

How the World Became Flat

- 10 major political events, technological advancements, and companies which caused the global economy

Political Events

1989 Fall of Berlin Wall
and the rise of the PC
China joins WTO 2001

Technological advances

1995 Netscape/internet goes public
Workflow: Interoperability & seamlessness
Apache - Open Source - Uploading
Outsourcing - 1999 - Y2K
(dot.com bubble 1995-2001)
Offshoring

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#5

Outsourcing (and Y2K)

India's giants: IIT - Indian Institutes of Technology

7 universities producing a phenomenal amount of brain power

until 1990's India could not provide enough jobs for all its graduates

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Dot Com economy 1995-2001

Over-investment in infrastructure
Fiber optic cables
Trans-ocean cable linking India to US

And then **Y2K**

Who had all the engineers: India

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Definition of Outsourcing

Taking some specific **but limited function** that your company was doing in-house, research, call centers, or accounts receivable -- and having another company perform the exact same function for you and then integrating it back into your company

Comcast

Lays cable

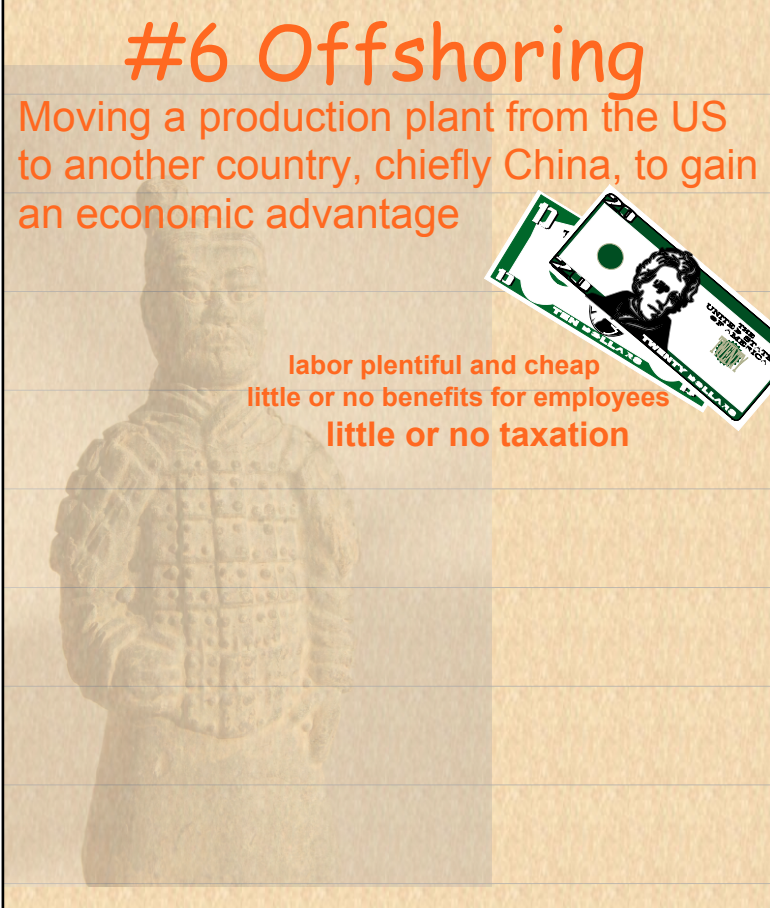
Provides signal for digital and analog
services (tv, phone, internet)

Outsources → Call Center to India

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#6 Offshoring

Moving a production plant from the US to another country, chiefly China, to gain an economic advantage



labor plentiful and cheap
little or no benefits for employees
little or no taxation

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China joins the World Trade Organization in 2001

Before this time no protection for foreign investors

Difficult to work with Chinese bureaucracy

Difficult to sell products to the Chinese people

So

Why not use their labor - cheap and plentiful

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China

More than 160 cities
with a population of
one million or more

US

9



| | | |
|---|--------------|-----------|
| 1 | New York | 8,363,710 |
| 2 | Los Angeles | 3,833,995 |
| 3 | Chicago | 2,853,114 |
| 4 | Houston | 2,242,193 |
| 5 | Phoenix | 1,567,924 |
| 6 | Philadelphia | 1,447,395 |
| 7 | San Antonio | 1,351,305 |
| 8 | Dallas | 1,279,910 |
| 9 | San Diego | 1,279,329 |

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Who's trying to compete with China's offshoring?

Mexico

Thailand

Malaysia

Brazil

Vietnam

Ireland

Global competition creates the flat world.

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Attachments

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