

**GEORGE NEWSTROM**  
**Remarks**  
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- The Honorable President Dae-Jung Kim, Minister Byong-Yub Ahn, Mr. Neville Roach, Mr. Jong-Yong Yun and honored guests.
- Good morning. I'm George Newstrom. Thank you for inviting me to be a part of this year's ASOCIO Symposium. I am absolutely delighted to be back in Korea again.
- I'm here today in my role as the Chair of the World Information Technology and Services Alliance (WITSA).
- WITSA is a consortium of 41 information technology (IT) industry associations from around the world -- including FKII here in Korea.

- As the global voice of the IT industry, WITSA is dedicated to advocating policies that advance the industry's growth and development;
- To facilitate international trade and investment in IT products and services;
- To share knowledge, experience and critical information worldwide; and
- To host the bi-annual World Congress on IT, the premier industry-sponsored global IT event.
- The next congress will be held in Adelaide in 2002.
- WITSA has increasingly assumed an active advocacy role in international public policy issues affecting the creation of a robust global information infrastructure.
- WITSA and organizations like ASOCIO play a prominent role in raising the profile of IT in the world marketplace, striving to capture its productivity and efficiency gains globally.

- For example, in October, WITSA released a study that showed the amazing growth occurring in our industry.
- The study, Digital Planet 2000: The Global Information Economy, revealed our industry will almost double in size between 1992 and 2002, from \$1.3 trillion to more than \$2.4 trillion.
- With size, comes responsibility.
- Today, I am here with a mission and a message.
- My mission?
- My mission is to provide you with some insight into where I believe the IT industry is headed.
- The heart of my message?
- We've gone beyond "E". Way beyond.

- A couple of years ago, “e” was the new buzzword. Everyone wanted to go “e”. Now, we’re beyond that, but where do we go from here?
- Consumers -- our customers -- are demanding new levels of freedom, connection and involvement.
- And guess what?
- They'll get just what they demand.
- The only question is: How?
- To meet the challenge, we have got to rethink and retool our industry and the way it functions.
- We’re much more than simply "E".
- More than hardware and software.
- More than networks.
- We’re part of the new digital economy.

- In my three decades of connecting people through technology, I've learned a lot about business fundamentals.
- And I believe that our industry has been so consumed with chasing “e” that we've lost sight of many of those basic business fundamentals.
- I'm afraid we've lost sight of the big picture.
- In the rush to build the next website; to IPO the latest dotcom; or to become the latest e-tailer, we missed how to build sustainable companies.
- We've had the glitz, but missed the guts.
- That's why the recent *Business 2.0* magazine reports that up to 95 percent of Internet companies fail.
- And why? Because we've ignored many business fundamentals that are at the very core of our industry, and at the very heart of the digital economy.

- We in IT have lived and breathed technological change and innovation for years.
- We've survived because we're tough, nimble, smart and we've responded to changing business needs.
- These needs are not constant.
- They change and morph.
- Today's digital economy is not about business as usual. It's a whole new ballgame.
- So, in this new digital economy, what does it take to be successful?
- I would like to suggest to you today that there are four imperatives for success in the digital economy:

- I will talk in more detail about each imperative, and why they are a key for success in the digital economy.
- First, though, I'll outline what they are:
- The first is to eliminate boundaries;
- The second, to collaborate in new ways;
- The third is to continuously seek improvement;
- And the final imperative is to establish trust.
- Let me now discuss each one in turn.
- First, eliminate boundaries.

- I, for one, could have never imagined that in my lifetime I would see a world where we no longer have a USSR; no longer have a Berlin Wall; where we have a new China moving toward its accession into the World Trade Organization (WTO); and a bold and proud Korea defining its spirit of cooperation and understanding such as was shown at the recent 2000 Olympic Games.
- In the digital world, borders between countries, and between companies, will be eliminated.
- There will be no boundaries, or limitations, to conducting business and sharing knowledge
- That means we have to eliminate distinctions between old and new.
- There is no old economy.
- There is no new economy.

- There is only the digital economy.
- It means we must champion mobility.
- Already, one of the hottest capabilities around is eliminating boundaries like never before.
- It's beyond wireless; it's mobility.
- Mobile technology not only brings the Internet to individuals, it delivers individuals to the Internet, in ways they can't even foresee.
- Do you realize that 63 percent of all Japanese Internet users today, that's 17 million people, access the Net from their cell phones. It's cheaper, faster and almost always available.
- And here in Korea, sixty percent of the 45 million people use mobile phones, and an estimated 50 percent of the population is online.

- That means more than 22 million Koreans are actively participating in the Digital Economy.
- Countries like Korea will be at the forefront of the wireless revolution.
- And, believe me, it will be revolutionary.
- This wireless approach will break through the last barrier between corporate enterprise data and the mobile workforce.
- The result will be a solid technology platform to bring seamless mobile corporate data offerings to market.

- It creates a new standard for communication between corporations and their mobile workers—extending the reach of corporate knowledge centers in Internet time to any device anywhere.
- Eliminating boundaries is also happening by using the Internet in innovative ways.
- For example, Microsoft is offering a NetMeeting product which is a complete Internet-based conferencing solution.
- NetMeeting helps companies improve business processes, save time and increase productivity.
- It's doing that by eliminating boundaries.
- Let me give you a couple of examples.

- At Boeing, designers, engineers, managers, supervisors and machinists use NetMeeting to collaborate on creating two demonstrator jet fighters.
- Toys “R” Us, which have stores throughout Asia, has used the product to create a flexible, just-in-time training solution.
- The solution reduces the time, and expense, previously associated with software deployment throughout the company.
- Eliminating boundaries is vital, but on its own it’s not enough.
- Which brings me to the second imperative: Collaborate in new ways.
- It's about collaborative enterprises.

- Enterprises are abandoning old economy practices that inhibit collaboration and the sharing of knowledge.
- Let me give you an example here in Asia.
- Just last month, TNT Post Group NV (TPG) announced it intended to set up an automotive logistics joint venture in China.
- The joint venture, with Shanghai Automotive Industry Corporation Group, will provide world-class logistics services to the automotive industry in China.
- It will offer state-of-the-arts logistics technology, solution design and implementation.
- This joint venture shows that collaboration can provide world-class business solutions.

- Solutions that benefit everyone along the value chain from manufacturers to consumers.
- Firms around the world are incorporating their customers, suppliers and partners into their value chains, creating digitally-linked communities.
- That means consumers are more involved in the creation and development of what they buy.
- That the trading of goods and services through virtual communities becomes so easy that the customer receives not only better prices, but better quality products and more variety.
- Today, we live in a world where changes are coming about so quickly that we are truly required to look at collaborative ways to work together.
- Clearly, those who go it alone are left in the cold.

- For us to endure, we must look at a new spirit of collaboration, one that I call “co-opetition”.
- Co-opetition is when traditional competitors cooperate because they recognize they will be more competitive working together, than if they are operating alone.
- It’s not a feel-good move; it’s a very smart business decision.
- Today, co-opetition means communities of companies are winning over individual companies hands down.
- In fact, it's becoming standard business.
- Just think, a start-up can't even get off the ground today without some partnering structure.
- Even established businesses have to partner.

- Today, we are required to partner with suppliers, customers and competitors.
- This "community" approach recognizes information itself is no longer a threat to competitive advantage.
- Now the focus is on what to do with the information.
- Eliminating boundaries and collaborating in new ways are two of the imperatives companies will need to be successful in the digital economy.
- But, to be successful companies will need to adhere to two more.
- The third imperative is to continuously seek improvement and reinvention.
- The digital economy is a real-time economy.

- Those that wait, will be left behind.
- Successful companies will be constantly on the move.
- They will need to innovate and reinvent their own business models and processes.
- At the same time, they'll be helping their customers do exactly the same thing.
- To achieve and sustain market leadership companies, and their customers, will have to think digital.
- They'll have to actively convert elements of their business from physical to digital form.
- This will allow them to remain agile.
- To reduce costs.

- To manage growth.
- And, overall, to improve relationships and reduce risks.
- Great organizations will look beyond the horizon.
- They will think ahead of the competition, and be nimble enough to change, and execute flawlessly.
- Because in the digital, real-time economy dynamic static business models are doomed.
- Successful companies must embrace speed and make it a core business value.
- I've said it time and again: A company that isn't fast isn't good.

- I cannot emphasize enough that companies must re-invent and replace not only their own, but their customers' business models and processes, and they must do it on the fly.
- I'll tell you about one organization I think gets it. It has a workforce of more than 360,000 people at more than 300 sites around the world. It has thousands of mobile units and more than 400,000 desktops.
- It needs to be connected, seamlessly 24 by 7 by 365 with absolute security.
- I'm talking about the U.S. Navy and Marine Corps. The Navy clearly understood it has to constantly improve its effectiveness and reinvent itself.
- And I don't know about you, but I don't want them to stop working while they change.

- Very soon, the Navy and Marine Corps will, for the first time, have everything connected via wireless and wired—on land, at sea and in the air—with absolute security.
- This will be achieved through a major outsourcing contract with EDS and its partners which is, by the way, the largest government contract awarded to a single private company.
- The decision by the Navy and Marine Corps to so wholeheartedly embrace the digital economy is a perfect example of where things are going.
- Once information is digitized people, and organizations, have the freedom to perform their jobs anywhere, anytime, anyway.
- To be successful in the digital economy we must all embrace speed, imbed innovation, digitize everything.
- But success in this new economy will require more than transactions; it will also rely on relationships.

- That's why the fourth, and final, imperative for success in the digital economy is *establish trust*.
- Consumers have a growing desire for intimacy. Customers want you to know them as they know themselves, but at the same time keep their information private and secure.
- Customers are demanding more responsiveness from suppliers.
- They want you to know what they want, almost before they do themselves.
- The way to do that is by building digital wisdom.
- Digital wisdom is gained by continuously learning more about clients through each interaction.

- By using this information to build richer, and deeper, relationships with clients at all levels.
- Amazon.com is one company who gets it.
- They've used the knowledge captured from previous transactions to offer customers new titles that match the interests displayed through previous purchases.
- That means, for example, that if travel in Asia is your passion, you'll be directed to the latest books on this subject when you log on to Amazon.
- Used effectively, digital wisdom allows us to anticipate client needs and provide them with the kind of value-added services that build loyalty and trust.
- Trust is an important element in this.

- Customers must believe that their information is secure with us, yet that they are always in control.
- They want us to know a great deal about their buying habits so we can offer them faster access to the goods and services they require.
- At the same time, they want to be sure that a credit card purchase won't lead to criminals attacking their financial records, or to a flood of unwanted e-mail solicitations.
- A recent survey published in the *Wall Street Journal* found that 94 percent of respondents believed credit card security poses serious problems for the Internet and Internet policy and 95 percent concurred on the issue of hackers.
- Organizations worldwide must go on the offensive to defend their digital assets.
- An ounce of prevention is worth a pound of cure.

- I can tell you industry and governments around the world must work hand-in-hand to ensure the standards we develop—the standards *we'll all* live by—protect what is ours, and reflect integrity and respect for the individual.
- But trust goes beyond protection from hacking: it's customer intimacy -- knowing and trusting that you'll guard my personal information when I want you to guard it, and you'll use it to my benefit just as I would use it.
- Trust is about enabling relationships, not just transactions.
- To do this, we must see the big picture.
- We must work to improve everything we touch, and be there when we are needed.
- Better yet, we must anticipate what consumers want and be there before we're needed to.

- One thing to remember is that we have to earn our customers' trust every day, every hour, every second, with every click, so they'll permit us to continue serving them.
- Customer relationship management is expected to be a US\$100 billion dollar plus market by 2004—evidence of the growing importance of establishing a relationship with customers early on and maintaining that relationship based on trust.
- Organizations that are able to access the tools offered by the digital economy to create these deep and enduring customer relationships are the ones that will be successful in the digital economy.
- We've now explored the four imperatives I believe will be key to success in the digital economy.
- If I can leave you with one final message it's this.
- The future is beyond E.

- It's the digital economy.
- For those who embrace it, the opportunities are boundless.
- So are the potential rewards.
- And our industry can lead the way.
- Globally, and here in Asia.
- But that leadership is not a given.
- It won't happen automatically.
- Winning organizations will be those who grasp the importance of the four imperatives I've outlined today.

- I said at the beginning of this speech that my mission was to provide you with an insight into where the IT industry is headed.
- I hope that my message has been clear.
- Let me recap.
- Companies that think they can succeed through 'e' are mistaken.
- They're focusing on transactions when the key to success will be transformation.
- Transformation to the digital economy.
- To a world where boundaries are eliminated.
- Where we all collaborate in new ways.

- Where companies are embracing speed, working in real-time to reinvent their businesses, and also their customers' at the same time.
- And, finally, to a world where digital wisdom is created and used wisely to provide customers with deep and enduring relationships.
- Relationships that provide them with services in a form, and at a speed, that astounds them, while respecting their need for security and privacy.
- For those that embrace them, the imperatives will provide a roadmap for success in the digital economy.
- I hope that you will all join me as our industry heads into the future—into the digital economy.
- Thank you.