Chapter III

Concerns

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Abstract

As evidence relating the reality and basic features of the application service provider (ASP) market continues to grow, there begins to be less concern about confirming that any structural economic shift has continued historically, and more concern about understanding how the ASP industry is performing, and its impacts on productivity, investment, corporate capital formation, labour force composition, and competition. The relationship between the traditional outsourcing and the “latest wave” e-sourcing on the one hand, and Internet investment productivity on the other, is at the centre of the IT strategic problem confronting corporate management in the 21st century.

Intelligent Enterprise Business Environment

An intelligent enterprise exists within several environmental elements. These are the enterprises and individuals that exist outside the intelligent enterprise and have either a direct or indirect influence on its business activities (see Figure

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3.1). Considering intelligent enterprises are operating in different sectors, area of emphasis, and with different policies and strategies, the environment of one enterprise is often not exactly the same as the environment of another. The business environment for intelligent enterprises includes the enterprise itself and everything else that affects its success, such as competitors, suppliers, customers, regulatory agencies, and demographic, social, and economic conditions. A properly implemented ASP business model would provide the means of fully connecting an intelligent enterprise to its environmental elements. As a strategic resource, ASP helps the flow of various resources from the elements to the enterprise and through the enterprise and back to the elements (see Figure 3.1). Some of the more common resources that flow include information flow from customers, material flow to customers, money flow to shareholders, machine flow from suppliers, and personnel flow from competitors and workers’ union.

Looking at Figure 3.1, one can see a generalized theory of enterprise’s perception (Little, 1999). The theory is sufficiently imaginatively motivated so that it is dealing with the real inner core of the ASP problem—with those basic relationships which hold in general, no matter what special form the actual case may take.

**Figure 3.1. A tool for controlling influences in a complex environment**
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