

# Software Strategies for Business Survival

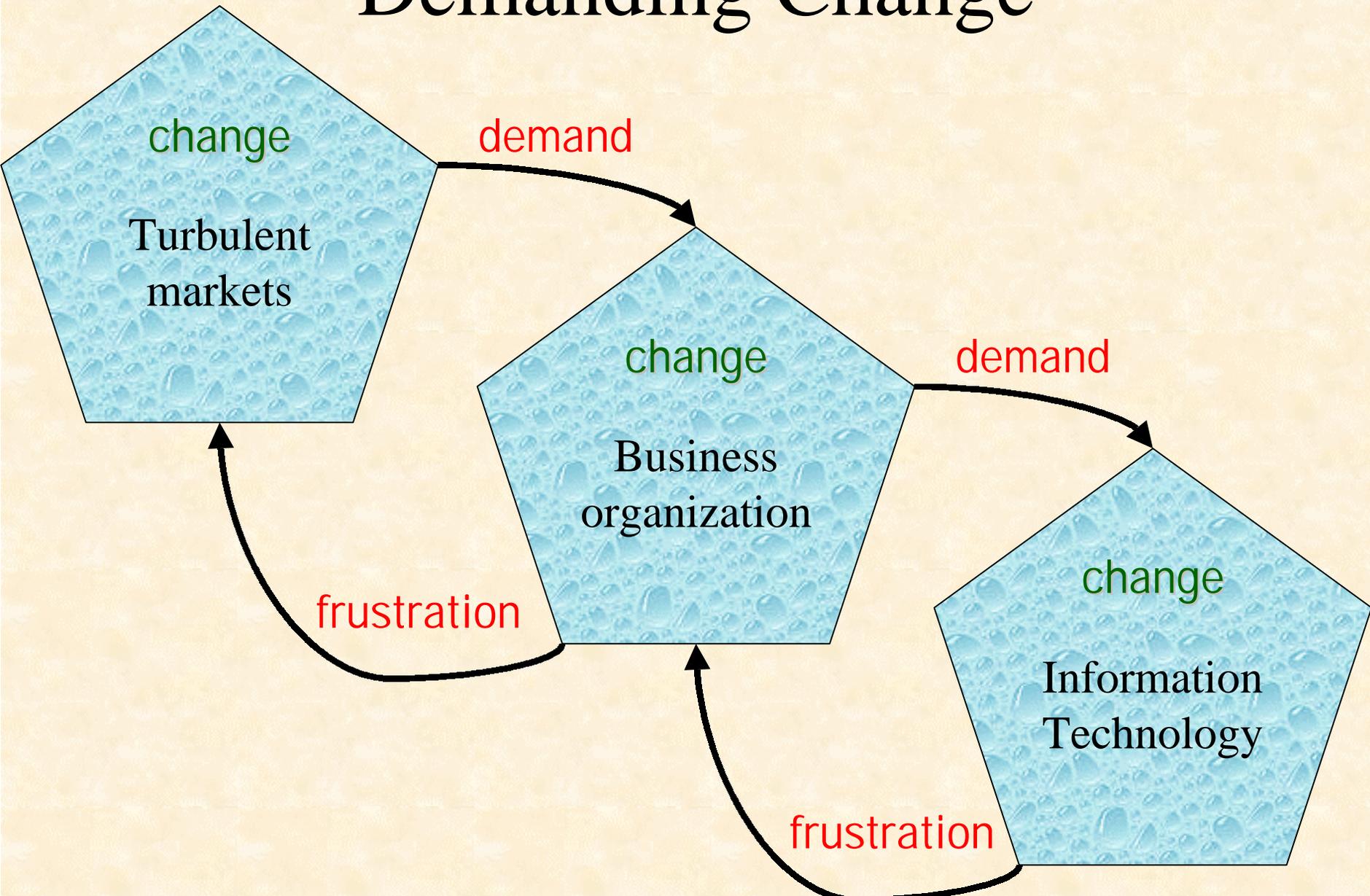
Richard Veryard

Okay, we've got ourselves a website. What happens next?

# Agenda

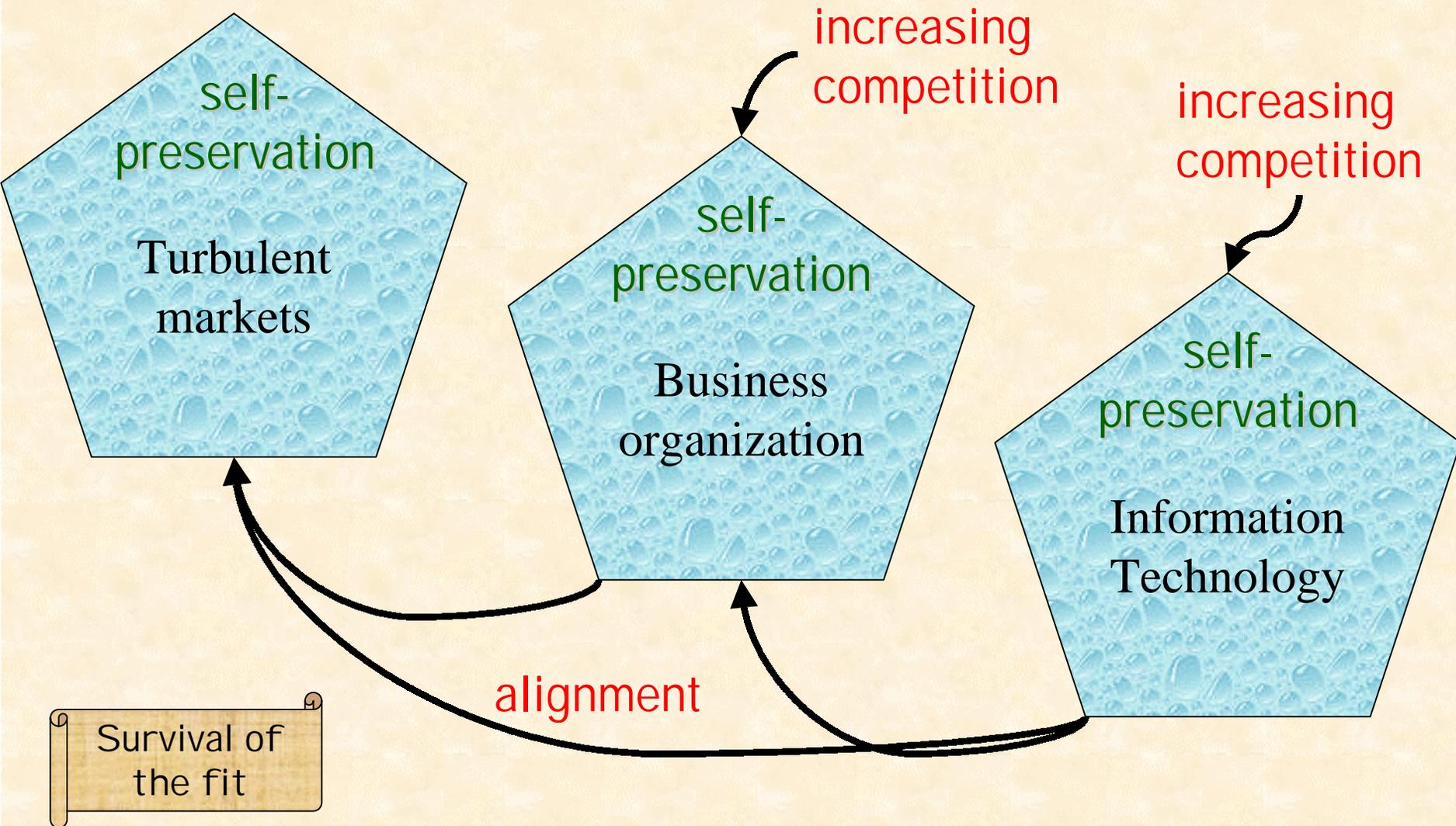
- Demanding Change - *Co-Evolution of Business and Systems*
- Shearing Layers
- Business Evolution
- Organic Change - *The Planning Paradox*
- Business Challenge
- Entering a New Millennium?

# Demanding Change



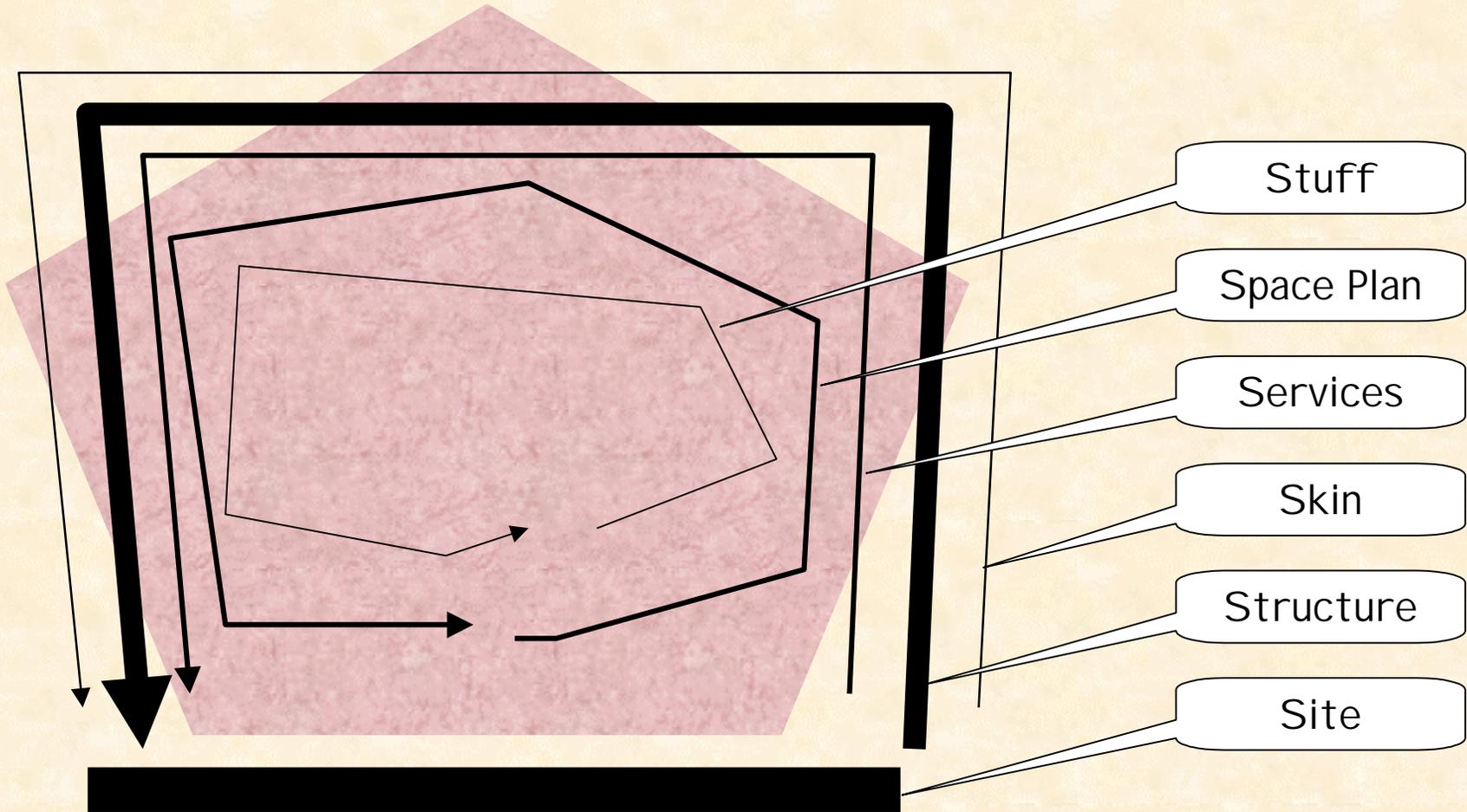
# Identity and Survival

Survival of the fittest



Survival of the fit

# Shearing layers: Complex artefacts tear themselves apart.



# Managing the evolution of complex artefacts.

"A classic and probably a work of genius" —JANE JACOBS, author of *The Death and Life of Great American Cities*

## HOW BUILDINGS LEARN

What happens after they're built



New Orleans, 1857



The same two buildings, 1993



STEWART BRAND

creator of *THE WHOLE EARTH CATALOG*

# How does software accommodate business evolution?

## Pattern 1:

### From one to many

Single product/brand →

Many products

Single location/market →

Many locations

Data modellers imagine they can build systems to allow for multiple everything.

And object modellers imagine they can abstract everything.

## Pattern 2:

### From few to many

Small number of high-value customers → Large number of customers

Then spin off high-value customers into semi-autonomous unit.

Can software help to manage these transitions - or is the software itself struggling to keep up?

# How does software accommodate business evolution?

## **Pattern 3:**

### **From many to one**

Drug company: Many pills

→ Single cure

One-stop shopping: Many products → One supplier

## **Pattern 4:**

### **From many to few**

Industry consolidation

Product rationalization

Supply chain consolidation

# Two types of business relationship

## Promiscuous

Opportunistic - single transaction

Narrow bandwidth

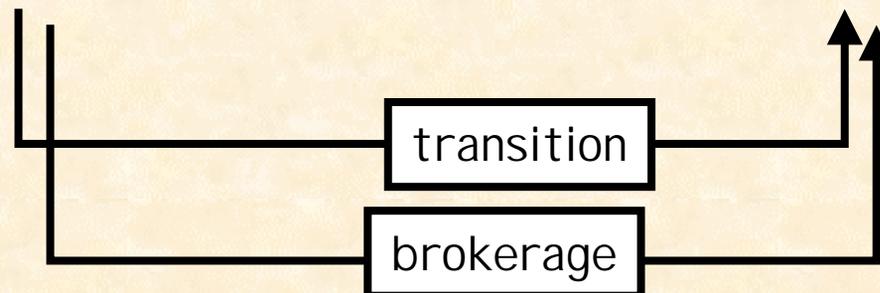
High turnover /churn

## Steady

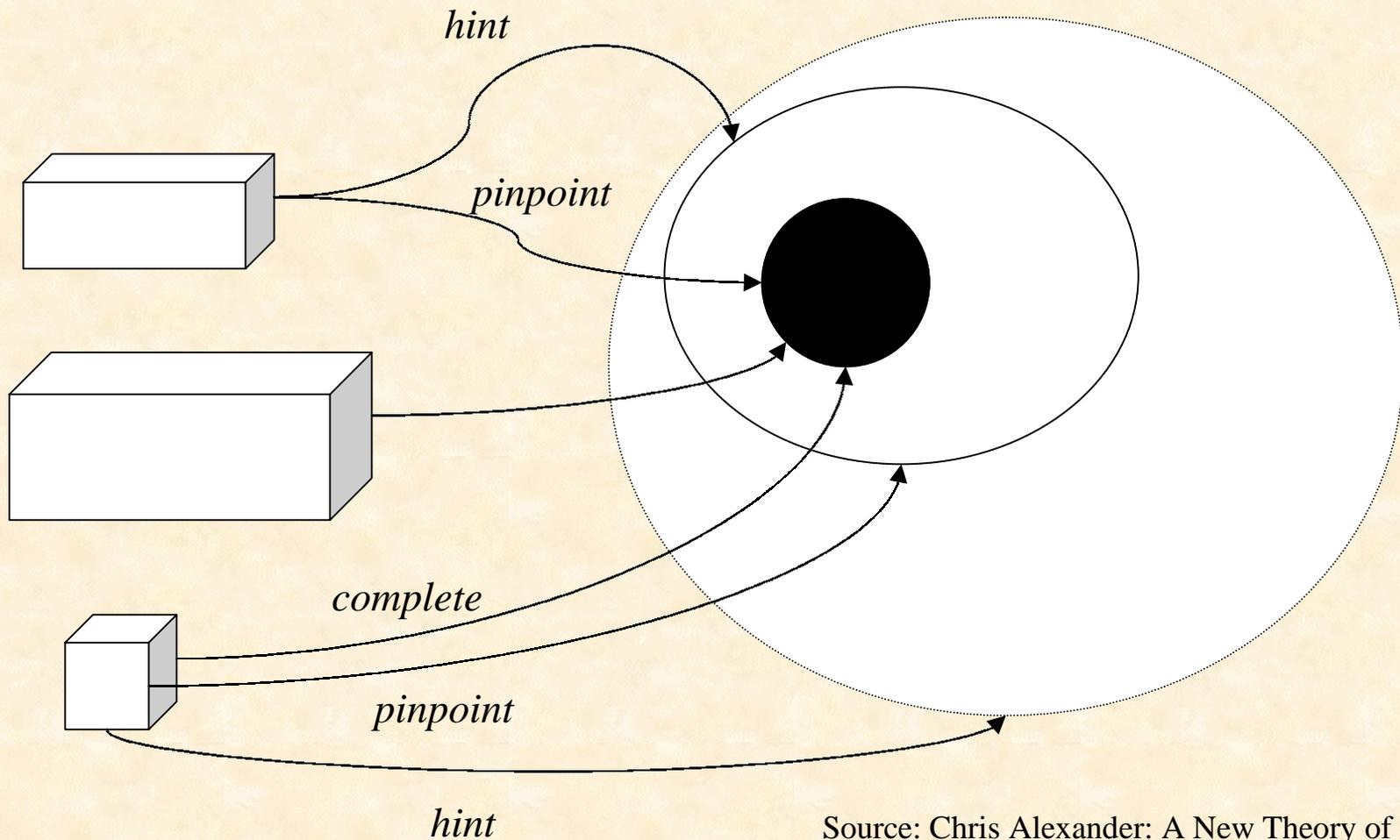
Long-term relationship, based on growing trust

Broad bandwidth - may support many processes and products

Sharing intangible assets - including knowledge



# The creation of wholeness (Christopher Alexander)



# Some deceptively simple business strategies.

## **Addition**

- Develop new channels
- Make connections
- Create neighbourhoods

## **Subtraction**

- Take away complexity
- Remove delay
- Remove controls

## **Multiplication**

- Proliferate customers
- Generate/exploit critical mass

## **Division**

- Slash price
- Reduce churn
- Carve up process

# New Rules for the New Economy

- Embrace the swarm
- Increasing returns
- Plenitude, not scarcity
- Follow the free
- Feed the web first
- Let go at the top
- From places to spaces
- No harmony, all flux
- Relationship tech
- Opportunities before efficiencies

Source: Kevin Kelly

# Business Challenge

What if ...

- Suppose [amazon.com](http://amazon.com) or [freeserve.co.uk](http://freeserve.co.uk) wanted to start a banking service?
- Suppose Microsoft or AOL or Tesco or Virgin wanted to dominate **your** market?

Strategic thinkers should be ahead of the game.

What would they need?

- Business relationships
- Business processes
- Packaged business expertise
- Available software components

And what would your organization need to respond effectively?

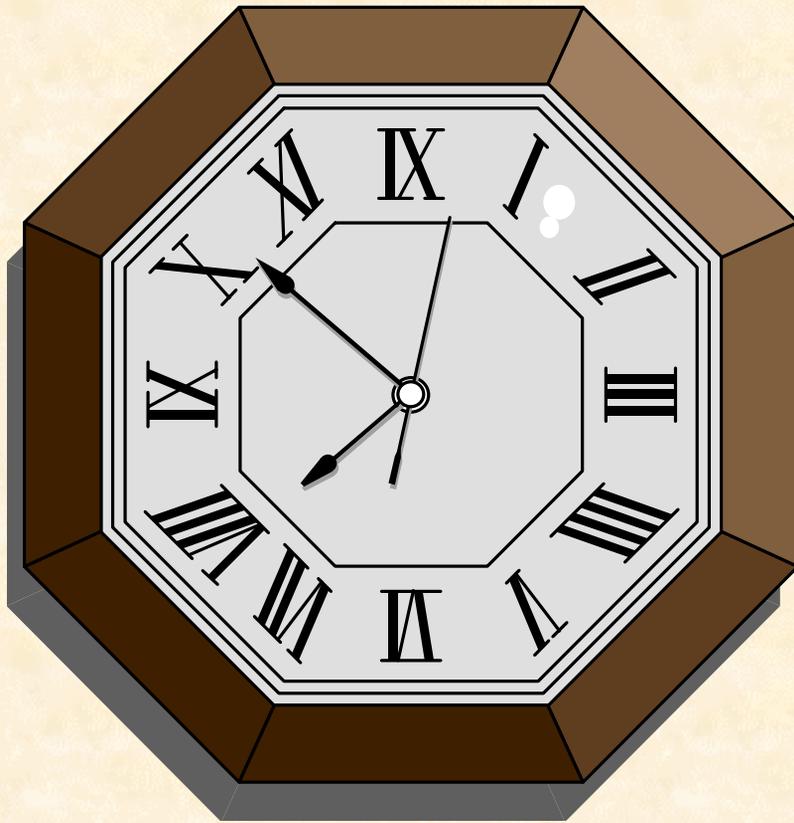
Business  
Components?

Software  
Components?

# Component Strategies

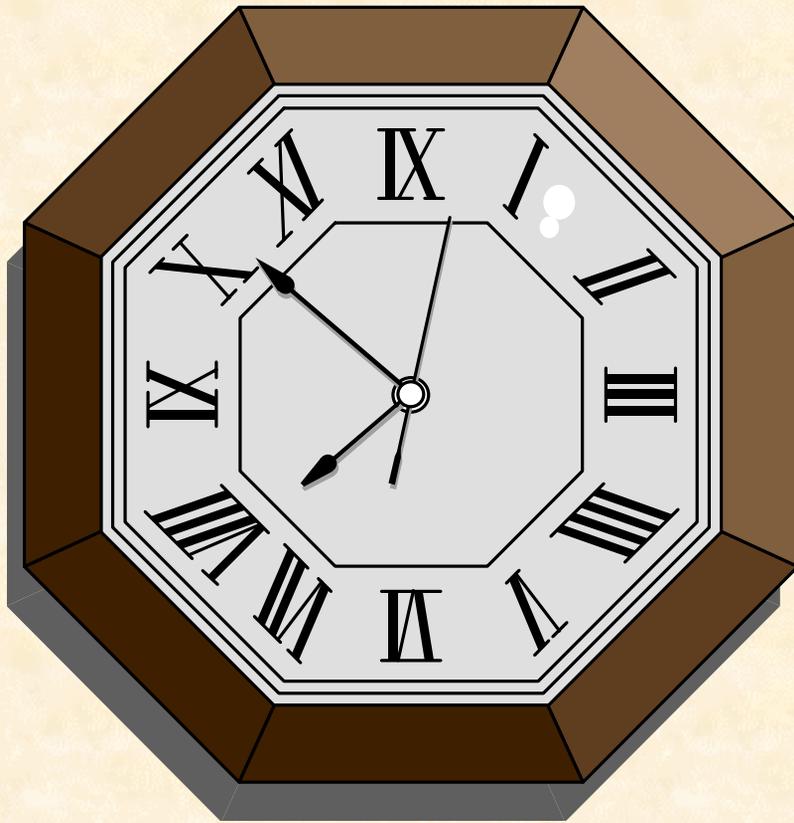
- Propagate tiny components.
- Distribute intelligence. Distribute knowledge.
- Promote autonomy - local authority.
- Build critical mass. Design for connection.
- Maximize opportunities for others.

# The defining technology of the past millennium was the clock.



- Mechanical clocks were invented around 1000 CE.
- Monasteries used the clock to control work and prayer. Early factories took over the clock-based work ethic. The industrial revolution was regulated by the clock.
- Clocks are now everywhere. Clocks have transformed our conception of time.

“I was your slave, now you are mine, I am Time.”

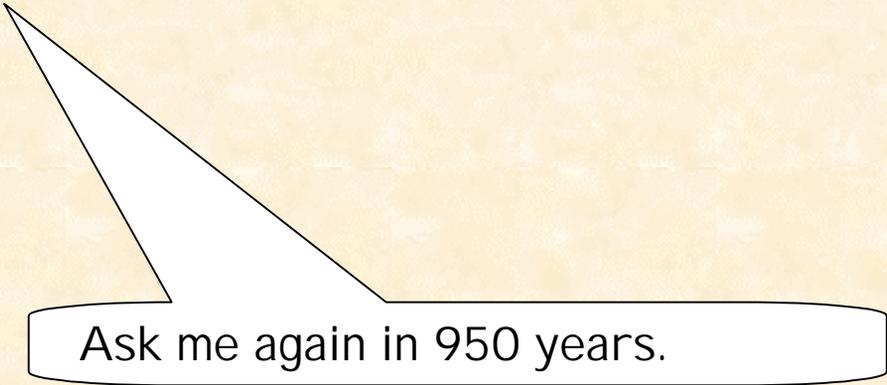


- Business obsession with time: productivity, time to market, just-in-time, cycle time, ...
- Technological obsession with time: frequency, speed, acceleration, ...
- Sometimes this obsession equates to a foreshortening of **distance**.
- These drivers will remain relevant, but ...

# The defining technology of the next millennium will be ...?



- Internet?
- E-business?
- Microsoft Explorer??



Ask me again in 950 years.

# During the next millennium, our idea of space will be transformed.



- Topology rules
  - Distance
  - Open / closed
  - Boundaries, barriers & interfaces
  - Neighbourhoods & clusters
  - Compactness & cohesion
- Which is real and which is virtual?

# Key Messages

## **Business**

- Increasing granularity of competition.
- Business must align to the new market forces.
- Business survival depends on your strategies for alignment.
- Strategy means rethinking the identity of your organization.

## **Software**

- Distribute functionality
- Increasing granularity
- Connect and transmit in real time
- Map onto business patterns