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Software Industry Upheaval Can Help Your Bottom Line

If you're running a business, chances are you haven't spent much time thinking about the computer software industry. If you think about software at all, it's probably when something breaks: the dreaded "blue screen of death" when Windows freezes up, or that one gigantic sales spreadsheet finally giving up the ghost.

But there are interesting things happening in the software world right now that could have a major impact on how you run your business. A positive impact – after years of hype and overpromising by an industry whose sales people long ago lost the ability to feel shame.

These changes are tipping the balance away from the big software vendors, who have held life and death power over their customers for years – and empowering customers, giving them the ability to get solutions tailored to meet their specific business challenges, without breaking the bank in the process.

Let's look at two such changes, which are highly interconnected. The first is the simple fact that certain types of software are already commodities. Operating systems, databases: once upon a time these were expensive items, and if you wanted Oracle, you paid dearly for that privilege.

But today, there are perfectly good alternatives that carry no license fees at all – brought to you by a global community of expert programmers who work on so-called "open source" software products like the Linux operating system. With open source, not only is the software itself free – you also get the "source code," or raw programming instructions. That means you can change anything you want to, and you're no longer at the mercy of the vendor.

Hang on, you might say, I'm no programmer. But consider: would you buy a car with the hood welded shut? You might not be a mechanic yourself, but you'd certainly expect to be able have that engine tuned or repaired somewhere other than the factory it was built. It's all about choice, and flexibility.

That brings us to the second major change. Increasingly, successful software companies are more known for the level of service they provide. It makes sense – if the product is a commodity, what really distinguishes one vendor from another? More and more, the notion of software as a service is catching on – and that's a fundamental change.

Let's look at the old Enterprise Resource Planning (ERP) software market as an example. For many years now, large manufacturers and distributors have invested millions of dollars in these systems. When properly implemented, ERP systems provide a single system to control inventory, sales, accounting, manufacturing, distribution – every aspect of the business. Regardless of the outcome of the implementation, however, the vendor still gets millions in software license fees – and usually looks at ongoing support as a necessary chore, frequently outsourced to overseas phone banks.

But today, even smaller companies can look to inexpensive, simpler, more flexible ERP options – based on open source software – that can give them most, if not all of the functionality they'd get in a larger system. The vendors who are marketing these products have built their own companies around long-term service and support relationships with customers. The product is less expensive to buy up front, and the vendor only gets paid if they provide outstanding ongoing service and support.

As the markets for Hampton Roads businesses become increasingly global and competitive, the need for good software to provide more visibility and control over business operations is clear. The good news is, with the rise of open source and a renewed focus on customer service, you'll be in control when the next software vendor comes calling.

Ned Lilly is President and CEO of OpenMFG (www.openmfg.com) – a Norfolk-based firm providing software and services to manufacturing companies. He can be reached at 461-3022, or ned@openmfg.com.