

# The New Economy from a 2E Perspective

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Excellencies, distinguished guests, friends, ladies and gentlemen: Good evening. I will begin by sharing the New Economy from a 2E-perspective; empirical and entrepreneurial perspective.

Having spent time wrestling with the challenges of the new economy, I realized that the new economy is not that different from the old economy. The new economy has not repealed the laws of nature and economics. Fundamentals have not changed. The same competencies needed for businesses are also needed for the Internet. The values of Internet stocks like all other stocks are still determined by its future earnings.

Every one agrees that technology and entrepreneurship are determinants for success in the new economy. Unfortunately, the hype for technology has obfuscated entrepreneurship. Exacerbating the problem, entrepreneurship is a deceptively simple concept. Although significant attention has been given to technology, the same cannot be said for entrepreneurship. Yet, all economic development including the new economy requires entrepreneurship to succeed, as entrepreneurship is the source of innovation. Every country, every startup, and every major business must innovate.

Success will depend on our ability to conceive an entrepreneurial culture that constantly energizes the entrepreneurial spirit. Entrepreneurial societies are only created when entrepreneurship is ubiquitous. Consequently, we must not only welcome high technology entrepreneurship, but also middle technology, low technology and even no technology entrepreneurship. Mountains are only won by climbing. We cannot conquer mountaintops without conquering mountains. Without no tech entrepreneurship, Mr Li Ka Shing may still be making plastic flowers instead of leading the highly admired technology empire that he has created.

The pillars of a nation also include homegrown companies. Homegrown companies are potent economic entities. After all every family business and every major corporation began with some homegrown entrepreneurial verve.

Like earlier technological breakthroughs, the Internet is the most current series of revolutionary technological networks transforming lives. By way of example, no one could have postulated when the postal network was conceived that it would ultimately lead to direct marketing, and eventually the creation of a credit card industry.

The recent deluge of profit warnings confirms that there are no secrets for business success. With no exceptions companies have to create happy and loyal customers. To accomplish that, companies have to manufacture the right product; produce high quality product; effectively market products; compete vigorously with competitors.

The latest example is Xerox. There are important lessons to be learnt from Xerox, whose corporate bonds are down by 40% and stock prices plunged from \$64.00 to \$8.00. Xerox is a high-tech company with a fabulous brand and a legendary research laboratory esteemed the world over. If the brilliant engineers at Xerox did not developed the icons and windows technology in the 1970s; most of today's web surfers would be surfing the waves. But Xerox did not gain from the high-tech boom. Not because of their inability to create revolutionary technology; but failure in doing ordinary things extraordinary well.

To be e-transformed companies do not have to invent technologies. Companies can presuppose that new technologies will emerge. Technologies that define the future of e-business are already coming out of our ears. However while technology may be commoditized, new business models will continue to generate value across different technologies.

Old or new economy, entrepreneurs have to develop market-differentiation solutions that they own. Innovations, including the Internet are usually accompanied by an explosion of new ideas and application for patents to ensure ideas are not imitated by competitors. While technologists are applying patents to technology, entrepreneurs are investing heavily in protecting methods, and seeking partners to generate and commercialize new ideas. Customers do not buy theories or devices they buy products that create value.

Whether old or new economy, businesses must be formed by truth and gripped by integrity. The intensive competition and unprecedented rewards generated by the new economy has seduced many new entrants into the rat race. It is therefore good to be reminded that in a rat race, even when we win, we are still rats.

Another area that deserves attention is learning. Professor Mohanbir Sawhney of Kellogg School commented, "We are talking about how the technology has shaken business to the core, yet here we are talking in the same way Socrates did thousands of years ago."

In 1995, Clark Kerr wrote in "The Uses of the Universities," that, "Of the 75 institutions founded before 1520 AD which are still doing much the same things in much the same places, 60 are universities."

Sawhney claims that emerging trends are reshaping the context of university education. Learning is becoming, perpetual, democratic, focused on synthesis, self-directed, and just-in-time instead of just-in-case.

At the risk of sounding bias, I have to heighten your awareness to the latest developments at the Wharton School where I serve on the "Think-Tank" Board as well as the "Wharton Fellows Board."

To meet the new challenges in e-economy learning, Wharton Professor Jerry Wind created the new Wharton Fellows in e-Business program to be inaugurated two weeks time. The goal of this post-MBA initiative is to create the world's first model for lifelong learning. It combines a foundation course and customized education, real and virtual interactions, with strong links to faculty research and curriculum R&D. Applicants are by nomination not qualifications. At the end of the intensive and time-compressed program, participants are inducted to the Wharton Society of Fellows joining a lifelong learning community of faculty and Fellows.

In closing how do we differentiate the old economy from the new economy. I have a simple answer. In the old economy, when asked, "Do you have a \$100 million in your bank?...the answer was... No. In the new economy when the same question is asked, "Do you have a \$100 million in your bank...the answer is "Not yet."

Thank you.