



What will the software industry look like in 3, 5, even 10 years from now?

The software industry will continue to move toward the Software as a Service (SaaS) model. SaaS simply makes more sense for users, administrators and service providers. It is easy to use, quick to deploy, universally available and simple to adapt. SaaS forces software companies to provide great service - or customers stop using the products. SaaS models will dominate the industry over the next 3, 5 and 10 years.

The internet has fundamentally changed the way businesses buy software. The process is much more efficient as buyers can now self-educate on-line and sellers are now expected to provide free trials and sell companies only the capacity they need. Because of the ease of getting information on the internet, most buyers are well versed in a product before they ever engage with a sales person. This will lead to the next major change in the software buying process: "social validation." The only thing buyers trust more than Google is one another, and unless your product is socially validated - that is, unless it is "Liked" (literally and figuratively) by those in your buyers' social map, the more difficult it will be to close the deal. (In fact, because of social validation, Facebook actually drives more traffic to YouTube than Google does, the video sharing site's owner!) The software industry is going to look very different in the coming years because success will rely heavily on social validation. Organizations will need to release products that not only perform the function users expect them to, but also do so via a user experience that surprises and delights. Design and function will merge in the future.

Social Media will also affect how applications interact with users and constituents. In short all software will be expected to help workers connect and collaborate. Social media tools are

already passing email as preferred communication channels. As the next generation enters the workforce, Facebook messages, tweets, or Salesforce.com's Chatter will be considered standard ways to communicate information at work. Software applications will need to seamlessly use these new vehicles.

Finally, mobile is critical. Ten years ago, mobile devices were not a top priority for software developers but with the advent of smartphones and now tablets like the iPad, this has changed.

Mobile will be a top priority for the software that is created in the future. The user experience needs to transform from the desktop to the mobile device. Tablets will be much more popular and developers will need to consider the look and feel of these devices. Software will be multi-channel as people log into their apps from their desktops, their laptops, their tablets, and their phones.

And what customer demands and business trends will drive changes in software products, how they're developed, and the industry that provides them?

In addition to the move to the Cloud, there are two other business trends that affect software makers. The first is that customers expect software to be simple to learn and use out of the box. They do not want to be "trained". They do not want to learn new paradigms. They want the UI to work "like everything else does". Because everyone uses software today, they expect business applications to be as simple as consumer apps - even when they solve complex problems. Eloqua spent two years re-writing its own software from scratch to meet this new standard.

The second trend is the resurgent interest in privacy. According to a Wedbush Securities study, more than 85% of consumers are concerned about online privacy. The PR "cost" of mishandling sensitive data will become so high that software companies will place the highest priority on data protection. Ultimately, software publishers will use their security practices as a competitive differentiator. This will give rise to an entire field, which we are helping pioneer, having hired one of the SaaS industry's first Chief Privacy Officers.

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