

12.13: Intranets and Extranets

Learning Objectives

- Discuss how businesses can use intranets and extranets to manage information

Intranets

Increasingly, businesses are relying on intranets to deliver tools such as collaboration, scheduling, customer relationship management tools, and project management to increase the productivity of the organization. An **intranet** is a private network accessible only to an organization's staff. Unlike the Internet, an internal intranet provides a wide range of information and services to employees of an organization but these tools and information are unavailable to the public. A company-wide intranet is an important focal point of internal communication and collaboration, and can provide a business with a single starting point to access both internal and external resources. Larger businesses allow users within their intranet to access the public Internet through firewall servers. Because businesses have the ability to screen both incoming and outgoing traffic, they are able to keep the security of the intranet intact. In its simplest form, an intranet is established with the technologies for local area networks (LANs) and wide area networks (WANs).

Some of the advantages and benefits a company can realize from establishing a robust intranet are as follows.

- **Workforce productivity.** Intranets can help users to locate and view information faster and use applications relevant to their roles and responsibilities.
- **Enhanced collaboration.** Information is easily accessible by all authorized users, which enables teamwork. Being able to communicate in real-time through integrated third party tools promotes the sharing of ideas and helps boost a business' productivity
- **Time Savings.** Intranets allow organizations to distribute information to employees on an *as-needed* basis in real time. Employees may link directly to relevant information as soon as the organization makes it available on the intranet.
- **Reduced Costs.** Users can view information and data via web-browser rather than maintaining physical documents such as procedure manuals, internal phone list and requisition forms. This can potentially save the business money on printing, duplicating documents, and the environment as well as document maintenance overhead.
- **Improved Communication.** Intranets can serve as powerful tools for communication within an organization. A great real-world example of where an intranet helped a company communicate is when Nestle had a number of food processing plants in Scandinavia. Their central support system had to deal with a large number of requests for information every day. When Nestle decided to invest in an intranet, they quickly realized the savings. In fact, the savings from the reduction in calls was substantially greater than the investment in the intranet^[1].

Extranets

In some cases organizations make the decision to allow external parties such as customers and suppliers to have access to their intranet. When these outside parties are provided access to a subset of the information accessible from an organization's intranet the intranet becomes an **extranet**. For example a large construction company may share drawings with architects or inspectors, photographs to their customers and loan documents to their bankers by implementing online applications that allow these external parties to access and even mark-up and make changes to documents. In essence, the company will use an extranet to manage project-related communications. One of the biggest advantages of establishing an extranet is that a business can share large quantities of data using EDI or electronic data interchange. Data such as invoice and order that were traditionally transmitted via paper can now instantly be shared among organizations. Some of the most sophisticated extranets are run by large retailers like Walmart and Target who constantly transmit data via their extranet to vendors and suppliers, ensuring that merchandise arrives when it is needed, where it is needed.

Like intranets, extranets have some distinct advantages for the organizations establishing them. Several of these benefits are explained below.

- **Build customer relationships.** Customers who are provided access to timely information about product availability, specifications and cost increase their efficiency. In business-to-business relationships, the more timely and accurate information a business makes available to their customers, the more likely they are to retain that business. Collaborate with other companies on joint development efforts

- **Reduced margin of error.** An extranet can reduce a company's margin of error thereby reducing or eliminating costly errors, especially with something as complex as processing orders from distributors and suppliers. Customers can be given access to their accounts to verify order history, account balances and payments.
- **Timely and accurate information.** On an extranet a business can instantly change, edit, and update sensitive information such as price lists or inventory information. Compared to typical paper-based publishing processes, an extranet offers a unique opportunity to quickly get information into the right hands before it's out-of-date.
- **Reduced inventory.** One of the greatest advantage of a business-to-business extranet is its impact on supply-chain management. By linking the inventory system directly to a supplier, businesses can process orders as soon as the system knows they are needed, thus reducing the stock a business keeps on hand and generally making the procurement process more efficient.
- **Flexibly.** A well designed extranet allows remote and mobile staff to access core business information 24 hours a day, irrespective of location. This allows employees to work remotely or respond to critical requests for information after normal working hours. As businesses expand globally, the ability to work across time zones is enhanced by the establishment of an extranet.

? PPractice Question

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Whether a company is managing an intranet or extranet, both systems can raise security issues. With increased access comes an increased opportunity for security breaches. In particular, the security of extranets can be a concern when hosting valuable or proprietary information. Unless sufficient security precautions are taken, data can be breached and altered, without either the sender or the receiver being aware of the interception. The growth in the complexity of networks has increased the possible points of attack, both from within organizations and from outside the company. Fortunately, the means of protecting against hackers have also expanded in line with the technology.

1. McGovern, Gerry (November 18, 2002). "Intranet return on investment case studies".. Retrieved 2018-11-03 ←

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