

INFORMATION  
ARBITRAGE™

GATHER DATA  
PERSONALIZE

Embrace dumb power

Success is nonlinear

More gives more

Anticipate the cheap

Let go at the top

Make virtuous circles

# By Kevin Kelly New Rules for the

## Twelve dependable principles

QUALITY  
CONNECTIONS™

**T**he Digital Revolution gets all the headlines these days. But turning slowly beneath the fast-forward turbulence, steadily driving the gyrating cycles of cool technogadgets and gotta-haves, is a much more profound revolution - the Network Economy.

This emerging new economy represents a tectonic upheaval in our commonwealth, a social shift that reorders our lives more than mere hardware or software ever can. It has its own distinct opportunities and its own new rules. Those who play by the new rules will prosper; those who ignore them will not.

The advent of the new economy was first noticed as far back as 1969, when Peter Drucker perceived the arrival of knowledge workers. The new economy is often referred to as the Information Economy, because of information's superior role (rather than material resources or capital) in creating wealth.

I prefer the term Network Economy, because *information* isn't enough to explain the discontinuities we see. We have been awash in a steadily increasing tide of information for the past century. Many successful knowledge businesses have been built on information capital, but only recently has a total reconfiguration of information itself shifted the whole economy.

The grand irony of our times is that the era of computers is over. All the major consequences of stand-alone computers have already taken place. Computers have speeded up our lives a bit, and that's it.

In contrast, all the most promising technologies

making their debut now are chiefly due to communication between computers - that is, to connections rather than to computations. And since communication is the basis of culture, fiddling at this level is indeed momentous.

And fiddle we do. The technology we first invented to crunch spreadsheets has been hijacked to connect our isolated selves instead. Information's critical rearrangement is the widespread, relentless act of connecting everything to everything else. We are now engaged in a grand scheme to augment, amplify, enhance, and extend the relationships and communications between all beings and all objects. That is why the Network Economy is a big deal.

The new rules governing this global restructuring revolve around several axes. First, wealth in this new regime flows directly from innovation, not optimization; that is, wealth is not gained by perfecting the known, but by imperfectly seizing the unknown. Second, the ideal environment for cultivating the unknown is to nurture the supreme agility and nimbleness of networks. Third, the domestication of the unknown inevitably means abandoning the highly successful known - undoing the perfected. And last, in the thickening web of the Network Economy, the cycle of "find, nurture, destroy" happens faster and more intensely than ever before.

The Network Economy is not the end of history. Given the rate of change, this economic arrangement may not endure more than a generation or two. Once

VIRTUAL  
INTEL  
COMMUNITY  
NETWORK  
ECONOMY