

Information Architectures and Infrastructures¹

Value Creation and Transfer

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Abstract

In this paper we address the issues of information as a means to value creation for a business enterprise or for an individual. To that end, we develop the concept of information and provide several definitive definitions that are of use for strategic and policy purposes. We then select a definition based upon the need to create and measure value in an economic context. The value based definition of information then provides a base to determine the structure of information systems and their architectural framework. The world view element of an architecture is developed and discussed for many existing systems. This then leads to the definition of an infrastructure and the use of this definition to analyze several recent proposals for information infrastructures. The authors present deconstructionist methodology for the analysis and synthesis of future information infrastructures.

1.0 Introduction

Information has been defined in various ways over the past fifty years. In 1948, Shannon attempted to provide a quantitative definition of information based on a set of symbols and their relative probabilities of occurrence. At the other extreme is the definition of information by Walter Wriston, the former Chairman of Citicorp, who said the information would be the currency of the twenty first century and that it would be a defined and imputed value by its ability to effect transactions. Specifically, Wriston indicated that information created value on the part of its owner by empowering the owner to act.

In this paper we shall consider six main concepts. They can be considered to be several of the key questions that may be asked about information infrastructure and the information industry. These concepts are as follows:

- o What is the meaning of information. Can this meaning be developed without a context and, if not, what is the context dependent definition that most suits that of an infrastructure.
- o What is the value of information. How is value defined and in what context should the value be measured, namely through its effective use or through the actual use that is made of it.
- o What is an information architecture. What constitutes the key elements of information systems and how do these elements relate to the overall system functioning.
- o What is an infrastructure, and specifically what is communications infrastructure. Based on this construct, what can be said of the efficacy of an infrastructure in terms of information usage and the value created in an information system.
- o What types of information systems are there today and where are these systems going. This is an issue of taxonomy and evolution within the context of an already evolved taxonomy. It begs the question of, does ontogeny recapitulate phylogeny. Namely can we tell where things are going by having a clear understanding of how we have arrived at where we are in the information industry.

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o What are the distribution channels for information systems, services and products. Specifically, how should the elements be interconnected and what are the roles of the operators of the elements in order to best provide for the creation of value offal players in the chain of distribution of information. This question also relates to the issue of the food chain concept for information systems. What relationships are essential for survival.

The overlying theme of this paper is the development of structure and the elements of information systems and the means to render value to these systems and through these systems to the users of them. It is critical to remember that value creation is the primary concern for an information system. They do not existing and for their own use. They are economic entities that must be justified in terms of their ability to contribute directly or otherwise to the creation of value for the user.

1.1 Past Information Systems

Information systems have evolved from complex and cumbersome manual systems into what we know today as complex information storage, processing and retrieval systems. The successful information systems in current operation fall into four major categories. The first are those systems that are for internal corporate use that permit the business user to meet the needs of the business by accessing and disseminating information in various ways in an closed corporate environment. The second type of system is that typified by a financial data base that provides for the access to and updating of financial information and transactions. Tolerate and TRW are typical of this variety. The third type of system is one that provides access to specialized information available on stored data such as provided by Dialog and other such companies. A fourth type of information network that has developed is the current Internet that evolved from teethe AREA Net of the early 1970 s. This network allowed for these and sharing of data elements and was the first distributed environment that was not centrally controlled in a hierarchical fashion.

All of these existing systems, except the AREA net and its descendants, are based upon past paradigms of centralized data storage, limited processing at the user location and hierarchical control and management. They also reflect the limitations of text only and have expanded only slightly into the areas of full text.

1.2 Current Trends in Information Systems

There are several current trends in information systems that provide a window on the future directions of the business. These trends reflect both the changing base of technology as well as significant change in the perception of the end user. Some of these changes are as follows:

o Multi Media Communications Systems: Multimedia Communications systems combine the human user in a seamless fashion with the data and information that is required to perform their tasks. These systems have arisen from the development of user friendly desk top machines such as the Apple Mac that allow for simple desk top publishing. This publishing allows for the integration of text, images, voice annotations and text annotations into single finished product. This type of system also allows for these and annotation by several people at the same time in displaced environment.

o Distributed Networking Environments: Distributed systems have developed in the context of sharing resources from many users. and in turn allowing multiple users to communicate with others in time and space displaced fashion. The distributed systems have evolved into those that distribute not only processing but also database and database management.

o High Density Local Storage Devices: These storage devices aroused for the storage and retrieval of multiple forms of data. This may include text, image, voice, video and other types of sensory data. Each of these has a different set of access technologies. In the medical area one can see the ARC NEMA standards whereas in the data area for general purpose systems one sees PICS and other similar standards.

o Broadband Communications Links: Broadband communications accounts for the data rates in excess of 45 Mbps. Rates at this level and below are provided by the local telephone companies. The higher rates are now available on dark fiber using proprietary hardware and software. Rates in excess of 100 Busier currently available and have been used in various systems for trial and operational purposes (McGarty 1990, [1], [2], 1991[3]). The advantage of such systems and data rates is the availability of non voice based communications links. The links can be tuned for the specific application desired.

o End User Interface Software: Empowerment of the end user is key factor in the development of effective information systems. The end user empowerment is based upon a shifting from complex user interfaces to simpler end user interface software. The Apple Mac is an example of such an initial transition. The menu driven Dialog Business Connection is a second example and the Citibank Direct Access interface is a third. Dow Jones interface is counterexample of a user friendly interface. User interfaces can be used to hide or mask the complexities of the system interface. In fact, end user interfaces are just a part of an overall layered software architecture construct.

o Open Systems: An open system is one that allows not only transportability of software but the migration of hardware from one point to another. UNIX (TM AT&T), X Windows, C and C++ are examples of open interface environments as is TCP/IP for internetting. As we see the developments in multimedia communications we see similar first attempts to provide similar open interfaces for shared multimedia conversational environments.

These trends in technology show that there is significant potential for reducing the barrier to entry for the end user in accessing meaningful information sources. The goal for access is one that requires no training or even better no manual at all.

1.3 Future Directions

There are many possible trajectories that can be speculated forth evolution of information systems In this paper we argue that the most likely trajectories are those that both empower the maximum users and at the same time permit the maximum creation of value. As we have already discussed, such systems as the videotex system of the 1980 s have had little if any success. They did not empower the user and more importantly created no value. Indeed these systems are archetypical examples of how not to proceed with the development of information systems.

In contrast, however, such systems as Mead's system and the Dialog system have clearly define value created and directly empower the user of the data. The value can be directly recognized and factored into the overall utility as perceived by the consumer.

In contrast to many others who are studying and creating policy in the area of information infrastructures, the authors of this paper take a significantly different stand that is in contrast to most of the other proponents. Specifically, in this paper, we develop the thesis that an infrastructure, specifically physical infrastructure, in a technologically active environments strongly counterproductive to all economic interests and that the focus on infrastructure in the area of information systems will retard the development rather than foster it.

The authors build the arguments to this thesis in this paper in the following fashion.

(i) The nature of information is not well known. The ability to define it has still led to much confusion amongst policy makers and users of information.

(ii) The value created by the use of information, in the context of any of its current definitions, is also not well defined. Value of information is at best defined in its ability to create economic value for its users. In this paper we focus on the economic value measure of information and extend it to cover a wide variety of information systems.

(iii) Information systems are composed of a set of common elements, arranged in the context of a specific world view, and embodied in the physical realization of available technology. The architectures all too often reflect the world view of the designers and this world view is based upon a set of paradigms, examples, experiments, that have been both successfully carried out in the past and are accepted by the collective set of users. However, information uses, users, and in turn paradigms of use are changing at a rapid pace. Thus it is anticipated that thievery architectures of information systems are subject to radical change in the near future.

(iv) Infrastructures are sharable, common, enabling capabilities, having scale in their design, sustainable by an existing economic market, being the physical embodiment of an underlying architecture. The architecture is the driver of the infrastructure and it in turn is driven by the world view. Stability of this view is essential for there to be a sustainable infrastructure. That clearly is not the case in current information systems. Secondly, the issue of sustainability by existing economic markets is also essential. Clearly, the information industry is in its economic infancy. Suffice it today that there is not even a stable definition of value.

(v) Economic structure that is viable assumes several factors exist. First there must be a defined product, then there must be a determinable and addressable customer base or market, and third there must be both a viable pricing mechanism and efficient distribution channel for product dissemination to the erstwhile customers. This distribution channel is the food chain of the information industry. Taken in a holistic sense, all of the elements must be in place not only for existence but for survival. In none of the current proposals does there exist the slightest interest in this critical factor.

Therefore, an information infrastructure is not only premature from the architecture point of view but it is not economically survivable from an economic perspective. In the following sections we shall address each of these factors in detail, proving the assertions above and explaining how an information industry may evolve.

The future directions of technology are currently changing essentially what is information and to paraphrase McLean, what's knowledge. Multimedia communications systems, currently in their earliest stages of development, are now capable of allowing multiple users to session together in a conversational fashion and dialog using multiple forms of expression including video, image, text, voice, and interactive tactile movements (See McGarty 1991 [1], 1990 [1], 1989). However, these communications systems are best implemented using dark fiber with complex interface and interconnect capabilities resident in the end user terminals. Thus if we were to enable the users to maximize their benefits in this area, we would be best suited by providing a minimalist approach. This is in sharp contrast to the visions of centralist and hierarchical architects such as George Heilmeier, President of Bellcore, who envisions a future dominated by his own limited world view. This paper looks to the maximum enabling of the end user in an economically efficient fashion.

2.0 Information Definitions

Information is, at one level, a well understood concept. However, when asked to specify exactly what information is and how it is measured there is a great deal of confusion as well as many differing opinions as to how best to define it. In this section we shall review some of the current definitions and then we shall demonstrate that in an economics context the concept of information is best understood only in the context of its impacting creating new value for an enterprise.

One of the earliest attempts to define information was made by Wiener and Shannon in the 1930s and 1940s. This definition was based upon the constructs of coded data and the fact that such data streams had content only if they contained bit streams that are not known to the receiving party at a prior time. Thus the more uncertain the received bit stream the more information it was assumed to contain. This measure of information was given in terms of the construct of entropy, taken from the field of statistical

thermodynamics. It was this construct that led to the development of the idea of a bit, or binary information unit, that is common in communications and computers today.

2.1 Definition of Information

An attempt has been made by Barman to provide a set of definitions to the word information in the context useful for policy makers. Her paper presents four different definitions that have been in use in various ways. Before summarizing her definitions we should first indicate what elements are necessary for the development of a definition of information.

A definition for information must have the following characteristics:

- o Characterizable: The definition must be capable of pointing to characterizing the information. It must allow the user, the policy maker, the buyer and seller to see what information is. This may be done in a direct fashion by counting bits or pages of data or in an indirect fashion by measuring the impact that the information has on a system. In the latter case the impact must be Characterizable directly. If the information is directly Characterizable, we call it First Order Characterizable. If it is Characterizable through a first order effect then we call it Second Order Characterizable. Higher orders are possible but it's clear that such higher order effects are more difficult to justify.

- o Measurable: The definition must have a means of measuring the amount of information available in the element being discussed. The measurement must be comparable and consistent when comparing this information measurement to any other.

- o Relatable: We must be able to relate information from one source to another. Information must have an additive property, in that taking one set of Characterizable and measurable piece of information and adding to it another, the result is more information. Thus we can relate bits of information. More complex relations can also be performed on information such as deletion and negation.

- o Actionable: The information must also have the capacity of producing a result. The use of information must create a change in the state of a system that would not have taken place had not the information been available.

We can now take these characteristics of a definition and use them in the context of evaluating the definitions of information that have been proposed. The following are four different definitions of information that have been proposed by Barman.

(i) Resource (Existence):

Information is anything that can be stored, processed or manipulated. It is a discrete and isolatable entity and can be measured like any other economic resource. Its measure is independent of the content or the use to which it is put. It isn't differentiated in any way from any other cluster of information and is measured only in terms of the resources it uses in its storage, processing, or transfer.

- o Characterizable: To characterize information in this definition, we merely point to the amount of storage that is consumed or the amount of disk space used. One may also merely measure the number of bits occupied in memory. The characterization is quite primitive, involving the basic measure of information as quantity.

- o Measurable: The measure of information is based upon the measure of physical storage measure. Specifically, let $MRES$ be the measure of information I , then we have;

$MRES(I) = \text{No. Bits}$

The measure is independent of the information form, user or impact.

o Relateable: Information in this context can be added or deleted in a simple fashion. If we define I_j and I_k as two types of information, then if we let I_n be the sum of these two;

$$I_n = I_j + I_k$$

Then this new information is defined merely as the physical collection of the underlying two elements.

o Actionable: The actions that can be effected by this information are merely those that account for the storage and movement of them from one location to another.

(ii) Commodity (Content):

Information is an entity that grants economic power that is measured by its content independent of the use that content is put to. Unlike a true commodity, however, it lacks materiality in that an image exists due to relationship of its bits and not in an indivisible entity. Namely, multiple versions of the material image can be made for various purposes. The owner of the digital image, if such can be defined, has been granted the economic power to exchange that image in a monetary transaction. The transaction is viewed as a transaction of content and not process.

o Characterizable: We characterize this information by its underlying meaning. Namely, if we have a picture of a specific event, then the information is the abstract concept or construct of the picture. If we store this picture as ten bits or two million, as long as the picture is identically reconstructable, then this is the characterization of the information. Thus the characterization is termed in the context of its meaning to the user as object vis a vis its content.

o Measurable: The measure of this information is quite complex. Consider the information, I_k , as a picture of a certain event. We define a measure of this in terms of its economic value, that is the free market value - that can be ascribed to the sole possession of this information. It is a value that may be defined in the context of selling a special picture of a news event to a newspaper, or the value of a certain software package that has been developed and copyrighted. Thus the measure of the information, M_{COMM} , is given by;

$$M_{COMM} = \text{Economic Value}(I_k)$$

o Relateable: This definition allows for only a loosely relateable definition of information. One picture may or may not relate to another. A picture stands by itself. A software program may be added to another to create a new program in the commodity context, but it is arguable whether this is a proper relation.

o Actionable: This is an actionable definition. In the simplest sense any book is information in this context and the publishing industry is business based on the movement and partitioning of this information, controllable under the copyright.

(iii) Pattern (Change):

Information is the ability of a data element to reduce uncertainty. It allows for value and measurement in an analytical framework. It is a semiotic definition that interprets information as a sign, a display of definition or description, permitting or enabling the dissolution of uncertainty.

o Characterizable: This definition of information is based upon the work of Shannon, Weaver and Wiener. It is a definition that is in one sense abstract but in another quite simplistic. In the view of these researchers, information is characterized by a series of bits, ones and zeros. These bits are further characterized by a randomness of appearance in sequence of the bits. Not every bit is a one or zero and the chance or

probability of any bit taking on specific value is given by a probability, p . The information is defined as a sequence of bits;

$$X = \{x_1, \dots, x_n\}$$

where the probability of x_k being a 1 is $p_{k,1}$ and that of zero is $p_{k,0}$.

o Measurable: The measure of information in sequence Has been defined by Shannon as;

$$M(I_X) = -\sum_{k=1}^N p_k \log(p_k)$$

o Reliable: Since this is a highly mathematical definition, considerable effort in analysis has shown that both weak and strong relationships exist(Gallagher).

o Actionable: In the case of this definition, actionable is an immediate consequence since this information reduces uncertainty. The information may be the reduction of uncertainty in a weather forecast or some other uncertain event.

(iv) Force (Impact or Process):

This definition of information is that of an ability to interact. It is a definition that measures information by a result or effect on a process or creates a process of economic value. It is in a sense a teleological definition. As we shall see, in this case information is defined as the ability to act differently with it than without it, and that the ability to act with it increases the value or wealth of the set of actions taken as a whole.

o Characterizable: In this definition, the information's defined a posteriori, namely in terms of its result. The information as a storable, processable, communicable data resource, when received and acted upon, produces a change in the state of an economic entity. That change results in a difference in the perceived marketable value of that entity. It is the change in that marketable value that characterizes the information.

o Measurable: The measure of the information, I_k , is defined as the change in value. Let $V(0)$ be the value of the economic entity in the absence of the information and let $V(I_k)$ be the value after. Let the value be defined in terms of such measures as net present value or similar well defined economic measures. Specifically, let;

$$V(*) = \sum_{n=1}^{(1+M)n} CF(n) = \sum_{n=1}^{(1+m)n} R(n) - E(n) - C(n)$$

where CF is the cash flow, and R is revenue, E expenses and C the capital, and m the cost of money. Thus we have;

$$M(I_k) = V(I_k) - V(0)$$

o Reliable: This is highly reliable since with two such collections of information, when can combine both, measured in terms of their joint economic impact.

o Actionable: By definition, this is actionable, *pari passu*.

2.2 Applications of Definitions

Having spent a great deal of effort on these four definitions, we shall briefly describe the best contexts in which these definitions are to be used. It should be clear that from a policy or regulatory viewpoint, that each of these definitions has significant import. For example, in the breakup of the Bell System, one of the restrictions is on information provisioning. Which of the definitions that we have developed applies. It is arguable that the definition of prohibition was never considered *ab initio* but followed from the tort process. Thus Judge Greene considers each case on its "merits" and responds accordingly.

Resource: In the sense of stored bits as information, Judge Greene has delimited the Regional Telephone Companies from even storing bits, despite what happens to them. This is the extreme example of "bits are bits".

Commodity: The basis of much of the current body of intellectual property law and rights is surrounded by the concept of value to bits as an embodiment of connected relations and unique value. A picture, a song, a book or a software program.

Pattern: This definition is at best the basis for mathematical and analytical studies. First conceived in 1944, it has evolved into a theory of coding and data compression. Despite its value as an analytical tool, it cannot be used in some simple and analytical appearing cases. For example, an X ray image is merely a collection of bits. Using this definition of information it is possible to compress the image and retain the underlying information content. However, a radiologist would not allow that for fear of litigation, a misdiagnosis based on a distorted image. In this case the Radiologist deals with the Commodity definition and not the Pattern.

Force: This is a transaction definition. The stock market and commodity markets trade on scraps of this information. This form of information is one contingent upon use. However, it has a problem. The same information may not be used as effectively by one user as compared to another. Thus if I know the market for cellular telephones is now moving to the retail consumer base and my competition knows the same information, the value depends upon my ability to act effectively on this information. Thus with force information, we measure not only the information itself but the effectiveness of the holder of the information.

3.0 Value Measures of Information

Information has value only in its ability to effect change in some set of subsequent actions, and its value is definable in terms of the costs or profit of those acts as compared to the same acts in the absence of such information. Consider a simple example of the case of the Rothschilds in the Battle of Waterloo. The Rothschild bank in London had access to the outcome in the battle prior to any other bankers and as a result was able to take positions in commodities, knowing the outcome, that provided it with dramatic returns. In this case, the value of the information was readily calculable.

Thus, in this paper, we will focus on information as Force, as an ability to create change and to effect a transaction. It is with this definition that we have the ability to efficiently measure value.

3.1 Value Measures

As we discussed in the last section, if we define value in its economic fashion then we can have a direct measure of information as a business. Let us begin by considering that information, *I*, exists and is available to a single business. Consider four cases of that information.

Case 1: A company has knowledge of a competitor's bid in a competitive bid process. The process gives the contract to the lowest bidder. We shall assume that there are no ethical problems involved. Assume that this company can beat the competitor's price by a small amount.

Case 2: A physician performs a MRI scan on a patient on an annual basis. On the scan for this year, the physician notes a growth in the sinuvial sinus. An excision is performed; it is found to be an early malignancy, but is totally excised.

Case 3: An investor hears of the upheavals in the Soviet Union on August 18, 1991. However, he has inside intelligence information that the coup will be overthrown. His competitor has a license to build a large communications system in Moscow. He offers to buy the license for one cent on the dollar. The deal is complete August 19, 1991.

Case 4: A biologist has developed a strain of bacteria that generates a specific set of proteins. A chemist has developed a process for binding these proteins together into a long stranded polymer that is a plastic. A botanist has found a virus that can reverse transcribe the gene from the bacteria and create the chemist's process in a cell and thus have a plant that grows plastic. A venture capitalist exchanges electronic mail on the network with all three of the scientists.

The question we ask in each of these cases is two fold. First, what is the information in each; second, what is the value of the information. The conclusions we can reach are as follows:

- o First, we can use any of the definitions that we have developed to describe the information.
- o Second, The information has an economic value as long as someone acts on the information as well as the actions are efficient. That is that the bid is lower, that the patient agrees to the surgery, or that the venture capitalist knows what he is seeing as a potential for organically grown plastic.

Cover has analyzed the process of stock market investments, with and without information. Specifically, he assumes that an investor has access to general information, X, as does all other investors, and side information, Y, known only to himself. For example, let us assume he knows that a company is to be acquired from his brother who works in Mergers and Acquisitions in the investment bank. Then, if we define S_n^* as the best he can do with his investments at time n having just X, and S_n^{**} as the best he can do with the side information, Cover has shown that;

$$S_n^{**} / S_n^* = [2 (W(X|Y) - W(X))]^n$$

Where $W()$ is the doubling rate. Cover then goes on to prove that;

$$W(X|Y) - W(X) = I(X;Y)$$

the Shannon information measure of mutual information. Thus if we define the value as;

$$V(Y) = V(X+Y) - V(X)$$

and $V()$ is a net present value valuation (Fruhan), then we obtain;

$$V(Y) = V(X) [(2I(X;Y))^{n-1}]$$

This simple case shows how we can readily relate value to information. Specifically, we can relate the economic transaction measure to the information theoretic measure.

In the work by Tirole on the theory of industrial organizations, there is developed the quantitative value of a business enterprise, in the context of a duopoly, where the parties have unequal amounts of information. Tirole shows that information is a key element in decision making and the analysis is done in the context of game theoretic analyses. We show this structure in detail in Figure 1.

3.2 Value Processes

Value processes are those industrial processes that make information have value in the context of the business. Porter has introduced the concept of the Value chain and McGarty (1989) has used this concept in

the detailed evaluation of businesses in terms of implementing the value chain. Value processes are defined as those actions that an economic entity takes with information to convert it into economic value for the firm.

If the firm makes optimal use of the information, we call that a fully efficient firm. That means that if I is the information increment, the value from I is;

$$V(I) = V(I:X) - V(X)$$

where X is the existing information set. Let F* be the firm that reaches:

$$V^* = \max (V(I))$$

all F

That firm is the maximum user. Any other firm is less efficient. The question to be asked is what is V* and does F* exist. We defer these questions to later.

However, if we further look at value as Fruhan has in terms of the net present value of an economic entity, then we have:

$$NPV = \sum_{n=1}^{(1+m)n} CF(n)$$

where CF, the cash flow, is;

$$CF(n) = R(n) - E(n) - C(n)$$

Thus information must increase revenue, or decrease expenses or capital requirements. Let us take the case of the MRI scan in Case 2. What does that information do. Clearly it increases revenue of the individual since he is allowed to live and be productive longer. Secondly it reduces expenses of complex surgery, hospital care and medications. Third it reduces capital expenditures for new hospital beds. This the information of the MRI, not just the MRI, that creates economic value. This assumes efficiency of use. If the patient ignored the information, we could readily calculate the lost revenue, added expenses, and needed capital. Thus, in this case the value of efficiently used information is quite evident.

The value processes are thus clearly defined:

- o Efficient Use: Information must be obtained, disseminated, interpreted and acted upon. It is implicit that the processor of the information, or the human, is a capable agent. The patient who ignores the diagnosis is inefficient and will suffer the consequences.

- o Economic Impact: The economic impact must be definable, measurable and implementable. Revenue, expenses, and capital must be interpreted in terms of the use of the information. For example, we may consider a home banking system. By using the system, the user saves time, time is travel, travel is an expense, and thus there is an economic value.

We can now present value measures of information in several key areas. Each of these areas have direct economic and policy impacts. We take six specific cases and show first the nature of the information and second the nature of the value of the information. We do not address the architecture of the systems that provide the information nor do we address the efficiency of the use of the information by the user. We assume in all cases that the user is a rational user and takes maximum advantage of the information. Inefficiency in user information utilization are addressed elsewhere (McGarty 1989).

o Investment Value: Investment value is the value of information as relates to the investment of funds in open markets, assuming that all players in the trading of investment instruments perform in an ethical fashion. We shall take the case of options trading and show the various levels of information and its value. In trading options, a buyer or seller purchases or sells rights to buy or sell at a later time a stock at a certain price. The option has a value that can be determined by the Black Scholes model (Brealey and Meyers).

The Black Scholes model shows that the value of the option depends on the volatility of the stock, that is its current and projected price variations. However this piece of information is not available. What is available is the history record of the stock's performance for a period of time and exogenous information about the performance of the company and the industry. Let IS be the stock price history. We desire to calculate VS , the volatility of the stock. Let us assume that all players, using IS can calculate and estimate, $V^* S$, of the volatility. Let us further assume that we can, using our other factors of information, called IE , calculate a better estimate, $V^{**} S$.

Using this latter value, we can attain better accuracy in the volatility and thus a marginal improvement in our investment portfolio. This example raises several issues of information. First, the general information is available to all, namely the stock history. The effectiveness of that information in the options analysis is based upon the analytical model for estimating the volatility. That model is also developed using another level of information that the model builder has. Thus, to first order, the endogenous information processing of information available to all players can be different, independent upon whether the users efficiently use it. Second, the exogenous information is more tightly held. Its acquisition and its integration make for significant value creation. The details of this value can be determined using standard measures of option pricing and the Black Scholes approach.

o Consumer Value: The value of information to the consumer is in many ways analogous to the values imputed by the commercial segments. Consumers may get better pieces, thus a transaction value, consumers may find better investments, thus an investment value, or consumers may find ways to reduce their expenses and thus a cost value. However, if we view information as having value only in its ability to cause an action, then all activities that a consumer acts in that is the consumption of information for the purpose of action are activities that are information valued.

o Competitive Value: If we assume that there are two or more competitors, then we can assume that there is certain information that one competitor may have about another that leads to a competitive advantage. Porter has discussed these issues extensively. He indicates that understating the competition's product development or market development strategy may help a firm in focusing its own development efforts. Consider a case of current interest in the cellular communications world. Current cellular systems are all analog systems. There are two digital transition strategies that can be formulated with potentially available technology. The need to transition to digital was predicated upon a need for new capacity but capacity has been handled by more cell sites and not by more capacity per site. Thus the introduction of digital technology is driven by purely market factors to attract new customers and not solve an operational problem.

Consider the current situation with two competitors. If both stay analog, then they compete on service quality and price, since in effect the service is fundamentally a commodity. If however, one of the firms changes to digital, perception by the customer may lead to a differentiator in the market equation. The competitor may then do one of three things. First, if they know for certain of the conversion, they may preemptively convert and if the market accepts the new technology, they may capture market share and thus a competitive advantage. Second, they may lag, let the competition establish the market viability and then convert, suffering lowered market share yet reduced risk. The third option is to stay analog, reduce the price, capture share, assuming that the customers will choose on the basis of price and not digital.

There are two types of competitive information in this scenario. The first is competitive action information as to what the competition will do. The second is competitive market information as to what the customer will do

in response to actions of the competitor. It is possible to perform a detailed analysis of these three scenarios and determine the value of the information in each case.

o Market Value: The market value is the impact on the net present value of information on the revenue side of the equation. We have already discussed some of these issues but they relate to pricing information, market elasticity information and market demand information.

o Cost Value: The cost side is comparable to the market side but it relates to all negative cash flow elements such as expenses, cost of goods, and capital.

o Transaction Value: Transaction value relates to the use of information in transacting any purchase. It relates to such simple factors as the reservation price of the buyer or seller in any transaction. For example, in any negotiation, if I, as the buyer, know the reservation price of the seller, and the seller makes a certain value, then if I counter with value that averaged with the first asked price equals the reservation price, then I will in most negotiations reach the seller's reservation price, defined as the lowest price at which a transaction will occur. Therefore, knowledge of the information of the reservation price will be worth the upside excess if I bid too high to buy it and the value of the loss to me as the potential buyer if the seller walks from the deal.

4.0 Information System Morphologies

Information systems have evolved over the past forty years and have taken on many shapes and forms. It will be argued in this section that there appears to be a stable set of elements that are common to all information systems and that these elements can be further classified to distinguish one system from another. The approach taken in this section follows the approach taken by Linnaeus in the eighteenth century in the classification of plants and animals. Linnaeus used the information gathered on thousands of different species of plants and from this generated the structure of kingdom, division, family, genus, and species. Each subdivision, or taxa, was based on some morphological, or form difference. In order to do this it was first necessary to talk about a set of higher level forms. In plants, these were the roots, shoots or stems, leaves and flowers. In this section we develop a set of basis -set of forms for information networks and then use these in a morphological base. We then, in the next section, expand these to a taxonomy that leads to an architecture. The advantage of this approach is that it leads to measurable differences and similarities between information network species and also allows for evolutionary analyses; from past, through present and into the future.

4.1 System Elements

There are five system elements in information systems. These elements are the control functions, the transport function, the interconnect function, the database function, and the interface function (See Figure 2 where these are generically depicted). We now provide further detail on these functions. It should be noted that these functions have evolved over the years in content and complexity. We view these elements in the context of an information and communications network that must support the most advanced current concepts in information and communications applications. Specifically, the world view adopted in this paper that lead to an interpretation of this architecture is:

- (i) End users desire to have interactions in a real time fashion with images and other high resolution information that must be provided in a fashion that meet both time and resolution requirements (See Barlow).
- (ii) The end user devices are extremely intelligent and complex and can operate in a stand alone environment.
- (iii) The users desire to operate in a totally distributed fashion. Data bases will be at different locations, users are at different locations and input output devices are also at different locations (See Dertouzos and Moses, and de Sola Pool pp 57-59 for details on these directions).

(iv) The network may provide different levels of service to different users. There is no need to provide universal service or full capability to all end users.

This view of the network will significantly influence how extensively we defined the elements and in turn will impact the combination of those elements in an overall architecture. All of these assumptions on the world view are different than before, in an all voice world. In this paper, we define a network as an embodiment of an architecture, in all of its elements.

The architectural elements are control, transport, interconnect and interface. In Figure 3, we depict the overall architecture of the element interrelationship and the elements of the functions of the separate elements. The details on each are described below:

o Control: Control elements in an architecture provide for such functions as management, error detection, restoration, billing, inventory management, and diagnostics. Currently, the voice network provides these functions on a centralized basis, although in the last five years there have evolved network management and control schemas and products that allow for the custom control and management of their own network. Companies such as IBM, AT&T and NYNEX have developed network management systems that move the control from the network to the customer (McGarty and Ball, 1987). On the sub-network side, companies such as NET, Timeplex, Novell, 3-COM and others have done similar implementations for local area networks, data multiplexers and other elements. Centralized network control is no longer necessary and in fact it may not be the most efficient way to control the network.

What is important, however, is that network control providing the above functions is an essential element for either a public or private network. Thus as we consider network evolution, this element or set of functions must be included.

Control has now been made to be flexible and movable. The control function is probably the most critical in the changes that have been viewed in the context of an architecture. All buildings need windows, for example, but where one places the windows and what one makes them of can yield a mud adobe or the cathedral at Chartres. The same is true of the control element. In existing networks, the control is centralized, but in newer networks, the control is distributed and empowered to the end users. The users can now reconfigure, add, move, and change their network configuration and capacity.

Let us briefly describe how the control function can now be distributed. Consider a large corporate network consisting of computers, LANs, PBXs and smart multiplexers, as well as a backbone fiber transport function. Each of these elements has its own control facility for management and restoration. Each has the capability to reroute traffic from one location to another, and the routing systems are programmed into the system as a whole. On top of these sub element control functions is built another layer of control that views the network as a holistic entity. This form of control has been termed a manager of managers. It monitors all of the sub network elements and takes control if necessary. It is embodied in several independent controllers, each having the capability of taking control from a remote network. This form of organic network control has evolved in recent years and is now common in many corporate networks. In addition, this concept of the organic network was described in detail by Huber in the DOJ report to the U.S. Justice Department during the first Triennial Review of the MFJ (Huber).

o Transport: The transport element is provided by the underlying transport fabric, whether that be twisted pair of copper, fiberoptic cable, radio or other means. Transport should not be mixed or confused with other elements of the network. Transport is merely the provision of physical means to move information, in some form such as digital, from one point to another. At most it is expressed in bits per second and at best it is expressed in bandwidth only. Bandwidth as a transport construct is the most enabling. Transport does not encompass the need to change the information or to make any other enhancement to the information.

In the early regulatory cases such as the Above 890 Decisions in the microwave systems that were the precursors to MCI (See Kahn (II p12)), the Bell System argued that the technology of transmission limited

the transport to only those companies that had the transport, interconnect and control. MCI on the other hand recognized that the customer was able and willing to differentiate these elements of the architecture and would segment them in a more economically efficient fashion. Specifically, in the early days of MCI, customers in the midwest would select multiple transport paths and would do the control function on their own premises. In addition, the customers were willing to accept lower quality of service for a lower cost of service. The lower quality was reflected by possibly a higher outage time.

It could then be recognized that the horizontal scale economies of all of the network elements, including but not limited to transport, were actually diseconomies of scale in the market. (See Fulhaber for a discussion of a more detailed view of scale diseconomies in terms of the new architectural elements) Fragmentation and segmentation along architecture elements allowed for the growth and efficiency of MCI. The emphasis should also be made on the statement of the FCC Examiner in the MCI case who stated (Kahn II p 134), "MCI is a shoestring operation ... the sites are small and the architecture of the huts is late Sears Roebuck toolshed." It is prescient to note that the examiner used the term architecture for the microwave repeater sites when indeed MCI was changing the architecture of the network. This remark is more than just an embodiment of a metaphor.

In the current network environment, the issue of transport and its enabling capacity has again arisen. This has been the case with the introduction of fiber. Fiber may be segmented for the user in terms of data rates or in terms of bandwidth. In the NREN, the three steps are all focused along the lines of increasing data rates, from 1.5 Mbps to 45 Mbps to Gbps. As we have discussed, bandwidth is the more enabling dimension, leaving the choice of data rate and data structure to the end user. This capability is best deployed by using a dark fiber network. Consider the two networks shown in Figure 7. The top network is a standard fiber network with repeater at periodic intervals. In current technology limitations these are necessary because of the losses in fiber transport. However, with the current state of the art technology, fiber can be strung for many tens of miles without such repeaters and still maintain adequate transmission capacity.

Thus the repeaters are not there solely as a result of fiber constraints on transport. They are also there because they enforce the voice regime of the voice based world view. Namely, the repeaters do not repeat data rates, they also repeat framing sequences based on 64 Kbps voice frames. Thus any work station must use 64 Kbps as the underlying data fabric. As an extreme example, NREN in its Phase 2 will provide 45 Mbps to the users. Regrettably, there is no 45 Mbps modem. That is, direct access to 45 Mbps is not achievable. It must be sub multiplexed to the equivalent of voice grade digital circuits. Thus the world view is pervasive in this design. The same is true as SONET protocols are used in upgrades to broadband ISDN, especially over an ATM switch (See Fleming for a discussion of broadband switching and the voice paradigm).

In contrast, dark fiber is the provisioning of an optical fiber to be used as the end user sees fit. It is the world view analog of the LAN. The LAN provides co-axial bandwidth of several hundred MHz whereas the fiber provides the bandwidth of GHz to TeraHz.

o Interconnect: The interconnect element of the architecture describes how the different users are connected to one another or to any of the resources connected to the network and is synonymous with switching. Interconnection assumes that there is an addressing scheme, a management scheme for the addresses, and a scheme to allow one user to address, locate and connect to any other user.

Interconnection has in the past been provided by the Central Office switches. As we shall discuss later, this implementation of an architectural element was based on certain limitations of the transport element. With the change in the transport element of structures allowing greater bandwidth, the switching needs have changed. Specifically, distributed systems and scale economies of the distributed architectures allow for interconnectivity controlled by the CPE and not the Central Office. As we shall show later, the advent of Local Area Networks and CATV voice communications are those using distributed interconnectivity elements.

This argument for interconnection, combined with transport and control (namely horizontal integration) was valid in 1970. It however is not valid today. They are separable functions and scale economies are in the hands of the CPE manufacturers not the network providers. In effect, there exists no monopoly in interconnect as a result of these technology changes. This is a dramatic change from 1971 and Kahn's analysis.

There are three general views of interconnection that are valid today; the Telcom, the Computer Scientist, and the User. The Telcom view is based on the assumption of voice based transport with universal service and the assumption of the inseparability of interconnect and control. The Computer Scientist view is based upon the assumption that the network, as transport, is totally unreliable, and that computer hardware and software must be used in extremis to handle each data packet. Furthermore the Computer Scientist's view of the network is one where timeliness is secondary to control.

The Computer Scientists view has been epitomized in the quote, "Every Packet is an Adventure". This is said with glee, in that each data packet is sent out across the network and it is through the best of hacking that the Computer Scientist saves the packet from the perils of Scylla and Charybdis.

The third view is that of the user, who is interested in developing an interconnect capability that meets the needs and minimizes cost. This third view is one in which minimization of both obsolescence and cost is the strategy. Figure 8 depicts the challenge to the User view of interconnect. Processing cost or capacity is declining every year. Thus an investment must try to follow the curve. In a hierarchical view of interconnect, such as a large centrally switched network, the changes occur once every few years. Thus the lost cost or performance efficiency can become significant. In contrast, in an end user controlled environment, with a fully distributed architecture, the lost efficiency is minimized as technology advances.

- o Interface: The interfaces are the end user's connection to the transport element. The interface element provides for the conversion from the end user information stream and the information streams that are used in the transport form of the network. For example, the telephone interface for voice is the analog conversion device.

- o Databases: The interfaces of the system elements are for the most part interfacing to end users. In the case of an information system the interfaces are connected to a set of users and databases.

We have divided the network elements into these four categories to demonstrate that there are clearly four distinct and separable areas for growth and policy formation. Issues of regulation, due to potential monopolist control are always a concern, but it will be demonstrated that in all four there are economies in market disaggregation.

5.0 Architecture

The concept of a telecommunications architecture has been a cornerstone in the development of new telecommunications systems. However, the structural elements of these architectures have not played a role in the development of policies. In this section we will develop the concept of an architecture as a means to understand the network as both a market and regulatory entity, and will provide a new set of perspectives for viewing the network in terms of new paradigms and world views.

5.1 World Views

An architecture, first, requires that the underlying system be treated in terms of a set of commonly understood elements and that these elements have a clearly demarcated set of functions and interfaces that allow for the combining of the basic set of elements. The way the elements then can be combined, reflected against the ultimate types of services provided, determine the architecture. Such a construct is depicted in Figure 4.

An architecture, secondly, is driven by two factors; technology and world view. Technology places bounds on what is achievable, however those bounds are typically well beyond the limits that are self-imposed by the designer or architect in their view of the user in their world. This concept of architecture and the use of design elements is critical in understanding the paradigms used in the structure of information systems (See Winograd and Flores, pp 34-50, especially their discussion of Heidegger and Thrownness in terms of design). World view is the more powerful driver in architecture (See Kuhn, pp 72-85). We argue in this paper that it is essential to develop a philosophical perspective and understanding of how to view networks. We argue with Winograd and Flores, and in turn with Heidegger, that we must be thrown into the network, to understand the needs of the users, and to understand the structure of the paradigms that are used to construct the world view.

The concept of a paradigm is in essence the collection of current technologies that we have at hand for the network and the ways we put these elements together. However, the true meaning of a paradigm is in the context of the examples or experiments that we all relate to with that technology. Paradigms are not technology in and of itself, but technology as example. New paradigms result from new technologies. New technologies allow for the placing of the elements together in new ways. Kuhn, then goes on to demonstrate that the world view, that is how we view ourselves and our environment is based upon our acceptance of these paradigms, as either collections of techniques and technologies or as collections of embodiments of these techniques and technologies in "examples". We then tend to accept this as the way things are and should be. Then Kuhn argues, as the technologies change, changes in the paradigms do not occur in a continuous fashion but almost in quantum leaps. The new paradigms build and congeal until they burst forth with new world views. It is this model that we argue applies to the evolution of broadband.

Thus, architecture is the combination of three parts: the common elements, the underlying technology and the world view. In Figure 4, we depict the conceptualization of architecture as the amalgam of these three elements. We shall develop this construct more fully as we proceed.

The concept of a world view is an overlying concept that goes to the heart of the arguments made in this paper. To better understand what it implies, we further examine several common views and analyze the implications of each. If we view our world as hierarchical, then the network may very well reflect that view. If we further add to that view a bias towards voice communications, these two elements will be reflected in all that we do. The very observations that we make about our environment and the needs of the users will be reflected against that view. As an external observer, we at best can deconstruct the view and using the abilities of the hermeneutic observer, determine the intent of the builder of the networks.

Take, for example, the use of twisted pair, pairs of copper wire, to transport telephone traffic. For years it was implicitly assumed that this transport medium was limited to 4,000 Hz of bandwidth, that necessary for an adequate quality voice signal. Specifically the world view was that of a voice network that was to be used for voice traffic only. Ten years ago, this was a true limitation, since the transmission was forcefully limited to 4,000 Hz by inductive loads or coils on the telephone lines, assuring that you could do no more than the 4,000 Hz of bandwidth. Then, there was a short period in the mid 1980s, when Local Area Network manufacturers found that you could transmit 1.544 Mbps over the common twisted pair, and that data was viable in what was assumed to be a voice only medium. What had been almost religiously believed to be a limit was found to be untrue. Then with the introduction of digital switches, the old "inductive loads" were returned with the switch now limiting the data to 4 KHz or 64 K samples per second. The world view of a voice only network took hold again, but this time in the context of a data rate limitation, rather than a bandwidth limitation. In the early 90's there is another attempted break out of the world view and to put 100 Mbps on twisted pair, so called FDDI circuits. Again, due to the limitations on the part of the network as a voice dominated system, the world view keeps this high data rate capability on the customer's premise only, and not the network.

The designer of the transport facility may limit the data rate by selection of signaling format or delimit bandwidth by filtering. Twisted pair actually has a bandwidth-data rate profile that stresses voice paradigms. It encompasses a large capability of either providing bandwidth or data rates to the user. The two limiting

world views are indicated as two solid lines, one at 4,000 Hz and one at 64 Kbps. Both are voice only world views. We can readily see, that with optical fiber superimposed the same issue of architecture dominated by world view may result. In the fiber case, the result may be a segmenting of the architecture along selected data rate lines, again formed by the voice world view.

Thus, architecture can be defined as the conceptual embodiment of a world view, using the commonly understood set of structural elements, based upon the available set of technologies .

For example, Gothic architecture was a reflection of the ultimate salvation in God in the afterlife, in a building having a roof, walls, floors, and windows, and made of stone and glass. Romantic architecture was, in contrast, a celebration of man, using the same elements, but some employing a few more building materials. The impact of the differences in world view are self evident in the embodiments of the architecture. (See the discussions on the impact of world view on architecture in Wolfe. In addition see the cultural or world view impact on the Gothic architectures in Jantzen and in Toy.)

Let us consider a second example of the impact of world view on architecture, specifically the difference between the ISDN architecture and the architecture embodied in Local Area Networks, LANs. ISDN is an architecture consistent with a voice dominated, hierarchical world view of single points of control. LANs are architectures of world views that reflect both end user self empowerment and the environment of a data driven utility.

This evolution in thought is critical to understand the impact of world view. The LAN is an embodiment of empowerment of the individual view, developed in the context of the 1960's and 1970's. The LAN concept, originating at such locations as XEROX PARC, was driven by the developers' needs to enable and empower the end user with computing capabilities heretofore unavailable.

Out of this view came the LAN architecture of a fully distributed system, using a coaxial transport mechanism to do nothing more than provide bandwidth. The transport mechanism is a broad enabler. The actual implementation of the details is done at the users terminal in hardware and software. This is in sharp contrast to ISDN, where the ISDN central switch does the enabling. In ISDN, bandwidth is not provided, rather it is a voice based data rate, 64 Kbps or multiple thereof. Consider this contrast in terms of how cable TV companies provided voice communications in the early 1980's. Both Cox and Warner, using variations on LAN technology, delivered a voice, video, and data service over the coaxial transport medium, by empowering the end users terminal, not by regimenting the transport network.

5.2 Architectural Alternatives

Is there a natural taxonomy for the set of network architecture alternatives? Do these present limitations on what can be done or are they extensive? Is there a natural limitation in the existing architectures that prevents the new technologies from introducing the new paradigms to the communications world? We address these issues in the context of several existing network hierarchies.

- o Hierarchical: The current network architectures are structured in a hierarchical fashion. As we have already indicated, there are historical and technical reasons for this architecture. We show in Figure 9 a sample design of such a network. Specifically, we see the set of transmission schemes connecting from a lower level to higher ones. A path may or may not go horizontally. It may go vertically, all controlled by a single control at the highest level.

- o Centralized: A centralized architecture is similar to a hierarchical system in that the control function is centralized. However, the transport elements are not in a hierarchical format. This is shown in Figure 10. The hierarchical structure is no longer present, but there is a single point of control. The control element covers all other elements in the system. A typical example of this type of network is that of a large bank in a metropolitan area. Part of the network is the local ATM (Automated Teller Machine) network and the voice network for the bank. Each are separate but the bank controls both from a single point of control.

o Distributed: The distributed system has distributed control, distributed interconnection and flat transport alternatives. This is shown in Figure 11. Here we first note the reduction in concatenated switch and transmission elements. The network is much less dense and the switch is actually co-located with the interface. The LAN networks are typical example of distributed designs.

o Segmented: A segmented network is really a hybrid. Each segment uses a subarchitecture that meets the requirements of the existing system but the networks are interconnected through standard interfaces. This is shown in Figure 12. In this case we show that this network architecture is an amalgam of the first three. What is still common, however, is the partitioning into local and long distance nets. A typical example of this network is that of a large corporate network. Part of the network can be for the voice circuits, controlled at a single point and based upon use of both local and inter-exchange carrier circuits. The second part of the network is the data network, again using both local and long distance carriers, and control from a separate location.

o Partitioned (Local and Long Distance combined in a community of interest): In all of the above, we have assumed that local and long distance transport are separate. This is a world view dominated by the regulatory environment. We can see this segmentation along community of interest lines rather than along these more traditional lines. Thus one community of interest is a network for financial service companies and a second for a network providing service to the residential user. These each have all of the local and long distance services, but are now segmented by the user market or the community of interest. The sub architecture may be any of the above. This is shown in Figure 13. The major difference in this system is that we have segmented several overlay networks, each containing elements of the above four. This architecture allows for local and long distance in separate partitions. It says that you can segment the network by users not just by function. Had the MFJ understood users rather than functions, the results could have been dramatically different. An example of a Partitioned network would be that for American Express or Sears. It contains the set of local and long distance networks as well as subnets for specific distributed applications. However, each of these companies may have access to a separate public switched environment.

We show these alternatives in Figure 5 through 9.

Understanding that there are several varying architectural designs allows one to better understand that each reflects not only connectivity but also the world view. We have applied these techniques to three different networks; the NREN, Prodigy consumer network and the Dialog information service. In Figures 10, 11 and 12, we depict these networks and one can readily see the difference and the similarities.

5.3 Impact of Technology on Architecture

We have just discussed the elements of the architecture and the embodiments of design that these elements may lead to. We shall later discuss the details of the technology evolution but it is appropriate at this stage to make several observations about the current impact of technology on architecture.

In the current telephone system, the interconnect element of the architecture is provided by the Central Office Switch and the physical interconnection of the wires from the street to that switch. The point at which the many wires from the street meet the switch are at a device called the Main Distribution Frame (MDF). The Frame must be able to connect any incoming wire to any outgoing wire. The MDF, as it is called, has been the same for over fifty years. It is a manually connected system, where the craft person must connect each incoming telephone wire to a corresponding location on the switch, each time a customer moves or changes their phone number. In computer systems, this is all done in an electronic fashion.

In contrast, the central processing unit in computers goes through changes once every two years. The standard processing capacity curves show a doubling of processing capability in the same two year period. Computer users have a more rapid turnover of technology because they generally work in an environment with no regulation, shorter depreciation schedules and a focus on meeting specific business needs.

In contrast, the centrally based network must meet a collection of common needs and serve them in a least common denominator basis. The conclusions from these observations is clear. If change is at the heart of the services and technology is driving them, then migrating the elements to the customer of control, interconnect and interface maximize the change and innovativeness of the network.

In terms of a national network, this then begs the question, should not the network, as infrastructure, be nothing more than a broadband transport of open single mode fiber and let all other functional elements be provided by the end user.

6.0 Infrastructures

Let us extend the concept of infrastructure. In our context, an infrastructure is a shareable, common, enabling, enduring, resource, that has scale in its design, and is sustainable by an existing market, and is the physical embodiment of and underlying architecture. Specifically;

- o Shareable: The resource must be able to be used by any set of users in any context consistent with its overall goals.

- o Common: The resource must present a common and consistent interface to all users, accessible by a standard set of means. Thus common may be synonymous with the term standard.

- o Enabling: The resource must provide the basis for any user or sets of users to create, develop and implement any and all applications, utilities or services consistent with the underlying set of goals.

- o Enduring: This factor means that for an infrastructure to be such, it must have the capabilities of lasting for an extensive period of time. It must have the capability of changing incrementally and in an economically feasible fashion to meet the slight changes in the environment, but must meet the consistency of the world view. In addition it must change in a fashion that is transparent to the users.

- o Scale: The resource can add any number of users or uses and can by its very nature expand in a structured form to ensure consistent levels of service.

- o Economically Sustainable: The resource must have economic viability. It must meet the needs of the customers and the providers of the information product. It must provide for all of the elements of a distribution channel, bringing the product from the point of creation to the point of consumption. It must have all of the economic elements of a food chain.

- o Physical Embodiment of an Architecture: The infrastructure is the physical expression of an underlying architecture. It expresses a world view. This world view must be balanced with all of the other elements of the infrastructure.

An infrastructure is built around the underlying architecture. An infrastructure is in essence the statement of the architecture which in turn is the conceptual embodiment of the world view.

Infrastructures as physical embodiments of architectures must, to have economic lives that are meaningful, be developed when the world view, technology and user needs are stable. If any of these three are in states of significant flux, the infrastructure may soon not meet the change in the world view and then become obsolete.

6.1 Types of Infrastructure

It is important to distinguish between architecture and infrastructure. We have extensively defined architecture in terms of its three parts: elements, world view and technology. Infrastructure unfortunately has

been reified in terms of some physical embodiment. The discussion of NREN being an infrastructure is viewed by many as being a determinate thing. Kahin has, however, de-reified the concept in terms of its being an embodiment of a concept or set of common goals. We expand that and state that an infrastructure is an enabling capability built around a common construct.

There are four types of infrastructure views that are pertinent to the current discussions of networks. These are of particular import to such networks as NREN since they will lead to the policy directions that it will take. These four infrastructure types are as follows:

- o Physical: This is the most simplistic view of an infrastructure. It requires a single investment in a single-physical embodiment. The old Bell System was such an infrastructure. The National Highway system is such an infrastructure.

- o Logical: This network may have separate physical embodiments, but all users share a common set of standards, protocols and other shared commonalities. All users have access through an accepted standard interface and common higher level transport facility. IBM had attempted in their development of SNA in the mid 1970's to develop a logical infrastructure in data communications. This was expanded upon by the ISO OSI seven layer architecture, selecting a specific set of protocols in each layer.

- o Virtual: This type of infrastructure is built on intermediaries and agreements. It provides shared common access and support interfaces that allow underlying physical networks to interconnect to one another. Separately, the individual networks may use differing protocols and there are no common standards. The standards are at best reflected in the gateways to the interconnection of the network. Thus this infrastructure is a loose binding through gateways. It is in many ways what is the INTERNET today, if we include all of the subnets.

- o Relational: This type is built on relationships between the network parties and the establishment on higher level accessing and admission. Specifically, a relation infrastructure is based on agreements on sharing addresses, not necessarily common addressing, and on the willingness to share data formats and types. It is an infrastructure based on shared common interests but not shared common access. This type of infrastructure is what in essence exists in most cases today. Users can move from network to network through various gateways. The difficulty is the fact that the interfaces are cumbersome and may require sophistication on the part of the users. However, more intelligent end user terminals and interfaces will reduce this cumbersome interface problem.

We show the relationship of these four infrastructures in a diagrammatic fashion in Figures 13 through 16. Our conclusion is that understanding the type of infrastructure that the coalition of users want, will also impact the architecture, based upon an imputed world view. Arguably, a physical infrastructure leads to maximum hierarchical control and the resulting impacts that such control leads to. This is a critical issue for networks such as NREN, since by choosing infrastructure and architecture may not be as uncoupled as desired. In particular, the selection of Gbps capability may really be GHz capability and is best suited to a Virtual or Relational infrastructure.

6.2 Current Infrastructure Options

There is a considerable amount of effort to define and implement an information infrastructure. In this section we describe some of these current proposals, many of which are still quite formative and lack substance. In some cases we shall try to place them in the context of the constructs that we have developed in the preceding sections. In order to fully describe these infrastructures, it is also necessary to deconstruct the work of the authors, understanding their meanings in the contexts of what they are saying and taking an approach that blends the hermeneutics of Gadamer with the semiotics of Levi-Strauss. We now address several of the more current views of infrastructures. In each case, we describe as best can be done the concepts of each of the individuals, and then attempt a deconstruction in terms of their underlying architectural assumptions, their view of infrastructure and more importantly their world view of information and information networks.

(i) Dertouzos Infrastructure

This is the most widely discussed of the information infrastructures having been proposed by Professor Dertouzos who is a Computer Scientist and the Head of the Laboratory for Computer Science at MIT. Simply put, he defines the information infrastructure as:

" Common resource of computer-communications services, as easy to use and as important as the telephone.."

Dertouzos states that there are three elements to his vision of an information infrastructure. These are:

- o Flexible Transport: This includes bandwidth on demand, flexible pricing and security and reliability.
- o Common Conventions: This includes his concepts of E Forms and Knowbots. The former is a set of standard for formats and the latter are intelligent agents for the movement and processing of data.
- o Common Servers: This is a set of common file servers or generalized servers to provide directories, text/image translation, data base access and active knowledge.

In Figure 17 we depict all of these elements.

In the paper, Dertouzos discusses this architecture and he uses as an example a system conceived of and designed by the senior author (McGarty 1990 [1],[2], 1991 [1],[3]). In the author's system, the assumption was to both empower the end user and to do so in an incrementalist fashion. The architecture shown in this - second system was based upon:

- o Available Transport: Take what is present and build in an economically viable fashion. Build communications on an incremental and economically effective basis.
- o Open Interfaces: Use standards as appropriate, and allow the users the freedom to meet their economic needs. Recognize the changing needs of the user and buyer and incrementally change to meet the evolving needs.
- o Client Server Architecture: Maximize use of end user terminals and empower end user applications development. Provide tools and not strictures.

The system designed and operated by the author actually connects the MIT campus with hospitals, publishers, and other economic entities in a build-a-little, test-a-little, use-a-little approach that allows for use acceptance and economic justification. The Dertouzos Infrastructure assumes directions that are significantly different and diverge from the end user driven approach of the author but take a more centralist approach. This latter approach has been advocated by Moses in his discussions on the subject, yet are somewhat counter to Moses' layered organizations that maximize flexibility and minimize complexity.

(ii) Kahn Infrastructure: The vision of Bob Kahn, of CNRI is one of a broad band research backbone, loosely coupled, with dark fiber and as high a bandwidth as possible, read data rate. This proposal, frequently confused with the Gore infrastructure, is generally more open and flexible. However, it too lacks any-economic underpinnings.

(iii) Gore Infrastructure: Gore, the Senator from Tennessee, son of the initiator of the Federal Highway system, and presidential contender, has argued for a single network, government directed and funded, hierarchical in fashion, that allows everyone to have access to every bit. Consider his comparison of data bits to corn kernels;

" Our current national information policy resembles the worst aspects of our old agricultural policy, which left grain rotting in storage silos while people were starving. We have warehouses of unused information- "rotting" while critical questions are left unanswered and critical problems are left unresolved."

He believes that every bit is a good bit. He further has no value concept of information. His definition is clearly the one of quantity and not value. Researchers are not necessarily starving for lack of bits. Quite the contrary, there is a need for coherent data reduction. He further states;

"Without further funding for this national network, we would end up with a Balkanized system, consisting of dozens of incompatible parts. The strength of the national network is that it will not be controlled or run by a single entity. Hundreds of different players will be able to connect their networks to this one"

He is somewhat contradictory. On one hand he states that there should be one network and not many, on the other hand he has all the separate networks connecting to this one. In this case, his world view comes through clearly. He wants a hierarchical or at most centralized architecture as well as a physical architecture. The proposal lacks the flexibility of an economic entity.

(iv) Heilmeier Infrastructure: Heilmeier, the new President of Bellcore, the R&D arm for the Bell Operating companies on the regulated side, advocated a hierarchical, BOC controlled, network intensive, monolithic network. This is not surprising considering his extensive stay in Washington as a government bureaucrat. He further argues for control of both wire based and wireless networks. He is quoted as saying;

"I'd like to see a bona fide information infrastructure rather than a fragmented world of different systems for everything."

Networks are currently fragmented and as a result of this fragmentation local economic optimization has occurred. In contrast to the hierarchical, centrally controlled view of Heilmeier, also formerly head of DARPA, wherein he views the need for a single point of control and direction, the world of communications networks and information networks have grown through the increased power of the end user interfaces and interconnected distributed throughout the network. In addition growth has resulted from less control in the network and less centralization. The work of the author (McGarty 1990 [1], [2], 1991 [1],[3]) has shown an architecture for a distributed multimedia environment that has been built and is still in operation that uses a mix of communications channels and thrives on those channels that have the least functionality. Specifically, dark fiber transport is the most enabling and empowering of any communications channel.

6.3 Proposed Infrastructure

Infrastructures are enabling entities. As we have discussed, an infrastructure does not have to be a single centrally controlled, managed, and funded entity to be effective. In fact an infrastructure on the loosely constructed basis of a relational infrastructure is just as effective as the extreme of a physical infrastructure. We make the following observations, and based on the prior developments in the paper propose an alternative direction for infrastructure development.

(i) Technology is rapidly changing and will continue to do so. The directions in technology are towards increased processing capability per unit workstation and increased capacity in performing both complex processing tasks while at the same time handling sophisticated protocol procedures. We depict this change in Figure 18.

(ii) User terminals are expanding in a network multimedia environment that is empowering the end users to both use many new media types as well as dialog in a conversational basis with other users in the same network. The extremes in this environment are depicted in Figure 19

(iii) End users are becoming more pervasive and training of users based upon strict confines of computer languages are disappearing. The end user is empowered to act and to use information system with no training

or education. Citibank, in its development of the ATM network has ensured that the systems have minimal need for human intervention or training. In addition, the Citibank home banking product, the most widely used of any home banking products on PCs, is almost instruction free. The Apple MAC computer is also another example of end user empowerment through intimidation free end user interfaces. The relationships between these are depicted in Figure 20.

(iv) Successful technology development in a productive fashion has best been effected within the constructs of entrepreneurial small companies that allow for the creation of new ideas judged by the dynamics of a free market. Large centralized technology development organizations have time scales that are much longer than the time scales of the underlying technologies. The developments in the computer industry of today are prime examples.

(v) Users are not only empowered to use systems in a variety of ways but they are also able to select from a wide variety of systems, interfaces and data sources. To quote A.G. Fraser of Bell Laboratories:

"Every standards body seems to be churning out protocols left, right and center. We may already have passed the point where we can all come together." (Coy, 1991)

Thus, distributed networks, interfacing with disparate other networks, through gateways is already a reality.

These observations then indicate that with a changing base of customers, a changing set of needs and an already progressing infrastructure that is relational at best, that to continue to maximize our technical creativity it is best to match the information infrastructure to our cultural paradigms. Thus it is argued that the proper evolution of an information infrastructure should be along the relational model. That, in fact, the physical extreme is counter to the trends of user empowerment and economic efficiency. It further could provide a roadblock to technical creativity.

7.0 Distribution Channels

In consumer marketing, one is continually reminded of the old adage that the dogs must eat the dog food. This is a very telling statement. Dog food is packaged for sale to humans. The humans are the buyers. The manufacturers of dog food must meet the needs of two constituents: the decision maker and buyer as well as the user. The decision maker or buyer is the human who is attracted to the package, the price or the method of storage and packaging. The user however is the dog. The dog generally, as far as the authors know, does not differentiate dog foods on the basis of the labels or the packages. The dog does not look at the television commercials or read the newspapers. The dog smells and tastes. The first can of dog food can be sold to the buyer or decision maker but if the user does not consume it, the second and ensuing cans will not be sold. A trivial thought but of extreme importance to the information economy.

Videotex was a significant example of the preceding adage. A great deal of effort was made to sell the owners of the dogs, in this case the mass market consumer, on a new food. The food was interactive home shopping, banking, travel, ticketing and many other factors. The success of this is best exemplified by the graveyard of videotex companies: Viewtron, Indax, Qube, Prestel, and many others. Compuserve and Prodigy still survive but for other reasons. Compuserve meets the E-mail needs of a well defined niche market and has progressed to sustain its ability to meet the changing needs. Prodigy is sustained by the deep but emptying pockets of IBM and Sears. If one went back to 1981, and read the literature describing videotex, it was obvious to those at that time that in ten years the use of this type of service in the home would be pervasive. Clearly history has told a different story.

Information is a product. It has a buyer and seller and it has a value. It is viable in the context of a business if and only if the buyer and seller can be connected in an economically efficient fashion. In addition the product must meet the needs of the buyer, and in the simplest terms it must create value for the buyer. In this section we shall focus on the three major factors; the user, the product and the distribution channel.

7.1 Users

The users are those entities who will both use the services provided as well as pay for them. Again, we are driven by the sales adage, money is neither created or destroyed, it just moves from the left pocket to the right. By this is meant that a user has a set of utility curves and a fixed amount of discretionary funds. The choice of one service over another or of one product over another is based on the maximization of that benefit to the consumer. Thus an information service must have value in order to displace expenditures from other areas that already have intuitive value by their very existence.

In Dertouzos (1991, [1]), he discusses the need for an information infrastructure, as we have already presented, in total absence of any economic rationale. In Dertouzos (1991,[3]), he states:

"Until a better explanation is devised, let me suggest that information has economic value to people if it can lead them to the acquisition of tangible goods. Similarly, information has intangible value if it can enable them to satisfy less tangible human desires."

This quote is both the recognition of and justification for an economic basis of an information infrastructure. The authors contend however, that to understand the user it is necessary to first understand the product and its value to the user. Current marketing tactics (Kotler, Porter [2]) clearly demonstrate that an understanding of the value chain to the user is essential. That value chain is the basis for product competition and displacement. It will be necessary for the Dertouzos model to include an explicit recognition of this market dynamic.

Users have a progressive interaction with information, as they do with any new product or service. In this paper, we argue that there is a need and benefit cycle that leads to the introduction of any new product or service. Figure 21 depicts a cycle between the provider of the information services and the user who will pay for these services that are offered. The cycle has four elements:

- o In this cycle, the supplier may have a need to distribute the new service. They then offer this service to users.
- o The users then perceive the benefits of this service. The benefit is a transient effect for the user. Through education and promotion and persistence the benefit becomes a need.
- o The consumer need establishes the basis of a market for this information service. Once established it delivers a set of benefits to the provider.

It should be noted that in information services as in all product introductions, the time to go through this cycle may be extensive. We depict this cycle in Figure 21. Videotex is an example. The need is there, yet the benefit proof has yet to be established.

7.2 Uses, Products, Goods or Services

The use to which a user puts the information gathered is a critical factor. Consider the analogy in Gore's infrastructure concept to that of corn or wheat silos. Take specifically the similarity to corn. Each bit of information is a kernel of corn. As consumers, one is hard pressed to find any grocery store that sells corn by the kernel. One may find processed, pre cooked, packaged frozen kernel corn, suitable for rapid heating, preferably in a microwave oven. Sometimes, in season, one may find ears of corn. Rarely does one find kernels of wheat. Possibly in a health food store, and then only in California.

What one does find is a processed and usable form of the original commodity. More importantly one finds the commodity in a brand name package. "Birds Eye" frozen corn is the package that the consumer buys. "Pepperidge Farm" bread is the form of wheat purchased. The commodity has been not only transformed

but repackaged to get effectively to the consumer. The transformation creates a product. The product can be a good or service.

We must then ask the question, what information is at the kernel of wheat stage and how does the information move from that point to that of a consumable product such as a croissant. Clearly there are many things that have to be done and many hands in the process. We argue that we must deal with information as a product, and that it is a product when and only when it is in a condition to be consumed by the user or consumer. That consumption implies the ability to create or transfer value.

Let us return again to the Gore concept of every bit being an important bit. Information is the ability to change state. If we look at an X-ray, we have typically 20 billion bits of information in a typical chest X-ray. The information is in the small area that indicates a hilar mass from lymphadenopathy. This in turn is caused by a primary mass in the lumbar lobar lobe. Simply put, the information to change state is fifty to one hundred bits worth out of 20 billion. The productization of information is the task of performing that processing and developing the packaging.

7.3 Distribution Channel

Getting the product from a raw material form to a usable product in the hands of the user is the function of the distribution channel. The distribution channel is the food chain of the economic entity. Having a link in the chain missing leads to attrition in the chain, starvation and death.

The distribution channel for information must take the information from its raw form, process and package it, distribute it to the users and support it during its useful lifetime. Let us first consider an example of information distribution considered in the professional market, specifically the academic and research areas. Such companies as STN, Dialog and Nexus (MeadData Corp) operate data base systems and networks for access by end users. They acquire the rights to distribute such information as whole text documents from professional journals and patent databases. The information is provided to these companies by the journal preparers who act as the initial suppliers of the data. The database companies then mount or package the data on their computer systems, and then through their own networks or the public switched telephone system, they allow end users to access the information.

A specific example is the Dialog Medical Connection. A physician may turn on their computer and log into Dialog directly from a menu driven system. The logon then allows for the selection of keywords for searching. After some delimiting of the items available, the search is performed and the references, in abstract or whole text are delivered to the searcher. The system now allows a practicing physician to access the data directly.

In this specific example there are several roles. These roles are as follows (see Figure 22):

- o Supplier: This is the primary data supplier. It may be the New England Journal of Medicine that provides a full text data file, addressable and searchable by a Dialog data base system.
- o Packager: This entity takes a set of disparate data sources and packages them together for a specific user niche or vertical market. In this case the Medical Connection software and interface selects sets of databases adequate for addressing the interests of the practicing physician.
- o Distributor: The entity creates a dynamic market for the packaged set of information. The distributor deals directly with the end user and does the sales, support, training and billing functions in this business.
- o Network: This entity must provide a data communications infrastructure for the information sources. Currently, whole text means only words. There are few data bases which provide the whole article as image, including the figures. If the network allowed for low cost ease of access and transport, then the whole article would be accessible.

All of these elements are part of the network. We show these players in the distribution channel in Figure 22.

8.0 Conclusions

The vision of an information infrastructure should and must be built upon a firm and well understood foundation of meaning of information, its value in an economic context to a set of users, the world view of the designers, implementers and users, and the economic infrastructure that is needed to build and maintain it. - An information infrastructure as political rhetoric is specious at best and serves the worst interests of all its stakeholders. In this paper we have provided answers to the questions that we have posed as being essential in the examination and development of an information infrastructure.

Many of the current proposals call for the development of a physical infrastructure. This physical infrastructure is being conceived in a hierarchical and centralized fashion, by designers whose world view is embedded in times past. The designers also reflect a belief in the efficacy of Governmental control and management of resources and the need to have central coordination. They use as current paradigms the national infrastructures used in other centralized nations wherein the information networks are perceived as national resources.

Comparisons are made to highway systems. However, feet, horses, donkeys, carriages and cars, existed for years before systems such as the national highway infrastructure was developed. As a system of roads it met all of the requirements of an infrastructure. However, information systems have been around for less than thirty years, and have been evolving at a very rapid pace. Innovation in these systems has been as a direct result of unfettered entrepreneurialism.

The authors argue that all of the elements of an information infrastructure are in place today. They are evolving at a rapid pace and at a pace that is economically effective and efficient. Ideas are evolving and the free market tests these ideas out against the economic realities and accepts those that pass the test. Videotex did not pass this test in the United States. It was never given the change in France where it was mandated by the collaborative efforts of the telephone company and the newspapers. The matrix of computer networks, as described by Quarterman, has evolved with limited Government intervention. In fact, the most rapid evolution occurred during periods of government disinterest, rather than government focus.

9.0 Glossary of Terms

Architecture: The conceptual embodiment of a world view constructed of the system elements utilizing the available technology.

Benefit: An unexpected positive influence, of a monetary or nonmonetary nature, that is attained by a user of a service.

Centralized: A system philosophy that ensures the overall operations of a system based upon a single and centrally located point of control and influence.

Control: The means of monitoring, managing, adapting, and reconfiguring all information network elements to ensure a consistent level of service delivery.

Data Base: A device or set of devices that stores and retrieves data elements on one or many types.

Distributed: A system that has a fully disconnected and independent set of elements that separately or together provide for all of the elements necessary for the support of the full service.

Distribution Channel: The complete and uninterrupted set of tasks and functions necessary to ensure the economic viable flow of information goods and services from the source to the consumer of those services.

Hierarchical: A system with a single point of definition, development, management and control, with reporting relationships of all elements that flow ultimately upward to a dominant control point.

Infrastructure: A sharable, common, enabling means to an end, enduring in a stable fashion, having scale of design, sustainable by an existing market, being the physical embodiment of an underlying architecture.

Interconnect: The ability to and the systems necessary to effect that ability to provide the connection between any viable set of entities in a network.

Interface: The layers of protocols, tools, development mechanisms that enable an end user to achieve the maximum use of all resource available to them on the network to which it is attached.

Logical Infrastructure: An infrastructure wherein the commonality is based upon the agreements on a single set of protocols that operate on different physical elements that may be under disparate control and management.

Market: The collection of users who create an economically efficient and effective set of transactions for information.

Multimedia: The use of multiple sensory data and inputs by human end users that allows for the interaction of the sensory data with the user.

Multimedia Communications: A multimedia environment consisting of multiple human users in a conversational format in a temporally or spatially based environment.

Need: The creation of a sustaining economic imperative based on consistent benefits to a user.

Network: A transport mechanism combined with the interconnect and control functions.

Paradigm: A specific example, experiment, or physical test case that is used by a large group to explain a broad set of phenomena that are directly or indirectly related to the underlying physical example. A typical set of examples are the use of the Apple MAC icon screen to redefine human interface, the Watson and Crick view of DNA as the coding mechanism for life or waves used by Maxwell to describe light.

Physical Infrastructure: A fully integrated, centrally controlled and defined and regulated physical embodiment of an architecture.

Process: An embodiment of a set of procedures in a software program to effect a set of well defined changes to input.

Processor: A physical device that is used to run a process.

Relational Infrastructure: An infrastructure that is the loose coupling of totally independent sub infrastructures. The interfacing is built upon agreements to interface and the sharing of internal standards in each sub infrastructure.

Segmented: A structured partition between two tightly controlled subnetworks.

Transport: The movement of physical information from a set of points to another set of points.

User: Any entity or agent that uses resources on the network.

Value: An economic measure of the effectiveness of the use of information.

Virtual Infrastructure: An infrastructure that is based upon common but disparate sets of protocols that are agreed to on the basis of group decisions.

World View: A philosophy, either explicitly or implicitly, adopted by the system designer, owners, or managers, that reflects the accepted limitations of the prevailing paradigm.

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12.0 Figures

Figure 1: Information Value

Figure 2: Information Business Elements

Figure 3: Information Architecture

Figure 4: Architecture Constructs

Figure 5: Hierarchical Architecture

Figure 6: Centralized Architecture

Figure 7: Distributed Architecture

Figure 8: Segmented Architecture

Figure 9: Partitioned

Figure 10: NREN Architecture

Figure 11: Prodigy Architecture

Figure 12: Dialog Architecture

Figure 13: Physical Infrastructure

Figure 14: Logical Infrastructure

Figure 15: Virtual Infrastructure

Figure 16: Relational Infrastructure

Figure 17: Information Infrastructure: Dertouzos

Figure 18: Architecture Evolution

Figure 19: Architectural Extremes

Figure 20: Architectural Implications

Figure 21: Need/Benefit Cycle

Figure 22: Information Infrastructure Elements