

INTERNET DOCUMENT INFORMATION FORM

**A . Report Title: Blown to Bits: The Impact of the "New Economy"
on the Structure of Business**

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BLOWN to BITS

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

Congressional Budget Office Briefing

June 6, 2000

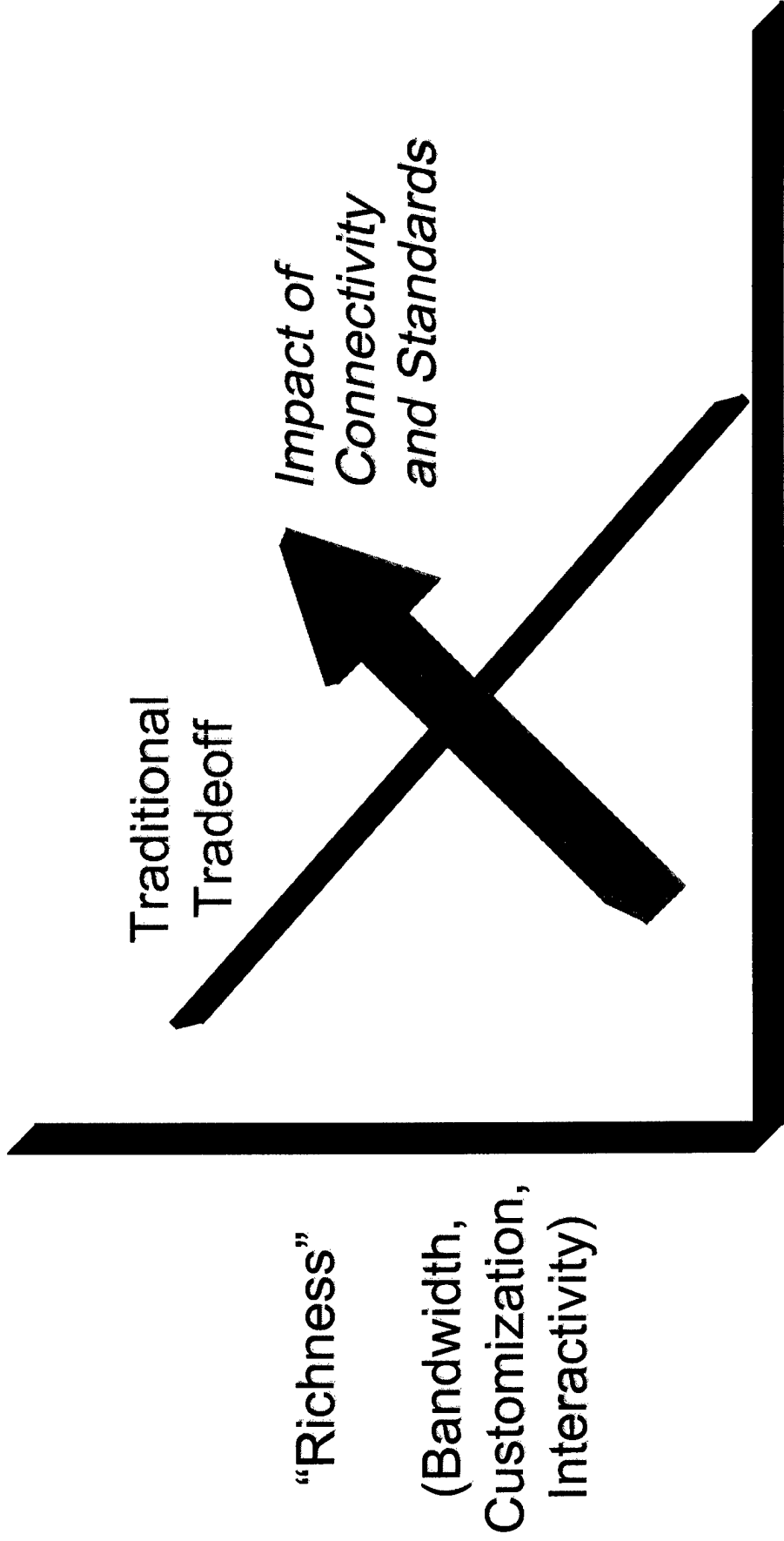
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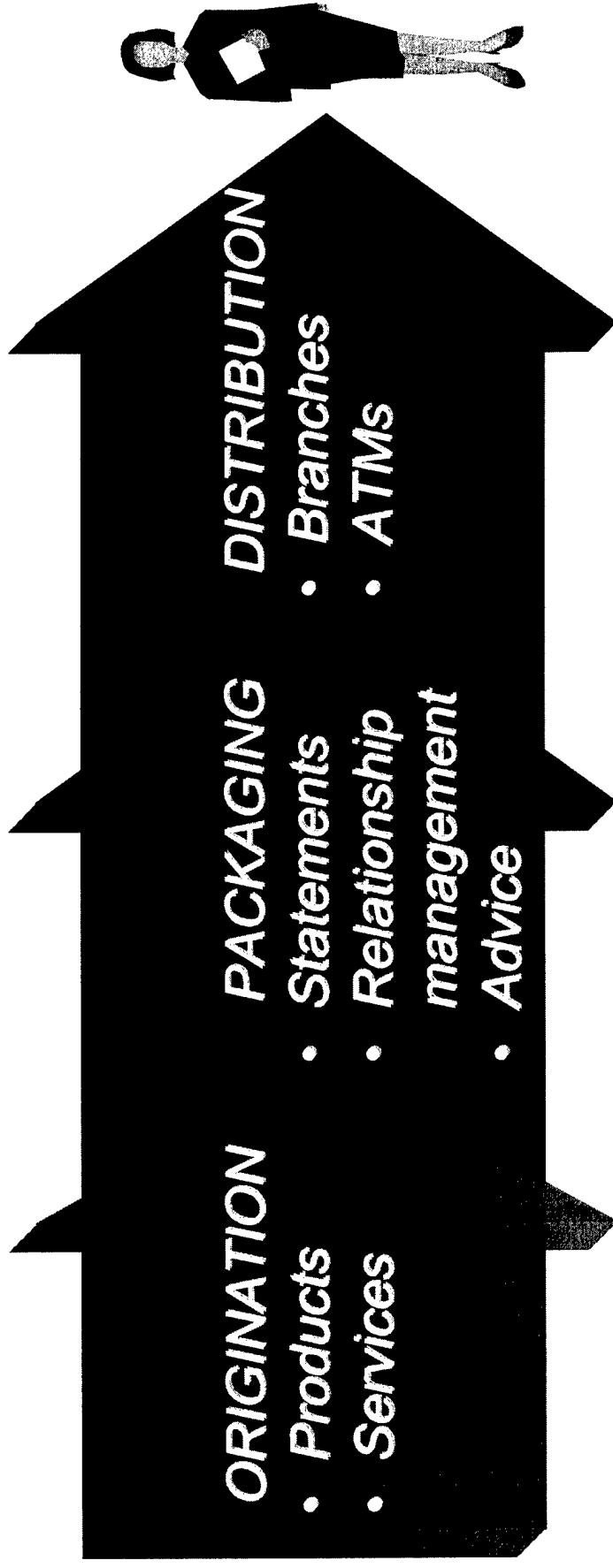
HOF 02-06-1001

THE ECONOMICS OF INFORMATION



THE PROPRIETARY PHYSICAL VALUE CHAIN

Retail Financial Institutions



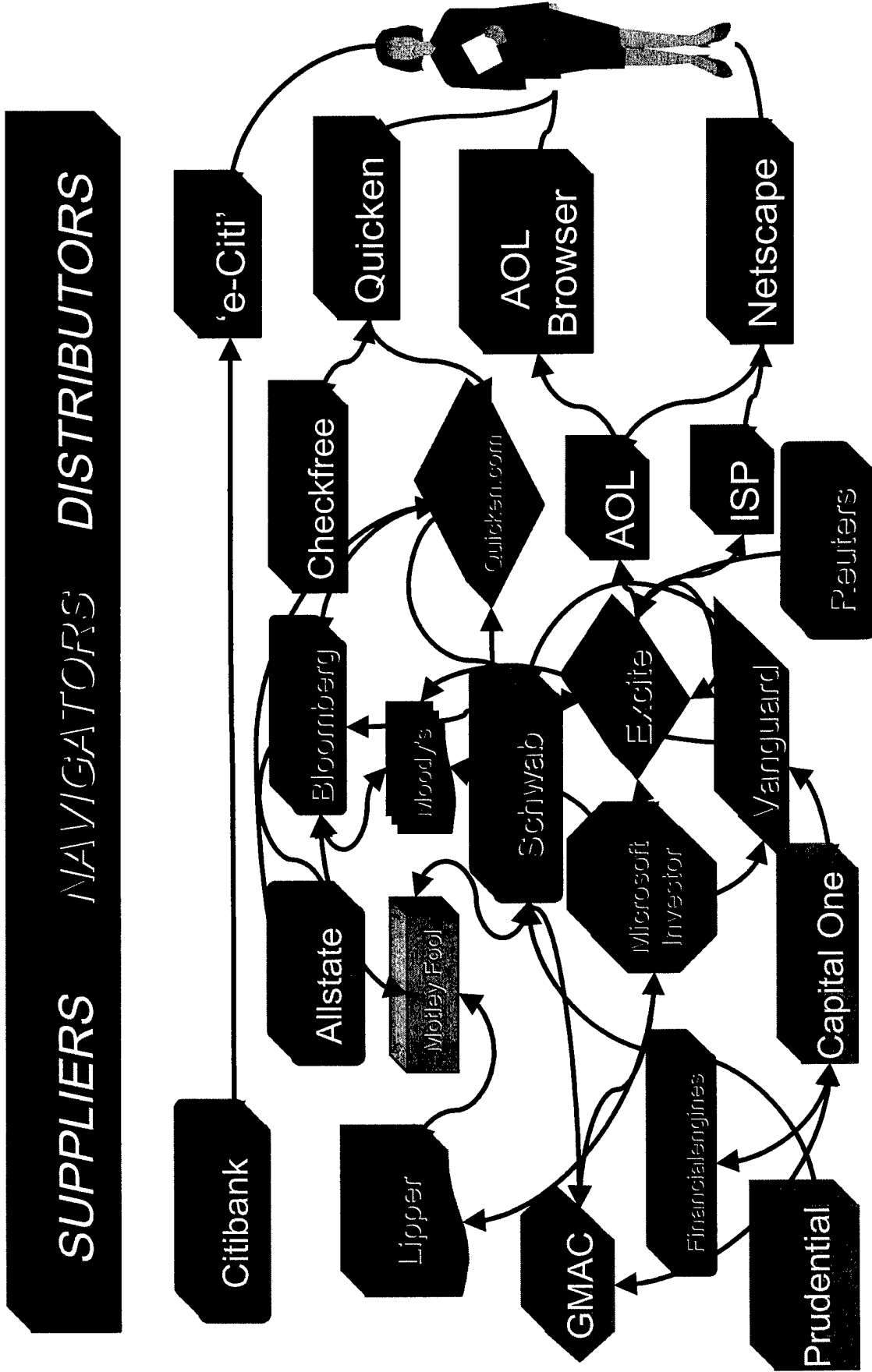
THE PROPRIETARY ELECTRONIC VALUE CHAIN

Retail Financial Institutions



THE DECONSTRUCTED VALUE CHAIN

Retail Financial Services



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