Chapter I

The New Informed Business Architecture

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INTRODUCTION

The fall of the Berlin Wall, the collapse of the Warsaw Pact, and the disintegration of the Soviet Union are certainly monumental events in the history of the human race as the 20th century nears its close. Monumental changes are taking place in business organizations and in the managers who run them. The business community is shifting its paradigms and the manner in which it does business.

To avoid “Future Shock,” one must look beyond the trends of the past and discover the rules that will govern business in the Twenty-First Century, the Information Age. By knowing the nature of such changes and how to anticipate them, the strategist can elicit extraordinary leverage in shaping the future. Drucker (1980) in Managing Turbulent Times, writes that one of the most important skills during times of turbulence is anticipation.

This chapter explores the effects of the information age (Figure 1) upon the global business enterprise which is shifting from an old paradigm to a new one, in the way Kuhn (1970) described paradigm shifts in science in The Structure of Scientific Revolutions. We will also suggest that since all major business dimensions have shifted paradigms, a new era in business requires a new set of rules.
This chapter offers an integrative strategic model for a new informated business architecture which operates in the new Electronic Global Village (Targowski, 1991, 1996). In this village, planet Earth, computers, communications, and cognition (3C) will globally connect islands of business, customers, and citizens between diminishing national boundaries. These new tools develop computer and human networking within a new informated, more abstract, or icon driven environment (Tapscott and Caston, 1993).

SHIFT OF POWER

The most easily recognized paradigm shift is that of power: political, economic, and social.

The Political Perspective

At the end of World War II, the United States was preeminent in all areas of commerce and industry with 52% of the world’s GNP. This singular leadership by *Pax Americana* was seriously eroded during the decade of the 1980’s and has evaporated altogether with the collapse of the Soviet Union and the reemergence of Japan and Germany as economic superpowers. Perhaps the most dramatic shifts of the second half of the 20th century have occurred in the areas of political, economic, and social power. The polar competition between capitalism and communism has ended without an unboastful victor while the former communists are busily transforming themselves into fledgling democracies (Huntington, 1996).

The Economic Perspective

The year 1991 marked the end of the old military industrial arms race and the beginning of economic warfare conducted by stateless corporations (Korten, 1995). Since 1991, large corporations have moved away from local or national boundaries toward cosmopolitan and global ones without borders. For example, IBM had 62% of its sales in countries other than the U.S. Similarly, Colgate had 64% of its sales outside of the U.S. while Coca-Cola did 54% of its business abroad (1991, annual Reports). In these instances, companies thought to be American are in fact global competitors, serving global markets, with global products. But to whom are they responsible? They wield...
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