

The New "Old Economy"

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When Muhammad Ali announced, "I am the greatest", people took note. He delivered the knockout punches. People believed Muhammad Ali.

When the "new economy" players announced, "We are the future", people took note. The players delivered more punch lines than knockout punches. They flattered to deceive. People lost money. They disbelieved the sector.

The "new economy" may have fallen, but it will find an illustrious place in history. *Its most significant contribution is towards a **thinking renaissance** in the "old economy".* What has the tried and trusted "old economy" learnt?

- **Integrating technology into business**

When entirely new business structures were created on a technology platform, existing businesses took note. They realized the immense potential of technology - including internet - to enhance the value proposition to customers, to streamline the supply chain, to knowledge-enable the employees etc. Concepts such as extended enterprise, networked organization etc., either took shape or grew in acceptance. *Businesses have now become more efficient and effective.*

- **Outsourcing**

The "new economy", led by some imprudent spending and high capacity costs, created businesses on the back of extremely high customer acquisition costs (and scant regard for revenues). It is interesting that these same lavish businesses also demonstrated how low communication costs could become and how geographically dispersed different elements of any business could be. A consequence of the above was economically viable outsourcing of non-strategic (but critical) activities. *This has led to the phenomenon that is so fashionably called IT Enabled Services.*

- **The speed imperative**

The speed with which DotComs quickly transformed the competitive landscape in several industries introduced a sense of urgency in the thinking and actions of most existing players. This has led to an entirely new approach to marketing - "**expeditionary marketing.**" Companies prefer to let the market shape new products and services, rather than spend too much time in corporate offices for fine-tuning. *Ergo, products are test marketed at an earlier stage and business risks reduced.*

- **Thinking "out of the box"**

The ease with which new businesses were launched in traditional spaces, demonstrated how low entry barriers have become. Existing businesses are now mindful of how unexpected and severe competition could be just round the corner. There is therefore, *greater appreciation of the need to think "out of the box".*

Thus, the "new economy" has made a significant change in how we buy and sell goods and services, how we learn, how we communicate and so on and so forth. ***Doesn't the "new economy" deserve a decent epitaph!***

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