

THE INVISIBLE CONTINENT

Four Strategic Imperatives of the New Economy

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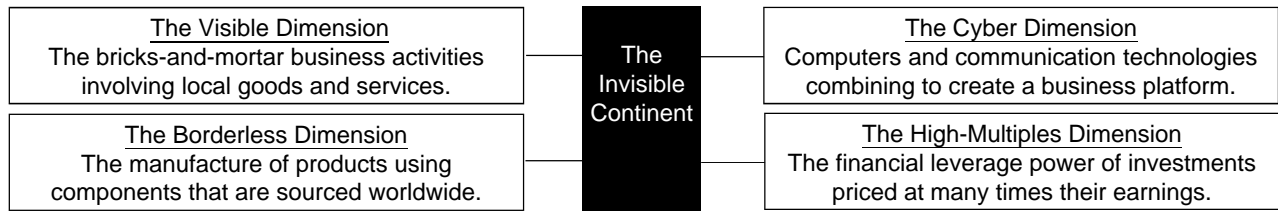
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MAIN IDEA

Throughout history, the discovery of a new continent has always created substantial opportunities to create wealth. Today, the same opportunities are arising, not because of the discovery of a new physical continent but due to the emergence of an “invisible continent” transcending physical and national boundaries.

This newly emerging invisible continent is more than just solely the Internet. It has four distinct dimensions:



The interplay and interconnection of each of these four dimensions must be understood and taken into account, along with the requirements of the old economy, if long-term success in the invisible continent is to be achieved. The visible dimension of life will always exist. It will even continue to grow and improve. But its rate of growth will be dwarfed by the rate at which the other three dimensions grow.

To prosper in the invisible continent in the years ahead, understanding must be translated into effective action. Only those who have an in-depth knowledge and affinity for all four dimensions will be able to move forward confidently. Each dimension has its own set of governing rules, its own set of formulae for success and its own distinctive requirements. Business and government leaders who ignore this forfeit their opportunity to stake a meaningful claim on the riches and rewards that will become available as the invisible continent grows and expands.

1. The Concept of an Invisible Continent Page 2

Over the past 15-years, the world has moved noticeably into the realms of a new economy which is characterized by new rules and dimensions. The central challenge of business in the 21st century is to find effective ways to integrate the old economy with the new, without losing the benefits of either.

2. How Decisions Are Made in the Invisible Continent. Page 3

There is no “central office” for the invisible continent where decisions are made. Instead, platforms – de facto standards cobbled together by alliances and agreements – set the limits and the structure of the invisible continent.

3. How Money Is Moved Into And Around the Invisible Continent Page 4

The economy of the invisible continent is strikingly different from that of the old world simply because the flow of wealth in the new economy has been unlinked to the movement of tangible goods or the ownership of tangible assets. In short, arbitrage and high multiples reign supreme in the invisible continent.

4. How Competitive Advantage Is Gained In the Invisible Continent Page 5

Competitive advantage in the invisible continent accrues to those companies that succeed in staking out substantial new territories. Invariably, these companies have the opportunity to become the “Godzillas” of the new economy – consuming everything in their path in the pursuit of aggressive and unprecedented rates of growth.

5. What Countries Need to do to Exploit the Advantages of the Invisible Continent. Page 6

The performance of the United States economy in the late-1990s illustrates how powerful the invisible continent can be in driving real-world growth without creating inflation. In practice, any country which follows similar political and monetary policies can emulate that performance.

6. The Dangers of the Invisible Continent Page 7

In parallel with all the potential benefits of the invisible continent, there are also potential dangers. Conceivably, the next world war could be a cold war without bloodshed – fought on the invisible continent using the weapons of the dimension of high multiples.

7. The Future Challenges of the Invisible Continent Page 8

As the invisible continent becomes larger and more influential, there are a number of quality-of-life issues which will need to be widely debated by consumers – such as how work will be valued, what issues like democracy and education mean in the context of the new economy and so forth. The ultimate conclusion may be that consumers will recast themselves as residents of the entire world, and act accordingly.

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