Chapter XI

Future Trends

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Abstract

Now that we have seen what organizations are doing with Web services, the rest of this book will look at how Web services will affect Internet strategies in the next decade and possibly beyond. This chapter begins with financial forecasts from the professionals and later warns that organizations must first be in the position to refine their business models, crystallize their value propositions and strengthen the quality and management strategies of their services.

Introduction

What remains unclear in the early part of the 21st century concerning the linkage between Internet investment production and the application service provider (ASP) market is the extent to which the rate of ASP like services productivity will continue to rise in the face of slower advances in Internet stock market. According to Forester Research, the proportion of ASP business in the

outsourcing market peaked at about $800 m in 2000 and was projecting for $25 bn by 2005. However, it actually declined by the year 2001 (due partly to the effect of the stock market collapse) and is currently being projected at $15 bn by 2006. The overall business interests in the ASP model will continue to rise with proportionally higher rates of investment by vendors versus traditional outsourcing. We attribute this optimistic forecast to four trends:

1. Continuing improvements in capabilities and cost-performance characteristics of remote support services by vendors;
2. Improvements in capabilities and cost-performance characteristics of the technology at the system or application level;
3. Continual development of the telecommunications infrastructure to support ASP performance; and
4. Gradual reduction of institutional and social barriers to the introduction of ASP model as a viable business strategy.

Future Analysis

It does not make sense to emphasis the social and technical resources and constraints of a new industry (like ASP) without thinking about the future of the resulting information system. While no one can say, with any degree of certainty, what the future holds, it is always possible to speculate on the nature of changes. Such consideration of future conditions usually helps to avoid some of the problems identified during the early stages of IS analysis. Land (1987), in his study of future environments and conditions, came up with a theory of "future analysis." Here are four areas of our concern from Land's future analysis theory:

1. **Prediction of possible changes:** This area looks at the kinds of changes that are possible, that is, technological, legal, political, or economic. It requires the investigation of the context and situation of the organization in which the work is being done. Other items needed to help with this investigation include structure plans and prediction of mid-term development of the institution that could be medium plan. This is meant to devise an appropriate system analysis stage of the development process thereby

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