

RE-THINKING THE NETWORK ECONOMY

The True Forces that Drive the
Digital Marketplace

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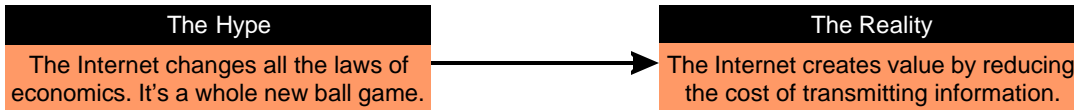
MAIN IDEA

Mark Twain once famously commented the reports of his demise were “greatly exaggerated”. In like fashion, nobody believes the Internet “changes everything” anymore. The euphoria which suggested the Internet was going to rewrite every law of economics and create a “New Economy” has now been largely superceded by a more rational realization the tried-and-true laws of economics will still continue to apply in the digital marketplace just as they always have. What will need to change, however, are our expectations.

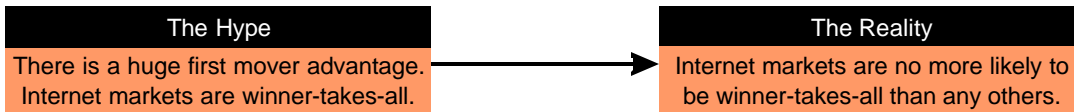
Thus, instead of abandoning established business strategies altogether, a better approach is to understand how these traditional strategies will still apply in different circumstances. The Internet itself is not going to go away. It will remain an important and viable aspect of business operations in the 21st century. The Internet will continue to generate many important and compelling new business opportunities. To forecast how markets will evolve in the future, therefore, don't look for the dramatic or revolutionary changes forecast at the birth of the e-commerce frenzy. Instead, anticipate more evolutionary changes which build on the foundation of the tried-and-true economic principles which have stood the tests of time – like supply-and-demand and economies of scale. After all, these economic laws have proven to be robust enough to withstand the arrival of many new generations of technology before. Therefore, it is folly to think the availability of a more efficient way to process and move information will have a dramatic effect.

In the final analysis, technology cannot change the forces of economics which are not of anyone's conscious creation.

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2. The Truth About the Need to be First to Market Page 3



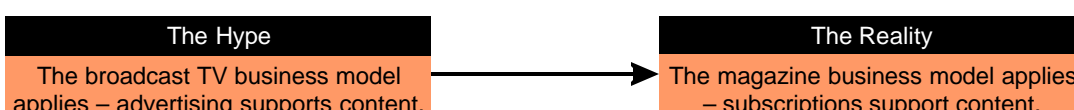
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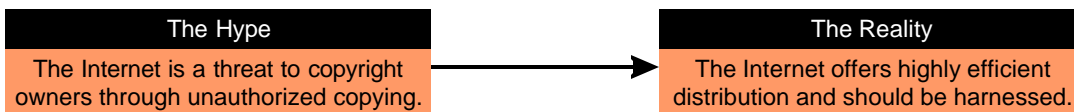
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