

# BLOWN to BItS

## The Impact of the 'New Economy' on the Structure of Business

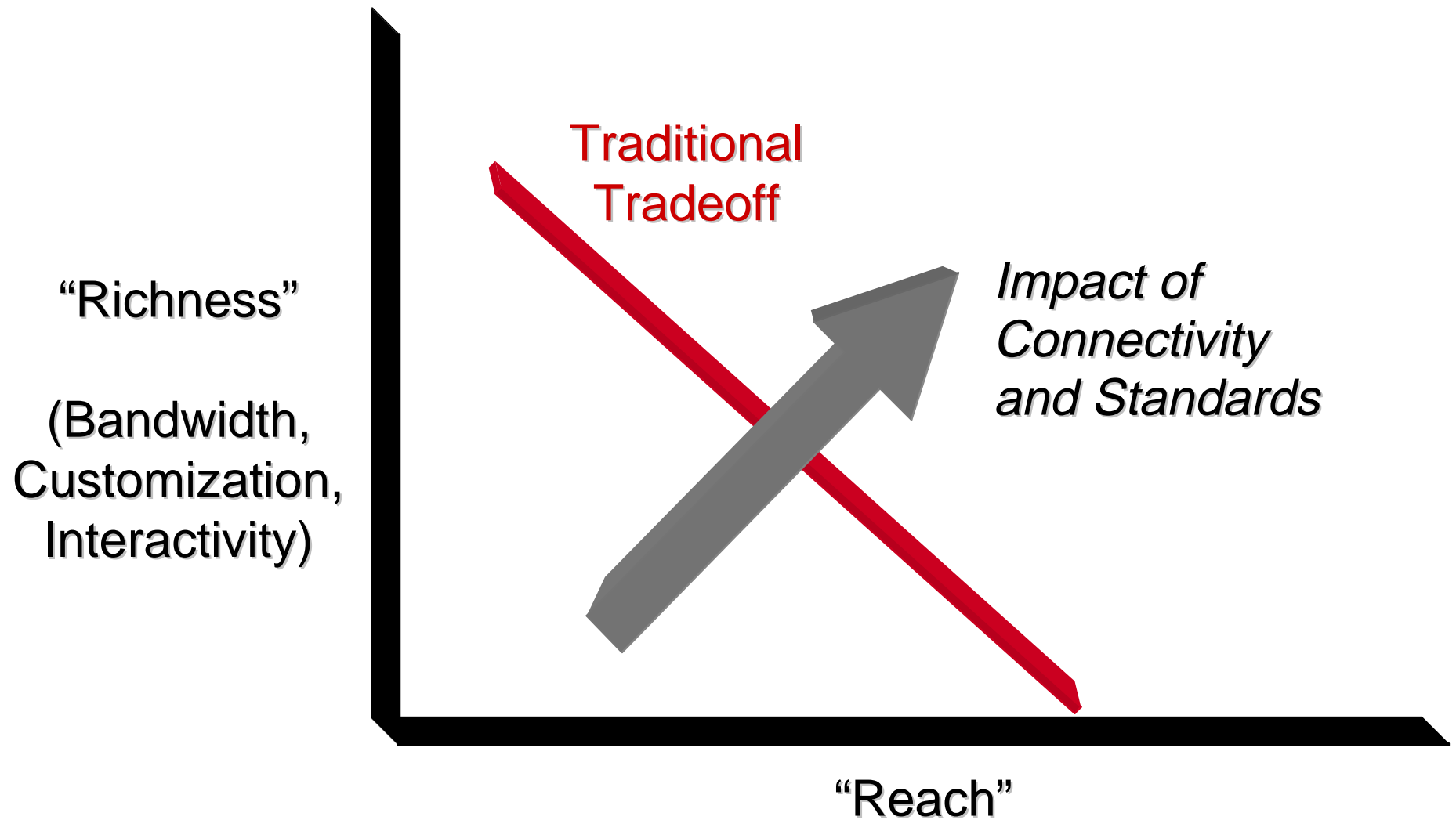
Congressional Budget Office Briefing

June 6, 2000

Philip Evans

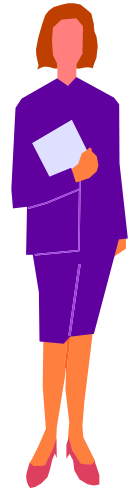
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# THE ECONOMICS OF INFORMATION



# THE PROPRIETARY PHYSICAL VALUE CHAIN

## Retail Financial Institutions



# THE PROPRIETARY ELECTRONIC VALUE CHAIN

## Retail Financial Institutions





# DECONSTRUCTION

## Connectivity and open standards

- Separate the economics of information from the economics of things
- Blow up the trade-off between Richness and Reach

These two events undermine proprietary information channels, and melt the informational “glue” that defines businesses and business relationships

- Value chain definitions
- Distribution channels
- Customer searching and switching costs
- Supply chain relationships
- The firm’s relationships with stakeholders (investors, employees)
- Organizational structures and boundaries