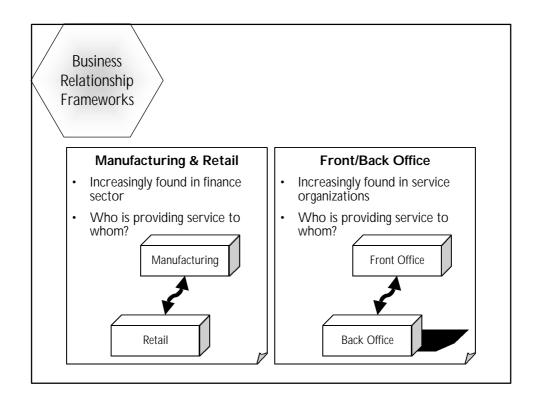
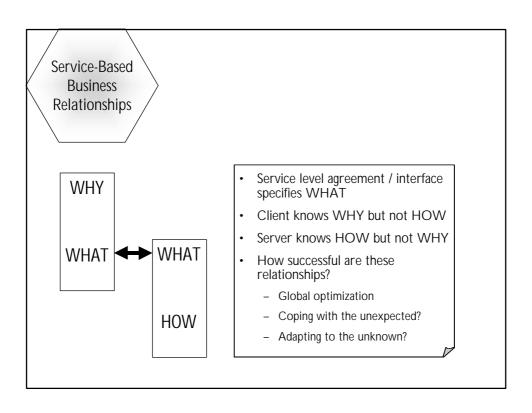


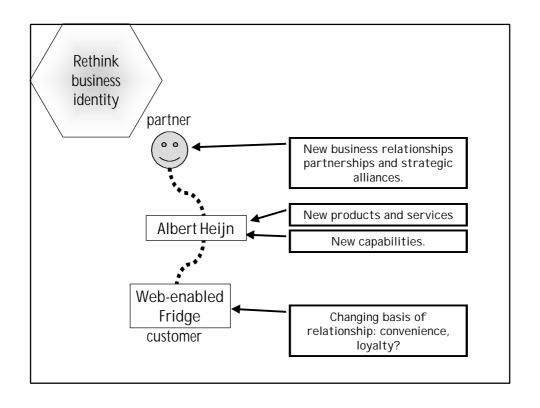
Technology and Economics

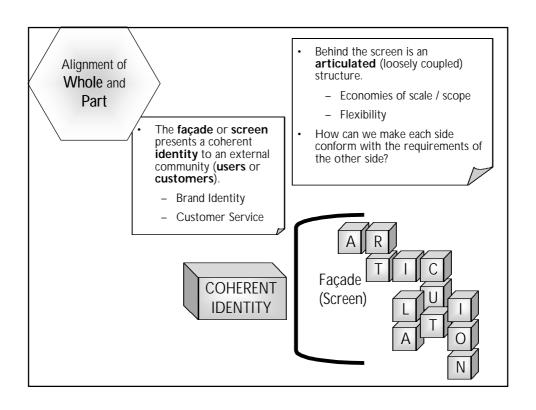
- Interorganizational Networks
 - Increased efficiency of order processing
 - Reduced costs from Just-In-Time stock management
 - Lock-in trading partners
 - Product customization because of superior information
- Electronic Markets

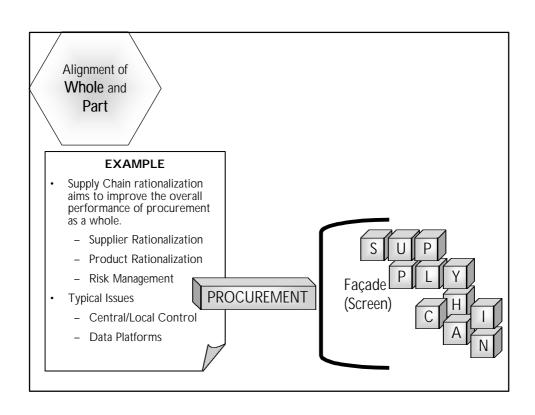
- Tight coupling?
 - Integration of production and logistics across firms
- Loose coupling?
 - Reduced search costs
 - Increasing commoditization





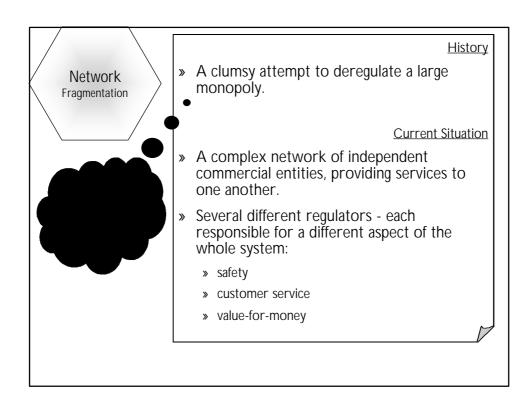


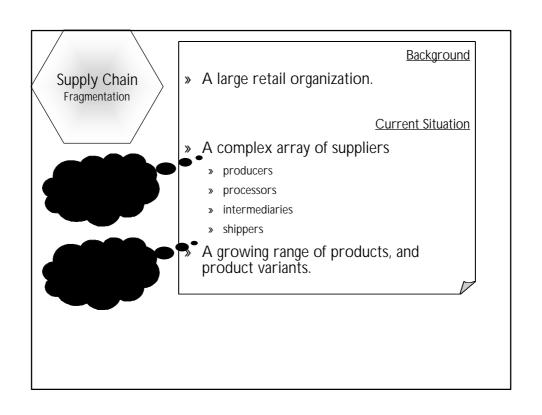


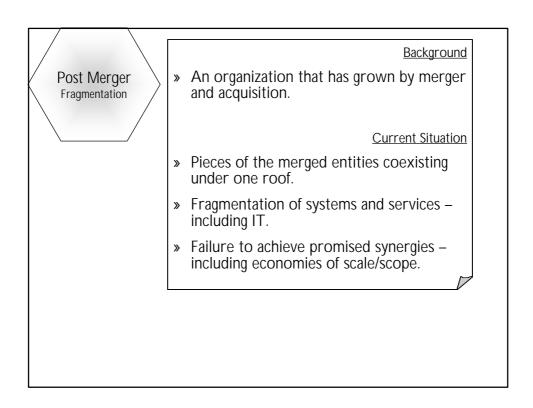


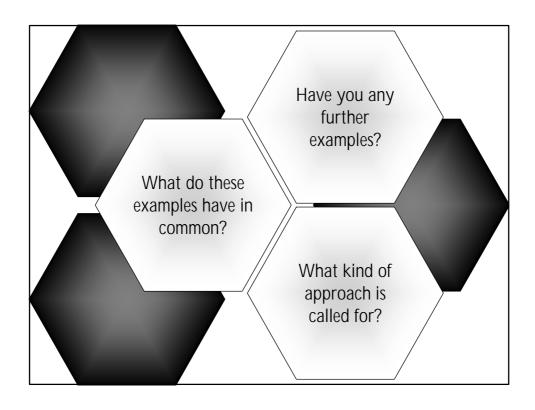
Reasoning about Wholes and Parts

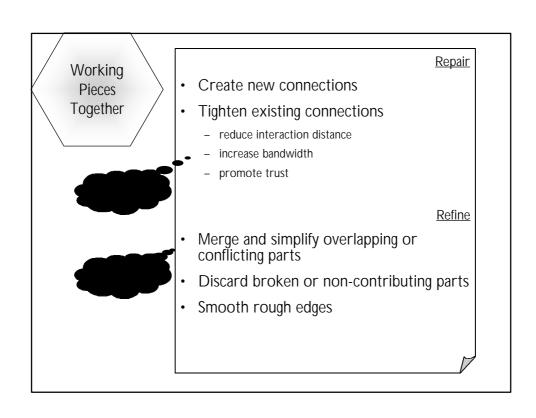
- Complexity demands parallel consideration of wholes and parts.
 - Whole is too complex, so we sometimes have to think about parts as if they were independent of the whole.
 - Parts don't make sense without appreciating larger context.
- We understand systems by dividing them into components.
- System properties often cannot be located in components.
- Change programmes are divided into increments
 - These can also be regarded as components.

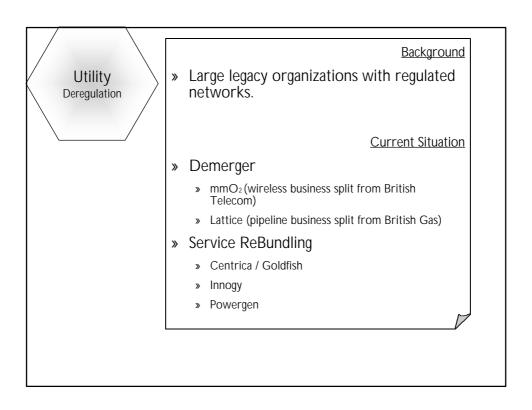


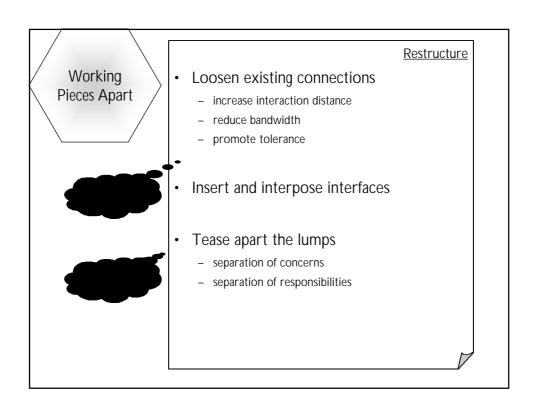


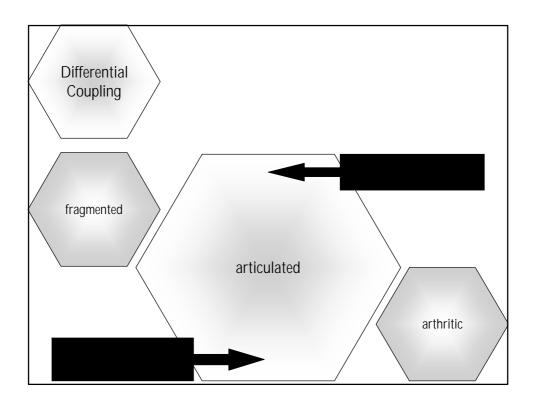


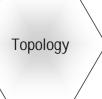












Basic Notions

- · Access, Availability
- Boundary, Barrier, Interface
- Inside / Outside / Neighbourhood
- Structural Coupling / Connection
- · Compact, Cohesion, Cluster
- · Open / Closed
- Fold, Layer, Envelop, Complexity

Relevance to CBB

- Network Architecture Design & Business Strategy
- Market Regulation & Governance
 - Barriers to entry
 - Barriers to exit
- Change Management
- · Security & Trust
 - Hacking as a game of dungeons and dragons.

Quick Sketch of Topology

Open

- An open set contains a neighbourhood of every point.
- Joining any number of open sets together produces a new open set.

Closed

- An closed set contains its own boundary, and the boundary of every neighbourhood.
- **Intersecting** any number of closed sets together produces a new closed set.

Open and Closed are not opposites.

- Some sets can be both open and closed.
- Some sets can be neither open nor closed.

Interference

Basic Notion

- Failure of simple addition / composition between two components.
 - Example: interaction between two beams of light
- Implications for the composition of large complex systems from autonomous components and services.
 - Example: feature interaction
- Implications for predicting / testing the emergent properties of large systems.

Relevance to CBB

- Information Interference
 - Epistemological Interference
 - Ontological Interference
- Management / Regulation Interference
- Interference between multiple attempts at sensemaking

Thinking Components

- Company as "component" of many larger systems.
 - Supply chain
 - Global marketplace
- Encapsulated change
 - Increment as component.
- Systems and components are socially constructed
- Typical scope of control is component or subsystem, rather than whole system.
- Systems manifest resistance to change. This
 is an emergent property of an accumulation
 of past design decisions, often characterized
 as Legacy.
 - Business processes and relationships
 - Organization structure and culture
 - Operational capabilities and resources
 - Technical artefacts and architectures

Thinking through opportunities and threats

Component thinking

- Determine granularity of competition.
- · Determine granularity of change.
- Identify the crucial patterns.
- · Plan cost and time to change.
- · Implement best practice.

Systems thinking

- Ability to analyse a situation from multiple perspectives.
- Understand what emerges when you put the components together.
- Understand the processes of problemsolving and change.
- Ability to make intelligent judgements in the face of inadequate knowledge.

Questions

- · What kind of judgements can we make about components?
- How does increasing componentry alter the kinds of judgements we can make about systems?
- How does order emerge out of chaos? How do structures evolve?
 And what have components got to do with it?
- · What paradigm: client/server or peer2peer?

Pitfalls

- Technological constraints interfere with business decisions.
- Emphasis on flexibility and speed can negatively affect character.
- Misuse of feedback can result in alignment focused on the past rather than the future

Mediaeval Thinking

- Knights chase around the forest after mythical beasts, encumbered by heavy armour and ancient weapons.
- Wizards camp in the clearings, selling silver bullets and magic potions.
- Kings build castles to assert their unshakeable power.
- And lovers attach themselves to unattainable dreams.
- System engineers try to capture The Business Requirements, to which they can develop an ageless Solution.
- Vendors and users quibble about the magical powers of one or other Device.
- Businessmen and investors try to build a permanent position of Competitive Advantage or Profit, from which they can be safe from the dragons of Uncertainty and Risk.
- And customers dream of Frustrations finally Alleviated, Demands Satisfied at last.

Beyond Mediaeval Thinking

- The landscape for business and IT has changed.
- The traditional goals are increasingly meaningless.
 - What good are Efficiency or Control or Integration, if you've sacrificed Flexibility?
 - How important is Certainty or even Identity, in a fluid world where "stationary" apparently means "stagnant"?
 - What Trust can be invested in business relationships and software artefacts?
- But many people attempt to erect the same old defences against the same old monsters.

- We're still in the Middle Ages. The forest is still full of knights lumbering about with larges.
- At some point you may decide to discard your own lance altogether – but you might need it for a little while longer. Don't suddenly stop doing things in the old ways – the old ways are often convenient, sometimes even necessary – but you may start loosening your attachment to them.
- And if your competitors are still firmly attached to the old ways, it should be easy to get the better of them, by paying attention to some of the things they are overlooking.