

# Preface

On a bleak afternoon in the winter of 2016, I found myself sitting in a conference room with several managers and engineers. They worked for a Japanese multi-national corporation manufacturing vacuum-related equipment. After a few minutes of small talk, one of them began to share his worries about the increasing maturity of the firm's industry. He said: "Every weekend I go to Korea in order to protect our company's market share. We are trying to shorten our production lead times but, when I see the immense speed at which Korean firms develop their products, I know that our current efforts are not enough. We need real change."

Before I began my PowerPoint presentation on business architecture, Mr. M, another executive, said earnestly: "I have a request to make today. So many Japanese business practitioners criticize the academics for presenting theories that do not reflect real-life practices within the firm. Please, prove those critics wrong and show us concrete measures that we can apply to our business procedures to overcome our current slump."

This is a common scene when I visit Japanese firms. Several Japanese household brands, regarded by all as immortal firms, are losing their position. Though many C-level executives remain confident in the long legacy of their companies' know-how, middle managers and engineers are starting to see that the global market environment is shifting. Their reason for organizing a meeting with a university professor is to find out more about what this shift implies, where the market is headed, and how their firm can accommodate such changes.

This book provides a framework and real case analysis concerning business architecture strategy and platform-based ecosystems. First, it introduces a business architecture strategy framework and suggests an engineering process that uses a business architecture analysis system where various best practice IT tools for business are integrated into one interface. More specifically, this architecture analysis provides the means to develop two essential features: a strategy that allows global firms to detect changing market needs and a tool that integrates mechanical engineering with electronics and IT software tools.

Second, the book discusses platform-based ecosystems. A crucial issue for today's firms concerns value creation through their platforms and ecosystem

frameworks. With strong emphasis on modular product architecture, US firms have concentrated heavily on platform development in modular industries. They rely on operating system (OS) software, so that IT firms in general focus on software capability—digital control in particular. By contrast, the advantage of Japanese firms lies not in digital but in analog control. With no drastic changes in their industry practices, Japanese firms are likely to maintain their analog platform advantage.

In this book, our aim is to suggest a holistic view by connecting business architecture strategy and platform-based ecosystems. The theoretical framework and case illustrations will be especially useful to firms involved in a variety of industries that must respond to the turbulent environmental changes of the digital era. Most of the cases target not only Japanese firms but also many other global firms. Readers are systematically shown how to balance technology competence and customer competence using the framework of business architecture strategy and platform-based ecosystems.

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Saitama, Japan

Young Won Park Ph.D.

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Park, Y.W.

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