# THE NEW ENTERPRISE TECHNOLOGY: DIGITALIZE OR RISK BECOMING OBSOLETE

Consumer expectations are forcing mainstream companies to rethink their business models

"Enterprise technology" once meant information technology, data and resources shared within a company. It was internal, tying networks, databases and applications to various infrastructures in order to drive business. But the term may soon become obsolete, as management and operations increasingly take a back seat to today's consumer-oriented culture. →
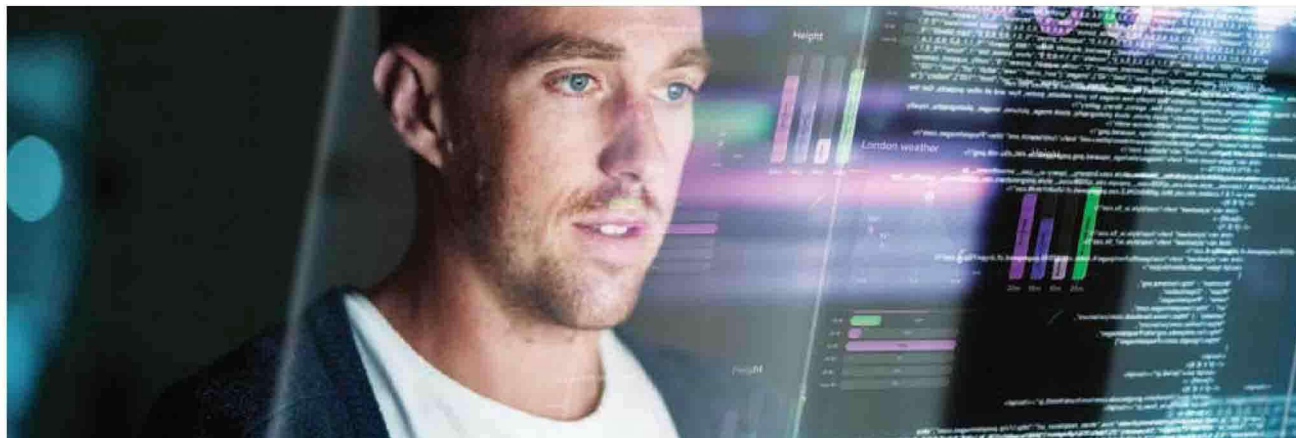
Saar Shwartz, Vice President of Strategic Marketing at BMC Software, prefers the term "life-driven technology" to describe the evolving business mindset. "It's not about the enterprise anymore—it's about what constitutes life, at work and at home," he says. "The consumption of technology today is really about augmenting the way people experience life."

Changing Consumer Expectations

Contemporary consumers interact with business on their own terms, rather than according to an enterprise's proscribed procedures. People now use mobile apps to do everything from banking and filing insurance claims to refilling prescriptions and booking flight and hotel reservations. The shift to digital and mobile is forcing businesses to a critical juncture.

"Companies must either adopt and adapt to technology to meet the demands of customers—people who expect products and services faster than ever before, delivered easily anytime, anywhere and on any device—or risk becoming obsolete," says Shwartz. "For example, look at what's happening in the TV industry. Viewers want to see shows when it's convenient for them, not according to a set schedule as determined by the broadcasters. Thus, the rise of services like Netflix, Amazon Prime, TiVo and Hulu, which give viewers the ability to see what they want, when they want and on whatever device they want." In fact, consumer expectations are causing mainstream companies to rethink their business models and adopt a digital mindset in order to transform customer-facing services.

A Focus on People, Not Process

Another shift, empowered largely by digital technology, is flexibility in where and how employees work. Open-minded companies realize that work doesn't begin and end at the office, nor is life completely separated from work. Employees in these enterprises are allowed to use office equipment and attend to personal matters while at the office, and work after business hours, at home or on the go, using digital technology and devices. This flexibility, in turn, is reinventing the workplace, attracting motivated, independent people who embrace change and are helping companies compete in a digitalized world.

To facilitate this transformation, software companies are emphasizing unprecedented ease of use, as businesses demand the creation and delivery of digital services and mobile-first applications that are intuitive and intelligent.

A Digital Mindset

In order to address the changing consumer and employee landscape, businesses must adopt a digital mindset. This mindset—and the new technologies that both inspire and nurture it—is disrupting traditional business models. Clayton Christensen, a Harvard Business School professor and an expert on disruptive innovation, defines disruption as the process by which smaller companies with limited resources challenge established enterprises, either by targeting business segments ignored by a dominant company in favor of its most profitable mainstream products, or by delivering more functionality, usually at a lower price. The disruptors then gain a foothold in the marketplace with both new and improved products and services.

A prime example of innovative disruption is Uber, the transportation network company that, through its mobile app, allows consumers with smartphones to request rides that are routed to drivers who are using their own vehicles. Uber has not only disrupted the taxi and rental car in-dustries, but is poised to send mainstream pharmacies like Walgreen and CVS through some changes.

During the flu season, Uber now offers office visits from registered nurses who use Uber drivers to deliver flu shots at a competitive rate—$10 for 10 shots—without employees having to leave the office to wait in line at a pharmacy. The upstart is also said to have its eyes on the package delivery industry, potentially disrupting FedEx and UPS. And by turning the Uber app on or off, drivers can work when they want to.

Meanwhile, the marketplace is littered with the remnants of once-mighty enterprises that lost ground by not adapting to changing consumer tastes and options. Kodak and Blockbuster are examples of companies that experienced devaluation of their brands because, by failing to embrace change, they let other companies disrupt their businesses. They're far from alone. →

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—SAAR SHWARTZ, BMC SOFTWARE

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Other companies face the devaluation of their brands if they don't keep pace. BMC's advice? "Think like a disruptive company," Shwartz says. "Companies should consider: If they had to go after their own business, what would they do? They have to disrupt themselves. And disruption and innovation always go hand in hand. It's really hard to disrupt without innovation."

Risk vs. Reward

Companies willing to take risks—and even risk failure—by placing bets in areas where data doesn't indicate immediate returns tend to realize breakthroughs in transforming themselves to serve the new consumer.

The speed of success for companies receptive to change can be stunning. Alibaba, the Chinese e-commerce company that provides sales services via web portals, achieved a multibillion-dollar valuation in less than four years. More recently, Nintendo, the aging Japanese consumer electronics and software company, saw its value double—virtually overnight—with the launch of Pokémon Go, the free, location-based augmented reality game for IOS and Android devices.

Enterprises that avoid risks and digitalization, on the other hand, face disruption, devaluation and obsolescence.

A Key Requirement for Success: Speed

The main emphasis in digital technology today is on raw speed—a critical factor for companies considering software. "It's no longer the complexity of software and what it can and can't do," says Shwartz, "but how fast someone can get up and running on a piece of software, become productive and drive outcomes for the business."

"Slow" is the new "broken" as consumers lose patience with technology that doesn't match their pace and lifestyle. Shwartz recalls speaking to clients who have moved bank accounts because the check-reading app on their smartphones took 35 seconds longer than that of a competing bank. "We're not talking minutes or hours, but seconds!" he stresses.

In addition, software-as-a-service (SaaS) delivery models help companies drive innovation to market faster, eliminating the burden of upgrades, hosting and maintaining software solutions, and reducing perceived risks.

Planning for Digitalization

To maximize efficiency and cost-effectiveness, enterprises must first *plan* for digitalization. "I think people have a tendency to just go and buy a popular piece of technology, and believe that it's the cure for all ills," Shwartz says. "Their thinking is, 'If I just hook up with this cloud vendor I'm going to solve the problem,' or, 'If I just buy this application development technology, I'm going to be golden.' But they miss looking up and down the stack to really understand their unique situation, and where they have gaps. Is it in their Big Data strategy, in their application delivery strategy, in their cloud strategy or in their security strategy?"

Another point to consider: "Companies can develop or buy the most beautiful app without realizing they've just given people one more door to enter," Shwartz cautions, noting the growing importance of security. "There are a lot of things they have to pay attention to."

Businesses today need to make hard choices on their strategy going forward. Will it be business as usual, or will they proactively choose to disrupt themselves? As the hockey legend Wayne Gretzky said when asked why he is so successful: "I skate to where the puck is going to be, not where it has been."

The BMC Solution

BMC has developed a broad portfolio of software that can help companies as they digitally transform. BMC Digital Enterprise Management is an integrated set of IT solutions designed to fast-track digital business for the ultimate competitive advantage, from mainframe to mobile, to cloud and beyond. ■

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