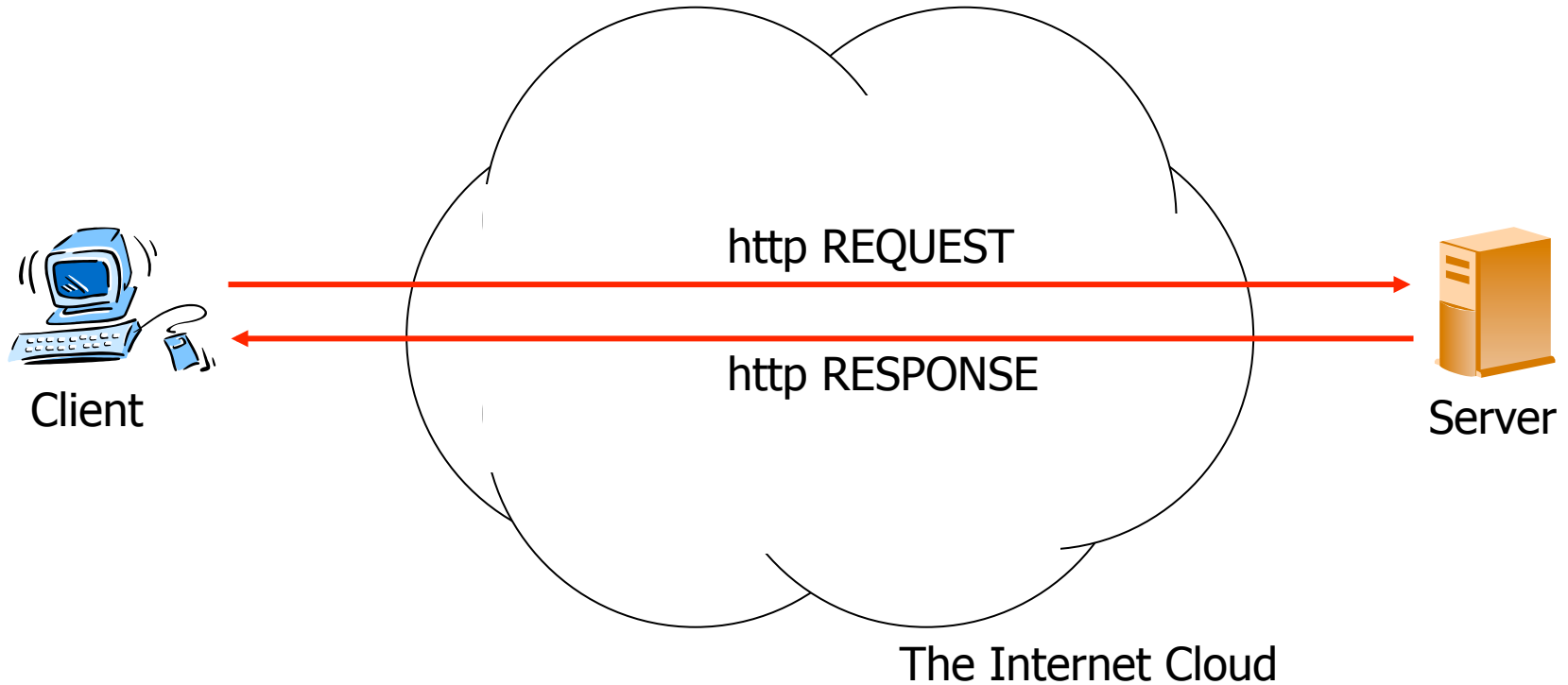


An Introduction to Internet Economics

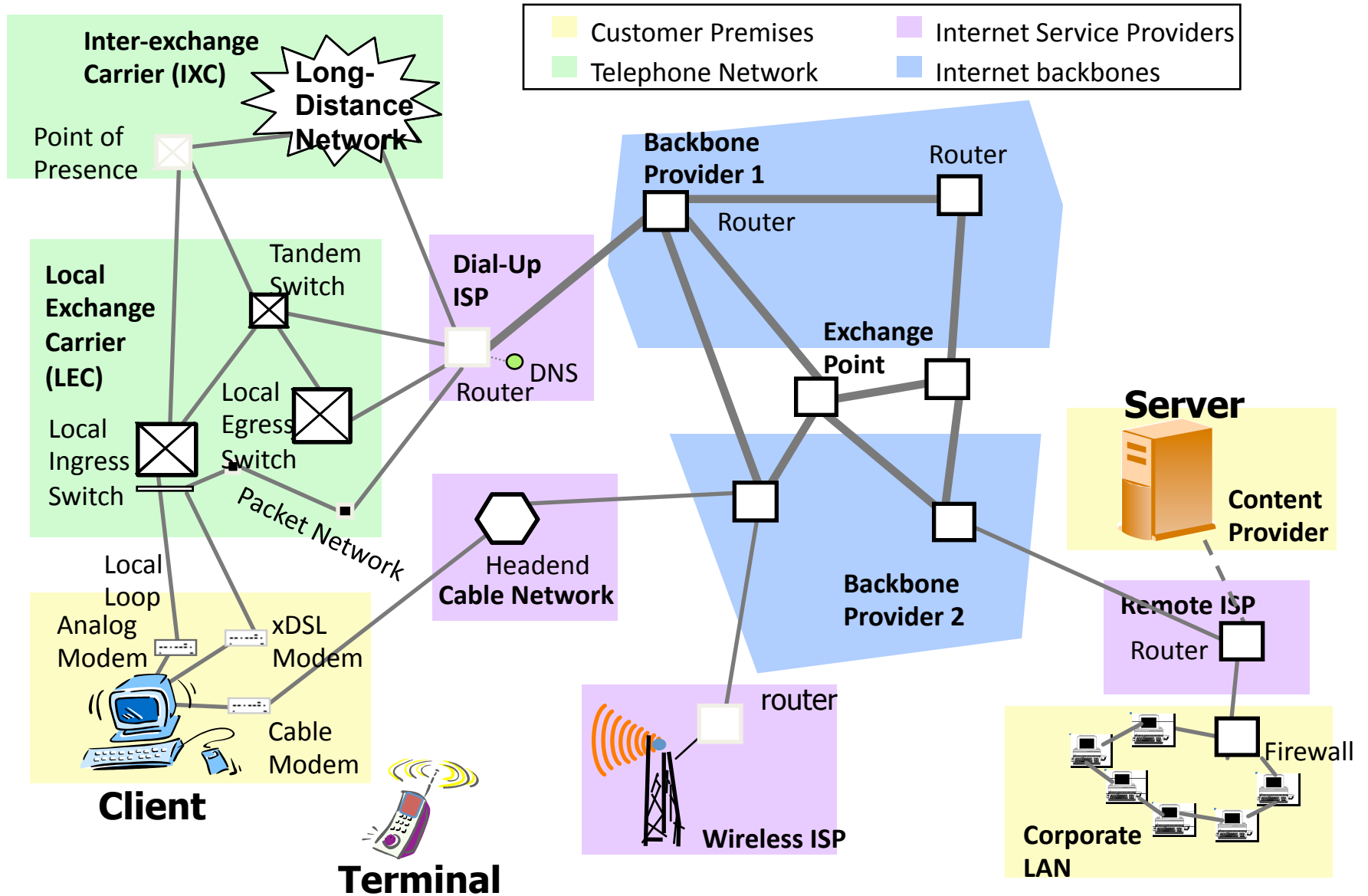
INFO153
Summer 2011

John Chuang

Foundation of the Web



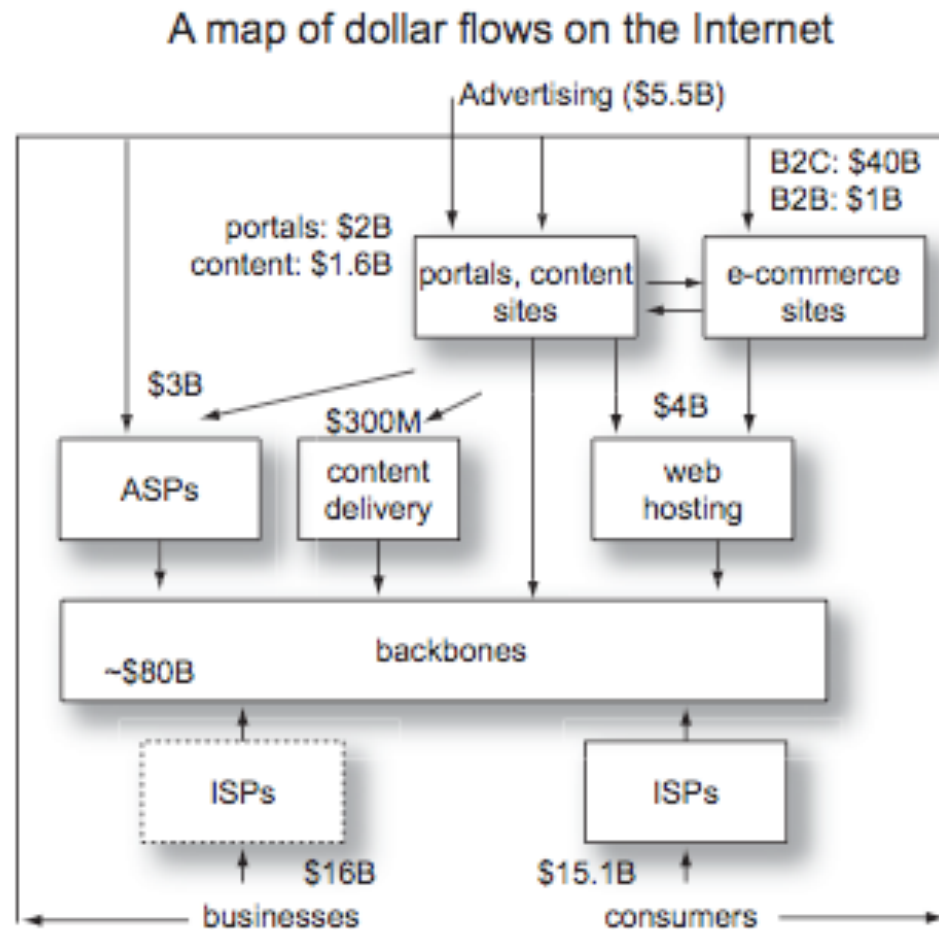
Behind the Cloud



Industry Structure

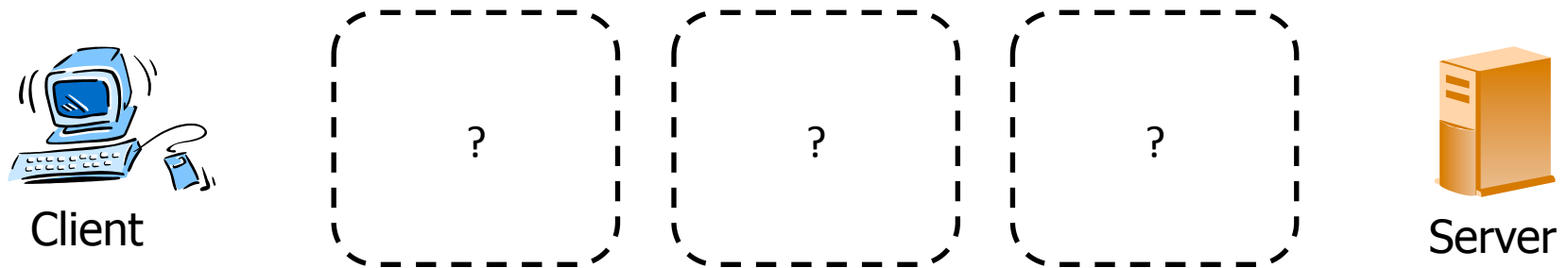
- The Internet comprises of a large number of federated components, each owned and operated by autonomous entities
- How is the Internet industry structure organized?
- How does the money flow?
- “We know how to route packets, what we don’t know how to do is route dollars.”
-- David C. Clark

Routing Dollars on the Internet



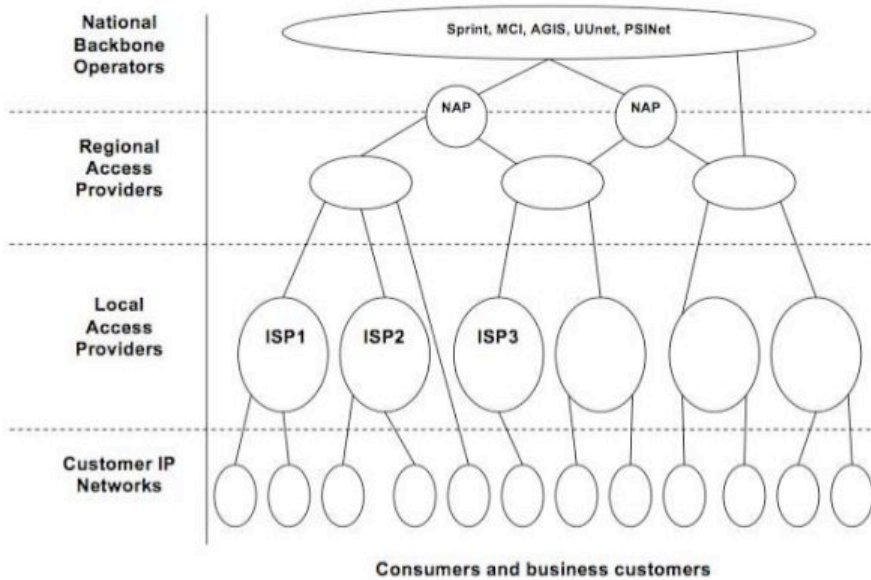
- O' Donnell, An Economic Map of the Internet, Telecommunications Policy Research Conference, 2002.

The “Internet Supply Chain”

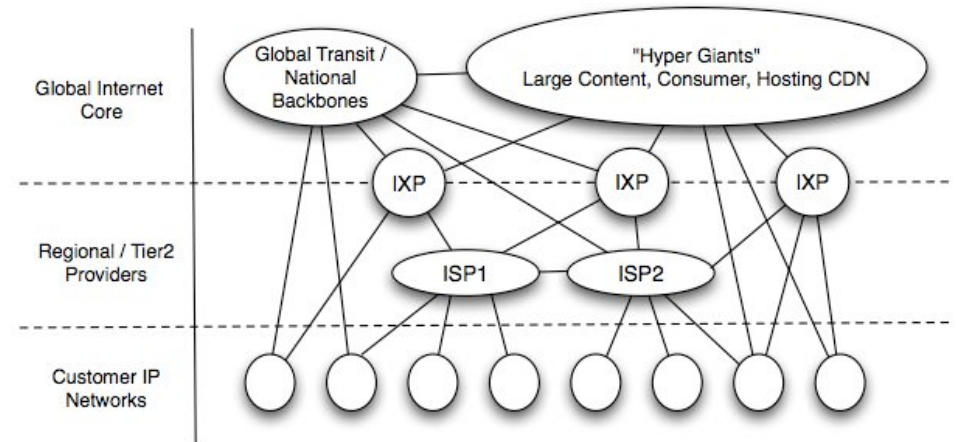


1. What are the upstream/downstream stages in this chain? What are examples of firms in each stage?
2. Who pays whom in this chain?
3. Do any firms operate in multiple stages?
4. Which firms or stages are dominant, and why? What policy implications?

Changing Internet Landscape



(a) Traditional Internet logical topology



(b) Emerging new Internet logical topology

Source: Labovitz et al., "Internet Inter-Domain Traffic", Proceedings of ACM SIGCOMM 2010.