

# New Rules in the Communications Economy

By J. Marinho, S. Mukerjee



The communications industry continues to undergo tremendous change, not only in terms of technology that redefines the user's experience, but also in terms of business models that change the economic, social and competitive global industry dynamic. The impact of players such as Google, Yahoo, YouTube, Facebook and so forth serves to continue the industry's momentum to continually reinvent itself. As in the 19th century with the evolution of the telephone from the telegraph, the

industry today is at a crossroads; the next-generation Web, based on social networks, the evolution of the semantic Web, and pervasive visual communications will drive a new set of rules that define the 21st century. Looking forward, it is increasingly important to challenge assumptions about today's subscription-based business models and envision how the rules of the communications economy will change to embrace a variety of non-subscription-based, socially engaging and highly visual service models.

At a recent IBM Business Partner Leadership Conference in Los Angeles, Google CEO Eric Schmidt stated his view that "If it's not searchable by Google, it's not open, and open is best for the consumer.... People should be able to move from place to place, and their data is available everywhere.... Social networks are a real phenomenon of people living their lives online, and it has legs. We will have to deal with it as a society."<sup>1</sup> If we look to the notion of the semantic Web, "The perfect search engine," says Google co-founder Larry Page, "would understand exactly what you mean and give back exactly what you want."<sup>2</sup> Given the state of search technology today, that's a far-reaching vision requiring research, development and innovation to realize. Google has said that it is committed to blazing that trail. Though acknowledged as the world's leading search technology company, Google states that its goal is to "provide a much higher level of service to all those who seek information, whether they're at a desk in Boston, driving through Bonn or strolling in Bangkok."<sup>3</sup>

Google and others may simply be the catalysts for changes that have yet to unfold. If we look back in time to predict the future, we readily see how patterns of innovation have driven major shifts in society and the global economy – triggered by new entrants. In *Wealth of Nations*, Adam Smith quotes leading figures of the Industrial Revolution, stating that "There have been, since the world began,<sup>4</sup> three great inventions which have principally given stability to political societies, independent of many other inventions which have enriched and adorned them. The first is the invention of writing, which alone gives human nature the power of transmitting, without alteration, its laws, its contracts, its annals, and its discoveries. The second is the invention of money, which binds together all the relations between civilized societies. The third is the Economic Table, the result of the other two, which completes them both by perfecting their object; the great discovery of our age, but of which our posterity will reap the benefit."<sup>5</sup> The steam engine, the cotton gin and other innovations would have been irrelevant were it not for the "three great inventions." Indeed the fourth great invention, completing the three described by Smith and Mirabeau, is today's IP-enabled network/World Wide Web when we consider its transformative affect on global commerce, social networking entertainment and almost every aspect of human endeavor.

1 ©2008, CNET News.com, *Outside the Lines*, a blog by Dan Farber, Google CEO Eric Schmidt: Social Networks are Still too Closed. [http://www.news.com/8301-13953\\_3-9933627-80.html](http://www.news.com/8301-13953_3-9933627-80.html)

2 <http://www.google.com/corporate/tenthings.html>.

3 <http://www.google.com/corporate/tenthings.html>.

4 [says a very diligent and respectable author, the Marquis de Mirabeau]

5 ©1776, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Adam Smith.

While today, Google, Yahoo, Facebook and others have had an important role in the industry, they are just the initial actors – as were the steam engine and the cotton gin during the Industrial Revolution. One can say that the industry stands at the very beginning of a tremendous transformation that redefines communications, commerce and perhaps society as we now know it. In the same way that no one could predict that the ARPANET would evolve into the World Wide Web, indeed the ultimate effect of the wireless mobile Web, network convergence, mobile-TV, IPTV, online social networks and the rise of the Millennial segment, virtual reality environments such as Second-Life and others is yet to be fully understood. It is difficult to predict how the new and emerging rules will redefine the communications economy. Nonetheless, in this edition of Enriching Communications we look to explore the possible outcomes and the context of how the “New Rules” will drive business and economic growth, new business models and a new end-user value proposition. ●

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