amano and Usman Haque, friends since secondary school in England, decided to create such a currency of their own. They named it the Nella,
after the marinella, an imaginary currency that Amano had read about in a Japanese manga (graphic novel).

Their initial strategy and design were quite ambitious. To manage Nellas, they created the Global Village Bank (GVB), which would let any participants who registered at the Bank transfer Nellas to one another through an ATM-like interface. To have a place in which Nellas could be used, they created a Web market called The Nella Pages. The two components were intended to bootstrap one another.

On The Nella Pages, which are open on the Web, visitors can set up businesses in categories that include desktop publishing, writing, translation, tech support, music, research, Website services, promotion and graphics. They can also propose categories or sub-categories of their own. The business owners describe what they are offering to do and set a price in Nella terms. Amano was waiting for 1,000 such businesses to register before opening the system for transactions. Already, 350 had registered, but Nella’s creators didn’t have the resources to do it all.

Warm reboot

Like abuzz (see page 3), Amano and Haque rescaled their initial plans. They are now focused only on the currency and its transferability. More specifically, on the Nella and the GVB. They will leave projects such as the Nella Pages site to third parties who want to start them. If enough such businesses arise to kick-start the Nella economy, Amano and Haque will play the role of overseeing external projects.

The pieces of the nascent Nella economy that are on the Web so far are well designed and intriguing, though it is unclear what will motivate participants to step beyond small-scale services (the analogy of shareware and GIFs traded in other small markets) and begin to transact serious volumes.

VOLUNTEERISM AND SOCIAL ACTION

There are over a million tax-exempt organizations registered in the US alone. Many of them are efficient market-makers. For example, AmeriCares units in various US cities (e.g., DC Cares, New York Cares) do an excellent job of soliciting project work and volunteers, then creating teams to do the projects. These organizations recognize people’s limited time to commit, emphasize that volunteers shouldn’t commit to things they can’t carry out and manage team leadership well.

All of that they do in physical space. Imagine what they and the many other similar groups around the world could accomplish using the Web. Online volunteerism has been greeted warmly so far. The number of people registering to help has surprised staffers in volunteer agencies that have gone on the Web, several of which we profile here.

It’s easy to imagine how these organizations could benefit from better technology. For example, with slight improvements to calendaring and scheduling software, potential volunteers could easily browse online calendars for opportunities they like, then they could click once to drop the event descrip-
tions into their own calendars or PIMs. Meanwhile, the non-profits’ data-
bases would tally the new registrants automatically.

COMPUMENTOR: FREE TECH HELP

Given the trouble that companies with real IT budgets have managing their
information systems, imagine the problems faced by non-profit organizations.
In 1987, Daniel Ben-Horin had recently resigned as executive director of the
Media Alliance in San Francisco, which organizes and supports freelance
writers and other media workers. One of his projects, a computer lab,
brought him into conversations with schools and non-profits about their com-
puting strategies. Not surprisingly, they had no resources. He knew that
local companies had expert technical staffs full of willingness to share in-
formation but uncertain about how to proceed, so he began CompuMentor, with
a mission of matching techies with schools and non-profits.

CompuMentor now has a staff of 17 and runs three programs: technology men-
toring, software redistribution (of packages donated by software reviewers
and publishers) and staff-based consulting for work that’s bigger than one
volunteer can do. The mentors are volunteers; the consultants are paid
staff. CompuMentor works closely with many other organizations, such as the
San Francisco School Volunteers.

Manual market-making

The market-making is between mentors and organizations in need of technology
advice. Non-profit companies pay a per-project fee of $120 to CompuMentor
to cover some of its costs. Grants, consulting contracts and sales from the
software program cover the balance of CompuMentor’s expenses.

After they complete a questionnaire on paper or on the Web, non-profit orga-
nizations have a short phone consultation with a CompuMentor staffer. This
usually generates a good, quick picture of their status that can help iden-
tify the one key problem they have to solve. Often this work points to a
focused needs-assessment study.

The goal is to create a mentorable work plan. CompuMentor staffers pore
through its database to find mentors with the requisite skills, then put the
request to them. Mentors aren’t necessarily programmers, though they may
offer to do some coding. Instead, they help their clients make key deci-
sions about resource allocation, system design and tool selection. Compu-
Mentor lets the parties schedule with each other and does considerable
follow-up to make sure the relationship is working.

The Web of the wide world

Nine months ago, CompuMentor started to recruit mentors through the Web. So
far, 2200 mentors have registered, greatly exceeding its staff’s expecta-
tions. Phil Roseberry, CompuMentor’s program director, explains that the
questionnaire is "harder than it needs to be in order to avoid 'surfing
volunteers'" -- people who think volunteering is a great idea but don’t
really intend to do any.

The Web market-making effort immediately raised the issue of geography. Un-
til then, CompuMentor had attracted interest from people in many cities and
regions, particularly Japan, but its service area was the San Francisco Bay area. Now it accepts registrations from anywhere in the US, but it is extending its geographic reach slowly, only as it has a critical mass of mentors available in a given area. Today, that coverage includes all of California, with a pilot program in North Carolina and some presence in most of the Eastern US population centers. A Department of Education project is bringing it into rural areas in the West.

Many opportunities

The Web has attracted many new volunteers and non-profits, but CompuMentor does the matching by hand. There is no compelling reason to automate it. The human element is important for both sides. Roseberry emphasizes the personal nature of volunteerism. A big part of the benefit to the mentors is meeting their partners in real life, getting to know them and understanding their circumstances. Roseberry is concerned that virtual volunteerism won't have this dimension, but he expects it will work well in rural areas or in domains where experts are scarce. CompuMentor recently ran its first Mentoring Institute, a two-day program for schools, non-profits and government agencies interested in technical volunteerism, which attracted 65 attendees from all across the US.

CompuMentor runs a busy Listserv for tech-support questions. It has begun to use the Web to provide support materials. The Mentoring Handbook, a paper primer for mentors, is also available on the Website. The first version of a technical assistance library will go online in a couple of months. It will tackle issues such as networking basics, choosing a consultant, doing a needs assessment, using non-profit databases and getting online inexpensively.

IDEALIST: A GREAT LIST OF IDEAS

It's amazing how far you can get with $8,000 a month these days, especially if your office space and much of your labor are donated. Ami Dar volunteers as executive director of Action Without Borders, while also running the US subsidiary of Aladdin Knowledge Systems, an Israeli company that supplies security tools for software developers.

Dar's motivation is extremely personal. He grew up in Israel, Peru and Mexico. "At 18," he explains, "I was drafted into the Israeli Army, where I served as a paratrooper in the Lebanese War of 1982. That experience, coupled with the extreme poverty I saw in Latin America growing up, led me to start Action Without Borders as an organization that would make it easier for people everywhere to get together and take action on the issues that concern them."

In the summer of 1992, Dar came to New York City inspired by this vision and naively certain that if he only spoke with the right people, the organization would be running in a matter of weeks. After two months and with $10 left, he got an offer from Aladdin, for whom he had worked in Israel, to set up its North American subsidiary.

On his own time, Dar tried to bring volunteering agencies together, where it made sense. But he found that difficult. The agencies were charitable, but
not always to each other. Rather than wrestling to make them cooperate, Dar decided to create a network of neighborhood one-stop shops where people would have access to information from many different aid and volunteer organizations.

In 1994, he opened a pilot "Contact Center" in a poor Hispanic neighborhood in Manhattan, and filled it with brochures and other materials from all the organizations he could find. Working with a small paid staff, he also set up a Website and produced a short video to promote the Contact Center concept. This attracted considerable worldwide interest, but didn't solve Dar's logistical dilemma: how to get all the right information stocked in the various neighborhood Centers.

**Obvious choices**

It was obvious to Dar that the Web was the ideal medium through which to disseminate information on assistance and volunteerism. In mid-1995, the Contact Center lost its space and Dar shifted his focus entirely to the Web. He set about building a "Yahoo!" of non-profit organizations around the world. A few months later, he added an SQL database to the site and allowed non-profits to post detailed information about their services, volunteer opportunities and events, regardless of whether they had Net access. Dar called the system Idealist, a nifty pun.

The system now has over 10,000 organizations registered from 120 countries and gets 1000 visitors per day. The visitors can search Idealist for opportunities that suit them. Idealist is creating a reverse database so that volunteers with unique skills, such as clowns or Oracle experts, can list themselves. Dar is internationalizing the site and adding a list of public Internet access points, so people who don't own computers or have their own Internet accounts can get online more easily.

Dar makes the point that corporations are unprepared for the effect the Web can have on their philanthropic and volunteering initiatives. Intel, for example, told him that it gives only to organizations and Santa Clara and Glasgow, Scotland, where it has major facilities. Companies need to rethink their strategies and make use of organizations such as CompuMentor, Idealist and Impact Online.

Idealist still focuses many of its activities in the physical world. One of its major initiatives, Action Without Borders '97, is coming up October 18-25. Dar's goal with this event is to motivate people to cross a border in their lives -- religious, cultural, income, age or disability -- and work with an organization they might normally never meet. Take the dare. Jump in; cross a line. The resources are online now.

**IMPACT ONLINE: MAKING MATCHES**

On the Web since 1994, Impact Online is a pragmatic organization. Its primary goal is to use the Net to help match volunteers with non-profit organizations that need them. It also helps those organizations use the Net to post their activities, to stay in touch with volunteers and eventually to raise funds. If a project will require shovels that are not on hand, a quick e-mail broadcast can let people know to bring them.
When you enter the Volunteer America section of its Website, you can type in your Zip code, your preferred radius of operations and time frame, and the database will list suitable opportunities. If you register for a project, your name will show up in that organization’s page, on the project page and on the IO roster of volunteers.

IO is testing virtual volunteering, where the match is made on skills, not geography. This should be an easy way for, say, an Oracle programmer to give three hours a week to a non-profit that might not otherwise benefit from someone with such expertise.

The organization expands its reach slowly, city by city, as it builds critical mass. When it has enough non-profit help opportunities in a given city, it begins to publicize the site there. In this way, executive director Jay Backstrand expects to cover ten more major US cities by the end of the year.

Impact Online has three full-time employees and nine advisors. It is funded in part by the James Irvine Foundation, the David and Lucille Packard Foundation and the Morino Institute. Eventually, Backstrand hopes to rely more on online donations.

WOMEN'S RESOURCES

Telementoring Young Women in Science, Engineering and Computing is an NSF-funded, three-year project run by EDC/Center for Children & Technology. It matches women professionals in those fields with female high school students to develop e-mail-based mentoring relationships.

The Telementoring project uses three kinds of online communications: one-on-one e-mail correspondence, open discussion forums and peer-mentoring "lounges" (read: mailing lists). Mentors, students and teachers each have separate, private lounges, where they can share ideas, present situations they are facing and come up with solutions.

WomensWork

It's hard to imagine things you haven't seen or heard about. When young girls hear the question, "What do you want to be when you grow up?" they often face a lack of female role models, as well as others' unspoken assumptions about the jobs they should go into. The Role Model Project for Girls at WomensWork helps remedy those problems. The site encourages working women to post descriptions of what they do, so that young girls might use the descriptions and accompanying resources to explore potential careers. It is an evolving information resource, not a mentor match-making service such as the Telementoring project above.

The non-profit Role Model Project is a longtime dream of our friend Judi Clark, who founded and runs it. Clark, an independent developer of media graphics, presentations and Web stuff, is working on a companion CD-ROM for the Website. The CD-ROM will contain interviews of several hundred women, stored as digital video clips and related resources. With some of those interviews now under her belt, Clark is looking for sponsors and helpful partners. ACM-W, the women's interest group of the Association for Computing Machinery, recently became a sponsor.

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All Websites follow the form **www.companyname.com**, unless otherwise noted.

- **CompuMentor**
  - http://www.compumentor.org
- **Hollywood Stock Exchange**
  - http://www.hsx.com
- **Idealist**
  - http://www.idealist.org
- **Impact Online**
  - http://www.impactonline.org
- **The Internet Oracle**
  - http://www.pcn.net/stenor/oracle/about.html
- **The Nella Pages**
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- **Telementoring Young Women**
  - http://www.edc.org/CCT/telementoring/
- **Rogue Market**
  - http://www.roguemarket.com
- **WomensWork**
  - http://www.womenswork.org

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