

The paying and funding of the internet essay

[Business](#), [Accounting](#)



Though many people have turned to using internet for different purposes, both in the office and at home, very few understand who pays for the internet. Some people have even come into the conclusion that internet service providers are “charitable organizations” that give their services for free. This is because unlike other products and services that are paid for directly by the consumers, internet service providers receive their payment indirectly.

Despite such queer beliefs, it should be noted that internet service providers are profit making companies that in fact make much money from the different services that they offer to the consumers. Internet can be defined as the shared global computing network that is based on standards that include simple transfer protocol (SMTP), Domain Name System (DNS) and internet protocol (IP) that enables global communications between computer devices that are connected. This provides the base for the worldwide web and web services (Procollux Media). It is a network of interconnected computers that enable the users to share information through different channels.

The users of computers manage, receive and send information with web browsers, and other specialized programs for online chat, electronic mails, file sharing and file transfer. Internet consists of networks (business, academic, government) that are connected by fiber-optic cables, copper wires and wireless connection (Procollux Media). This essay seeks to identify who pays for the internet and how each piece is funded. History and the development of Internet About fifteen years ago, not many people knew about the internet but it was a private phenomenon that was being utilized

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by the computer researchers and scientists to interact with colleagues. By the year 2003, it was estimated that there were about sixty million computers that had been connected to the internet, serving about two hundred million people in more than two hundred territories and countries (Kahn and Cerf, par. 4). Internet system was at the experimental stage in 1970s and 1980s but later thrived when the TCP/IP protocols were made compulsory on the ARPANET among other networks in 1983; making these protocols the standards for other networks.

Managing the Internet The issue of managing the internet has become an issue of interest for both the commercial organizations and governments. They want to determine how the internet would be managed in future with a mechanism that would ensure that consumer interest is served. In 1970s managing the internet was not a great task as decisions were made at DARPA offices. However, there was a realization that community involvement in the internet decision making was very important, which made DARPA to come up with Internet Configuration Control Board which had the task of ensuring that members of technical community discussed issues that were significant, educated people about any relevant issues and also assisted in the implementation of gateway functions and TCP/IP protocols (Kahn and Cerf).

During that period, there were no companies that offered turnkey solutions to getting on the internet, though later companies like Cisco was formed. In the year 1998, the Internet Corporation for Assigned Names and Numbers (ICANN) was established as a private and a non profit organization that had

the aim of overseeing the progression in the utilization of the internet numbers and names plus protocol related issues that needed oversight. This organization was chosen by the Department of Commerce but it had difficulty in resolving discrepancies in the field (Kahn and Cerf). Internet Service Providers. There are different services that are offered through the internet and that include study and research purposes; tourism and leisure, communication by the use of email systems; to carryout and update people; transactions in E-commerce among others (Answers Corporation). Some of the worlds known internet providers include American Online, British Telecom, EarthLink, Juno, NetZero, Embarq, Road Runner, Jupiter telecommunications Co. Ltd, Cable One, United Online and PeoplePC. Internet Marketing Many companies are involved in Ecommerce which is a great source of their funds and resources.

E- commerce which can be described as the selling and the buying of goods in the internet and especially in the World Wide Web can be divided into ; e-tailing on web sites with catalogs (online); the collection and utilizing of demographic data via web contacts and electronic data interchange which is the exchange of data for the exchange of data. The other categories include fax and e-mail which also uses media to reach customers and prospects; buying and selling between business and another business and finally the security of business transactions (Nelson and ketel, par.). The web has of late become a great source of revenue for many businesses in the world; this due to the fact that it is available for twenty four hours, can reach any part of the globe that is internet -connected, the ability to provide information and ordering as well as multi media prospects. This makes a number of

businesses make billions dollars in terms of profit, for example Dell computers reported it that it had increased revenue that was in terms of billions of dollars through e-commerce. Internet commerce also involves market research where companies collect data about customers and prospects in large amounts through questionnaires, site registration and order taking. This data may be collected with or without the knowledge of the market subjects (Nelson and Ketel, par. 3-4).

On the other hand, electronic data interchange is when businesses interchange data using a data format that is understood by both parties. This exchange involves parties that know each other well and have made plans for point to point connection which is usually dial-up. Internet commerce is also done through electronic forms that are limited such as e-mail, fax or facsimile and also utilizing telephone calls via the internet. This is usually business to business though some use fax and email for advertisements that are unsolicited to customers and business prospects. Others send newsletters to the subscribers which are placed on their respective websites.

The web users may also sign up to be sent emails which is either sponsored or containing adverts about products or other subjects(Nelson and Ketel par. 5-6). The other part of e-commerce is business to business buying and selling with many companies that sell products to others during any time of the day and night and at any part of the world.

Ways Individuals make money through the internet The first way in which individuals can make money through the internet is through affiliate marketing. An individual can approach a company and offer to market its

goods and/or services at his or her own site. Every time a visitor makes clicks on the link at that site and makes a purchase, one is assured of a commission from that company (Hartley, par.).

Popular websites such as CJ and ClickBank help individuals to do affiliate marketing by finding the appropriate product. There are however several techniques that may be required to do affiliate marketing (Free Online Library, par. 1-2).

For example Google AdSense is a serving and powerful program that is run by Google where website owners enroll in the program to activate images, texts and video advertisements on their sites. An individual will need to place a certain code on his or her website and these ads will be displayed relevant to the content on ones webpage. The Google administered ads generate revenue on either per thousand or per click impressions (Free Online Library, par. 1-2).

Google also runs a pay per click advertising company where an individual can place advertisement at their search engines and then get traffic of high quality. The conversion however depends on how well one lands his or her landing page (Free Online Library par. 3). The other way is by one selling own products that involves research, advertising and promotion. Another way that one can use to make money through the internet is by engaging in freelance jobs that may include; graphic designing, writing articles or copywriting. Many organizations and individuals are outsourcing for writers for press releases, newsletters, blogs, articles, proposals and even projects.

Other freelancing activities may include telemarketing, data entry, selling insurance, data conversion, typing, selling insurance, accounting, copywriting, editing, proof reading, content development, desk top publishing, audio and video editing and translation and programming (Free Online Library, par.). The other way is by the use of eBay where an individual may purchase a product in the internet and then sell it later when the price shoots up. This has been stated as the most true, tested and reliable home businesses. There are some individuals who have been quoted as selling on eBay and other online auctions websites as their fulltime time jobs and make millions of dollars out of this (Free Online Library, par.

3). Also individuals can get some revenue by completing online surveys. This is done by the reader signing up with an online survey website. This website sends several surveys which are based on demographic and/or psychographic information for the reader to complete. When the readers completes the survey, he earns actual money or points towards merchandise (Valdez, par. 1) Paying for the internet With so many people benefiting monetarily from the services that are offered by the internet, it may be important for one to pose the question as to who owns the internet and who pays for it.

It should be clear that the internet is not owned by any single entity though there are internet providers and regulators. Internet service providers act like gate keepers which just let one in and then let one out, however they do not own the path that the internet user utilizes to get to the service needed. For example many local phone companies own the lines that one needs to

connect to the internet but this does not at all mean that it owns the internet (Bruner). The other major question would be who runs for the internet? There is no single individual or an organization that governs or runs the internet. The content that appears on the net is just determined by the person who places it there. The internet is paid for by different groups that include the National Science Foundation (in the USA), the internet users and advertisers (Bruner).

The National Science Foundation was established in 1950 by the Congress with the aim of “ promoting the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense...” NSF is the funding source for the twenty percent of basic researches that are supported by the Federal government and that are conducted by the American universities and colleges. They back fields such as social sciences, computer sciences and mathematics. The National Science Foundation established the National Science Foundation Network that linked university computer centers (The national Science Foundation, par. 1). The internet was originally funded by the Department of Defense but later by National Science Foundation with the network having to interconnect different systems so as to determine how the costs of communications and connections were to be paid (Crandall pp. 144-145). It is however stated that the NSF no longer funds for the internet in the United States of America but instead internet has become a private and commercial concern with the NSF only giving some grants (Plotz, par.).

The other group that pays for the internet is in fact the internet users. The users pay internet service providers who in turn pay their inter-network

providers for the connection fees (Bruner). It is estimated that in the year 2008, there were over six billion internet users in the entire globe (Miniwatts Marketing Group).

For example; in US one can reach the internet by making a long distant call to his or her internet service providers; the internet service provider then leases the fiber optic cable from companies such as Sprint, MCI, and Regional Bells among others. The fiber optic lines then carry the internet around the country and then deliver it to the Network Access Points that connects different networks like highway interchanges. The data reaches Network Access Point and then to line that is owned by different company to reach the destination. This internet moves on leased lines and thus avoids the networks of long distant phone companies to avoid the access charges that long distant companies pay to local phone companies on normal telephone calls (Plotz, par.

6). The third way by which the internet is paid is through advertisement. E marketing has utilized the internet in the advertisement of goods and products for different companies who have paid the internet service providers. Example of online advertising may include contextual ads on banner ads, search engine results, Rich media ads, online classified advertising, e-mail marketing, search engine result pages and social networking advertisement. Online advertig may be purchased in three ways namely; cost per impression (CPM) where costs are priced per a thousand impressions. The second way is cost per click (CPC) also known as pay per

click where advertisers pay each time a user clicks on the listing and is directed to their websites.

In the Cost per Action the advertiser pays for the amount of users who complete a transaction (Morrissey). So how is the internet priced? “ The internet uses a ‘ bill and keep’ approach to settlements; the originator of the message keeps all of the revenues, though it must pay for access to backbone (transmission) capacity” (Crandall p. 45).

Conclusion From the research it is clear that internet is not owned or managed by one single entity. In addition, there are two major ways by which the internet is paid for; the users and the advertisements though in the United States, the National science Foundation funded the internet for Federal supported researches in the Universities and Colleges until recently. However, it should be noted that the process of payment may be complex for a layman to understand.