How and Why You Should Think Like a Software Company

ABSTRACT

This White Paper will share the elements of a Modern application strategy, why it's essential to your business, and teach you how to think of the bigger technology picture, in essence, how to think like a software company. You'll learn how to get started, what structure you need to bring your applications into the new world and why selecting the right technology partner to augment your internal team is more important than ever.

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When Home Depot realized that Amazon sold more hammers than they did they decided to become a software company.

Conduct a Google search for the "five best hammers" in the market today and chances are your search results will guide you to purchase one on Amazon rather than Home Depot.

Surprised? So was Home Depot who in the past 12 months invested $1.8 billion to modernize their applications to deliver a better customer experience. The result of that investment? Sales are up 6.6%, traffic growth is double-digit and conversions have increased.

By focusing on the aspects of the applications that were customer facing, Home Depot streamlined ordering, added chat to customer support, simplified online shopping and innovated with new ways to deliver products. On a side note, every application is fully mobile-optimized – a good thing since more than 50% of their online buyers are using mobile devices to purchase their products.

Business and customer needs are constantly changing. The world moves quickly. In the next three years, 1.75 billion people, or 42% of the global workforce, will be mobile, according to research from Strategy Analytics.

Can your applications keep up with the needs of an increasingly remote, mobile, and constantly connected market?

Many businesses continue to rely on legacy applications; however, this introduces both increased cost and increased risk as the legacy applications that served you well over the past 10 to 20 years are unlikely to deliver what your business needs to keep up today and into the future. Legacy technology simply can't perform as quickly or offer as many functions as modern applications. This restricts your company's flexibility and efficiency in many ways.

As American engineer, William Edwards Deming best put it: "It's not necessary to change. Survival is not mandatory."

This White Paper will share the elements of a Modern application strategy, why it's essential to your business, and teach you how to think of the bigger technology picture, in essence, how to think like a software company. You'll learn how to get started, what structure you need to bring your applications into the new world and why selecting the right technology partner to augment your internal team is more important than ever.

Modernization is the Way to Transformation

Why modernize?

Recent research conducted by Gartner suggests that most organizations spend **75% on maintenance and only 25% on innovation**.

This means a reduced capability to explore solutions that transform the way people work, learn, communicate and transact business. Ultimately, modernization is about driving business value.

Modern businesses need customizable, flexible and constantly adapting solutions in order to reduce risks and demonstrate value today. A modernization strategy is the only way to get there. Application modernization is the continuous evolution of your organization's applications in order to keep up with consumers; because of this: modern applications are never truly finished and thus need a strategy and framework to support them.

The Value of Modern Business Applications

The true value of application modernization is realized when it enables your people to help your business deliver a better end user (customer) experience. As such, any application modernization effort must enable and empower your users to provide real value for your business. To do this you must focus on two very important concepts:

1. Data
2. Continuous Improvement

Data And Insight Enables Leading Behaviors

Modern business applications need to allow you to collect, analyze, securely share and act on the untapped value of the data generated by your technology. If your application is not integrated with the appropriate Business Intelligence tools, you will have no way of making proper decisions to improve your application and satisfy end user needs.

A Continuous Improvement Model Is Mandatory For Sustainable Competitive Advantage

Gone are the days of "build it once, then make sure it doesn't break." Shifting focus from building applications and simply running them, to continuously improving and enhancing your applications, is the only way to transform your business. A continuous improvement model leads to a better user experience, which leads to a better business.

The New Way

"Software doesn't simply make existing products smarter or existing processes more efficient; it enables new models of delivery, engagement, and innovation that are far more productive and informative than the old."
– Harvard business review

Just turn on your Smart Phone today and chances are you will be notified of several updates waiting for your "okay." In fact, it is highly likely that those same applications prompted you to update only a month ago. Applications designed for the modern world are continuously keeping current. This is enabled by a culture of continuous development and deployment – to put it into "software company" terms.

Why Continuous Improvement?

Because you are trying to make it better. Why? Because you are listening to your customers about features and changes that they want and expect from you. And, if you don't have the data to make those decisions about what is next, you'll find yourself falling behind like Home Depot did.

A modern application enables the following:

1. **Collection of the right Data** – Live monitoring, usage reports, drop-off metrics, downtime alerts, issue notifications and other in application tracking can help you detect a problem before it even gets reported by your users.

2. **Connection to your Users** – Webchats, self-service portals, social integration, incident and ticket tracking can help you build a connection with your end users and help satisfy issues faster and easier, as well as let users resolve issues themselves. Being able to rapidly reply to customers in a public forum can often solve the issue of multiple users at once and gives a human face to your company. The money that you will save in call center costs can be re-invested into social, user outreach and application enhancements.

3. **Ideation** – Managing and collecting the data is one thing, but your application also needs to be able to analyze and make use of that data in order to lead to insight and innovation. Advanced dashboards and reporting can help everyone in your organization work from the same information, stay on the same page, and make decisions that have real business outcome.

4. **Ability to Fail Fast** – Continuously introducing new and better features for users to enjoy helps you maintain a leadership position; but not every great idea will be a great success. Luckily, your modern application will allow you to figure out what works and what doesn't, and will also allow you to adjust quickly to ensure you keep moving in the right direction.

5. **Personalization** – The more you know about your customers, the better you can handle their needs, with all the data available today, modern applications can adapt to ensure each customer receives the best experience for them. By building applications on an agile platform, you can make enhancements at a user level to ensure everyone interacting with you gets what they need out of the experience. From specific portal views, to serving up content related to their specific interest; integration with Artificial Intelligence (AI) tools allow each of your end users to have their own unique experience with your application.

6. **Mobile Enablement** – Where's the strangest place you've ever used your mobile phone? When's the last time you didn't have it with you? 65% of all digital content today is consumed on a device with a screen size of less than eight inches. A modern application will ensure your content and features are available across all current devices and provide the agility to adapt as new devices and technologies hit the market.

The Key Benefits to Modernizing Your Applications

New Capabilities. New platforms will introduce new capabilities such as improved agility and manageability, increased automation and workflows, enhanced security, better redundancy and business productivity improvements.

Mobile Platforms. Moving applications to a mobile platform (smartphones, mobile web, tablets) will help you keep pace with customer demand and increased workforce mobility. Aligning with a Bring Your Own Device strategy can transform operational costs.

Better Business Intelligence. Taking advantage of new BI dashboards or big data technologies will allow you to gain insight into an ever increasing deluge of structured and unstructured data that may lead to the next big idea in your department or industry.

Public and Private Cloud Options. Targeting new cloud platforms and deployment models to reduce total operational costs, increase agility, improve contingency, find new markets and improve time to market.
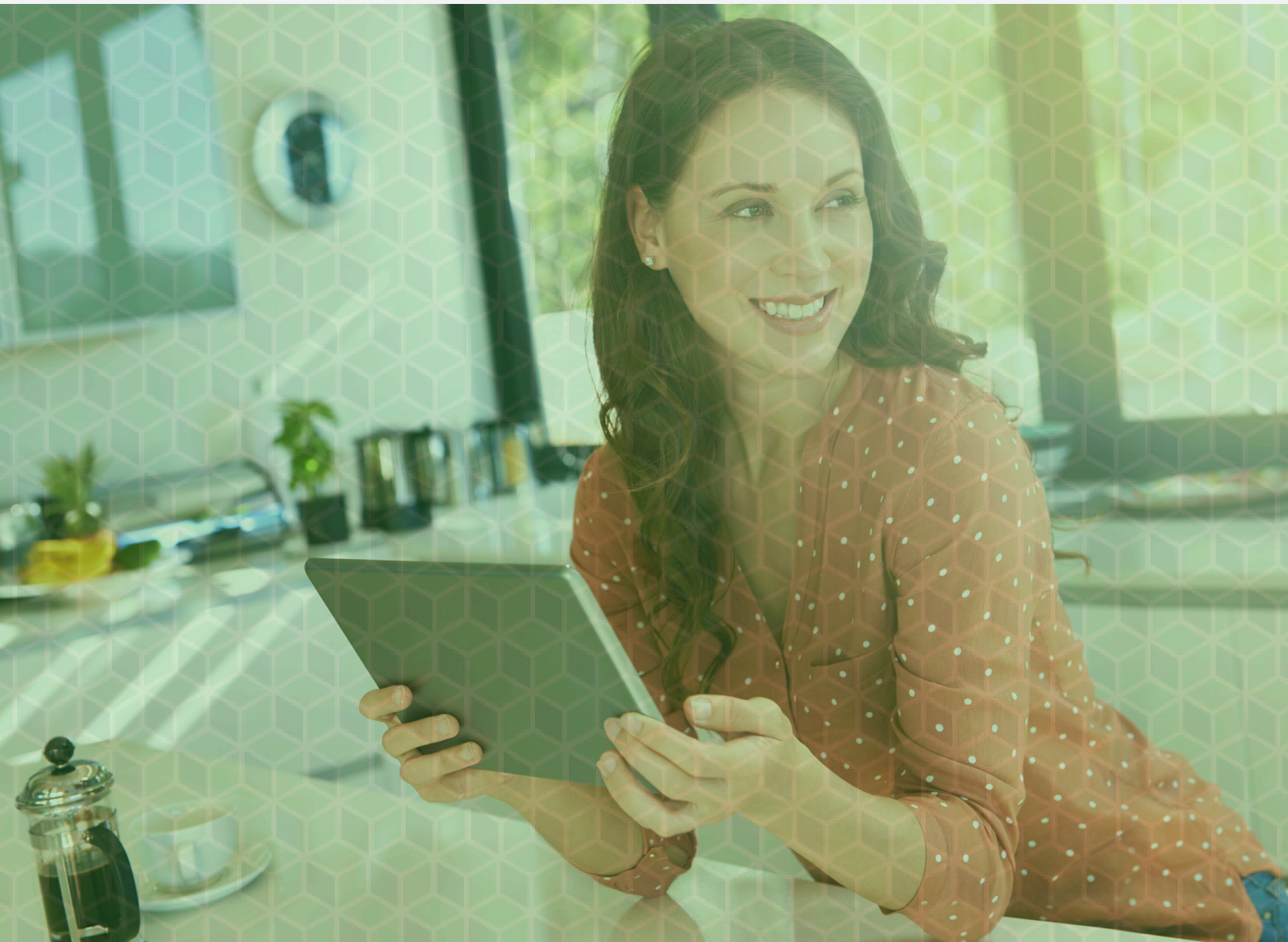
The Modern Application Framework

As mentioned, any modern application will help you take advantage of all the structured and unstructured data available across your systems so you can:

collect → analyze → share → innovate → improve

This is the basis of any Modern application, the framework to support this consists of three pillars:

The Foundation	The Experience	The Support
• Infrastructure • Elasticity • Availability • Security • Governance	• Responsiveness • Personalization • Mobility • Device agnostic • Usability • User analytics	• Continuous improvement Mindset • Backlog of Application Enhancements from User input • Regular Release schedules

You need to be able to manage and focus on all three pillars in order to maintain a successful application.

Strategies to Enable Modernization

Basic. At the basic level, you likely want to look at all your applications and ensure they are running on current technology. For example, many companies still have mission-critical applications running on Windows 8, or dated versions of SQL, .Net, SharePoint, CRM or Biztalk. Older applications are often near or at end-of-life meaning they expose the organization to security breaches or other conflicts where your applications run slow or not run at all. Ensuring your entire infrastructure and application ecosystems are current is a great place to begin.

Mobile and Portable. Portability and mobile-ready. With more than 50% of end-users using mobile devices to access applications, your legacy apps may need to be upgraded to support access from any device. Similarly, portability, or the capability to move your application from on-premises to cloud so that you can reduce operational costs, improve security, comply with disaster recovery and improve manageability likely needs some support. Most legacy applications are not ready to move to the cloud without modification.

Transformational. This is where you completely redefine how you go to market and develop software applications or even a full platform to cement your role as a leader in your industry. The best place to start a transformation initiative is to start with a complete understanding of your current state and what has influenced your organization to date. This will help define a vision of the future that considers combinations of process, technology and implementation paths helping you achieve your business goals without disrupting your current business.

The Cost of Doing Nothing

One of the hardest things to do in all professional sports is for the coach of the losing team at halftime during the Super Bowl to walk into the locker room and change the strategy that got them there, because it's just not working anymore.

That's how many organizations feel about their legacy technology. The applications can be essential to your business, and staff or customers use them daily. They got you where you are, so it isn't easy to make a change, even when it is becoming clear that they have become outdated, expensive to maintain, inefficient or inflexible. When they're just not working anymore.

While attachment to what has worked for you so far might be human nature, you don't want to end up on the losing team in a competitive world, trying to find a new strategy at the last minute, because the one you have just isn't working anymore.

Data comes from the systems you have in place. For a lot of companies these systems are not producing the right data or the data is difficult to get or the data is in many different places and difficult to assemble. That lack of data leads to a lack of insight, which leads to a lack of action. You can't create opportunity or execute on action if you don't have the right data to drive insight.

Without access to the right data in real-time, employees waste time and feel frustrated as it takes longer to make decisions, and often those decisions are made with only a partial version of the truth.

Doing Nothing Can Lead to...

1. Loss of Critical Staff

Great people are hard to find, retaining them is just as tough in today's competitive market.

If you cannot enable people with the right data to drive the right insight into actions that move the business forward they will leave the business. Speed is critical to a business, taking too long to make decisions can cripple a company, and allow your competition to get ahead.

When legacy applications cannot deliver the functionality and efficiency users need and instead make their jobs more challenging, you risk losing staff; you risk losing customers.

2. Increased Operational Costs

From maintenance costs to support costs to integration costs, legacy applications are more difficult and costly to maintain. In many cases the people or the vendor involved in the original solution may not be available. According to Dale Vecchio, research vice president at Gartner Inc., CIOs must be keenly aware of cost and risk versus value when evaluating the lifespan of legacy systems, "The legacy system you've got to deal with [immediately] is where the costs and risks are higher than the value."

On average legacy applications can cost 10X more to support than replacing them with modern applications. Can you really afford to spend most your IT budget on maintaining the status quo?

3. Facing Non-Compliance

For most industries, compliance plays a role. And it is likely that the compliance regulations you need to adhere to have changed since one or more of your legacy applications have been deployed. Meeting compliance requirements while maintaining the functionality of the application is costly and time-consuming without an agile application framework.

4. Hand the Future to Your Competitors

Blockbuster was an industry giant and ignored the possibilities Netflix presented; Kodak built one of the first digital cameras, yet let this market opportunity slip from their grasp.

Fear, complacency and lack of vision have caused billion dollar companies to disappear – in some cases almost overnight. Skyrocketing operational costs, staff erosion and an inability to envision a future have crippled or destroyed household names. The costs are too high and doing nothing is not an option.

How to Get Started

We've been building, supporting and integrating software and applications for over 20 years, along the way we've learned a thing or two about what helps companies flourish and what holds them back.

To modernize you need to look at both the technology as well as the opportunity for transformation. This involves a wider group of people – both internal at your organization and consultants like us who can help you imagine what else you could be doing.

With cloud solutions, many digital transformation initiatives can be delivered at a very low cost – usually in phases. Often, new revenues or cost savings are identified, which actually pay for the initiatives.

Using Modern applications on Modern infrastructure allows you to communicate better, respond faster, and build stronger relationships with your clients. Give us a call to help you get started. We can begin with a short one or two-day brainstorming workshop that can help your organization consider new possibilities.

About Datavail

Datavail is a company of over 1,000 professionals helping clients build and manage applications and data via a world-class tech-enabled delivery platform and software solutions across all leading technologies.

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