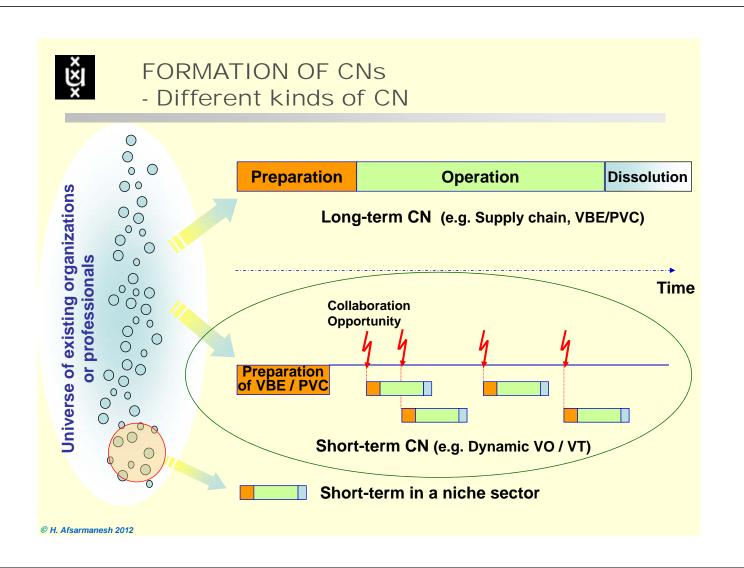


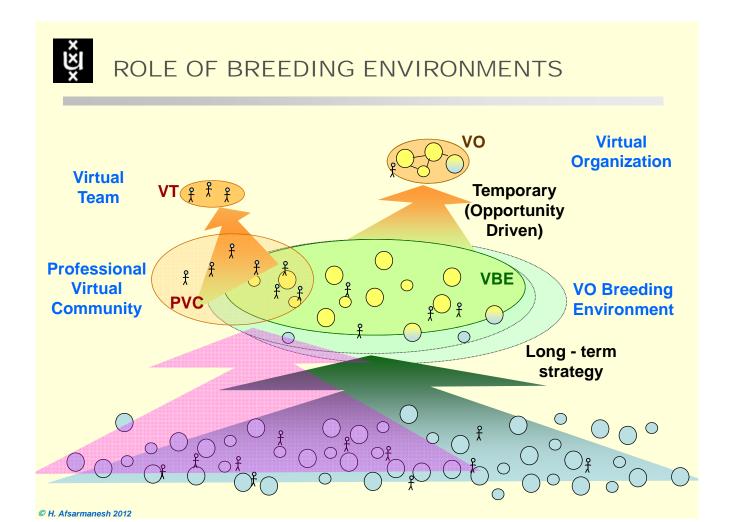
# Virtual Organizations Breeding Environment (VBE)

#### **Hamideh Afsarmanesh**

University of Amsterdam h.afsarmanesh@uva.nl

#### Lecture 4 20 November, 2012







# PRE-ESTABLISHMENT OF STRATEGIC ALLIENCE

Before you can configure and establish a VO, you need to know who is who in the potential environment to select from ...

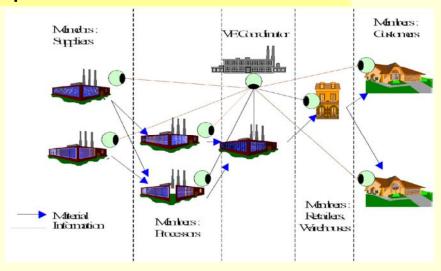
> Need for pre-establishment of strategic alliances (VBE) in different application areas that can facilitate the VO creation



# VIRTUAL ORGANIZATION (VO)

VO is a dynamic goal-oriented Collaborative Network (CN)

"A virtual organization is a temporary alliance of enterprises that come together to share skills, competencies, and resources in order to better respond to business opportunities, and whose collaboration is supported by computer networks."



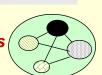
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# VOs AND VBEs

#### 2 MAIN KINDS OF CNs

VOs (Virtual Organizations - collaborating partners)
Cost-/time-effective creation of goal-oriented dynamic VOs/VTs
requires an underlying strategic CN (i.e. VBE/PVC)

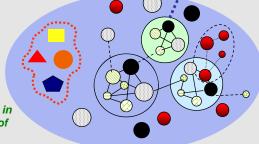


- VBEs (Virtual organizations Breeding Environments cooperating)

  Long term strategic CNs VBEs and PVCs) provide necessary conditions
  - required for effective configuration and formation of VOs/VTs at the strike of emerging collaboration opportunities

e.g.

- Automated search and matching (with multidimensional ranking of groups of organizations/individuals) to best fit the required specificities of the Collaboration Opportunity (CO), e.g. a call for tender
- Measuring trustworthiness of actors
- Integration of legacy systems (DBs)
- Decomposing the CO into detailed characteristics, in order to compare against the qualifications/abilities of actors in the VBE/PVC



•prepare their members for collaboration in VOs/VTs

e.g.:

long term agreements, common ICT infrastructure, common working/sharing policies



### LONG-TERM ALLIANCES

"

# VO Breeding environment (VBE) - represents an

association of organizations and their related supporting institutions, adhering to a base long term cooperation agreement, and adoption of common operating principles and infrastructures, with the main goal of increasing their preparedness towards rapid configuration of temporary alliances for collaboration in potential Virtual Organizations. Namely, when a collaboration opportunity is identified by one member (acting as a broker), a subset of VBE organizations can be selected to form a VE/VO

Professional virtual community (PVC) — represents an association combining the concepts of virtual community and professional community. Virtual communities are defined as social systems of networks of individuals, who use computer technologies to mediate their relationships. Professional communities provide environments for professionals to share the body of knowledge of their professions such as similar working cultures, problem perceptions, problem-solving techniques, professional values, and behavior.

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# SOME EXAMPLES OF VBES

# virtuelle-fabrik.com

Metal-mechanics sector Switzerland, Germany



Engineering & Manufacturing Mexico



Aeronautics sector Spain



Aeronautics sector Germany



Watch industry sector Switzerland, China



Metal-mechanics sector Spain



Electronics sector Ireland



netWork Oasis / Science Park Finland



Telecommunications sector Italy



Engineering Finland

**TechMoldes** 

Moulds industry Brazil



# Example: ISOIN (Aerospace)

#### **Andalusian Aeronautical cluster**







1 PLANT



93 SMES 48 CORE

Employment 4.500 Turnover M€ 645 97% SMEs 123M€ (24% of Spanish SMEs)

All of them currently in expansion to make room for new programs A400M, A380, etc

ns



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# Example: Infranet-Partners (Telecommunication)

Infranet Partners is a network of small companies specialising in Infranet solutions based on LonWorks® technology. The network was established in 1999 with 4 founding members and today there are 10 participants in the network.

- Creating a comprehensive pool of Technology and Application resources.
- Serving customers as a single organisation offering locally adapted solutions from this shared pool.
- Combining Product range under the Infranet Partners brand.
- Providing a comprehensive product range and support backed by frequent cross training.
- Providing a comprehensive Training program across Europe.
- Sharing technical support and knowledge of different markets to provide solutions for customers.
- Sharing marketing information using an advanced dynamic groupware marketing tool to enable them to act faster to meet customer requirements



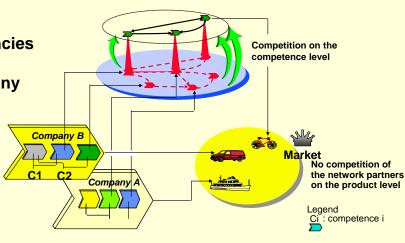


# Example: VIRTUELLE FABRIK (Electro-Mechanics)

#### **Pool of SMEs**

**Machine building competencies** 

**Switzerland & South Germany** 





Various sub-networks



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# Example:

CeBeNetwork (Aeronotics)



- More than 30 co-operation partners
- More than 20 years aerospace experience
- More than 5000 highly skilled engineers, scientists and technicians
- EN 9100 quality management

#### Engineering services

- Prime contractor CeBeNetwork
- Best in class solutions for specific and non specific design work

#### IT services

- 6 IT companies in France, UK and Germany
- High performance systems
- B2B solutions

#### Onsite experts

4 companies act as agents for international aerospace specialists

#### CeBeNetwork Leamington London/Dunton Spa Filton Nordenham/Varel Hamburg Paris Wolfsburg Sochaux/Strasbour Bordeaux/Nantes Zwickau/Chemnitz Cologne/Rüsselsheim Toulouse Munich/Laupheim Stuttgart Madrid

# Integrated Portfolio for Product Engineering

- Testing & Aerodynamics
- Computer Aided Engineering
- Design Engineering
- Process & Technology Management
- Software Engineering
- Systems Engineering



Over 80 Engineering & Electronics Sub-Supply Companies in the Region

**Sector Now Employing Over 4000** 

Large Multinationals located in the Region

Turnover in excess of €200m

Limited Export Activity Nationally or Internationally from Region

Competitive threats from economic downturn and low labour cost regions

25 companies in SNS

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Grouping of European SMEs who have agreed to cooperate as Euro-Cluster in Information Society Technologies projects, tenders and business throughout Europe

CONSEN is a non-profit, independent and international consulting firm constituted in November of 2004 in Barcelona.

Open-Source Software, Contents, Standards, Infrastructures and Information Society Technologies

A member of CONSEN Partners network Grouping owns shares and pays an annual fee and receives benefits in four major areas:

- research and innovation,
- marketing and promotion,
- network building, and
- organization.



# Example: SWISS MICROTECH

## Enterprise Network (association):

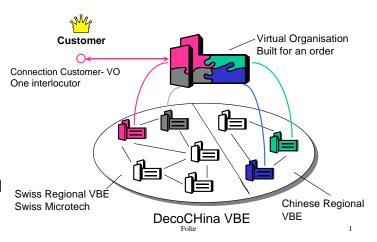
- -Azurea Technologies SA
- Boillat SA
- DIXI Cylindre SA
- Ravine SA
- Detech SA
- Groupe Estoppey-Reber SA
- ADAX SA

Micromechanics Network established in 2001

Interest to create own products of the network

Collaboration to China considered (China strategy is being built)

#### The DecoCHina global network



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# STUDY OF MORE THAN 100 EXISTING LONG-TERM NETWORKS / VBES (IN ECOLEAD)

E.g.

Case	Members	Location	Domain		
Virtuelle Fabrik	100	Switzerland, Germany	Mechanical industry		
Kiesel	>15	Germany	Services, Environment		
Virtec	>9	Brazil	Manufacturing		
CEFAMOL	136	Portugal	Plastic moulds		
Virtual Enterprise Networks Yorkshire	>25	UK	IT, Machinery, Bio-tech, e-Learning		
Bipolo Ticino	>13	Switzerland	Life sciences		
Virtual Biotech Company	>150	Germany	Biotechnology		
PVC	45	Australia	Plastics		
Regional Net for Ontario	-	Canada	Telecommunications		
VIRFERBRAS	>12	Brazil	Moulds		
Fenix Cluster	>250	Mexico	Electronics, metal & plastic		
Biotechnology cluster	411	USA	Biotechnology		
Biotechnology cluster	>160	Canada	Agro-food, biotechnology		
Advanced Business Services	>6	USA	Credit, lending, investments		
Helsinki ICT cluster	79	Finland	Telecommunications		
CARPI	2068	Italy	Textile / clothing		
Mining Cluster	-	Chile	Mining industry		
Motorsport Valley	40	UK	Motor-sport		
Verkko A	12	Finland	Process industry		
Automotive cluster	54	Slovenia	Automotive industry		
Plasttechnics cluster	>60	Slovenia	Plastics		



#### Main collaboration driver

- Customer induced ... To qualify as a supplier
- Capacity achievement ... Too big a "problem" / market
- Complement competencies ... New markets, new products, also dimmension
- Regional ecosystem ... To preserve local specificities, tradition, culture ... Benefit from government incentives

	Membership	Overlapping of competencies	Support institutions	Market access
A1 Customer induced	-Enterprises & other -Highly selective	-Possible	-Limited	-Extremely focused
A2 Capacity achievement	-Organizations in same domain/sector	-Mostly	-Limited	-Focused on a domain (in general)
A3 Complement competencies	-May cover various sectors -Basic adhesion rule	-Possible, limited (regulated)	-Limited	-Generic (as possible)
A4 Regional ecosystem	-Specific sector (mostly) -Regional basis	-Possible	-Strong	-Generic, with regional focus

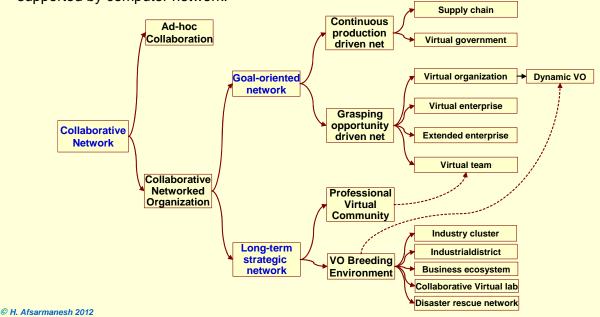
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# **CN TAXONOMY**

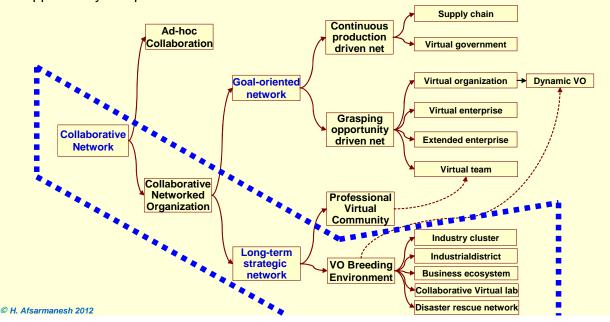
A **collaborative network** (CN) is an alliance constituted by a variety of entities (e.g. organizations and people) that are largely autonomous, geographically distributed, and heterogeneous in terms of their operating environment, culture, social capital and goals, but that collaborate to better achieve common or compatible goals, and whose interactions are supported by computer network.

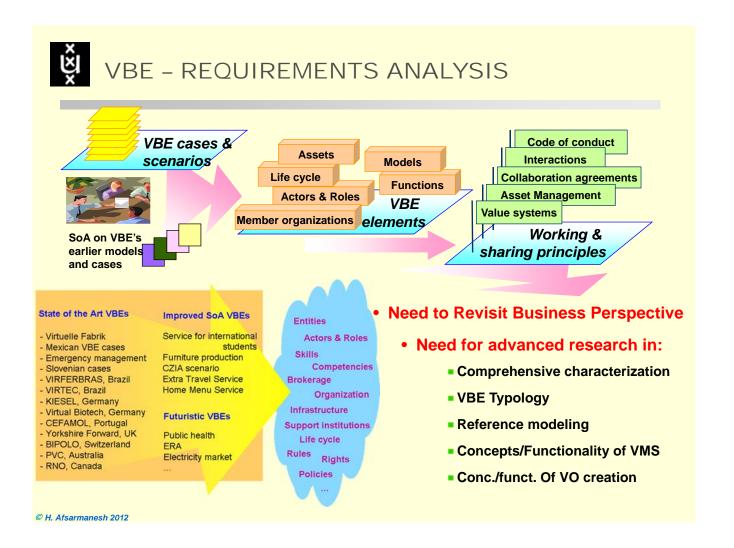




# LONG TERM STRATEGIC ALLIANCE - VBE

A **collaborative network** (CN) is an alliance constituted by a variety of entities (e.g. organizations and people) that are largely autonomous, geographically distributed, and heterogeneous in terms of their operating environment, culture, social capital and goals, but that collaborate to better achieve common or compatible goals, and whose interactions are supported by computer network.







## SOME REASONS TO JOIN A VBE

#### Market-related reasons

- Coping with market turbulence
- Increase chances of survival
- More chances to compete with larger companies
- Lobbying & market influence (branding / marketing)
- Easier access to loans
- Cheaper group insurance
- Better negotiation power (e.g. Joint purchasing)
- Prestige, reputation, reference
- Access to /explore new market /product (e.g. Multidisciplinary sector)
- Expand geographical coverage
- Increase potential for innovation
- **Economy of scale**
- Achieve (global) diversity
- ...

#### **Organizational reasons**

- Management of competencies and resources
- Approaches to build trust
- Improve potential of risk taking
- Support members through necessary re-organization
- Learning & training
- Shared bag of assets
- Organize success stories & joint advertisement
- Help in attaining clear focus / developing core competencies
- **...**

#### **Preparedness**

- Agility for opportunity-based VO creation
- **Effective common ICT infrastructure**
- **Mechanisms, guidelines for VO creation**
- General guidelines for collaboration
- Increase chances of VO involvement
- ...

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## WHY REMAINING IN A VBE?

# The initial attracting factors are not exactly the same that keep members happy in the long run!

- Profit from businesses
- Benefiting from the existing infrastructure
- Better marketing possibilities
   (fairs, cheaper admission costs, better publicity/visibility (better location) ...)
- Better strategic position through the VBE
- Easy access to complementary skills
- Explore new market / new product (multi-disciplinary-sector), expand geographical coverage
- Potential for innovation
- Continue profiting from the opportunities only available through the VBE
- Fight against a common enemy
- Better negotiation power
- Existing success stories and advertising
- Gain higher rank for more opportunities



### SYSTEM OF INCENTIVES

#### to attract and maintain VBE members

#### Example incentives:

- 1. For business related VBEs: economic profit and knowledge:
  - Guaranteed participation in a given number of VOs during a given period of time (difficult to materialize in practice),
  - Access to a set of basic tools etc. provided in the VBE bag of assets,
  - Access to other members public profiles,
  - Tutorials, Courses and Conferences to enhance productivity (and core competencies) in companies,
  - Initial evaluation of the member, and commitment to provide constructive suggestions/advice to better its status in a given period of time.
- For universities: the openness of VBE projects, possibility for student practices, early introduction to industry practices, and better links between industry and academia
- For R&D organizations: the exploitation of their technological advances, and links between research and market
- 4. For government organization involvement: directly related to the social and economic impact of the VBE, e.g.: increase in employment rates, increase in gross product, better infrastructures, and SME developments.

Awards and **Sanctions** 

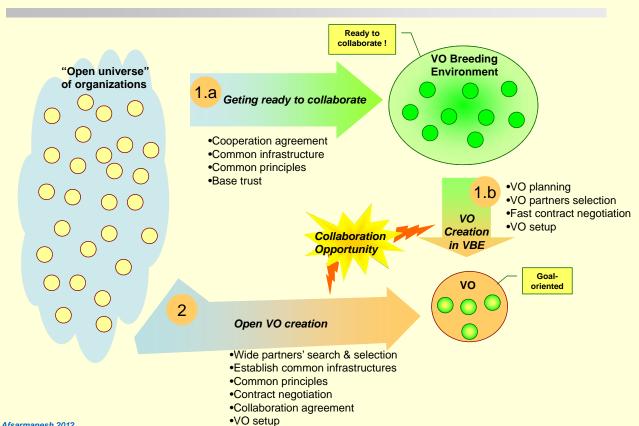


As a base incentive for VBE members, a set of rules that are defined to collect "points" (e.g. for taking active roles) to receive more benefits

© H. Afsarmanesh 2012 [Afsarmanesh, 2007]



## CREATION OF VO - 2 APPROACHES





# VBE ACTORS, ROLES AND RIGHTS

#### Main roles:

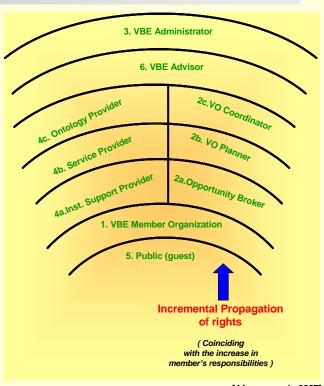
- VBE Administrator (Manager/Coach)
- Opportunity broker
- VO planner (Integrator)
- VO coordinator
- VBE Member

#### Other roles:

- Support institution assistance provider
- Common tools/services provider
- Common Ontology provider
- VBE advisor (board)
- Public (guest)

One actor can play multiple roles simultaneously





[Afsarmanesh, 2007]

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## SOME DIFFICULTIES IN COLLABORATION

- Resources ownership and sharing of resources is a typical difficulty, whether it relates to resources brought in by members or resources acquired by the coalition for the purpose of performing the task.
- Rewards finding a fair way of determining the individual contributions to a joint intellectual property creation is a rather challenging issue. Intellectual property creation is not linearly related to the proportion of resources invested by each party. At the very base of this issue is the need to reach a common perception of the exchanged values, which requires the definition of a benefits model and a system of incentives, based on a common value system.
- Commitments whenever there is an attack or any other obstacle to the collaboration do parties respond as a whole, facing the consequences together, or do each one try to "save its neck"?
- Responsibilities a typical phenomenon in collective endeavors is the dilution of responsibility. A successful collaboration depends on sharing the responsibilities, both during the process of achieving the goal, and also the liabilities after the end of the collaboration.

These issues must be settled by a set of common working and sharing principles.



# THE MAIN ICT NEEDS

#### What ICT support is needed for CNs?

#### ICT infrastructure:

- Safe communications, Information sharing, Coordination
- Interoperability and legacy systems integration
- Collaboration platform

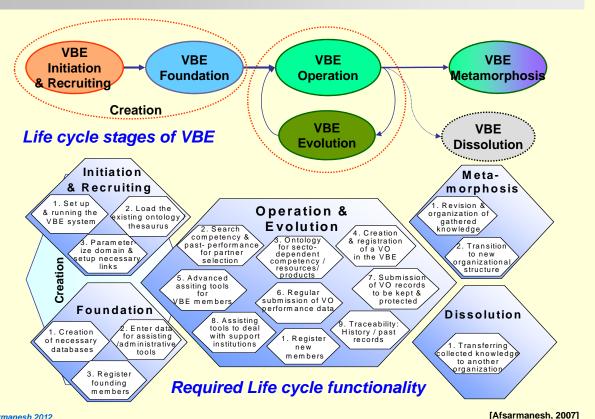
#### ICT services: (Supporting all phases of CN life cycle)

- Creation: Planning, partners selection, negotiation, contracting, ...
- Operation: Management, Conflict resolution, Performance management, ...
- Evolution: Partners search, reconfiguration, ...
- Dissolution: Inheritance mechanisms, ...

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# VBE LIFE CYCLE FUNCTIONALITIES

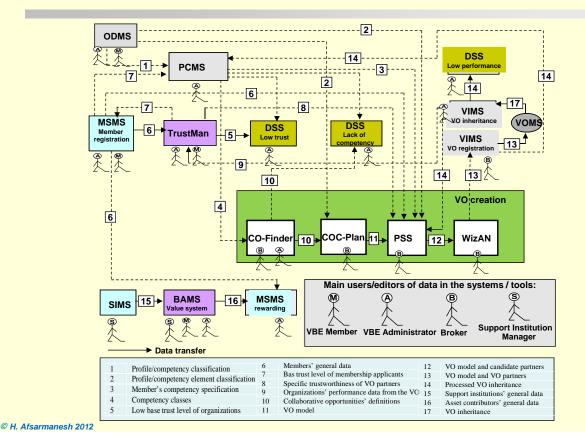


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[Afsarmanesh, 2007]



# VBE management system - Main sub-systems





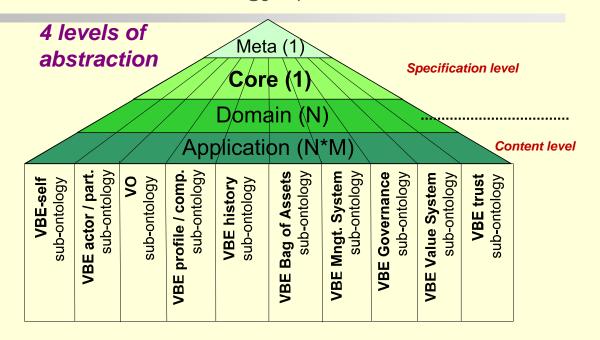
# 3 SUBSYSTEMS SUPPORTING VBE

# **VBE Information Sub-Systems**

- Ontology management
- Profile & Competency management
- Trust management



# Unified VBE ontology specification

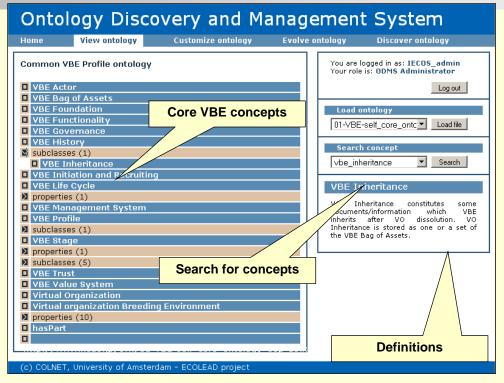


## 10 sub-ontologies

(complementary VBE knowledge partitions)



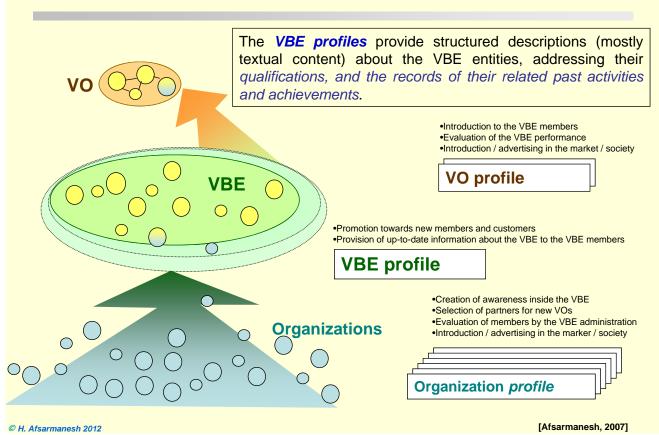
# GUI for VBE ontology management system



(Inspired by Protégé, but simpler and tailored for VBE actors, to navigate, edit, and use for discovery)



### MAIN COMPONENTS OF VBE PROFILES





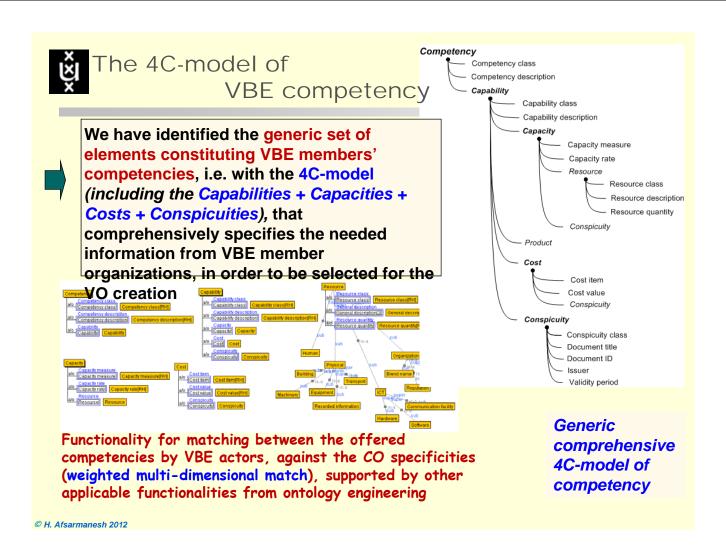
# VBE Competency model -Supporting dynamic / agile VO creation

- Currently large VBEs fail chances to respond to emerging collaboration opportunities due to inability to dynamically process and analyse the competencies (i.e. qualifications and abilities) of their member organizations
- For dynamic/agile configuration and creation of a VO, competencies of the VBE actors must be matched against the detailed specificities of the CO to which it is planned to respond

#### Example call for tender

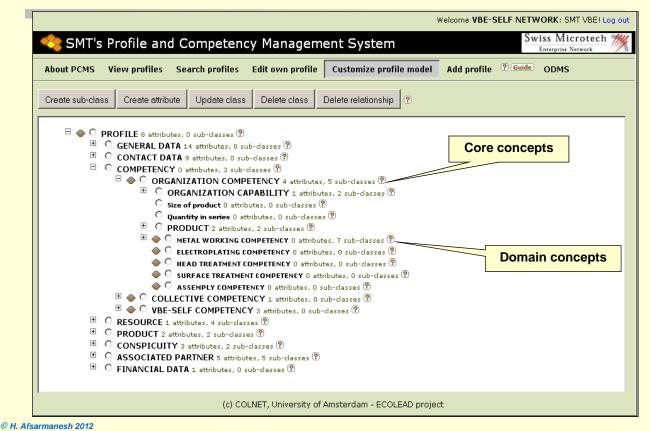
Bidding Type	International Competitive Bidding
Project Name	CAIRO NORTH COMBINED-CYCLE POWER PLANT PROJECT (THE EGYPTIAN ELECTRICITY HOLDING COMPANY (EEHC), A JOINT STOCK COMPANY ESTABLISHED BY LAW NO. 164 YEAR 2000 (FORMERLY EGYPTIAN ELECTRICITY AUTHORITY), HAS SECURED A LOAN FROM THE ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT AND HAS REQUESTED THE PARTICIPATION OF THE EUROPEAN INVESTMENT BANK (EIB) TO FINANCE THE PROCUREMENT OF MATERIALS AND ASSOCIATED SERVICES FOR SEVERAL PACKAGES OF THE CAIRO NORTH COMBINED-CYCLE POWER PLANT PROJECT)(
Financier	
Tender Notice No.	Not Provided
Description	DESIGN, FABRICATION, FURNISHING, DELIVERY, INSTALLATION, TRAINING, TESTING, START-UP AND COMMISSIONING FOR 2 X 250 MW (ISO) GAS TURBINE GENERATORS AND AUXILIARIES (TWO 250 MW (ISO) COMBUSTION TURBINE GENERATORS, AND ONE 250 MW (NOMINAL) STEAM TURBINE GENERATOR), INCLUDING ALL MECHANICAL AND ELECTRICAL WORK REQUIRED FOR A COMPLETE OPERATIONAL SYSTEM.

A collaboration Opportunity (CO)





# GUI for competency management system





## TRUST IN VBEs

#### WHY TRUST?

Based on earlier research...

- 50-80% of inter-organizational relationships fail
- Trust as a critical factor in inter-organizational relationships

It is important to understand trust...

- nature of trust
- dynamics in trust
- how to build trust?
- how to measure trust?
- trust building tools?

[Blomqvist, 2004]

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### TRUST - WHEN NEEDED IN VBES

#### WHEN IS TRUST NEEDED?

## The higher the uncertainty...

- · emerging technologies
- emerging markets
- economic situation
- risky projects
- · new business models
- The higher the turbulence...
- · blurring industry boundaries · law of increasing returns
- convergence
- consolidation

## The higher the need for speed..

- · dominant market position
- · fast-track projects

## The higher the complexity...

- systemic products
- inter-disciplinary knowledge diverse actors
- switching costs
- web of partners is needed

### The higher the asymmetry...

- · complementary knowledge
- · different cultures
- · different power

### The higher the need for innovation.

- · knowledge-workers
- complementary knowledge
- · voluntary nature of innovation
- commitment

...the higher the need for trust

[Blomqvist, 2004] © H. Afsarmanesh 2012



## TRUST IN VBEs

# -How to establish and promote trust in VBEs:

- Among member organizations in the VBE?
- Between the organization and the VBE administration?
- Between the customer and the VBE?



- How can the VBE management system (VMS) assist member organizations in:
  - Assessing current trust levels of other organizations in the VBE?
  - Foreseeing their trustworthiness in the coming time?
  - Establishing trust relationships with each other?

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# Trust level assessment & management

Perspective	Requirements	Trust criteria			
		Size			
1. Structural	Structural strength	Competencies			
		Personnel experts			
		Centres			
	Business strength	Geographical coverage			
		Workload allocation			
		Joint ventures			
	Community participation	Activities participated			
2. Social		Service contribution			
	Community compliance	Standards complied			
		Cash			
	Capital	Physical capital			
		Material capital			
		Cash in			
	Financial stability	Cash out			
<ol><li>Economical</li></ol>		Profit/Loss			
		Operational costs			
		Cash in			
	VO - financial stability	Cash out			
		Profit/Loss			
		Auditing standards			
	Financial standards	Auditing frequency			
		Network speed (Broadband)			
		Interoperability			
	ICT- Infrastructure	Availability			
		Protocol standards			
4.	Technology standards	Software standards			
Technological		Hardware standards			
		Security standards			
		Operating systems			
	Platforms	Programming languages			
		VO based experience			
	Platform experience	External project based experience			
		Duration held			
6 M	G. 11	Years in power			
	Stable management	Management structure			
	VO-Collaborative	Frequency of power change			
<ol><li>Managerial</li></ol>		VO opportunistic behaviour occurred			
	behaviour	VO successful collaborations			
		VO participation as organizer/leader			
	Reliability	Quality			
	1.500	Adherence to delivery dates			

Set of trust elements

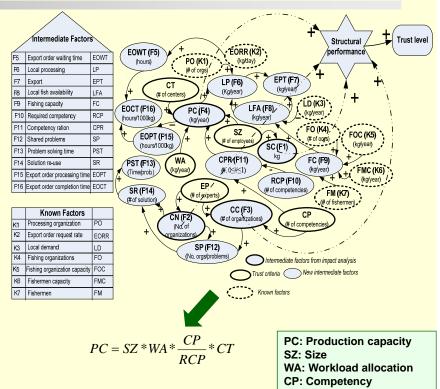


# Trust assessment - Causal analysis

>Analyzing causal influences among trust criteria, intermediate factors and known factors

>Translating causal influences into mathematical equations

applies concepts inspired by system dynamics discipline



**RCP: Required competencies** 

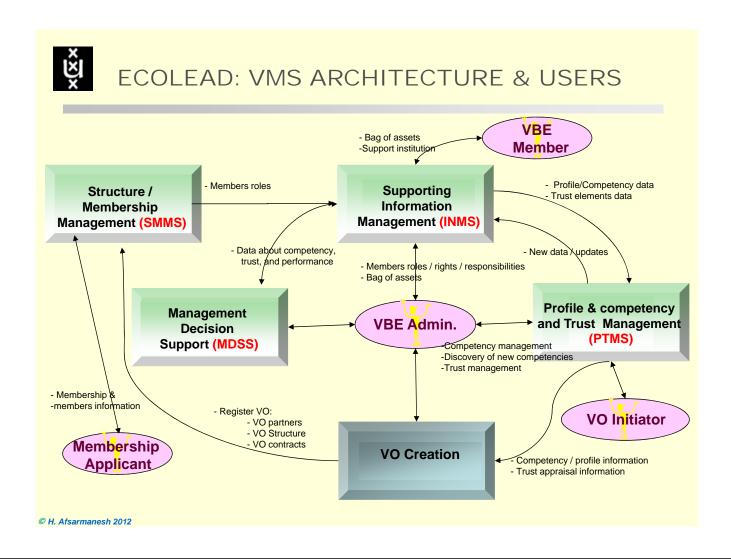
CT: Centers

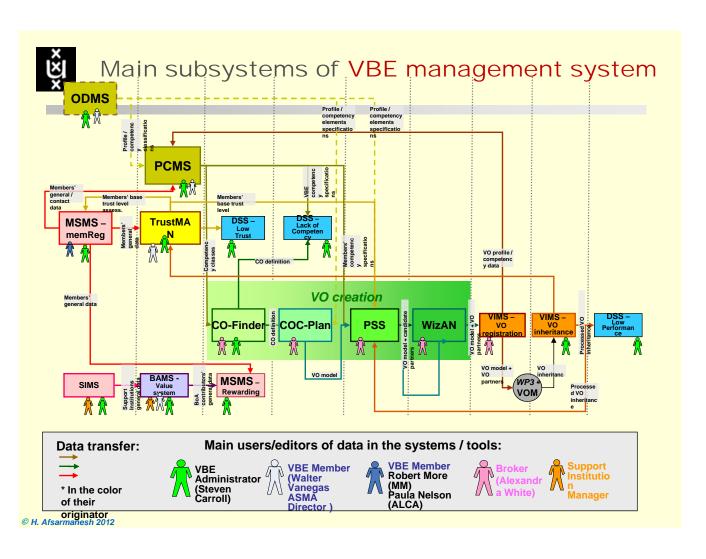
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# Trust management system GUI

	Мі	ılti-c	riteria base	d trust	manage	ment syste	em
Log out	Analysis	of the	base trust leve	I for the \	√BE memb	er	
Home	1. VBE memb	er org	anization name:	IECOS7			
Assess:	2. Partial res	ults to	wards analysis o	f trust lev	vel (relative	values)	
Base trust level		Manager of the second s			Social trustworthiness details		
Donor		Managerial trustworthiness details VO collaborative behavior: 4.9			Community standards: 2.45		
Base trust level(specialized)		Management stability: 2.45			Community participation: 3,675		
rever(specialized)		Structural trustworthiness details			Technological trustworthiness details		
		Organization size: 4.9			ICT infrastructure: 3.947		
Evaluate trustworthiness:		Competence: 4.9 Centers: 3.062			Technological standards: 4,9		
trustwortniness:					Platforms: 4.9		
Member		Workload allocation: 4.9			Technological experience: 4.9		
Marie II	Economic	Economical trustworthiness details				1000-0 Pt. 400 Pt. 100 C-100 C	
All members	members Capital: 4.51						
	Financial st	tability:	1.985				
Assessment mechanisms	VO financia	VO financial stability: 4.411					
	3. Base score Technolog		nch perspective  Managerial  3.75	Social		Economical	Structural
	4.722 4. The base t	rust le		3.125		3.709	3.125
	Org ID	a ID Name			Trust Level		Score
	60	10-000 - 000 000 000 000 000 000 000 000			More trustworthy		3.686







## Conclusion

- Collaborative Networks manifest in a wide and growing range of application scenarios.
- Pre-establishment of supporting long-term strategic alliances, can provide the needed environment for creation of cost- and timeeffective dynamic virtual organizations and virtual teams.
- Gathering up-to-date information on wide variety of aspects are necessary for efficient creation of dynamic opportunity-based collaborative networks.
- ♠ A main challenging criterion for the success of collaborative networks is the effective management of the wide variety of information that needs to be handled inside the CNs to support their functional dimension.
- Advanced CN support platforms require modeling and management of heterogeneous and incomplete & imprecise information, which calls for a combination of approaches such as federated databases, ontology engineering, computational intelligence, and qualitative modeling and reasoning.

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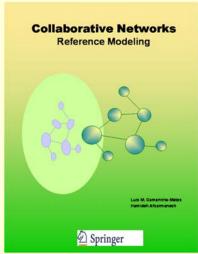


### To read more on CNs

More details on many of the mentioned subjects can be found in the following two books generated through the results of ECOLEAD project:



Methods and tools for Collaborative
Networked Organizations
L.M. Camarinha-Matos, H. Afsarmanesh,
M. Ollus (Ed.s)
Springer, 2008.



Collaborative Networks: Reference
Modeling
L.M. Camarinha-Matos, H. Afsarmanesh
Springer, 2008



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