

Internet Economy “The old and the New Economy”

The speed of taking decisions and how to enter to this new technological world is fundamental to achieve a space in it. A delay in technological matter is affecting Chile, product of the lack of clear politics and of leadership to approach the phenomenon of the New Economy, according to professor Arnold Hax of the Massachusetts Institute of Technology (MIT), carried out these declarations in the seminar: “Strategies in Times of Internet”.

The professor affirmed that Chile in the past had a very aggressive positioning and enough leadership inside Latin America in the use of the computers, however, it gives the impression that nowadays, Chile is not assuming that position, in what is the phenomenon of Internet. He said that during a seminar in 2001. Today, February 2008, Chile is way behind, first because we did not signed a project with Negroponte to help our government to incentive the massive use of notebooks for USD\$100 to school children, but in Argentina, Brazil and Uruguay they did take challenge and did step forward and compromised their willingness to change their status quo. This could be due to the fact that in Chile the public (from the Executive branch) and private sector managers still do not have a clear vision of the phenomenon that approaches.

He also, said that inside the regional context, Chile sustained a better position than the other nations. But he emphasized that nevertheless, this problem affects to the generality of the nations of the region, because the penetration of the web in Latin America is much lower that in the developed countries, although Latin America is the area that is registering bigger rates of growth as for connections to the net.

The important matter is that Hax -affirmed- that is not still too late for Chile to jump into the phenomenon of the New Economy. In the seminar it became present the so controversial question of what are the keys elements to turn a company "dot.com" into a one that is able to obtain profits.

On the other hand, Stephen Bradley, professor of the School of Business of Harvard, explained that whenever technologies arise, it is certain, that new business appear parallel, an important part of the earnings are made by the alliances that take place among the different companies.

However, the professor referred to that one single question, that it will depend in the way it is used to generate revenues in the world of Internet, one of them is to charge people to subscribe and buy in certain places products and services. As for example, the marketplaces.

Enrique Ostal, General Manager of Emol, declared that at first of the electronic trade was focused mainly to the topic and the contents in the web pages, and later to a battle of capture traffic reception, and in that Chileans were champions, our traffic in the world of the cyberspace is tremendous and that has generated a terrible yield of worry at the managerial level, because Internet should turn to be a tool of work, and not a world of entertaining, that is likely to be used for the most of the parts. That minimizes the advantages of this new and modern tool.

At the moment the great focus of the strategy is who leads, and the one who leads will be the one that uses in the best possible manner the information that one has in the profile of its clients.

The fundamental thing emphasized, was the fact that Internet is not a fashion, it is something which, we will all have to learn how to live with, and that it will be part of our lives since we are born. Hax emphasized vividly that he wanted to wish a lot of luck to those that didn't understand it.

For Steven R. Lerman from the MIT, argues that for the internet economy is important to consider:

The new economy has three characteristics:

- It is Global
- It favours things intangible, ideas, information and relationships"
- It is intensely interrelated

Intelligent products:

- Products able to understand their users and to tell them if they need or not to consume them

Comparing the old economy and the new one. (General terms)

Old Economy, some aspects to consider:

- It rejects the standardization
- It is only focused in the company
- The resources are scarce
- The chain of the value is rigid

New Economy aspects:

- Oriented to the standardization and to ¿clients individualization?
- It is focused in the external of the company
- Full resources, the only form of having a competitive advantage is to be the first one.
- It destroys the old value added chain
- Must be defined corporate strategies? and not only strategies for business
- You cannot be prisoner of the product
- Must developed a Bonding with the client
- The world has been reduced; if one doesn't respond an e-mail immediately it is better not to do so, the s
- more productive,: -); -), etc.
- Creation of value in the new economy, tell me in what net or domain you are, and I will tell you who you are.
- Customization, the capacity to give attention to the personal measure.
- Competing in the new economy model of the Functional Hierarchy towards the Pattern
- Sense and Respond – in.

- The companies should be alert that “Globalization is Imminent”; identify drivers decisive of changes in the industry.
- The informed users buy more.
- The new technologies will be driven to be wireless, (next years)

Industries in Transition:

When a user or a competitor of Internet enters in this industry, the laws will never be the same. It is a strategic necessity to adopt the technology or you will be left aside. There are enormous advantages for those that move early

To understand the state of knowledge

- You don't know what you know
- You know what you don't know
- You know
- You won't sell products only, but you will sell "solutions"
- Today nothing, anything or nobody is an "island"

The biggest challenge of innovation is the change of the “conventional wisdom” to the vision of new products that will give in the client; "it is not the company the one that innovates, it is the client!"

The old chain of supply v/s the new chain of supply is different. (Lineal v/s Networks)

Steven R. Lerman also, says that if you don't have direct access to your clients you have to look for the way of arriving to them. In the near future near the 50% of the global population will be on-line. A person in the electronic space can communicate with 10 million people in an instant. In the new global economy; distance stopped to exist. It is important the relevance of knowledge and the decisive factors for preparing the bases to have a competitive advantage in the same knowledge itself, just to highlight that fact. We have to open our minds, to be able to understand the system of the “network economy”, we can no longer stop to look outside, because this will be the decisive factor of how we have to do things, and to generate new and better business, specially to open up to the external world, ideally taking advantage of the new international agreements.

Finally, for it, it is very important:

First, to look the content of the web pages, they must be attractive and amusing, if you don't capture traffic you are lost, when you capture the traffic; you have to invite the users to leave their information (CRM) and when they leave their information, you must create intelligent databases to take out the maximum advantage of them.

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