Decision Point:
IT Infrastructure Mismatch

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EXECUTIVE SUMMARY

In the defense industry, quality training is key to the military success of our troops. Increasingly, more training is developed for delivery in an online format, as “e-learning”—a convenient and cost-effective alternative to instructor-led training. With a learning management system such as the U.S. Navy uses, courses developed by contractors are posted into its database and accessed by naval users across the world. The Defense Source Company is an industry leader in defense products and services, including training. There are two divisions that provide such training, but there are differences in orientation and infrastructure that muddy the situation when developing training. This case provides an overview of this defense contractor with two related divisions that both offer similar resources. Readers are challenged to understand the infrastructure resources of both divisions and to decide what should be done with them for the ultimate success of the company. [Article copies are available for purchase from InfoSci-on-Demand.com]

Keywords: Defense Contractor; Defense Source; IT Infrastructure; Management Systems

ORGANIZATIONAL BACKGROUND

Defense Source is one of four large companies in the overall United States defense industry who share the majority of government business, followed by an armada of small companies who compete furiously for business that the big four companies do not want or need. Defense Source is a defense contractor employing just over 100,000 people in its engineering and design divisions. Founded in the early twentieth century by Vannevar Bush and others, the company has dominated the defense market since its inception. With almost $300 million in revenue annually, the company has built an international reputation for expertise in providing electronics and other products for the U.S. defense industry, as well as for many other countries around the world.

Defense Source is a technology leader specializing in defense, homeland security, and other government markets. With a history of innovation spanning more than 85 years, Defense Source
provides electronics, mission systems integration, and other capabilities, including command, control, communications, and intelligence systems, as well as training. One worldwide success of a Defense Source product, the AmpFire missile defense system, earned its reputation for knocking down enemy missiles during Operation Desert Storm. The AmpFire system is now deployed at many strategic points across the world, including in Israel, who faces almost daily hostilities by neighboring countries.

Much of the revenue earned by Defense Source comes to it via government contracts. Agreements to provide aviation services, missile systems, missile detection equipment, supplies for modern warfare, and even training make up most of the company profits. Other revenue is earned by commercial products and services. Defense Source is well known for small-boat radar systems, a technology that has filtered into the commercial product arena after first finding a niche serving the U.S. Coast Guard. Other commercial products include aircraft landing systems, aviation radar, customized airplane design and construction, in-car radar used by police departments, and even an “extreme” apparel line for customers spending time in areas with extreme weather or conditions. A high-level organizational structure is shown in Chart 1 and illustrates the company’s four major operations.

Defense Source’s president, Bob Johnson, is new to the company, having just signed on six months ago. Johnson comes to Defense Source from another, much smaller defense contractor. He made his reputation there by promoting efficiencies in all company efforts. Known for his tendency to prefer mergers over leaving small units or companies alone, Johnson has already begun such efficiency efforts at Defense Source, and is rumored to be considering selling off the retail operations of the company to focus more sharply on strategies for dominating the defense market.

![Chart 1. Defense Source organizational structure](chart.png)
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