

When Everything is Changing–

Strategic Inflection Point for
Software Product Enterprises



Table of Contents

01

 **Knowing Strategic Inflection Point**

02

What is Changing for Software Product Enterprises

03

Role of a 'Partner in Change'

04

**Internalizing Change – Ensuring
Business as Usual**

05

Conclusion

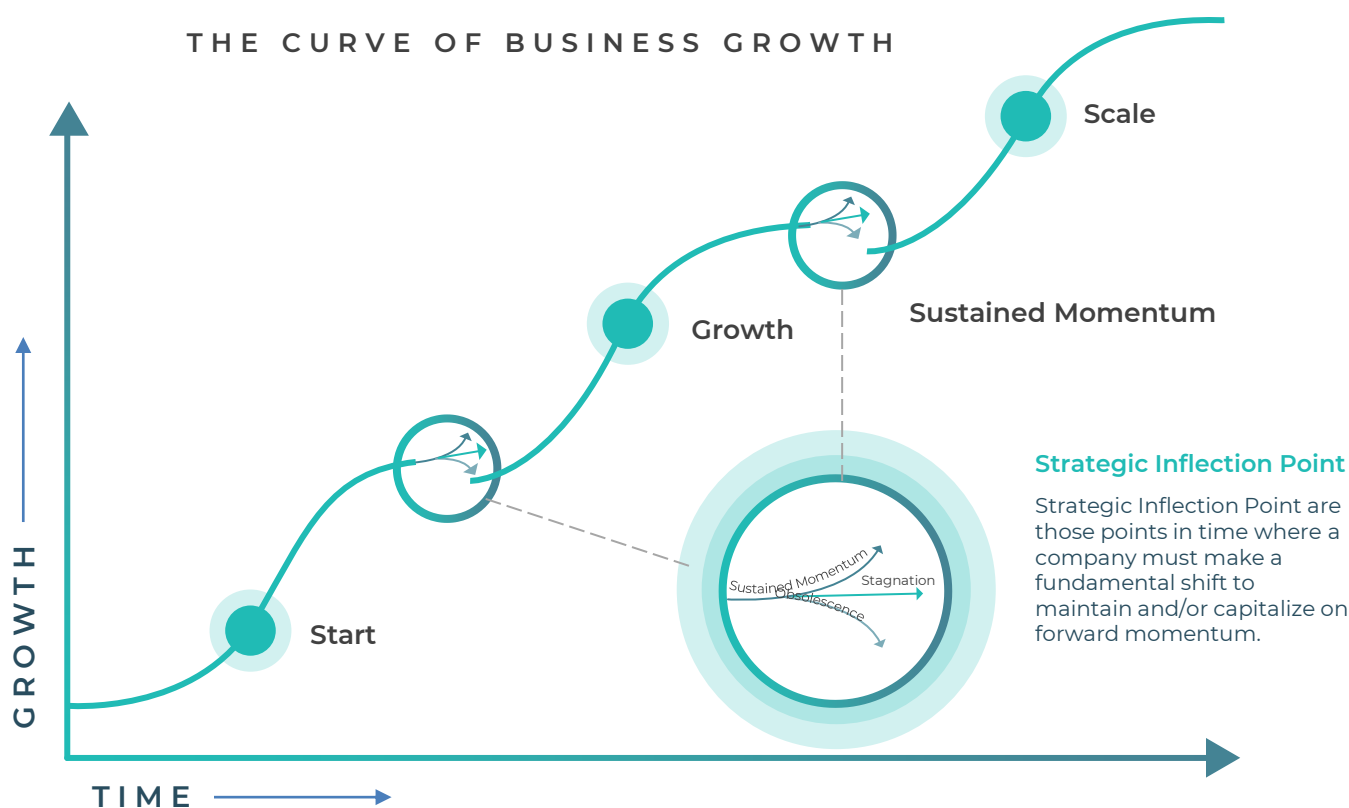


Knowing Strategic Inflection Point

Today we live in some of the most dynamic situations the world has ever witnessed, with both controllable and uncontrollable forces at their peak intensity at play in global economies. Strategic Inflection Point (SIP) can be defined as a point in time of a business enterprise when almost everything around them is changing. It is a point when companies must respond to disruptive change in the business environment effectively or face deterioration.

A SIP is a particular moment, event, or situation that triggers the start of significant change. Business connected SIP can be caused by global and local economic trends, rapidly changing environmental factors in business, competitive forces, and disruptive technologies.

In the mid-90s, Andy Grove, the Ex-CEO of Intel Corporation, coined 'Strategic Inflection Point.' At an inflection point, change is inevitable; business as usual cannot continue anymore. According to him, the absence of an effective strategy in response to changing situations is likely to fail.



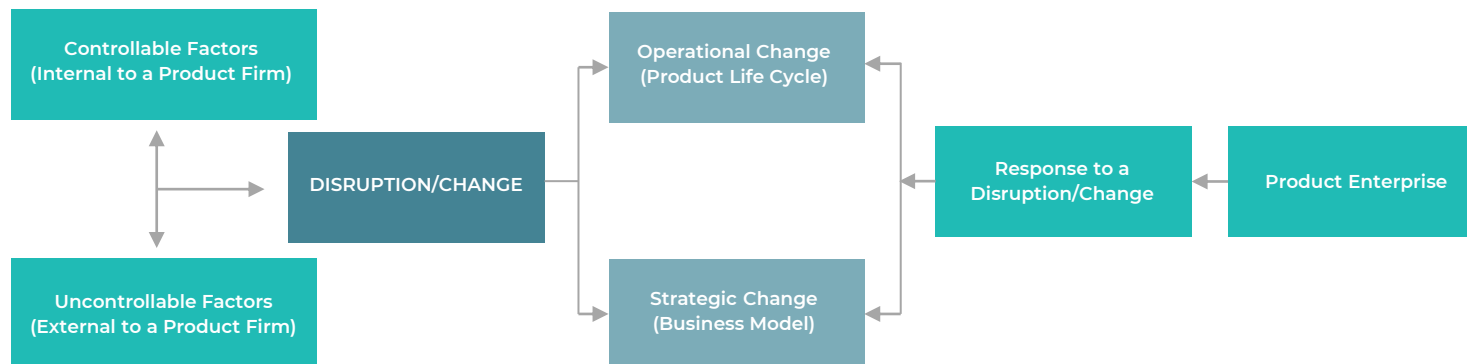
As we can see in the visual, an adequate and right response to a SIP determines the fate of an organization's growth as it looks to meet its goals. The answer also needs to be relevant, presenting a befitting proposition to embrace the change and internalize it effectively.

Most of the time, the disruptions have a different set of intensities. A significant shift may necessitate a fundamental revision to the company model's core. On the other hand, routine changes, as presented from time to time, can be confronted with minor yet firm responses from the organization's core. We'll attempt to examine this in detail in the next section.

What is Changing for Software Product Enterprises

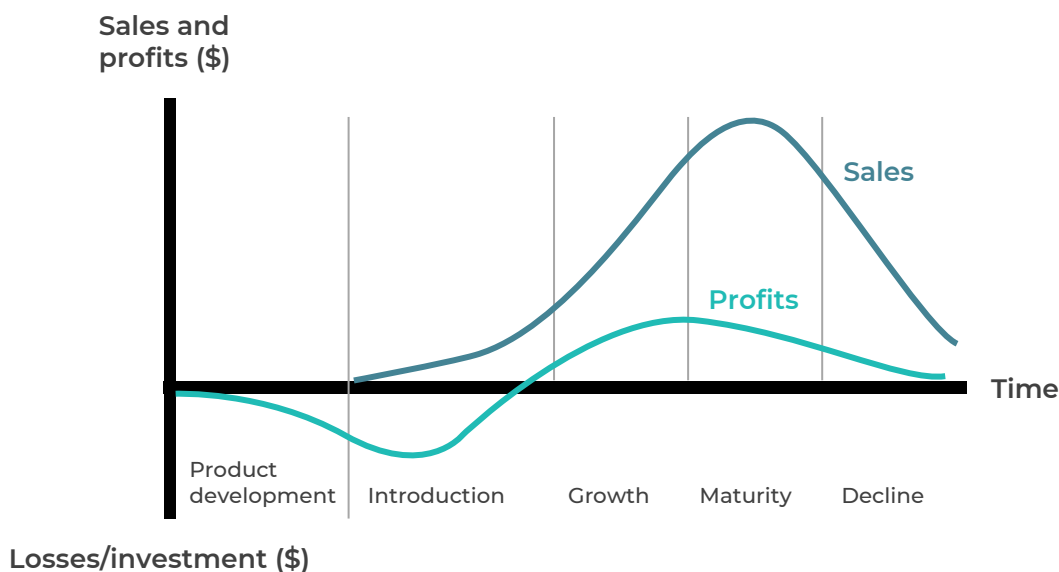
As we said, there are two major types of responses, viz.:

- 1 Disruption/Change that impacts day-to-day operations and requires operational response
- 2 Disruption/Change that has a deeper business model level impact and requires a strategic response



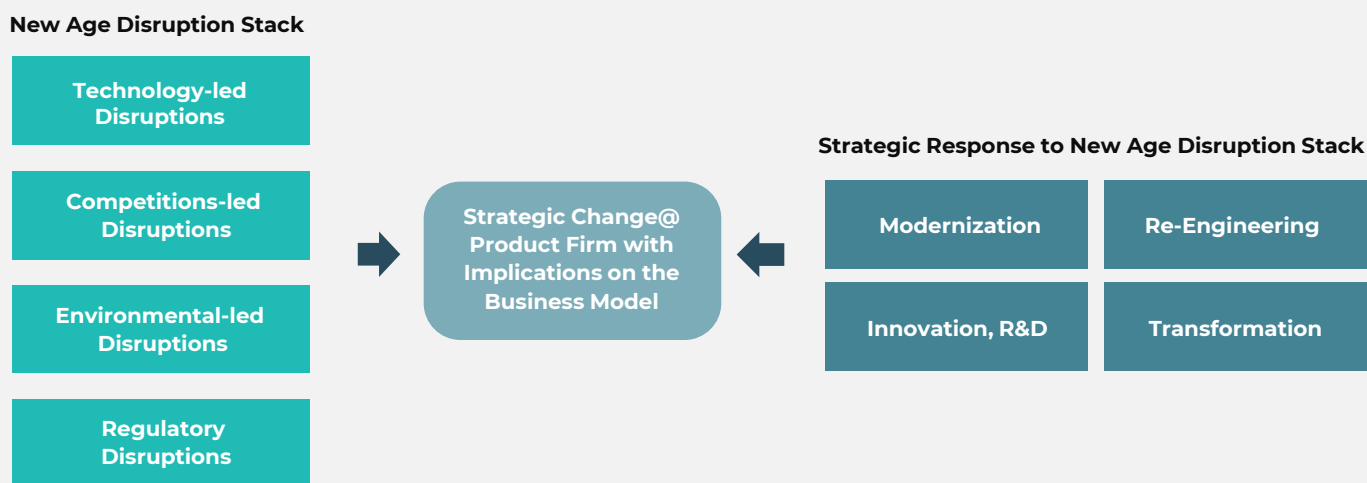
Software product firms bring innovative software solutions to automate, optimize, and control different business processes in various industries. The point in time their target market faces a disruption that marks a disruption/change in the product firm.

The intensity and nature of disruption faced by the target industry or market determine the power of change for a product firm. The derivative difference witnessed by a product firm as a result of change or disruption in its target market determines if it will be an operational or strategic change. Most of the time, a functional change in a product firm comes from its operating environment, primarily from its Product Life Cycle (PLC), as shown below:



A Product Life Cycle (PLC) shows how a software product passes through different product life cycle stages and poses with a change. These changes are essential operational milestones to which a product firm must respond to, to enable the product to complete its required tenure in the market. It allows a firm to realize its revenue goals connected with the product and the overall business.

A strategic change is a disruption that requires a change in the business model. As we can see in the visual below, the new business age presents a variety of disruptions that may affect the core of a product firm. These changes require businesses to relook at their business strategy and adapt to the plans of the new normal.



The combined forces of these disruptions also help build competitiveness in the business. It enables businesses to build an edge over their peers in the industry. While a product firm braces up to respond to the change, it must look to keep business fundamentals intact to stay afloat. The internalization of change takes time, and the business revenue and profitability cycles should remain robust.

As we will examine in the next section, a software product firm that confronts the forces of change and disruption may need an ecosystem of enablers to ensure that the transition does not affect the high performance that it has been delivering till the change presented itself. For instance, it may need to reevaluate its partners and stakeholders’ ecosystem the ensure that they are poised to support its response to change.

There are several parameters against which it can evaluate its business environment to ensure it is robust and up to mark to match its velocity of change internalization. Traditional partners who are ‘used to’ doing the business in a particular way can seldom brace up. If required, a software product firm must look to rework its partnerships in its own more significant interest.

Let us now look at the role of an ideal partner in change/disruption.

Role of a ‘Partner in Change’

The core of any partnership is to work towards a common goal. It requires building a consensual framework of the required course of action. While chasing the common goal, there are times (especially during the operational level change) when business wavelengths need to be synchronized between the Principal and the Partner. It holds the key to win-win on both sides.

If we look at this purely from the software product firm’s viewpoint, its primary software product development and management partners need to brace upon the following key aspects:

1. Impacting Top Line and the Bottom Line

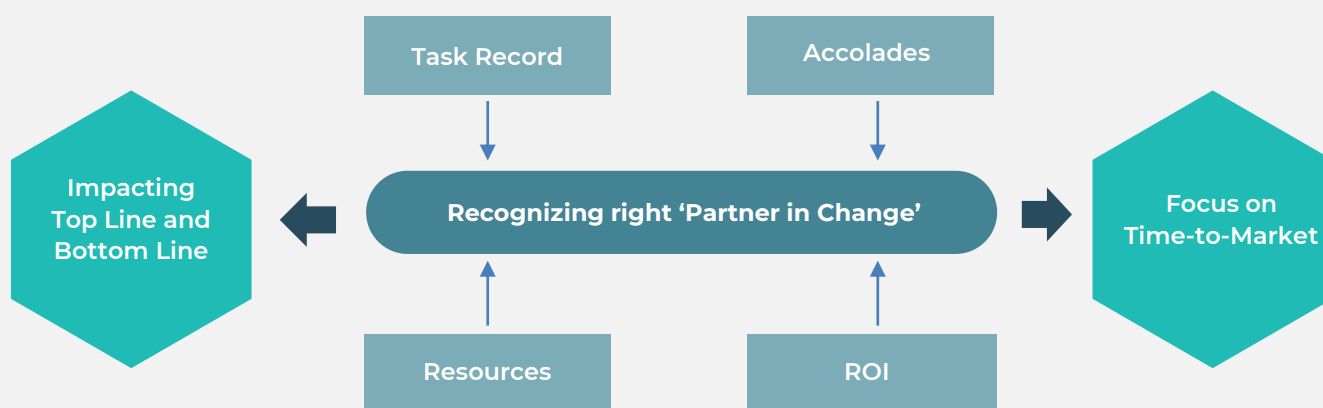
A software product development partner’s role cannot be overlooked when we talk about an upcoming change and its impact on the top line and the bottom line of a software product firm.

Traditionally, such partnerships (when executed under a particular framework such as offshore/nearshore development) have delivered on these parameters because of the natural presence of cost arbitrage. But times have changed – with the need for global partnerships quite vocal in today’s world, the criteria go beyond cost arbitrage. Given that, a partner should be able to deliver on the top and bottom lines of the principal software product firm while a change impacts it. New age partners work on scientific models to deliver. These go beyond the ordinary and focus on stretching the value of every dollar spent by the principle.

2. Accelerated Time-to-Market

While confronted with change, a software product firm might slow down on its business acceleration. It may directly impact its ability to compete on time-to-market. It could have a domino effect on losing the market share, risk of getting obsolete, and going down with innovation.

The role of a software development partner is key here in enabling the principal to maintain its edge. Modern-day partners are equipped with the expertise of working with hundreds of product companies. It allows them to leverage scalability to manage time-to-market and present an end-to-end ecosystem of resources (people, processes, centers of excellence (CoEs), technology depth, domain specialization) which can be leveraged to beat the competition.



Internalizing Change – Ensuring Business as Usual

One of the important factors to win over change is adapting to change and getting back to business as usual. It could be a time-consuming process, and with the right ecosystem at the disposal of a software product company, this turnaround could work with superior efficiency.

When we talk of the ‘right ecosystem at its disposal,’ as we mentioned in the previous section, the following are essential:

- a. Right set of ‘Partners in Change’
- b. Right number of change agents with clear charters
- c. Right financial strength
- d. Right focus on business fundamentals
- e. Right planned course of action of change management.

As soon as an enterprise emerges from a change process, it may capture the right markets and sometimes discover new Blue Oceans. These go a long way in helping the software product firms to maintain their competitiveness and for those Unicorns to maintain their tag!

Conclusion

Change is the only constant. When confronted with change, a software product firm should:

