



After the Internet

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Making choices matters more than making things

Ford's assembly line has become a supply chain

1927: River Rouge builds Model As from iron ore and coal

Today: Ford buys-in two-thirds of car components

Brands have taken a life of their own

1900: Manufacturers created brands to sell mass-produced goods.

Today: Nike and other brands buy production to satisfy demand

Firms are getting smaller

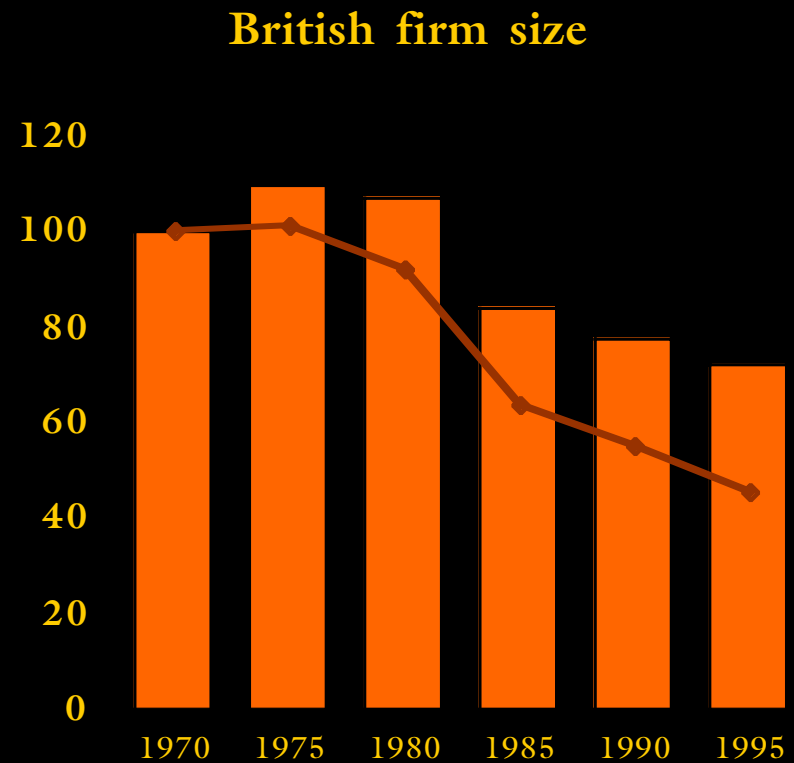
Companies began shrinking in 1975

Because of IT and communications

Because of demographics

Because of competition

Organising around
people, not machines



Dot communism

The workers are the means of production

Microsoft has market cap of \$400 billion on assets of \$30 billion

Ford has market cap of \$60 billion on assets of \$260 billion

People are the key to value

Industrial value hierarchy: money > ideas > people

New value hierarchy: people > ideas > money

Disorganisation man

Bosses are losing control

1900: Time and motion; Frederick Taylor finds the best way to shovel

Today: Stock options; management does goals, not controls

Post-modern management

Managers can't predict what employees are going to do, because the employees are decision-makers

Managers can't even understand what employees did, because they have different knowledge

In what sense is management in control?

Information is different

As Ken Arrow points out:

Information is hard to hold

Ideas are infinitely divisible, so relationships matter

Information is hard to choose

Trust is key

Information feeds on itself

Knowledge is a network, with network externalities

Information wants to be free

But it also wants to be expensive

Relationships replace transactions

Lock-in is the key to competitive advantage, not lock-out

Copyright is the barbed wire of the new economy

WIPO in 1996 started defining rights of way for the electronic frontier

National governments are still filling in the blanks

We use the Net to connect

According to the Pew Internet and American Life project...

Over 60% of women say that email communication brings them closer to family and friends

Half would miss email “a lot” (very different from five years ago)

Women use the Net to look for health and childcare info, men seek finance and shopping

Internet usage depends on income

57% of those not online say that they don't want to be

Internet veterans are more likely to shop online

Bandwidth is a commodity

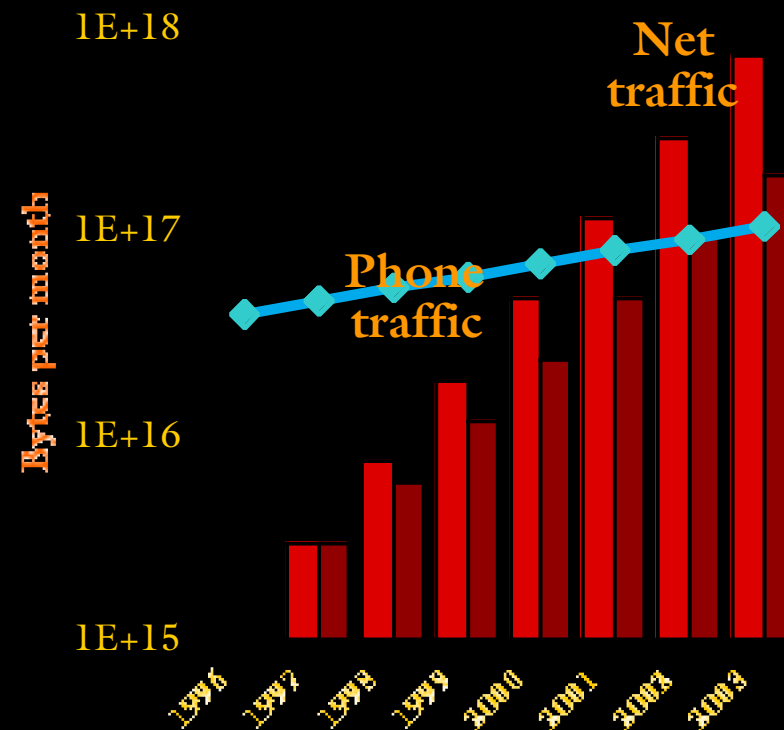
As Internet protocols
dominate telecoms...

Messages hop from
network to network

Media intermingle

Telecoms markets split

World communications
traffic



Media explode

Today's media have built vertical infrastructure

Radio, television, CDs...

Tomorrow's media grab horizontal niches

Bandwidth from the Net

Listings from Yahoo

Content from where-ever

The message is the medium

New media are everywhere

Radio diaries

Web devices

Smart phones

Internet games

Smart freezers



**An explosion of devices, all linked
by networks new and old**

Abundant bandwidth = scarce

Band-depth

Connections are critical, not volume

Time

Just the *right* facts, not all of them

Identity and security

Your mobile phone is your wallet

Your toaster is your negotiator

Cogito ergo something

What identifies me electronically?

The product of two large prime numbers, representing...

A body?

A network of relationships?

The sum of my appliances' actions?

What control do I have over me?

Who owns my habits?

How do I work with them?

God judges sinners by...

Actions

Jonathan Edwards: “outward manifestations of grace”

Relationships

St Augustine: “there is no salvation outside the church”

Beliefs and desires

John Cotton: “justification by faith alone”

Intentions

“Forgive me, Father, for I have sinned...”

How do we want to judge?

Networks force us to choose, because

... networks unbundle identity

... networks are built on trust

... networks have too much information

... names are useless

Identities for sale

Dumb spammers sell names

Millions of email addresses, and so what...

Smart spammers sell relationships

No trust without confidentiality

Not much need for names, nor incentive to release them

Very smart spammers sell intentions

Search engines know what you're looking for

Language matters

Nations don't

In global markets...

Languages set market boundaries

Horizontal integration, not vertical

New intermediaries spring up

Learning sustains

Innovation disrupts

Knowledge seeks company

Accidents of proximity drive innovation

Silicon Valley semiconductors and software

Northern Italy fashion and steel

Corridors of academe

Division of innovation, not just labour

Innovators have messes; technicians have problems

Regional policy can seldom boost innovation

Jurisdictions compete

Do it yourself regulation

Choose the laws you want to abide by

Companies choose their stock markets

Consumers choose their identity

Who do you want to vouch for you?

Who (or what) will you vouch for?

Politics is misplaced

Live local

Local governments manage amenities and, often, welfare

Act global

International bodies regulate trade and competition

WIPO, the WTO, the World Bank...

Elect national

The network is the nation?

The network is the economy

People are the only real asset

Because technology is abundant, and capitalism has worked

Markets are thin and wide

Because the networked economy knows no boundaries

Innovation is constant

Because the best way to predict the future is to invent it

Learning is investment

Because change is incessant