

## Industry Analysis

# Internet Software and Services

Q4 2013

### Industry Overview

In 1969, the U.S. landed the first man on the moon. As astronaut Neil Armstrong made his first step on the moon's surface, he declared: “That's one small step for man but one giant leap for mankind.” A few months later, mankind scaled another height as the Internet was born in a laboratory at the University of California at Los Angeles (UCLA).

While it is impossible to say for certain when the Internet began, many industry observers say that it was born on October 26, 1969 at Professor Leonard Kleinrock's laboratory in UCLA. According to Kleinrock, it was “the day infant Internet uttered its first words.” The advent of the Internet was perhaps a much greater leap forward for mankind than the moon-landing, as it has come to affect many more lives and substantially impact much more economic progress.

Charley Kline, the professor's research assistant, was wearing a communication headset as he sat at a terminal hooked to an interface message processor (IMP) – the first computer network switch. On Kleinrock's command, Kline made contact with a second IMP that was attached to a second computer located several hundred miles away at the Stanford Research Institute. Kline's task was to log in remotely from Los Angeles to the machine at Stanford. His marching orders were to type the command LOGIN. After Kline typed “L,” Stanford acknowledged that the letter had been received. When he typed “O,” Stanford also received it. Before Kline could type “G,” the system crashed. The system was up and running an hour later and they completed the experiment as planned.

That historic moment was followed by many other milestones. The first e-mail was sent in 1971. That same year, the first virus infected the Advanced Research Projects Agency Network (ARPANET), the world's first operational packet switching network and precursor to the Internet. In 1981, the first online community was established. The first search engine was created in 1990. The Massachusetts-based The World became the first commercial Internet service provider (ISP) in 1990.

**The Industry.** The Internet also gained prominence as a medium for purchasing software and undertaking commercial and social activities. This gave rise to the Internet software and services industry. The industry includes companies developing and marketing Internet software or providing Internet services such as online databases and interactive services, Web address registration services, database construction and Internet design services.

The Internet software segment encompasses providers of Web-based software such as Software as a Service (SaaS). Traditionally, Application Software was converted into a format that could be downloaded from the Internet. With the advent of connectivity and technology, however, companies operating on the Internet offer software programs that can be hosted entirely on the Internet.

The Internet services segment includes Internet Service Providers (ISPs), which are establishments that provide Internet access and services, such as Web hosting, software consultancy, on issues related to Internet connectivity. Web design includes the development of an Internet address on a server, and Web designing includes the development

\*Full report contains insurance-focused research including: critical analysis, statistics, and qualitative commentary, along with Advisen analytics such as MSCAd Large Losses & Insurance Program Pricing

[\\*Click here](#) for full sample report

\*Advisen subscribers have full access to the reports, please contact [support@advisen.com](mailto:support@advisen.com) for information

\*Bulk rates are also available, please contact [support@advisen.com](mailto:support@advisen.com) for information