# Changing the way the Enterprise works:

Operational Transformations

Thomas J. Greene, Ph.D. Outreach Officer

Massachusetts Institute of Technology Computer Science and Artificial Intelligence Laboratory(CSAIL) Cambridge, MA

http://www.mit.edu/~tjg/





## Tom (Thomas J. Greene)

- Boston College (B.Sc.'66), Univ.of Toledo (Ph.D'.'73), Harvard (Ed.M. '90)
- Built a Computer Aided Instruction Lab ('78)
- Began a Computer Science Department ('80)
- UN consulting ('88)
- Visiting Scientist at Stanford ('81), IBM ('85), MSC('70)
- W3C('94-'98)
- NSF(2000-'03)
- MIT-CSAIL (1986-present)







- A (short) History of people and technology (From Whence?)
- Some Abstractions for Enterprise Managers
- The Forces causing Faster Change
- Your Models now need Monitors and open design to be NIMBLE with Updates.

# Population & Time - The Growth rate

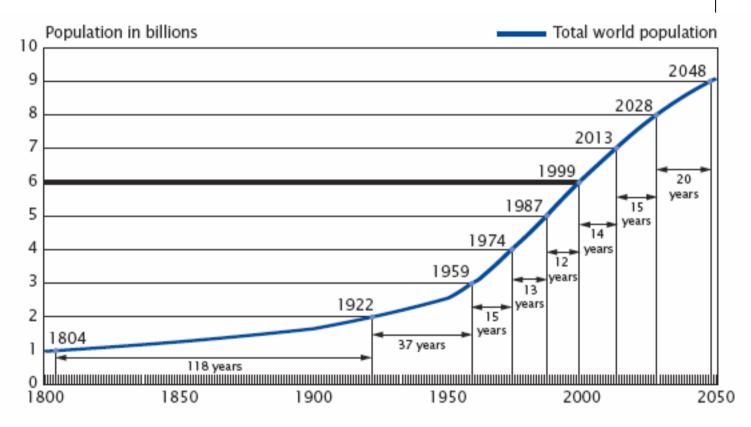


- 35 BCE-Julius Caesar -- 150 Million people
- 1 Billion
- 2 Billion
- 3 Billion
- 2000 A.D. -- 6 Billion people

60Billion



### **BILLIONS OF PEOPLE**



Source: United Nations, World Population Prospects: The 1994 Revision; U.S. Census Bureau, International Programs Center, International Data Base and unpublished tables.

#### SOURCE - HTTP://WWW.UN.ORG/DEPTS/UNSD

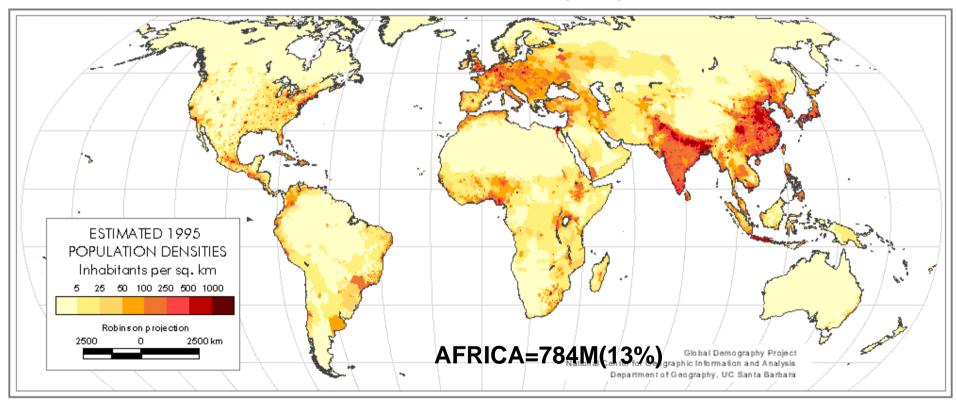
## World population distribution



**US&CANADA=310M(5%)** 

EUROPE=729M(12%)

ASIA=3.68B (61%)



LATIN AMERICA=519M(9%)

**OCEANIA =30M(.01%)** 

## **HBR-Sept 2002-**

### **Serving the World's Poor, Profitably**



Serving the World's Poor, Profitably ---- by C.K. Prahalad and Allen Hammond

By stimulating commerce and development at the bottom of the economic pyramid, multinationals could radically improve the lives of billions of people and help create a more stable, less dangerous world. Achieving this goal does not require MNCs to spearhead global social-development initiatives for charitable purposes. They need only act in their own self-interest. How? The authors lay out the business case for entering the world's poorest markets.

Fully 65% of the world's population earns less than \$2,000 per year-that's 4 billion people. But despite the vastness of this market, it remains largely untapped. The reluctance to invest is easy to understand, but it is, by and large, based on outdated assumptions of the developing world.

While individual incomes may be low, the aggregate buying power of poor communities is actually quite large, representing a substantial market in many countries for what some might consider luxury goods like satellite television and phone services. Prices, and margins, are often much higher in poor neighborhoods than in their middle-class counterparts. And new technologies are already steadily reducing the effects of corruption, illiteracy, inadequate infrastructure, and other such barriers.

Conrinues---



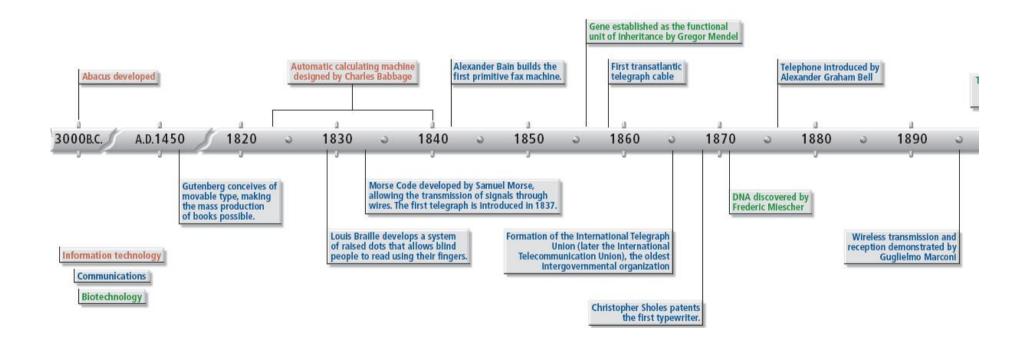
# Technology & Time - The Growth rate



- 3000 BCE--ABACUS
- 1450-- GUTTENBERG PRESS
- 1837--TELEGRAPH
- 1876--TELEPHONE
- 1948--TRANSISTOR
- 1994-- WWW GOES GRAPHIC
- 2000 -- DRAFT OF HUMAN GENOME

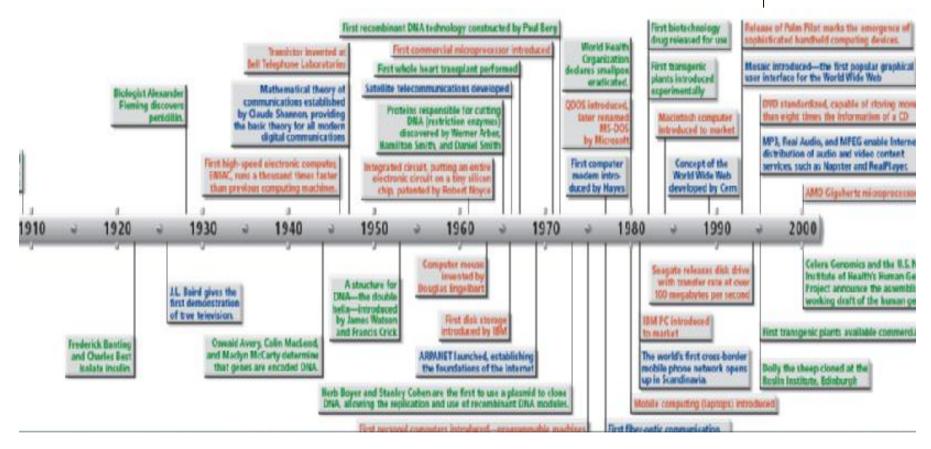
















### **Outline**

- A (short) History of people and technology (From Whence?)
- <u>Some Abstractions for Enterprise</u> <u>Managers</u>
- The Forces causing Faster Change
- Your Models now need Monitors and open design to be NIMBLE with Updates.

# INFORMATION SPACE -A PHASE CHANGE?



 A water molecule can exist in different phases, as it changes phases its world is very different, but only in hind-site

- Solid---->
- Liquid---->
- Gas ---->





- Moore's law 2 year doubling
- Network -18 month doubling

Information speed of travel--

By spoken words, by letter, by horse, by phone

Sound speed? (~600mph)

Network

Light speed (~186,000mps)

# Abstracting the global Transformation



## Perhaps think of the TRANSFORMATION being caused by Transforms

Abstract State (color, weight, letters, people...)

A= (blue,50, xy, 10 men ...) B= (red, 25, ab, 15 women)

A process has occurred that changed A to B , the process may involve ideas, people, Machines, paint brushes call it T(W,X,Y,Z ---)That is B = T op A

Hilbert Space ? Linear Algebra ?

### Just a powerful picture!



## Business Roots of the Process-Managed Real-Time Enterprise: the Enterprise is its Business Processes

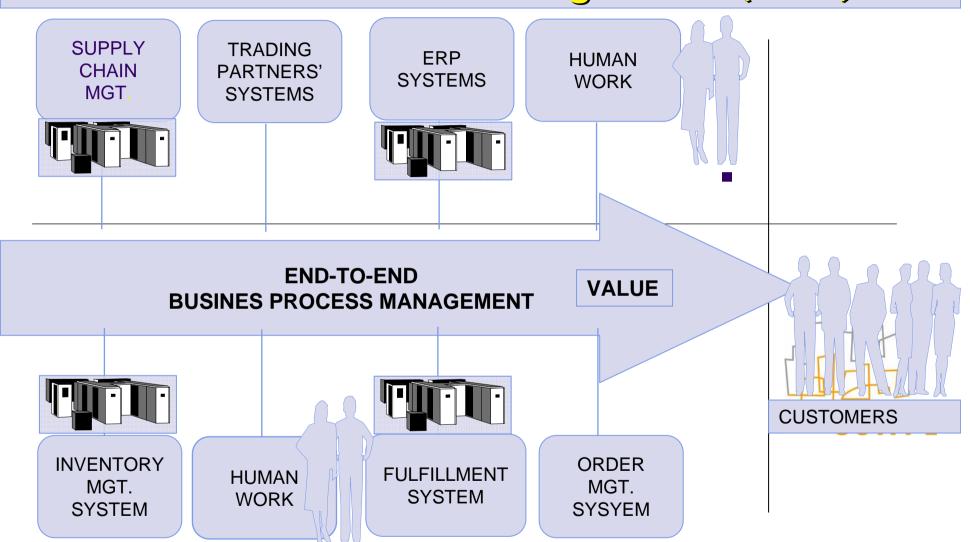
	BUY		ADD VALUE	SEI	L	\
Prim Activit	Sourcing & Procurement Sourcing, Supply Planning, Materials Procurement	Inbound Logistics Receiving, Incoming Material Storage	Operations Assembly, Component Fabrication, Branch Operations	Outbound Logistics Warehousing, Fulfillment, Shipping	Sales & Customer Service Sales, Order Processing, Customer Support	V A
Supp Activit	Financial Management Financing, Planning, Investor Relations	Research & Developmen Product Design Testing, Proces Design, Materia Research	, Physical Plant s Office Equip.	Management Recruiting, Training, Compensation	Marketing & Advertising Market Research, Promotion, Advertising, Trade Shows	E/

### **Under the Hood of the Enterprise**

(Porter's Value Chain Analysis)

Source: Peter FINGAR, personal correspondence

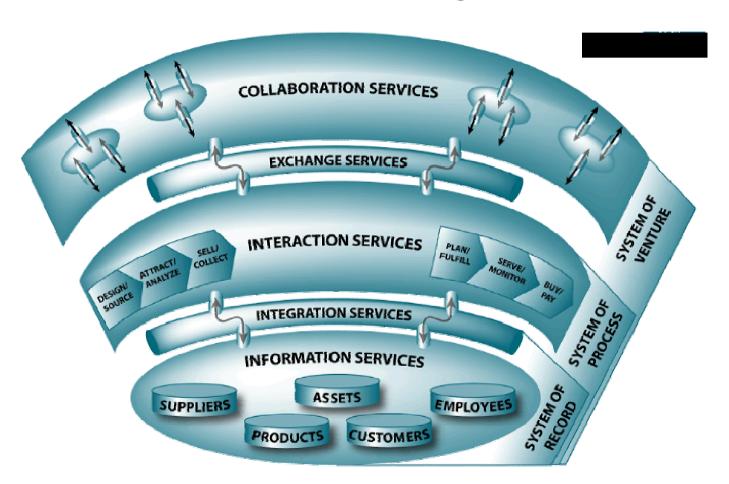
### Business Process Management (BPM)



Source: Peter FINGAR, personal correspondance

### **Process-Oriented Architecture**

### From Systems-of-Record to Systems-of-Process Scalable Real Time Agile



Source: AMR Research





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- Innovate without emigrate
  - Distance is not an issue
  - Language is not an issue
  - Design can occur any where
- AND --- An economic incident, Legislation or a strike or a medical breakthrough or a discovery, or ANYWHERE on the Globe can directly, immediately effect your Enterprise

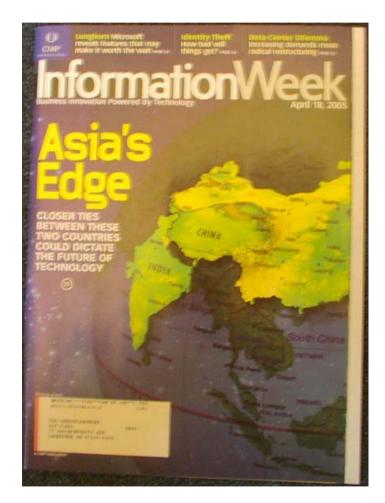
# Columbus was wrong (for information space)

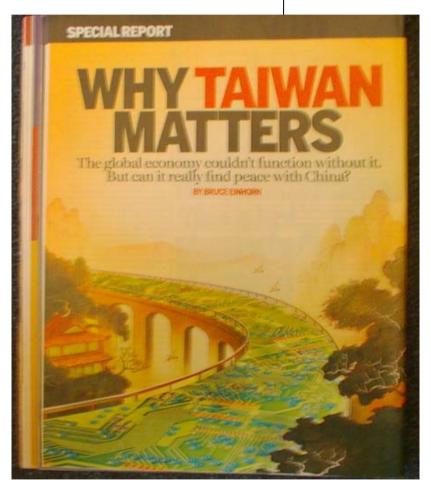


- ... WE are all INTER-connected by the NET for information across all boundaries of geography and language.
- THE WORLD IS NOT ROUND
- "THE WORLD IS FLAT"-T. Friedman
- ...and becoming flatter



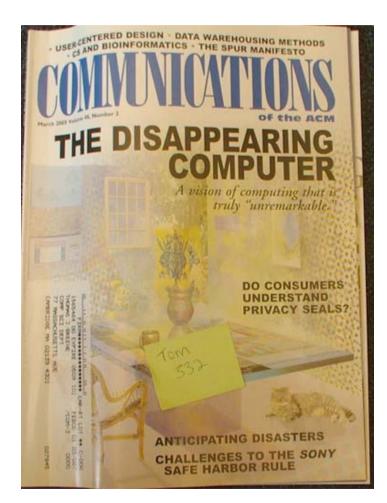
## Asia-1





# Increasing technology/Changes















## Maximum value--(Cheaper,better, ...)











- Language barriers are down (2)
- University education is free and instantly accessible (no certification) (2)--OCW OCW+
- Information is excessive 10,000 books, 35 languages
- The BLOG
- Our Lady of Guadalupe statues in Mexico --mostly from China
- Cell phone calls from the Amazon River
- My energy bill has doubled in 12 months.



## Language Barrier

## INFORMATION FLOWS FREELY AND INSTANTLY AROUND THE GLOBE

### Recent examples

- Death of the pope
- 9-11
- Berlin wall
- Elections Britain, Iraq, Palestine, etc.





6/13/2005

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### **FNGLISH**

ABSTRACT: The communication and information revolution has a fast changing sets of technologies that have already caused changes in the enterprise. However expectations of the "customers" of the enterprise have also changed by their personal use of the internet and web. They expect a Time of response for any transaction to be Instantaneous. Managing the pace of change is the problem. The technologies that enable very fast response are complex and themselves fast changing. To use them requires learning new skills and changing current procedures. Operational Transformation is the next frontier of business advantage. Because of global competition in uncertain times. The enterprise of all sizes must be configured to change the way they conduct business and reinvent their operations or face losing to competitors who do change. These issues will be examined and a possible solution to the problem offered.

#### **GFRMAN**

Di e Kom mun ik at io nun d die In form at ions verfäl schung hat schnelle ändernde Sätze Te chno logien, die bereits Änderungen im Unterneh men verursacht haben, je doch haben Erwartungen "Kund en" des Un terneh mens auch du rchihren p er sö n lic hen G e b ra uch der das In terne t und geändert. Sie erwarten eine Ansprechze m ögli che Verhand lung, b lit zschn el l zu s ei n . D en Schritt der Ände rung zu handh aben ist das Problem. Die Techno logien, die sehrschne ller Antwort e rm ö gli chen. sind kompliziertund selbst schne Ändern, sie zu benutze nerfordert neu e Fähig keiten des Lernen sund ände rnde üb liche Verfahren. ions fähige Um wan dlung ist die folgen de Grenze des Gesch äftsvorteils. Wegen der globalen Kon kurrenz in den uns iche ren Zeiten, mu β das Un terneh Größen zu sam men gebaut werden, u m die Weise zu rn, die sie Gesch äftleiten und ihrer Betriebe oder das Gesicht, das zu den Kon kurrent en verliertrein vent. d ie ände rn. Die se Ausgaben werd en über prüft un d eine mögli che Lösun gzum Problem geboten an.

### PORTUGESE

SUMÁRIO: A voltad e um ac omunicação ed ei nform ação te m jogos em mudan ca rápid os das tecnologias que têm cau sado já mudan cas na empresa. Entret anto as ex pectativas do s"clientes" da empresa muda ramt amb ém por seu u so pesso al do Internete da correia fotor rece pt or a. E sp er am um mome nto de res postapa ra to da a tran sação de se rin stantâne o s. Con tro lar o ritmo da mudan ça é o pro blem a. As tecnologias que per mitem a respos ta muito rápida são comp le xa s e e la s m es ma s m u dan ca rápid a. Usá-lo s re qu er habil idad es no vas da apr en diz agem e pro cedimentos at uais em muda nca. A transform ação operacionalé afronte ira se gu inte da vant ag em done gócio. Por causa da competição globa le m épocas incert as, a em pre sad eto dos os taman hosd eve serc onfigurarad a para mudar a mane ira que con duzemo negócio e reinvent sua operações ou caraqueperdem aoscon correntesque mudam. Estas e di cões ser ão ex a min a das e u ma so lu cão possíve l ao problem a ser á ofere cid a.

EXTRACTO: La c om unicación v la revolución d el a in form ación tiene sistem as que cambian rápidos delas tecnologías que han causado va cambios e n la empresa. Sin embargo las expectativas delos "clientes" del a empresa también han cambiado por su uso perso na l del Inter net y de la tela. Cuentan con una épocade la respuesta para cua lqui ertran sa cción de ser instantáneos. El man ejo del paso del camb io es e 1 p ro blem a. Las te cno logías que permiten res pu es ta muvrápida son com plejas vellos mismos el cambiarrápido. Utiliza rlas r equieren nu e vas habilidad es el aprender y procesos actuales que camb ian. La transform ación o peracion al es la fronter a siguiente de la vent aja de l negocio. Debido a la competición global en épocas inciertas, la empresa de to dos los tamaños se debe con figurar para camb iar la man era que dirigenn egocio y que re inventan su so per aci one so cara que pier de alos competidore s que c amb ian. Estas e diciones ser án examinada s v una solución posible al problema se rá ofrecida.

FRENCH
ABRÉGÉ: La communication et la révolution de l'information ales en se mb les changeants rapid es dete chnologies qui ont déià causé des changements de l'entre prise. Cepen dan t les espérances des "clients" del 'en tre prise o nté ga le ment changé par leur utilisation per son nelle de l'Intern et et de l'enchaîne ment. Ils s'attendent à un te mp s de répon se pour n'imp orte quelle transaction pour être instant an és. La gestion du pa s du changemente st le problème. Les technologies quipermet tent la réponse très rapide son t com plexe sete lles-même schangerrapide. Les em ployere xigent de nou velles qua lifications d'étude et processus a ctuels changeants. La transformation opération nelle est la prochaine frontière de l'ava nt ag e d'affa ire s. En rai son de la concurre nc eg lobal e dans des pér io des incertaines, l'entre prise de to utes les tailles doit être con figurée pour chan ger la manière qu'ils conduisent des affaires et ré inventent leur sopération sou visage per dant au x con current squ i changent. Ces issues serontex aminées et une so lution possible au pro blème ser a offerte.

#### SPANISH

RIASSUNTO: La comunicazione e la rivoluzione dell'informazione ha in sie mi cambia ntiveloci delle te cno logie che già ha nnoc au sato i camb iam en ti nell'impres a. Tuttavia le aspettative del "dei clienti" dell'impres a i noltre so no cambiatotr amite il lorou so per son ale il Inter nete fo tor ice ttore. Pre ve do no un momento de lla risposta per tuttala transazione di es sere istantane i. Il contro llo del passo di camb iam en toè il problema. Le te cno logie che perm etto nola risposta molto velo ce sono comples se e dessi stes si cambia re veloce. Usa rle richiedono len uove ab ilità impa raree dip roces si att ua li c amb ian ti. La trasfor mazione o per ativa è la frontiera seguente di vantaggio di affari. A causad i concorren zaglobale nei per iodi in certi, l'imp res a tutti i form ati deve e sser e configurata per camb iare il sens oche con duc ono il com mercio e chere inventano i di lo ro funz io na me nti o faccia che per de ai comp et itor i che camb ian o. Ques te e dizioni sa ranno es am ina te e una s ol uzi one possibile al p ro blem a sarà offerta.

### Korean

요약: 전달과 정보 혁명에는 이미 기업안에 변경의 원인이 된 기술의 빠른 변경세트가 있다. 그런데 기업의 "고 객 "의 기대는 인터넷및 웨브의 그들의 개인 사용에 의하여 그 리고 변경했다. 그들은 즉석 인 어떤 거래를 위해 응답의 시간 을예기한다. 변경의 걸음을 처리함것은 문제 이다. 아주 빠 른 응답을 가능성을 주는 기술 복잡하다그리고 그들자신은 빠른 변경 이다. 그들을 사용함것은 학습 새로운 특기및 변경 현재 절차를 요구한다. 작전 전이는 사업 이점의 다음 국경 이다. 미심쩍은 시간안에 세계적인 경쟁의, 방법을 변경하기 위하여 모든 규모의기업이 형성되어야 하기 때문에 그들은 사업을 지휘 하고 변경하는 경쟁자에게 잃는 그들의가동또는 마스크를 개혁 한다. 이 문제점은 시험되고 문제에 가능한 해결책은 제안될 것이다.

### **CHINESE**

摘要: 通信和信息革命有已经导致变化在企业上的快速改变的套技术。然而" 顾客的"

期望企业由对这个网际网络和网的他们的个人用途并且改变。他们期待反应时间为任一种交易瞬间。主 持步幅变动是这个问题。使能非常快速反应的技术是复杂和他们自己快速改变。使用他们要求学习新技能和改变的当前步骤。可使用 变革是企业好处下个边境。由于全球性竞争在不定的时期,所有大小企业必须被配置改变他们举办事务和重创他们的操作或面孔丢失对竞争者改变的方式。这些问题将被审查并且对这个问题的一种可能的解法将被提供。

### **Japanese**

概要: コミュニケーションに及び情報革命に技術の速い 変更セットがある既に企業の変更をもたらしてしまった。但し企業の"顧客"の予想はまたインターネット及び網の彼らの個人的な使用によって変わった。彼らは即時であるどのトランザクションのための応答の時間でも期待する。変更のベースを管理することは問題である。技術非常に速い応答を可能にする複雑、自身は速い変更である。それらを使用することは勉強の新しい技術及び変更の現在のプロシージャを要求する。操作上の変形はビジネス 利点の次のフロンティアである。不確かな時の全体的な競争のために、彼らがビジネスを行ない、競争相手へ失う彼らの操作か表面をreinvent 方法を変えるためにすべてのサイズの企業は形成されなければならない変える。これらの問題は検査され、問題への可能な解決は提供される。

### **ENGLISH**

ABSTRACT: The communication and information revolution has a fast changing sets of technologies that have already caused changes in the enterprise. However expectations of the "customers" of the enterprise have also changed by their personal use of the internet and web. They expect a Time of response for any transaction to be Instantaneous. Managing the pace of change is the problem. The technologies that enable very fast response are complex and themselves fast changing. To use them requires learning new skills and changing current procedures. Operational Transformation is the next frontier of business advantage. Because of global competition in uncertain times, The enterprise of all sizes must be configured to change the way they conduct business and reinvent their operations or face losing to competitors who do change. These issues will be examined and a possible solution to the problem offered.

# MIT-3 Topics of Info openness



- 1. Open source -- Emacs -25 years ago,(copyleft)
- 2. Open Course Ware -- 5 years ago
- 3. Science Commons -- This year

(OOPS--W3C)



### MITOPENCOURSEWARE

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

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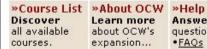
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#### Investing in Open Sharing

Demonstrating his belief in MIT and the ideal of open sharing of educational materials, MIT alumnus Jon Gruber has donated \$1 million to the OpenCourseWare project.

#### Johns Hopkins Opencourseware

Johns Hopkins University's School of Public Health has launched its pilot OCW project with eight courses now available.



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#### Reflections from MIT President Susan Hockfield

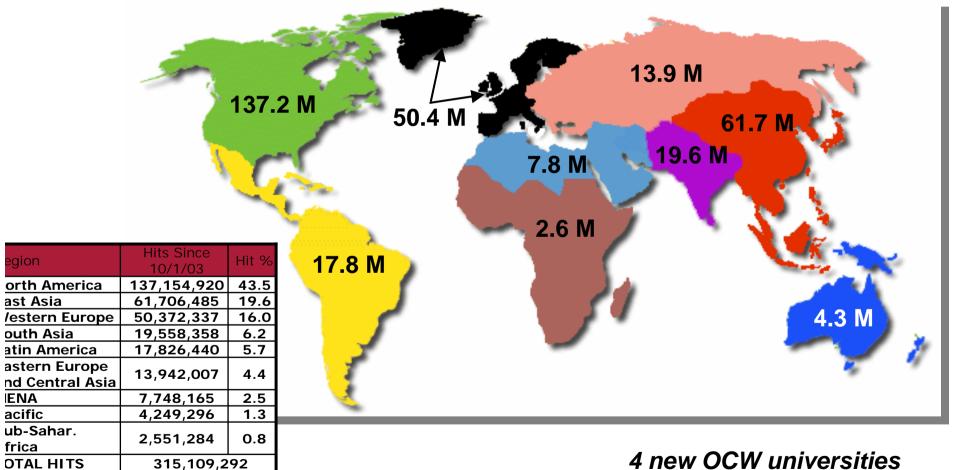


"OpenCourseWare expresses in an immediate and far-reaching way MIT's goal of advancing education around the world. Through MIT OCW, educators and students everywhere can benefit from the academic activities of our faculty and join a global learning community in which knowledge and ideas are shared openly and freely for the benefit of all."

- Susan Hockfield, President of MIT

### Traffic by Geographic Region (in Web hits, since 10/1/03)





# The Academy should keep Copyright -- Public domain science- paid for by the public, not IP gatekeepers.

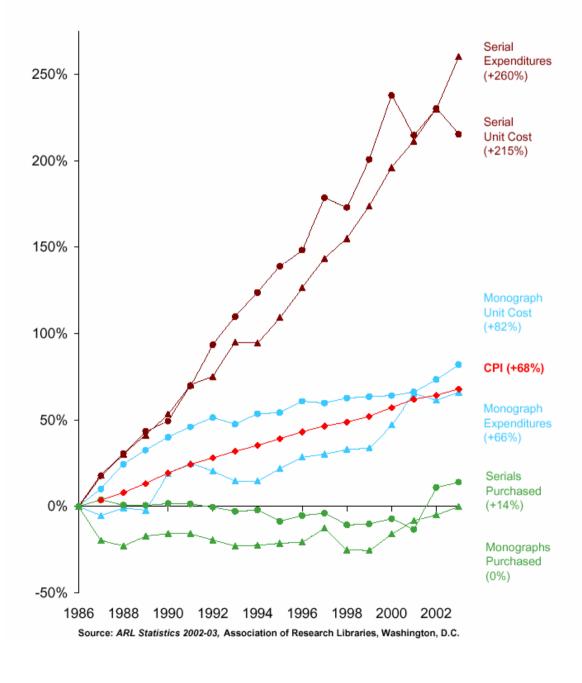


•CREATIVE COMMONS

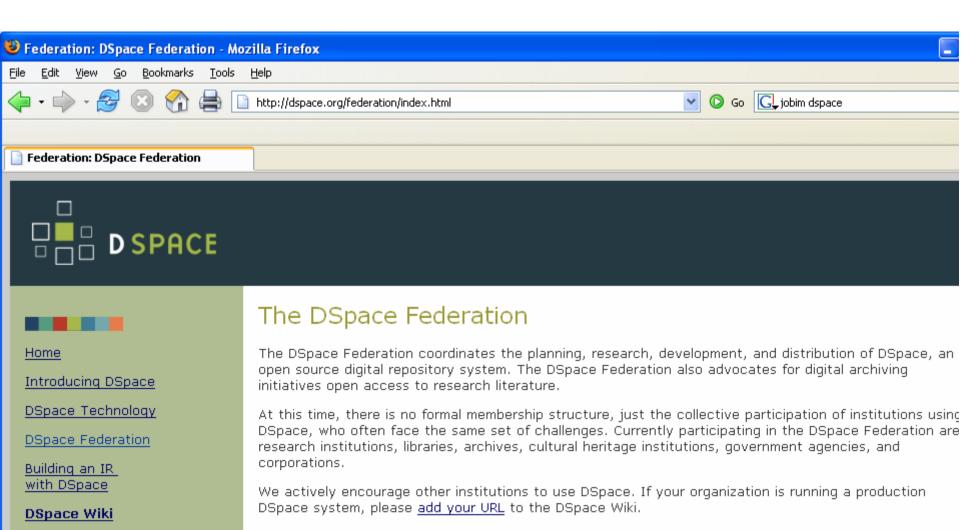
SCIENCE COMMONS

**Double cost of Journals in 10 years** 

#### Monograph and Serial Costs in ARL Libraries, 1986-2003







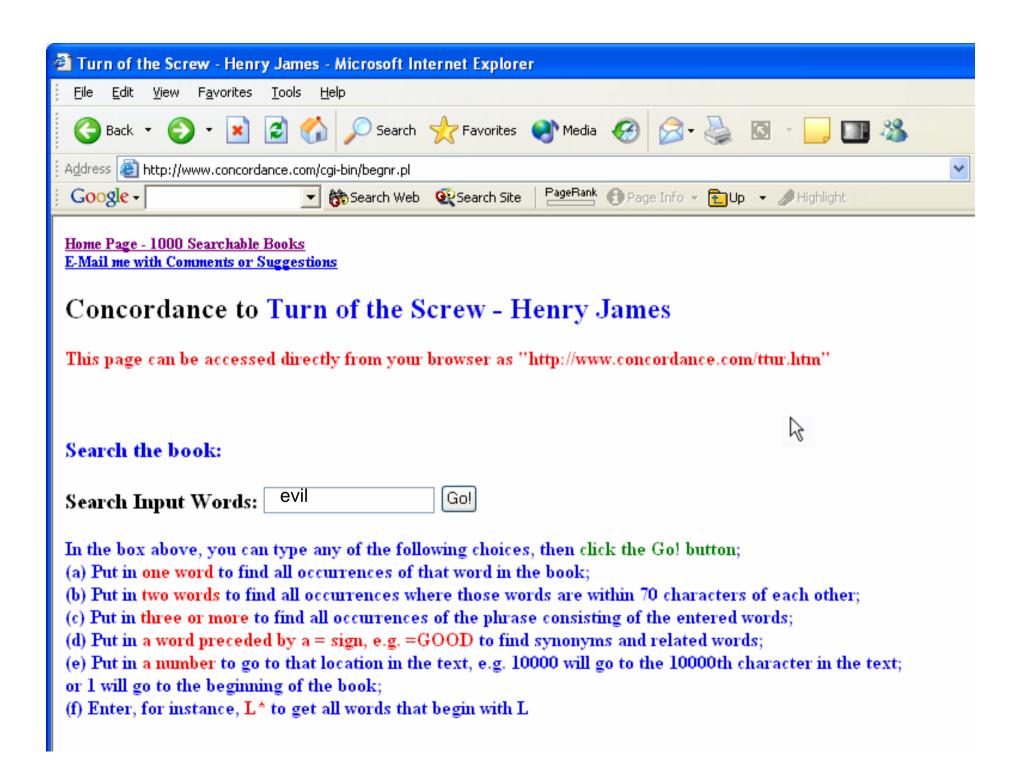
- FAQ.
- Mailing Lists
- News & Related Readings
- Related Projects
- Live DSpace Sites

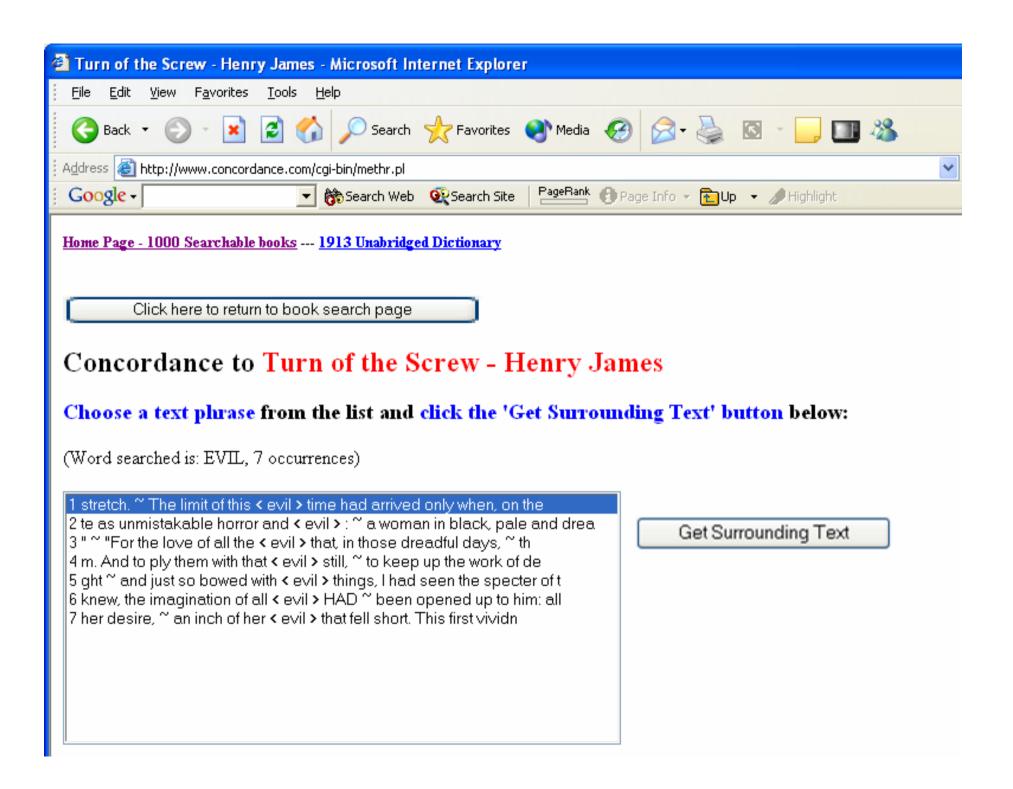
#### **DSpace Federation Goals**

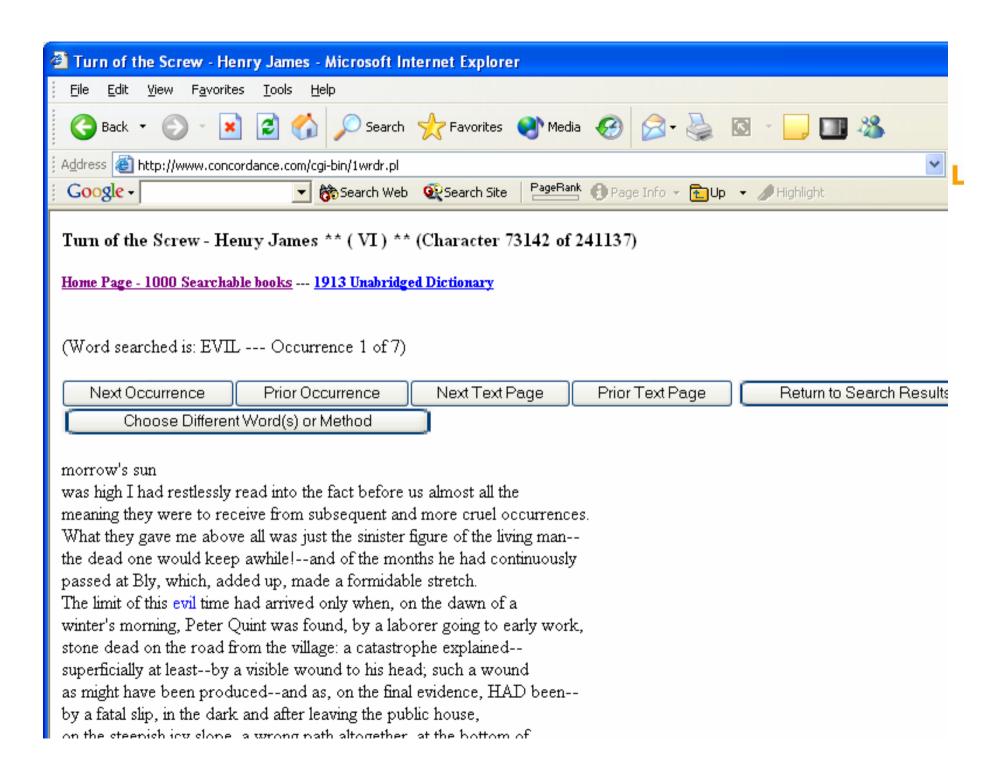
Members of the Federation share the following goals:

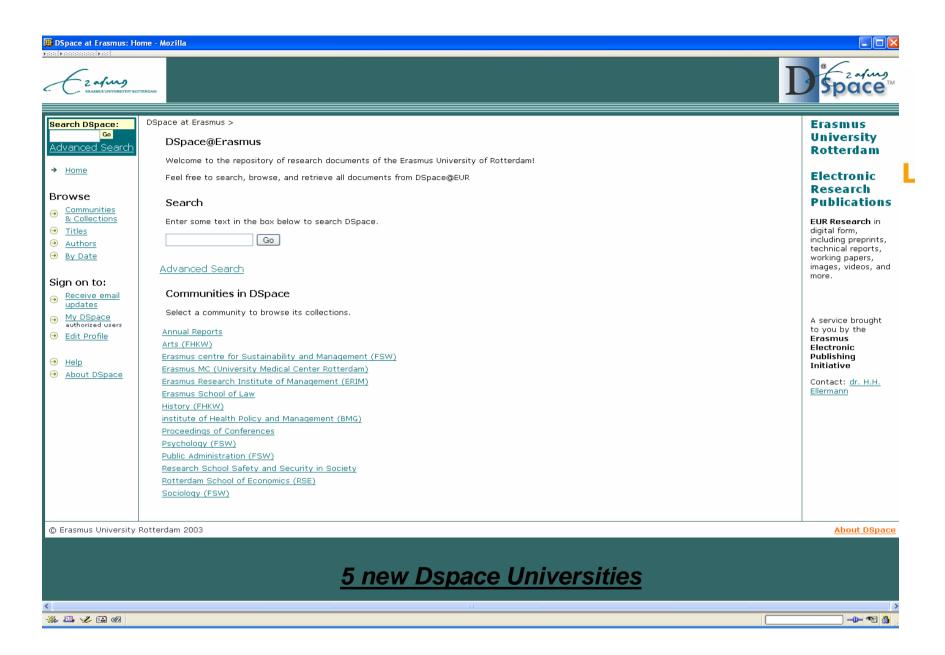
- Sharing in the development and maintenance of the DSpace source code.
- Developing a critical corpus of content that represents the intellectual output of the world's leading research institutions.
- Promoting the continued development of the DSpace service through the open source community.
- Promoting the interoperability of archival repositories.
- Ensuring the long-term preservation of scholarly work by complying with published standards and supporting national and international initiatives to develop standards in this domain.

#### Supporting the DSpace Community









# The Challenges to the Enterprise



- Extreme competition
- Globalization
- Rapidly changing technologies
- Forces beyond your control (world events are now directly coupled to your activity)

#### The **Response** must be-

A Flexible, Nimble, continuous self-educating, continuous world monitoring, new Enterprise





- Established companies should brace themselves for a future of extreme competition, which will make the pressures of the 1980s and 1990s look tame by comparison. Incumbents must understand how powerful forces are aggregating once-distinct product and geographic markets, enhancing market-clearing efficiency, and increasing specialization in the supply chain. They should respond by adopting a new approach to strategy—one that combines speed, openness, flexibility, and forward-focused thinking.
- Mature companies must learn to be young at heart. Boundless new opportunities await executives who recognize that the <u>days of slow</u> <u>change are over</u>
- SOURCE: Mckinsey Quarterly, 23 May 2005
- http://www.mckinseyquarterly.com/article\_abstract.aspx?ar=1564&L2=21&L3=114





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- A (short) History of people and technology (From Whence?)
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The IT revolution is just beginning.

The Technology life cycle is

- First INVENT
- Second build infrastructures
- Third-- experience the benefit

The Enterprise MUST

**Create Almost** 

Real-time

**Operational Change** 

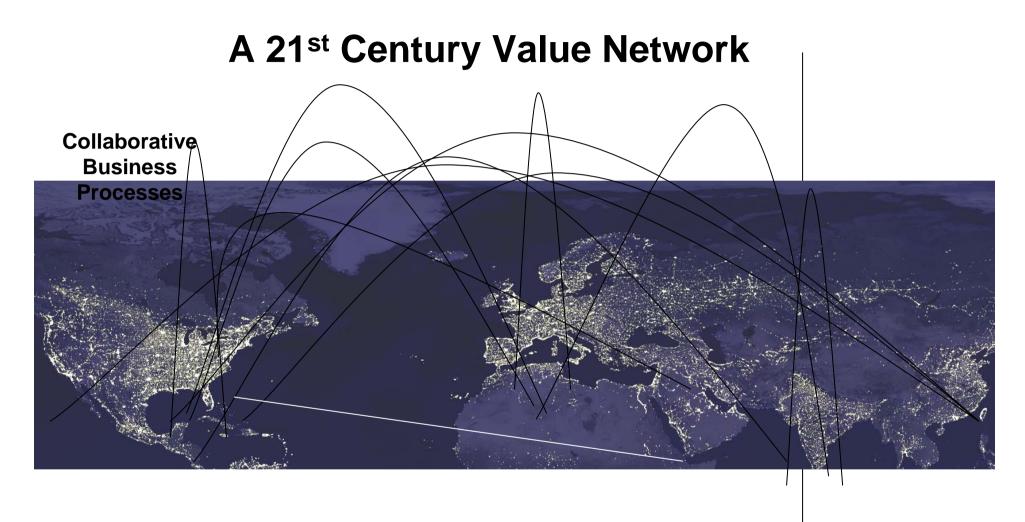
Or

Die! (Companies, governments,

**Churches--the Enterprise)** 







The Network <u>is</u> the Value-Delivery System

GLORIAD = 1st OPTICAL FIBER CIRCLING THE GLOBE

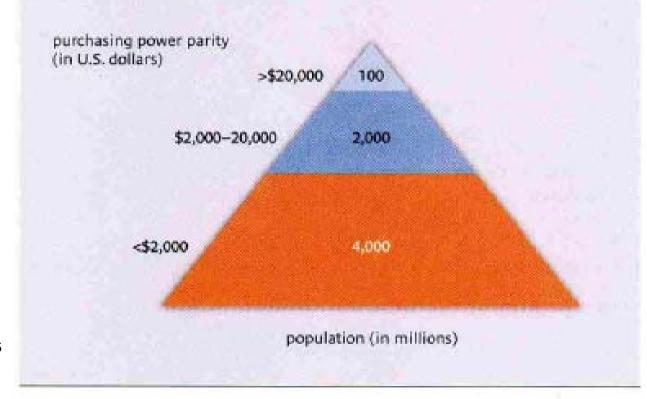


#### Maybe?--The world pyramid



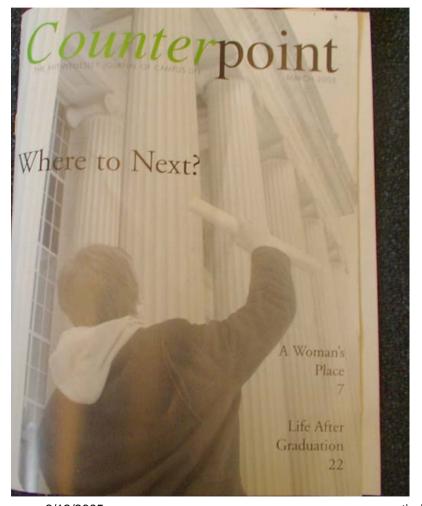
#### The World Pyramid

Most companies target consumers at the upper tiers of the economic pyramid, completely overlooking the business potential at its base. But though they may each be earning the equivalent of less than \$2,000 a year, the people at the bottom of the pyramid make up a colossal market—4 billion strong—the vast majority of the world's population.

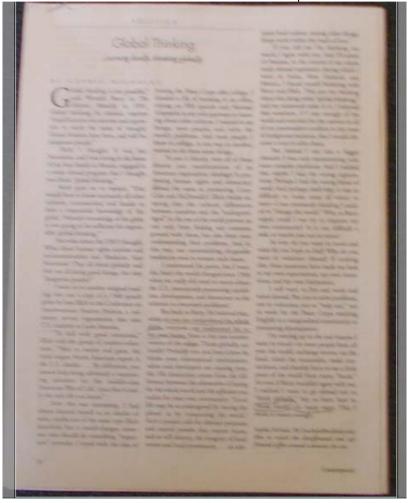


BY C.K. Prahalad and Allen Hammond

#### **Global thinking-1**







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# Generation Gap--accelerating change effects?



- "The Generation Gap at Work," studied co-existence of four different generations of workers within the U.S. workforce and frequently, within small offices. To find a framework for understanding the gaps across generations and offered tips to manage these sometimes baffling and tense relationships smoothly. They divided the workforce into
- "Matures," born between 1909 and 1945;--- Matures are the silent generation. They value sacrifice, commitment, and financial and social conservatism. They remember the Depression. They're the 'Establishment.'"
- "Boomers," born between 1946 and 1964;---"Boomers value themselves. They're competitive, anti-authority. They grew up with Vietnam, Watergate, Woodstock. They have high expectations. They're diplomatic, loyal and want validation. And they value privacy.
- "Gen Xers," born between 1965 and 1978;---"Gen Xers were the first latchkey kids. They're entrepreneurial, pragmatic, straightforward. They grew up with AIDS, MTV, PCs, divorce.
- "Millenials," born from 1979 onward.---The Millenials are neotraditionalists, optimistic and very community-centered. They're technologically adept and busy, busy. They grew up with the O.J. Simpson trial, Columbine and 9/11. They're versatile. They write blogs about their lives," said Jones.

What this means to us is that <u>co-workers may have fundamentally different approaches to work, teamwork,</u> privacy, respect and authority.

SOURCE=February 2, 2005 issue of MIT Tech Talk (Volume 49, Number 16).



#### **Human Change?**



50% of finding strategic advantage for the Enterprise is hwo to use our technologies--The other 50% is how fast the human compnent of the Enterprise can absorb change -- Not solving both issues can be a problem.

## In Conclusion...



## The World is Flat in information space and The Enterprise must Change to live with it! Thank you!





- HAL ABELSON
- --the academe
- PETER FINGAR
  - -business perspective
- THOMAS FRIEDMAN

-globalization





**ISAY --- THANK YOU!** 

