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# Blown To Bits: How The New Economics Of Information Transforms Strategy

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## BLOWN to BITS

HOW THE  
NEW ECONOMICS  
OF INFORMATION  
TRANSFORMS  
STRATEGY

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## Synopsis

Richness or reach? For business leaders, it used to be a fundamental strategic tradeoff: focus on "rich" information—customized products and services tailored to a niche market—or reach out to a broad, general market, with watered-down information. The new economics of information is blowing apart this traditional dichotomy. Increasingly, customers will have rich access to a universe of alternatives, suppliers will exploit direct access to your customers, and competitors will pick off the most profitable parts of your value chain. So where's your competitive advantage? *Blown to Bits* demonstrates how companies can re-strategize to take advantage of the new economics of information. Using examples from a spectrum of industries—from financial services to health care, from consumer to industrial goods, from media to retail—*Blown to Bits* shows how to make the most of the new forces shaping competitive advantage. --This text refers to an out of print or unavailable edition of this title.

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## Customer Reviews

Your reaction to this book will depend very much on the training and perspective you bring and why you want to read it. If you are much like Charles Ferguson, the author of the excellent "High Stakes, No Prisoners," you already have intimate knowledge of this industry and its players, AND you have a strong grasp of both technology and economics. The marginal gain from this book will be de minimus, but you will appreciate its clarity and scholarship. I think I understand more about business strategy than an average bear, but I also believe that a bunch of children are creating a new reality that is destroying those models, and I began reading some books--this was one of them--to help me

try to understand what that will mean for business strategy. I found the book valuable. While I think some of the authors' opinions--consider the hypothesis at the top of page 107--beg to be tested empirically, the references are both current and relevant, the book is clear, and I found it thoughtfully done. You don't have to be an academic to read it. The authors don't use much jargon that they don't explain, and they go to some lengths to avoid using words like isoquant. I'd contrast this book with the very popular "Killer App," which I found trivial. "Blown to Bits" is superior in its clarity and breadth, and in the quality and relevance of its cited source material. I mention the contrast only because you may tend to listen more carefully to people who know a lot about what they are talking about, and my impression is that Evans and Wurster do. If you are reasonably well-trained or experienced in business strategy, but feel like you need to better integrate the transformation to an information-based economy into your models and your thinking, I recommend this book.

This is no doubt a timely and insightful book. It does suffer from what many management/consulting books suffer from, convoluted sentences and polysyllabic word choices. Evans and Wurster, economists by training, and now BCG consultants, do have something to offer, however. Their analysis of many industries is piercingly accurate as to their value chain and profit zone (e.g., auto, brokerage). The material areas the authors revolve the economics of things v. economics of info (when the former is sold it's gone; when the latter is sold, it can be sold again and again at a negligible cost); (2) the idea of reach v. richness seems to be the linchpin of their profound tome and is perfused throughout the book. This of people that can share a piece of information is inversely related to the quality of that information. Witness a salesman's pitch v. a direct mail letter - the former has greater richness and adaptability, while the latter has greater reach but less richness. The book ends with some advice for businesses. According to the authors, the new digital game involves the application of applied economics, refined segmentation, and the analysis of value chain information flows. The authors encourage businesses to be contrarian, pre-emptive, and experimental. I agree that the HBR article is more parsimonious and lucid. Nevertheless, this is a solid book in the genre, and the authors clearly know this developing area. A worthy read overall.

Scenario: You go to the Museum of Modern Art and you've heard everyone talk about Monet's Water Lilies. You've looked around at a lot of the art and by the time you finally see the painting it doesn't seem spectacular so you're very disappointed. Well a lot of folks seem to have a similar reaction to this book. They've heard so much in the press and from supposedly "in the know"

colleagues that when they finally read it they don't get what the hype was all about. I'm of the opinion that while it isn't as revolutionary as some books that have received similar hype (Innovator's Dilemma, Competing for the Future), it is an excellent read. It has some strategic insights that are very useful for leaders and aspiring leaders in the developing economy. It helps motivate those in start-ups to aggressively pursue stodgy corporate America, while giving corporate America the kick in the pants it needs to shape up or lose out to these young guns. Two knocks: it is difficult reading at times which while not necessarily a bad thing (James Joyce isn't easy either) is a negative for time-constrained executives. Secondly, some of the middle chapters were seriously deficient in value. Suggestion: skip chapters 5-8 and the book becomes an enjoyable 130 page read. Chapter 4: "Deconstruction" and Chapter 11: "Monday Morning" are both excellent.

Unlike most e-commerce books that focus on the best practices of the last 2-5 years, *Blown to Bits* is a book about corporate strategy as it relates to the implications of e-commerce. Although I have read many e-commerce books, this is the first one that I have found that addresses strategy questions in their broadest implications. Other books on the subject tend to focus more narrowly. I had heard the term "deconstruction" before reading this book, but was not quite sure what it meant. Now I know that this is the process of taking vertical value chains apart. To me, the most important insight in the book related to navigation as a value-added activity for e-commerce customers. The Web is obviously going to keep growing very rapidly, and we will all need more and more help to get to the right places on it. The navigators will be very powerful, as that problem increases. For those who want how-to information for starting up an e-commerce business, this is not the book for you. Instead, you should read Customers.com and keep up with Patricia Seybold's Web site. If you want to know what is working well now, surfing the Web is a good alternative. Those who are most likely to get benefit from this book are larger companies who are doing little with e-commerce now, and start-ups who are thinking through their strategies of which markets to pursue. In either case, the book is well-written and easy-to-read.

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