Chapter 18 Synthesis and Conclusion

Chapter Objectives

This chapter will discuss:

- The current state of an organization's operational environment,
- The transition to service oriented architectures, and
- The utility of a well-developed enterprise architecture.

18.1 The Current State of an Organization's Operational Environment

In the past few decades, organizations' operating environments have changed dramatically. For a significant period of time, computers in an office were simply typewriters able to store documents for future retrieval. Now, the sheer processing power of the common desktop or laptop computer far outpaces what was available only a short time ago. Now that virtually everyone has a computer of some type, and now that instantaneous communication around the world is required of many jobs, the role of network security is even more critical.

18.1.1 An International Business Scenario

Kaplan and Norton (2006), the balanced scorecard pioneers from Chapter 7, discuss how "advantage today is derived less from the management of physical and financial assets and more from how well companies align such intangible assets as knowledge workers, R&D, and IT to the demands of their customers. (Also), the opportunities and challenges that globalization affords are forcing companies to revisit many assumptions about the control and management of both their physical and their intangible assets."

A perhaps typical flow of materiel and information in the modern era is shown in Figure 18.1.

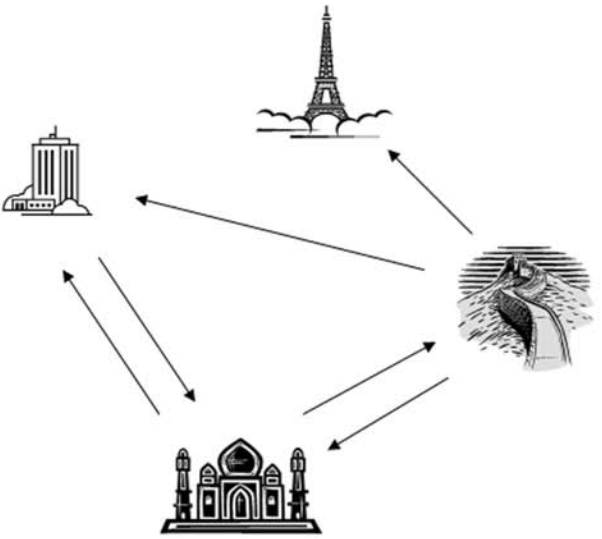

Figure 18.1 Information and Materiel Flow in an International Business Scenario

In this example, several countries are involved: the United States, France, China and India. Each country has sufficient capabilities to easily accomplish any part of this scenario, but assuming for the sake of discussion that:

- The product is designed as well as sold in the United States,
- The product is sold in France,
- The product is manufactured in China, and
- The product's English language customer service is performed in India and feedback and design improvement suggestions are part of the service provided to the American company.

For the American company, there are several considerations:

What is the relative cost of the transaction when so much functionality is distributed around the world?

Referring back to Chapter 16, the arguments of Coase, Leibenstein and Sako apply here. Coase, whose major area of discussion was Transaction Cost Economics, found that organizations would make the decision to