

TELEDEVELOPMENT IN THE ADIRONDACK NORTH COUNTRY

Capitalizing on the New Economy

Sponsored by The Adirondack North Country Association (ANCA)

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Teledevelopment in the Adirondack North Country

Information Technology has significant potential to contribute to economic development in the Adirondack North Country. The application of information technologies in North Country businesses, schools, health care, and government agencies can make these institutions more efficient and effective, thus overcoming the "rural penalty" of geographic distance and isolation. The growing web of electronic connections means in the very near future, geography will barely matter. This paper will explore the implications, opportunities, and challenges presented to the Adirondack North Country by information technology and the resulting New Economy.

Rural communities are widely perceived to have a better quality of life than their urban counterparts. Unfortunately, clean living doesn't necessarily translate into a booming economy. Traditionally, rural areas were not seriously considered as headquarters for big business, and serious professionals were forced to eschew the rural good life if they hoped to succeed. However, with the emergence of advanced technologies and the New Economy as well as the entrepreneurial spirit that seems to thrive in many small towns and the rural environment, the right ingredients are finally available to enable rural America to compete with its urban cousin.

What is the New Economy?

The Third Wave, the Digital Revolution, the New Economy, the Information Age; whatever you wish to call it, our economic environment has changed dramatically. The Internet, along with other computer technology, is redefining not only business and industry, but also our society. An era has begun that is changing every aspect of our lives. The New Economy has emerged and there is no going back. This new knowledge-based economic paradigm is affecting all regions of the world and is changing the nature of economic development.

The Ten Driving Principles of the New Economy

Business 2.0

- Rule 1: **Matter**. It matters less. Physical assets are not as important as intellectual assets.
- Rule 2: **Space**. Distance has vanished. The world is your customer and your competitor.
- Rule 3: **Time**. It is collapsing. Instant interactivity is critical and is breeding accelerated change.
- Rule 4: **People**. They are the crown jewels. Brainpower can't be tallied on a ledger sheet, but it is the prime factor driving the New Economy.

- Rule 5: **Growth.** The network accelerates it.
- Rule 6: **Value.** It rises exponentially with market share.
- Rule 7: **Efficiency.** The middleman lives. "Infomediaries" replace intermediaries.
- Rule 8: **Markets.** They are everywhere. Buyers are gaining dramatic new power and sellers new opportunities.
- Rule 9: **Transactions.** It is a one-on-one game.
- Rule 10: **Impulse.** Every product is available everywhere, anytime. The gap between desire and purchase has closed.

In the New Economy more people work in offices, homes, planes, and cars. They provide services as opposed to performing mass-production work in factories. In the New Economy, businesses realize people and the information, insights, and ideas they bring with them are the organization's true capital assets. These intangible assets are now more valuable than the physical assets companies had previously held in such high esteem. The New Economy is based on brains, not brawn. The only thing that counts is smarts.

In the New Economy, location is not as important as the availability of technological infrastructure. Access to the electronic road, not the railroad and traditional transportation systems, is the key to the success for businesses in the New Economy.

Economic Considerations of the New Economy

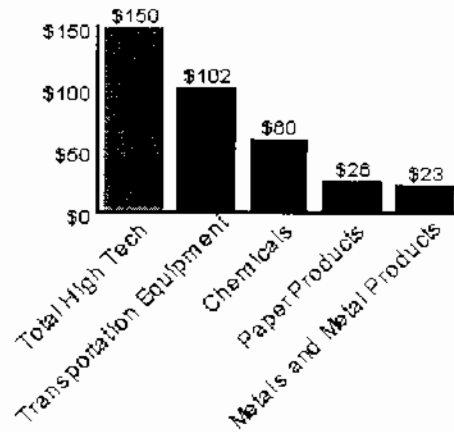
US Census Bureau, Department of Commerce, and the American Electronics Association

- Information technology (IT) industries have been growing at more than double the rate of the overall economy. They now represent 8.2% of the GDP (Gross Domestic Product), up from 4.9% in 1985.
- IT industries alone have driven over one-quarter of total real economic growth (not including indirect effects) on average over each of the last five years.
- Companies throughout the economy are betting on IT to boost productivity. In the 1960s, business spending on IT equipment represented only 3% of total business equipment investment, in 1996 IT business investment rose to 45%.
- In 1996, 7.4 million workers worked in the IT sector and in IT-related jobs across the economy. These workers earned just under \$46,000 per year, compared to an average of \$28,000 for the private sector as a whole.
- At almost \$56,000 per year, workers in the software and services industries were the highest paid wage earners. Earnings have been growing at a rate of 6.6% per year, versus 3.8% for total private sector employment. In 1985, 557,000 people worked in these industries. By 1996, the figure had more than doubled to reach 1.2 million workers.
- High-tech is the single largest manufacturing employer in the U.S.

- High-tech wages are 73% higher than the average private sector wage.
- High-tech is the single largest industry in the U.S. in terms of sales.
- High-tech is the nation's largest merchandise exporter.
- Internet traffic is doubling every 100 days.
- Internet Commerce is expected to reach \$300 billion by the year 2002.

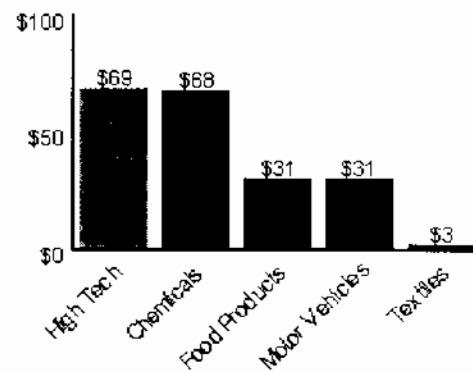
U.S. High-Tech Export Trade

The U.S. high-tech industry is the single largest exporter in the U.S., ahead of transportation equipment, chemicals, and paper products.



U.S. High-Tech International Investment

The U.S. high-tech industry invests more abroad than any other industry. In 1995, high-tech companies invested \$69 billion abroad with chemicals ranking second at \$68 billion.



The New Economy and the Adirondack North Country

To ignore the statistics and undeniable potential for Information Technology to significantly contribute to economic development in the Adirondack North Country would be like snubbing our noses at the future. The new Information Technology economy represents an incredible opportunity for rural America. The Adirondack North Country must be poised to exploit the potential of the digital revolution. Information Technology industries are low-impact and mesh perfectly with our sensitive

environmental concerns. IT businesses and workers are not constrained by geography; workers can be nestled comfortably in their remote homes while providing the top-notch brain power required by the New Economy. The spectacular surroundings and quality of life in the Adirondack North Country is a key element that can lure the entrepreneurial business owner and supporting human assets.

Possible Teledevelopment Applications for the Adirondack North Country

- Software Companies
- Hardware Companies
- Back Office Business Support
- Customer Service
- Call Centers
- Financial/Banking/Investing

What Do We Need?

The two major requirements essential for the full power of the New Economy to be realized in the Adirondack North Country are:

1. A rural telecommunications infrastructure that is capable of supporting advanced equipment and services at a reasonable cost; and
2. Community (private and public sector) commitment and preparedness to make informed decisions and take action to exploit the potential of the New Economy.

Obviously, the successful recipe for Adirondack North Country economic development includes a sophisticated telecom infrastructure. Ironically, the places that most need to overcome geography have the hardest time doing it because of the distance from the nearest trunk lines of the long-distance carriers that offer high-speed Internet connections. The Adirondack North Country falls in that category.

The Adirondack North Country must make a commitment to training and preparing the work force to participate in the Information Economy. Educational institutions must become involved in the educating and training (or re-training) of the current population. Economic Development leaders must be prepared to market the area in order to lure additional talent.

Next Steps

- Conduct an inventory of services available - hardware infrastructure (see list) and talent.
Hardware/Services List
- ✓ Local Exchange Carriers: Calling services, high speed networking services such as Frame Relay, ISDN, ATM, ISDL
- ✓ Telecommunications Networks: Interoffice Backbone, WANs, LANs, dedicated lines

- ✓ Long Distance: POP, extended area services, competitive local exchange services
 - ✓ Wireless: Cellular
 - ✓ Internet Service Providers
 - ✓ Television/Video: Cable, satellite links, education/government networks, telemedicine networks
 - ✓ Government Networks: Public schools, libraries, local government
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- Identify and assemble a group of public and private sector individuals to lead the charge - they must have the right attitude and be religious believers in the potential and power of the New Economy. Include educational institutions, municipal, state government, business representatives, economic development agencies, regional advocates, etc. This group should create an **Adirondack North Country New Economy Teledevelopment Strategy** - a plan.
 - Include IT strategies in every economic development discussion.
 - Develop/lobby government for funding.
 - Infrastructure access and price must be comparable to urban areas.
 - Assist communities to prepare for, participate in, and capitalize on the Information Age and emerging New Economy.