



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

The history of software industry reminds me of a pendulum swinging between centralized and distributed software development, deployment and management. Over the last twenty years, the software industry went from mainframes to client/server and then back to browsers/app servers.

We've always had to make some trade-offs. Centralization (mainframes, app servers) brings performance, security and low cost but also unintuitive user interfaces, lack of customization and no user pull. Distributed computing can be much more flexible, adaptable and "personal" but maintaining PCs is cost-prohibitive.

The latest development in mobile and cloud computing means that we no longer need to make the trade-offs between centralized and distributed approaches. Cloud computing can deliver centralized, highly scalable, very secure and high performance services and mobile clients give us highly personal, context and location-aware user experience.

The next ten years will continue this trend. Back-end processing will move to the cloud (the public/private adjective will soon be meaningless) and most of the client-software interaction will be on mobile devices.

The dominance of centralized services will have a dramatic affect on software vendors - we will see a similar trend that we already see in search and games industry: the software industry will become "winner takes all" industry.

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

The biggest trends that we will see are the consumerization of enterprise software and the shift to the centralized cloud services.

Customer's expectations are formed by their usage of Facebook, iPad apps or any other consumer-friendly application. Enterprise-software vendors will no longer get away with complex and unfriendly products that require extensive training.

Delivery of cloud services is fundamentally different from selling software. Software companies need to deliver "five nines" SLAs and agile upgrades/innovations. Vendors that simply throw software "over-the-wall" to IT departments and still charge for maintenance will struggle.

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