

BLUEPRINT TO THE DIGITAL ECONOMY

Creating Wealth
in the Era of E-Business

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MAIN IDEA

The digital economy -- computers teamed with communication networks -- has the potential to transform almost every consumer and business activity. These changes are having the effect of forcing organizations to amend notions and practices about the nature of competition, the process by which wealth is created and even the nature of the firm itself.

In short, the digital economy changes every assumption ever made in business. It is also allowing completely new commercial entities -- like e-business communities which use the digital economy to conduct commercial transactions and collaborate to create new wealth -- to flourish and grow like never before. And it is forcing established firms to enter into partnerships and alliances with entirely different and disparate business entities.

The common themes of the digital economy include:

- An increase in the knowledge content of every product and service.
- An emphasis on immediacy -- nonstop real time commerce -- as the driver of the digital economy.
- A need to participate in the creation and exploitation of new markets -- both business-to-business and business-to-consumer.
- A sector-less economy where historical market segmentation no longer is applicable.
- The disintermediation of traditional service providers, and the emergence of others.
- The reinvention of learning as a lifetime activity rather than a campus centric activity.
- The need for a logistical network to exist in parallel with the digital economy if it is to move forward.
- The morphing of the Internet to a system that is robust, reliable and as simple to use as a telephone.

Clearly, the digital economy open enormous possibilities and opportunities. The challenge lies in turning the possible into the probable and then into the actual.

Part 1 -- The New Rules of Competition in the Internet Era Page 2

The Internet is having a major impact on the way business is conducted in five specific ways:

1. E-business communities are evolving in which firms, suppliers and customers work together.
2. Businesses are using the Internet to learn and envision what they need to do in the future.
3. Immediacy is the driving force of the Internet economy.
4. Co-evolution lies at the heart of new wealth creation.
5. Sustainable Internet business models depend on organizational structure and human resource.

Part 2 -- How the Internet is Transforming Industries Page 4

The digital economy is causing major industry realignments, with entire sectors of the economy merging together and evolving into new, hybrid business arrangements.

Part 3 -- The Key Challenges Facing an Internet Enterprise Page 5

The main challenge facing a digital business is to find the best infrastructure, enabling technologies and applications. There are several themes along which this search can be conducted:

1. The conceptual model of how computing will take place in the Information Era.
2. The need to bring partners, suppliers and customers on board to serve them better.
3. The viewpoint that the digital network literally is your business as web-tone replaces the dial-tone.
4. The challenge of building online communities that are better than actually being there in person.
5. The need to build better user interfaces and implementation models.

Part 4 -- The Future Governance Issues of the Next Century Page 8

The digital economy will fundamentally and irrevocably transform the nature and practice of government.

The two critical issues are:

1. How will the existence of a digital economy change the way governments carry out their functions?
2. How should the digital economy itself be regulated?

On both these issues, the answers are not yet clear.

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