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GLOBAL BUSINESS ENVIRONMENT

UNIT 18 | COLBOURNE COLLEGE | SUMMER TERM 2017

INSTRUCTOR | BRANFORD JOHNSON

HOUSEHOLD MANAGEMENT JULY 13 & 20

- Unit 18 – Global Business Environment
- Re-explore **P6**;
- Re-explore various **routes** to internationalization, including **key barriers**;
- Re-explore “Born Globals”;
- Re-explore ZARA and SKYPE;
- Explore **LO4**, **M4** and **D2** elements; and
- Conclude class.

FOUR PHASES OF GLOBALIZATION

Table 9.1

Four phases of globalisation

Phase of globalisation	Period	Trigger	Characteristics
First phase	1830–1890	Rail and ocean transport	Automated manufacturing; cross-border trading of commodities
Second phase	1900–1930	Electricity and steel production	Emergence of European and American manufacturing and extracting industries
Third phase	1948–1970s	GATT, end of World War II rebuilding	Efforts to reduce trade barriers. Rise of Japanese multinationals, triad nations and branded products
Fourth phase	1980–Current	ICT, automation, consultancy, privatisation	FDI fuelling growth in LDCs, technology and transport innovations, global media and branding

• EXAMPLES OF STANDARD C-LEVEL TITLES (1 OF 3)

- **Chief Executive Officer (CEO):** The CEO is responsible for the success or failure of the firm, overseeing the entire operation at a high level. S/He implements plans and policies to ensure the successful management of the firm and sets future strategies. S/He hires the other executives in the C-suite and can fire those who do not perform well. S/He is the boss of all the other executives.
- **Chief Operating Officer (COO):** The COO is generally second in command to the CEO and might also sit on the board of directors along with the CEO. S/He oversees the firm's day-to-day operations on behalf of the CEO, creating the policies and strategies that govern operations.
- **Chief Financial Officer (CFO):** The CFO oversees the firm's financial affairs, which includes developing annual budgets, managing cash flow and overseeing finance reporting and compliance.
- **Chief Marketing Officer (CMO):** The CMO oversees the firm's marketing strategy. This includes advertising, brand management and market research. Responsibilities can also include newer duties driven by advances in technologies, such as overseeing a firm's firm intelligence initiatives and mobility strategy.
- **Chief Information Officer (CIO) and Chief Technology Officer (CTO):** In the past, these titles were almost interchangeable. Today, these roles are increasingly used to describe different functions. The CTO has oversight for the information systems that run the enterprise's operations. The CIO usually manages research and development, oversees the development of technologies into products and services, and ensures that all IT initiatives are aligned with firm goals.
- **Chief Human Resources Officer (CHRO):** The CHRO is in charge of a firm's human capital management.

- **CONTINUED (2 OF 3)**

- **Chief Compliance Officer (CCO):** The CCO is in charge of managing and overseeing all compliance issues, such as ensuring that the firm complies with regulatory requirements and employees comply with internal policies and procedures.
- **Chief security officer (CSO) or chief information security officer (CISO):** The CSO or CISO is tasked with ensuring data and systems security. In general, a CSO is responsible for physical as well as digital security, while a CISO is only in charge of digital security.
- **Chief data officer (CDO) or chief digital officer (CDO):** A chief data officer is tasked with overseeing a firm's data governance and to digitize the data required to demonstrate compliance.

- **OTHER C-LEVEL POSITIONS:**

- **Chief analytics officer (CAO):** The CAO is responsible for data analysis within a firm.
- **Chief experience officer (CXO):** The CXO ensures positive interactions with a firm's external customers.
- **Chief green officer (CGO):** The CGO is tasked with all aspects of making a firm environmentally friendly. This includes energy-efficient construction, e-cycling and e-waste mitigation and recycling.
- **Chief IT architect (CITA):** The CITA is responsible for solving integration problems and synching technology frameworks across the firm's units.

- **Chief knowledge officer (CKO):** The CKO is responsible for gathering, organizing, sharing and analyzing a firm's knowledge base in terms of resources, documents and people skills.
- **Chief learning officer (CLO):** The CLO ensures that a firm's corporate learning program and strategy supports its overall firm goals.
- **Chief medical information officer (CMIO):** The CMIO serves as the bridge between medical and IT departments at a healthcare firm.
- **Chief privacy officer (CPO):** The CPO is charged with developing and implementing policies designed to protect employee and customer data from unauthorized access.

- **CONTINUED (3 OF 3)**

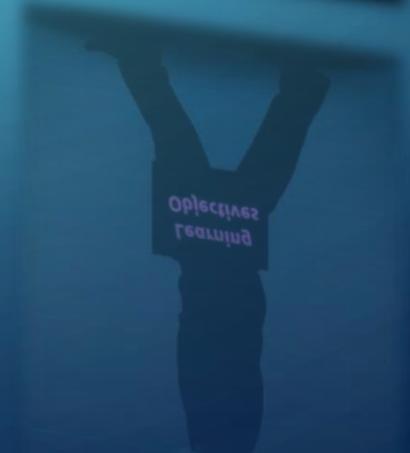
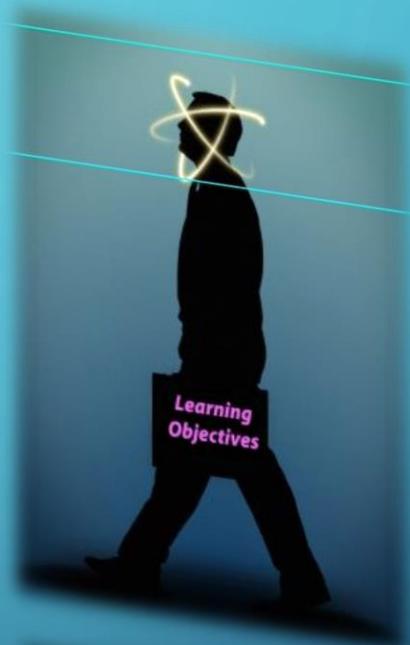
- **Chief process and innovation officer (CPIO):** The CPIO is responsible for identifying parts of a firm's processes that could be improved and recommending specific ways to make them work better.
- **Chief procurement officer (CPO):** The CPO is responsible for the strategic acquisition of goods and services.
- **Chief reputation officer (CRO):** The CRO is charged with overseeing activities in all areas of a firm that could potentially have an impact on the public perception of that firm.

- **Chief risk officer (CRO):** The CRO is tasked with assessing and mitigating significant competitive, regulatory, and technological threats to an enterprise's capital and earnings.
- **Chief social scientist (CSS):** The CSS is charged with developing policies that ensure a good work environment for employees while maintaining economic profitability for the firm.

- **Chief strategy officer (CSO):** The CSO is charged with helping formulate, facilitate and communicate a firm's plans for the future.
- **Chief trust officer (CTO):** The CTO is responsible for building confidence around the use of customer information.

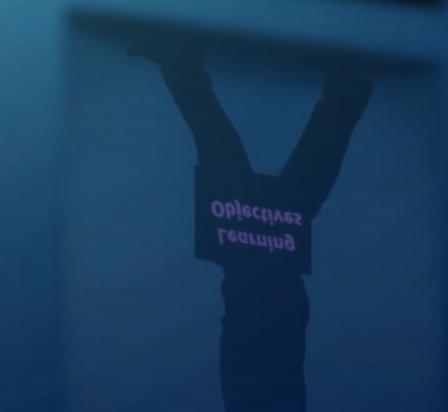
ASSESSMENT CRITERIA FOR LO3

Weeks 7 and 8: June 22
and June 29, 2017



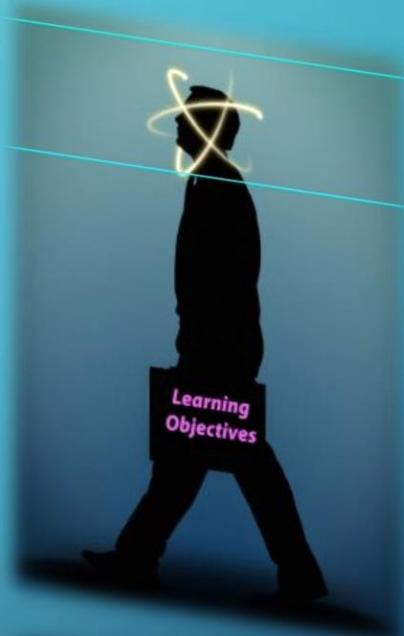
P3:

Evaluate the influences of globalisation on organizational **governance and leadership, structure, culture and functions.**



P4:

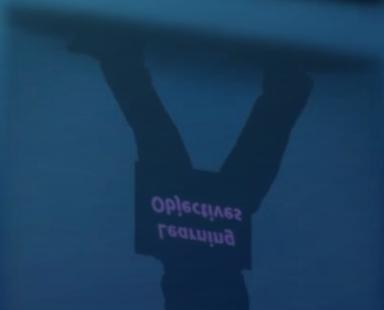
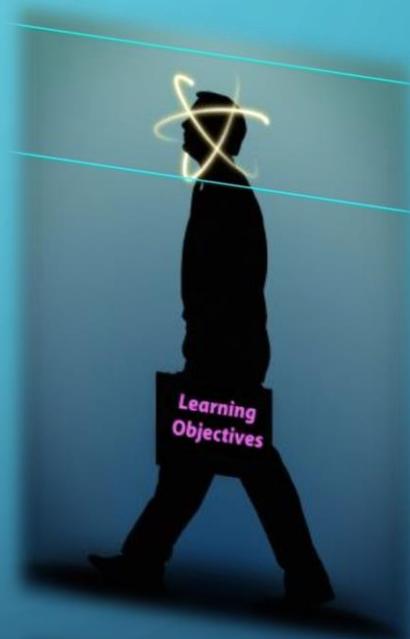
Evaluate the **influences of ethical** and
sustainable globalisation on **organizational**
functions.



P5

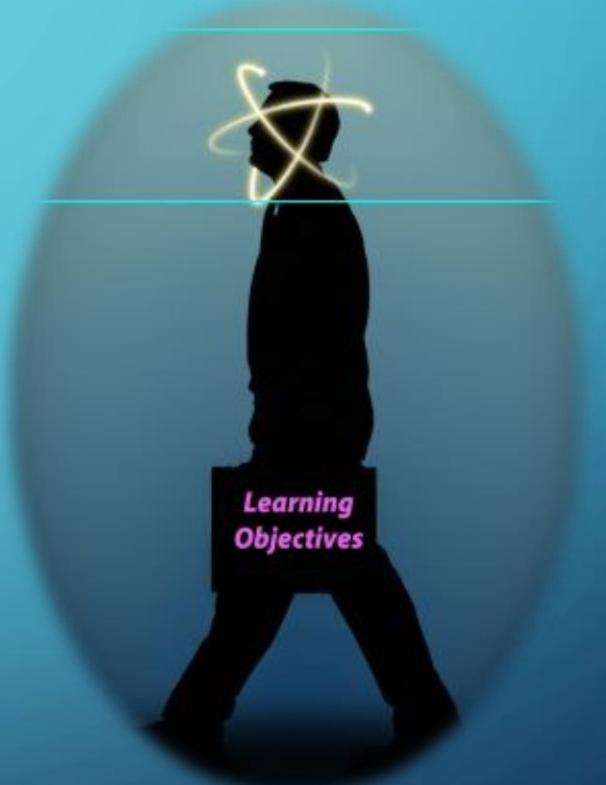
Evaluate the different ways
decision making can work
effectively in a global context.

- (See corporate structures and corporate governance, discussed in detail below.)



P6

Determine and articulate the various **routes** to internationalization an organization may adopt, including **key barriers**.



TRADITIONAL ROUTES TO INTERNATIONALIZATION

- Traditionally, organizations developed gradually from domestic firms to multinational enterprises [BJ's "**Tree Ring**" Method], **average of 27 years** (Madsen and Per Servais 1997);
- Internationalisation is an incremental process of experiential knowledge accumulation;
- Firms may utilize several routes towards supplier and production network internationalisation:
 1. Traditional growth and step-by-step (i.e., organic) expansion;
 2. Co-ordinated subcontracting; and
 3. Supply system relocation.

[Arnaldo Camuffo](#), [Andrea Furlan](#), [Pietro Romano](#), [Andrea Vinelli](#), (2007) "Routes towards supplier and production network internationalisation", International Journal of Operations & Production Management, Vol. 27 Issue: 4, pp.371-387, <https://doi.org/10.1108/01443570710736967>; Extract at <http://www.emeraldinsight.com/doi/abs/10.1108/01443570710736967>; Accessed 11 July 2017.

OTHER ROUTES TO INTERNATIONALIZATION

- Other routes to internationalization include:
 1. The **original equipment manufacturer** (OEM)/**joint venture** (JV) route;
 2. The **acquisition** route;
 3. The **organic expansion** route; and
 4. **Born Global.**
- **Example 1** is ideal because it enables a firm to gain access to knowledge and other competencies from a partner that is already international.
- **Examples 2 and 3** tend to be too expensive for smaller firms (**key barriers**).

BORN GLOBALS

- Recently, research has identified an increasing number of firms that do not follow the traditional “**stages**” pattern in their internationalization process.
- Instead, some firms aim at international markets or maybe even the global market right from their birth. Such companies have been named **Born Globals**. (Rennie, 1993; Knight and Cavusgil, 1996), Global Start-ups (Oviatt and McDougall, 1994), High Technology Start-ups (Jolly *et al.*, 1992), and International New Ventures (McDougall *et al.*, 1994).
- Therefore, some firms do not internationalize according to the stages models.
- Indeed, some firms are **international by design and not by emergence**.

See, for example, Tage Koed Madsen and Per Servais, **The Internationalization of Born Globals: an Evolutionary Process?** (1997) p. 562, Elsevier Science Ltd., at URL
https://scholar.google.com/scholar?q=The+Internationalization+of+Born+Globals:+an+Evolutionary+Process%3F&hl=en&as_sdt=0&as_vis=1&oi=scholart&sa=X&ved=0ahUKEwjWzpOU_ILVAhXDNiYKHfrpCNsQgQMIIzAA. Accessed 10 and 11 July 2017

ZARA



International Clothing Giant (“Leftovers”);

Started in 1960s in Spain by husband and wife design/seamstress team. First international store in 1988, in Portugal;

Zara operates a unique business model: instead of committing a large percentage of production for the next fashion season, the company commits a small amount and uses customer feedback and an efficient **COMPUTERIZED** production network to replenish stores with new and different products **weekly**;

New styles are prototyped in just **5 days** and 60% of the manufacturing happens locally to shorten lead-times.;

In Zara stores, it can take a new garment as little as 15 days to go from design and production to store shelves;

Today, Zara represents the biggest fashion group in the world and operates over 7,200 stores in 93 markets worldwide.

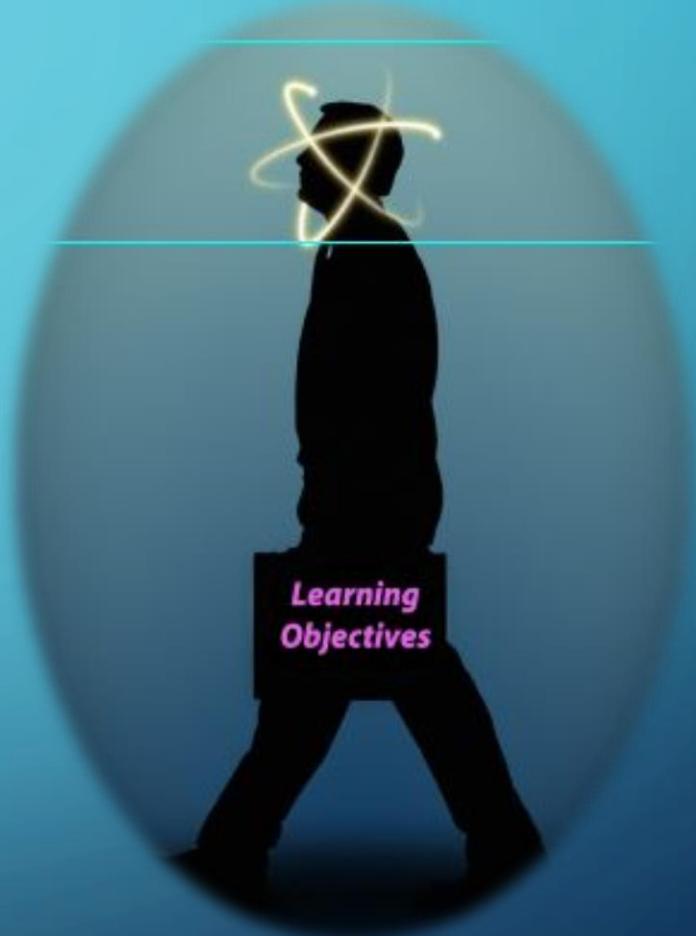


- Born a global;
- Skype, a **voice over IP (VoIP)** service, was first released in 2003 as a way to make free computer-to-computer calls, or reduced-rate calls from a computer to telephones;
- Skype's software was developed by two **Estonians**, and a **Dane** and a **Swede** – who were also behind the **P2P** file sharing software **KaZaa**: > "**Sky peer-to-peer**",
- eBay acquired Skype in 2005 and in 2009 announced plans to spin it off in a 2010 Initial Public Offering for about \$1.9 billion, then valued at about \$2.75 billion;
- Microsoft acquired Skype in May 2011 for \$8.5 billion;
- Now in 27 languages; has 660 million worldwide users, an average of over 100 million active each month;
- Today, Skype earns about \$2 billion per year with only about 500 employees;
- Faces challenges by governments wishing to “cash in” on Skype’s profits within their borders.

LO4 – WEEK 12

**Evaluate the influence of
globalisation on organizational
decision-making and strategy.**

- Driving factors:
 1. The principles of leadership change and process of internationalization;
 2. International expansion strategies and strategic decision-making in relation to risk and diversification;
 3. The impact of barriers to international trade upon decision-making and strategy.



**Learning
Objectives**

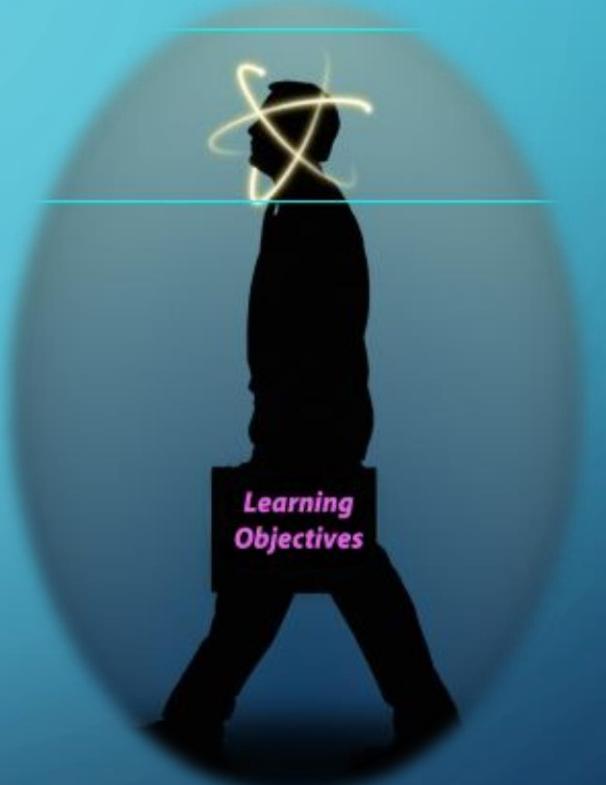
INFLUENCES OF GLOBILISATION

HOW GLOBILISAITON INFLUNCES A FIRM'S

LO4: DECISIONS AND STRATEGY:

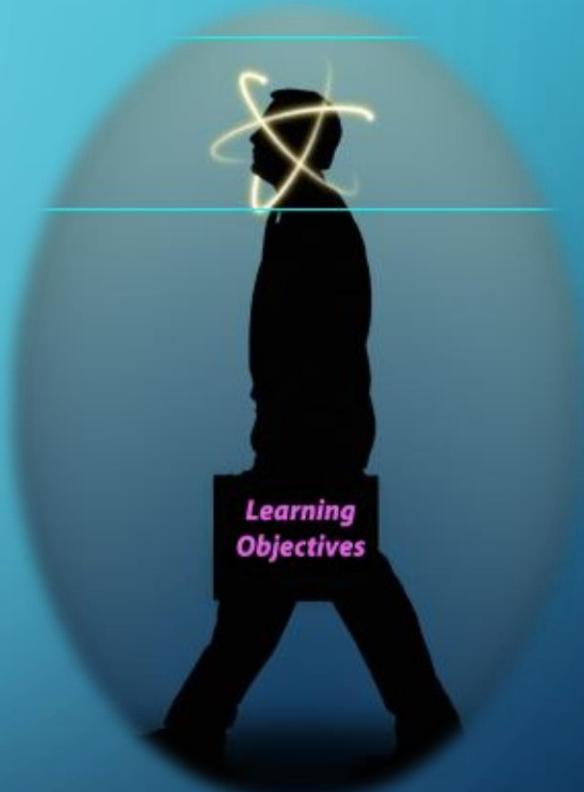
P6

Determine and articulate the various **routes** to internationalization an organization may adopt, including **key barriers**.



M4: BARRIERS TO INTERNATIONALIZATION

- Lack of knowledge about foreign markets;
- High risk aversion;
- High perceived uncertainty;
- **Cost prohibitive acquisitions;**
- **Organizationally intensive organic expansion;**
- Singular or niche product;
- Limited resources; or
- Previously discussed factors, such as logistics, tariffs, trade laws, etc.



See, for example, Tage Koed Madsen and Per Servais, **The Internationalization of Born Globals: an Evolutionary Process? (1997)** Elsevier Science Ltd., at URL https://scholar.google.com/scholar?q=The+Internationalization+of+Born+Globals:+an+Evolutionary+Process%3F&hl=en&as_sdt=0&as_vis=1&oi=scholart&sa=X&ved=0ahUKEwjWzpOU_ILVAhXDNiYKHfrpCNsQgQMIIzAA. Accessed 10 July 2017

D2

- Critique strategies that can be adopted by organisations operating in a global business environment, making valid and justified recommendations of how they should adapt their organizational structure and decision-making processes.
 1. List and critique possible strategies;
 2. Recommend a structure;
 3. Recommend a decision-making process.



REFERENCES SECTION

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7-factors-influencing-globalization-discussed, Your ArticleLibrary.com: The Next Generation Library,
<http://www.yourarticlerepository.com/globalization/7-factors-influencing-globalization-discussed/22639/>

Rennie, M. W. (1993) Born Global. *McKinsey Quarterly* 4, 45-52.

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<https://www.nytimes.com/2017/04/26/us/politics/jared-kushner-beny-steinmetz.html>

<http://www.managementstudyguide.com/what-is-globalization.htm>

REFERENCES FOR EXHIBITS AND GRAPHICS

APPENDIX 1

SLIDES PREVIOUSLY USED, BUT NOW REMOVED TO APPENDIX

WHAT IS HARVARD REFERENCING RULES?

- Most commonly used referencing system in USA.

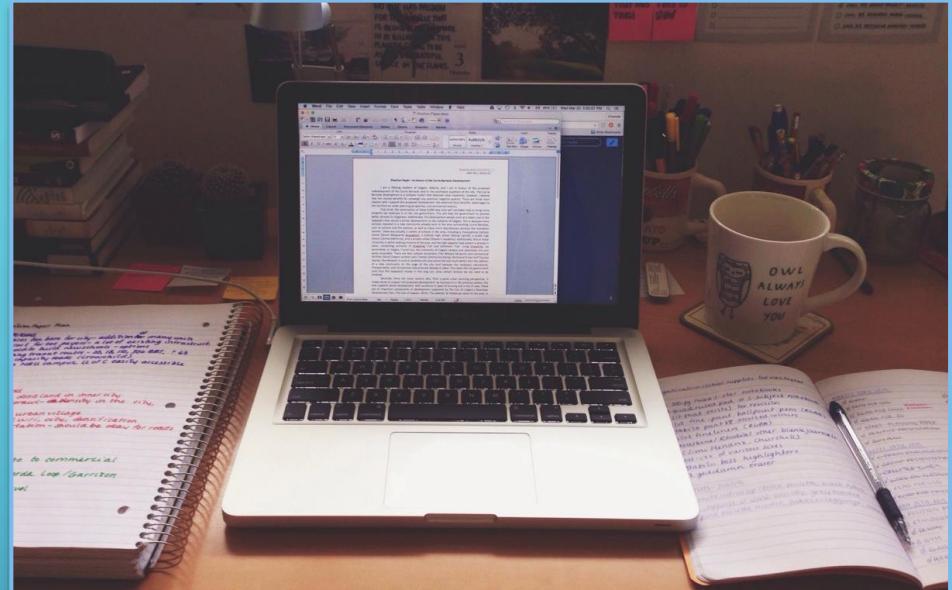
There are two important components to Harvard Referencing:

- 1) In-text author-date referencing that appears in the body of your assignment (Example: **Chabon, 2008, p. 55**); and / or
- 2) The reference list that appears at the end of your assignment, where each source cited in your assignment is listed with full publication details. (Example: **Chabon, M 2008, Myths and Legends, McSweeney's Books, San Francisco.**)

Source: <http://tinyurl.com/mftlzd9>

USEFUL RESOURCES FOR GBE UNIT 18

- **World Bank:** www.worldbank.org
- **The Economist:** www.economist.com
- **Asian Development Bank:** www.adb.org
- **International Monetary Fund:** www.imf.org
- **Global Edge:** <http://globaledge.msu.edu/ibrd/>
- **International Monetary Fund:** www.imf.org
- **Pacific Economic Cooperation Council:** <http://www.pecc.org>
- **Academy of International Business:** <http://aib.msu.edu/>
- **Pacific Economic Cooperation Council:** <http://www.pecc.org>
- **Company Annual Reports Online:** <http://www.carol.co.uk/>
- **Dept. of Foreign Affairs & Trade:** <http://www.dfat.gov.au/>
- **World Factbook (CIA):** <http://www.odci.gov/cia/publications/factbook/>
- **Organisation for Economic Co-operation and Development (OECD):** www.oecd.org
- **Oxford English Dictionary (OED):** <http://www.oed.com/>



Source: (partially from): Dr Andrew Bradly, Summer 2015, Australian Learning Objectives, The Global Business Environment, Course Outline, pdf

CIA WORLD FACTBOOK

- history,
 - people,
 - government,
 - economy,
 - geography,
 - communications,
 - transportation,
 - military, and
 - transnational issues
- **Appendices:** international organizations and groups

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THE WORLD FACTBOOK

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WELCOME TO THE WORLD FACTBOOK

The World Factbook provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 267 world entities. Our Reference tab includes maps of the major world regions, as well as Flags of the World, a Physical Map of the World, a Political Map of the World, a World Oceans map, and a Standard Time Zones of the World map.

REGIONAL AND WORLD MAPS

FLAGS OF THE WORLD

GUIDE TO COUNTRY COMPARISONS

THE WORLD FACTBOOK USER GUIDE

WHAT'S NEW :: Today is: Saturday, May 13

May 11, 2017

About 90% of the population is located in the middle third of the South American country around its capital of Santiago (the northern third is mostly desert, while the southern third is mountainous and breaks up into a series of archipelagos). Can you name the country? Check the physical map of South America under the References tab>Regional and World Maps if you need help.

April 28, 2017

This country is considered to be the smallest on the continent of Asia. Its distinctive flag depicts a cedar tree, a national symbol dating back to Biblical times. Can you name the country?

April 20, 2017

The world's highest navigable lake lies in the central portion of the

VIEW ALL UPDATES

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

CIA WORLD FACTBOOK – JAMAICA 2017

- People and Society
 - Government
 - Economy
 - Communications
 - Transportation
 - Transnational Issues
- Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/jm.html>

THE WORLD FACTBOOK

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ABOUT REFERENCES APPENDICES FAQS CONTACT

CENTRAL AMERICA AND CARIBBEAN :: JAMAICA

PAGE LAST UPDATED ON 2016 APR 12, 2017

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Introduction :: JAMAICA
Geography :: JAMAICA
People and Society :: JAMAICA
Government :: JAMAICA
Economy :: JAMAICA
Energy :: JAMAICA
Communications :: JAMAICA
Transportation :: JAMAICA
Military and Security :: JAMAICA
Transnational Issues :: JAMAICA

CIA FACTBOOK – JAMAICA – PEOPLE & SOCIETY



Introduction :: JAMAICA

Geography :: JAMAICA

People and Society :: JAMAICA

Population: 2,970,340 (July 2016 est.)
country comparison to the world: 139

Nationality:
noun: Jamaican(s)
adjective: Jamaican

Ethnic groups:
black 92.1%, mixed 6.1%, East Indian 0.8%, other 0.4%, unspecified 0.7% (2011 est.)

Languages:
English, English patois

Religions:
Protestant 64.8% (Includes Seventh Day Adventist 12.0%, Pentecostal 11.0%, Other Church of God 9.2%, New Testament Church of God 7.2%, Baptist 6.7%, Church of God in Jamaica 4.8%, Church of God of Prophecy 4.5%, Anglican 2.8%, United Church 2.1%, Methodist 1.8%, Revived 1.4%, Brethren 0.9%, and Moravian 0.7%), Roman Catholic 2.0%, Jehovah's Witness 1.9%, Rastafarian 1.1%, other 6.5%, none 21.3%, unspecified 2.3% (2011 est.)

Age structure:
0-14 years: 27.56% (male 419,421/female 402,283)
15-24 years: 21.13% (male 315,190/female 312,362)
25-54 years: 37.59% (male 551,384/female 555,279)
55-64 years: 5.78% (male 82,754/female 83,786)
65 years and over: 7.94% (male 105,593/female 130,286) (2016 est.)

population pyramid:

Dependency ratios:
total dependency ratio: 48.6%
youth dependency ratio: 35%
elderly dependency ratio: 13.6%
potential support ratio: 7.4% (2015 est.)

Median age:
total: 25.6 years
male: 26.1 years
female: 25.1 years (2016 est.)

<https://www.cia.gov/library/publications/the-world-factbook/geos/jm.html>

Discussion Activity: 01

Unit 18: Global Business Environment

Instructor: Branford Johnson

Be prepared to discuss in class on May 18, 2017. Time: 10-15 minutes

Last week we discussed many Key Factors that Drive Globalisation. Among them were: Historical (Silk Road, etc.); Economy; Resources and Markets; Production Issues; Political; Industrial Organisations; and Technologies. Under the purview of Technologies, I elicited examples from members of the class. Excellent examples posited by class members were the internet, social media, and software (including “an app for almost everything”). These three have been discussed at length in many business classes. The homework activity for our next class is the exploration of GPS as one such technology.

Quickly research and explore the **origins, purpose, usefulness, and varied applications** of GPS as it applies to globalisation in the business environment. Be prepared to **discuss how it works**, its **benefits** and its **limitations**. Include **examples** of organisations that best employ GPS. And How you as a manager within your company (or if you are not employed now, your imaginary company) may recommend to upper management how GPS may be **adopted** (or **expanded**) to **benefit** your company; and **why**. Take into account the **costs and time** it will take to implement or expand its use. Your task is to “sell” the idea to senior management.

Nota bene: Keep in mind that this is a class addressing Global Business Environments. Therefore, examples dealing with Kingston—Portmore or St Andrew—Westmoreland are good; but Jamaica—Indonesia or Canada—France are better. Locations mentioned are examples only. ■ Continue familiarizing yourself with the world map.

www.pronouncenames.com/pronounce/moscow

Dict NCB H MSNBC PC YT W W PrFrdly Gen'l Maps GOO TINY URL TinyURL Col. C. JAZ

[Send us corrections](#) [Helpful](#) [Not Helpful](#)

CBS 5 News



Allen Martin

Website Offers Help On Pronouncing Names

Submitted from: US

Pronunciation: m AH s k OH

m	AH	s	k	OH
me	car	so	key	so

[What does this mean?](#)

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How to Pronounce Moscow - ...

How to pronounce

Moscow

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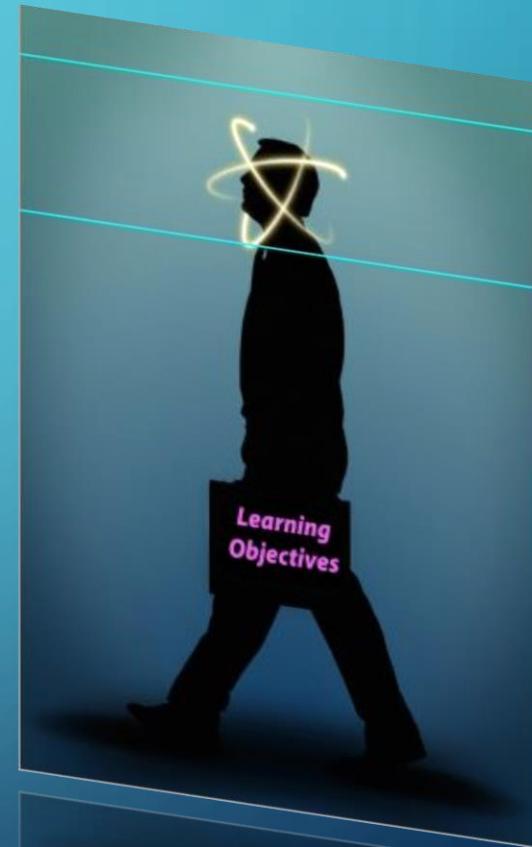
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LO 1: KEY FACTORS THAT DRIVE GLOBALISATION

Driving factors of globalisation:

- Analyse the concept and theory of globalisation in terms of cultural, economic, political and social dimensions.
- What are the factors that drive globalisation? International economic integration, foreign direct investment, international business and trade.
- Factors in relation to cost, market, environment and competition.
 - Historical
 - Economy
 - Resources and Markets
 - Production Issues
 - Political
 - Industrial Organisation
 - Technologies



Source: <http://www.yourarticlerepository.com/globalization/7-factors-influencing-globalization-discussed/22639/>

(5) POLITICAL:

- The political issues of a country make globalisation channelised as per **political leaders**.
- Regional trade agreements determine the **scope** of globalisation.
- Trading in European Union and special agreements in the Soviet block and SAARC are examples.
- Also:
 - NAFTA
 - AFTA (ASEAN Free Trade Area)
 - WTO
 - TPP



Source: Sodacan, Wikipedia commons

TECHNOLOGIES:

- The stage of technology in a particular field gives rise to import or export of products or services from or to another particular country.
- European countries like England and Germany exported their chemical, electrical, mechanical plants in 50s and 60s and exports high tech (then) goods to under developed countries.
- Today India is exporting computer / software related services to advanced countries like UK, USA, etc.

DELOCALIZATION – PART 2

Decline of the power of national governments

- Not only individuals and institutions have felt the impact of delocalization. An important causation of this process has been the **declining power of national governments** to direct and influence their economies.
- Changes in economic activities, for instance in U.S. and Japan, are felt across the globe.

Emergence of global brands and institutions

- Another crucial aspect of the globalization is the nature and power of multinational corporations. It is significant that a quarter of world trade was made in 1999 through multinational corporations. Multinationals can affect communities in different locations and areas.





TECHNOLOGIES, CONTINUED

MAY 11, 18 AND 25 START HERE.

ADOBE's STRATEGIC CHALLENGES AND RISKS



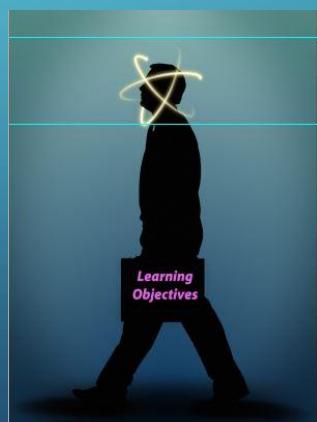
SUCCESS vs DISASTER – STORMY WEATHER vs CLEAR SKIES: The potential consequences of strategic decisions in the global business environment.

RISKS

- Alienate customers
- Lose customers
- Competitors flourish
- Lose substantial revenue
- Social media outcry

CHALLENGES

- Survive revenue loss
- Restructure/retrain
- (Re)educate customers
- Placate banks/stock holders



LOSERS

- Casual users / smaller firms
- Students
- Jobs:
 - Army of software engineers
 - Art & design depts.
 - Third-party packagers
 - Logistics - Shipping, airlines, trucking, trackers
 - Sales force, trainers, HR
- Government taxes, tariffs
- Pirates & hackers

WINNERS

- Adobe – Overall, over time
 - 12M > 4M > 8M
- Corporate customers
- 100% of all programs
- Custom languages
- Environment
- Comprehensive “Agile” delivery
- Rent / Build Cloud infrastructure
- Smoother accounting, revenues

ADOBE's CHALLENGES AND RISKS



RISKS

- Alienate customers
- Lose customers
- Competitors flourish
- Lose substantial revenue
- Social media outcry

CHALLENGES

- Survive revenue loss
- Restructure/retrain
- (Re)educate customers
- Placate banks/stock holders

LOSERS

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 - Army of software engineers
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 - Third-party packagers
 - Logistics - Shipping, airlines, trucking, trackers
 - Sales force, trainers, HR
- Government taxes, tariffs
- Pirates & hackers

WINNERS

- Adobe – Overall, over time
 - 12M > 4M > 8M
- Corporate customers
- 100% of all programs
- Custom languages
- Environment
- Comprehensive “Agile” delivery
- Rent Cloud infrastructure
- Smoother accounting, revenues

ADOBE's CHALLENGES AND RISKS



RISKS

- Alienate customers
- Lose customers
- Competitors flourish
- Lose substantial revenue
- Social media outcry

CHALLENGES

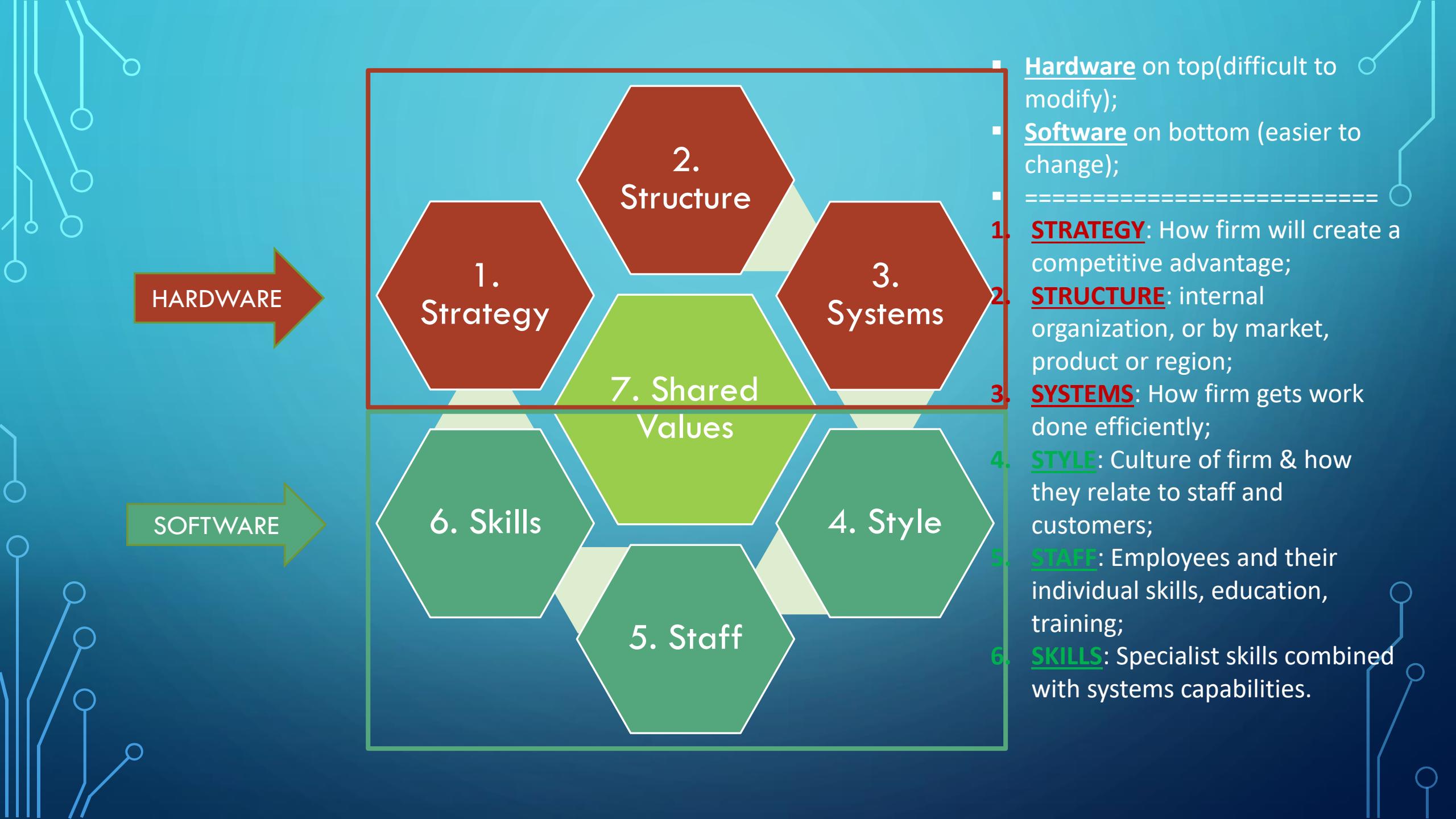
- Survive revenue loss
- Restructure/retrain
- (Re)educate customers
- Placate banks/stock holders

LOSERS

- Casual users / smaller firms
- Students
- Jobs:
 - Army of software engineers
 - Art & design depts.
 - Third-party packagers
 - Logistics - Shipping, airlines, trucking, trackers
 - Sales force, trainers, HR
- Government taxes, tariffs
- Pirates & hackers

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HARDWARE

SOFTWARE

- **Hardware** on top (difficult to modify);
- **Software** on bottom (easier to change);
- =====
- 1. **STRATEGY**: How firm will create a competitive advantage;
- **STRUCTURE**: internal organization, or by market, product or region;
- **SYSTEMS**: How firm gets work done efficiently;
- **STYLE**: Culture of firm & how they relate to staff and customers;
- **STAFF**: Employees and their individual skills, education, training;
- **SKILLS**: Specialist skills combined with systems capabilities.