

The New, New Thing?

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Luck plays a role in life. I don't pretend to understand it and I believe we make our own luck as well as occasionally inheriting some from the cosmos. How else do you explain the timing of Salesforce.com's announcements last week at its annual user group meeting, DreamForce, in San Francisco?

The issue of The Economist on the news stands on election day (the first day of the conference) sported one of the magazine's frequent information technology surveys. With English roots, the magazine's definition of 'survey' is more synonymous with 'review' or 'assessment' than with a quantitative data gathering exercise, but no matter. The topic was how to simplify the complex jumble of information technologies we now take for granted.

WIZKIDS

In its usual thorough way the magazine interviewed and quoted a large number of Silicon Valley's movers and shakers including Ray Lane former COO of Oracle and currently a venture capitalist with Kleiner, Perkins, Caufield & Byers and Mark Benioff Chairman and CEO of Salesforce.com among others. As luck would have it Lane gave one of the keynote speeches at DreamForce. Other luminaries giving keynotes included Jonathan Schwartz COO of Sun Microsystems, Brad Boston CIO of Cisco Systems, and Adam Bosworth now with Google but formerly of Microsoft and BEA fame.

With that lineup the morning session was more like a very good seminar at a top business school than a typical set of vendor keynotes. Without a lot of prompting this constellation of wiz kids delivered a consistent and powerful message about the future of the Internet that amplified even what The Economist had in mind. And they seemed to

be saying that a key to a good deal of that future has a lot to do with the things Salesforce.com was introducing.

ANNOUNCEMENTS

There were lots of announcements like the Winter2005 release of the Salesforce.com product but with everything else introduced Winter'05 looked like table stakes. Essentially, Salesforce.com, the company that challenged the established order within the CRM market has now set its sights on challenging the established order everywhere else in IT.

For my money, the most important announcements were the repositioning of Sforce and the introduction of CustomForce.com. The company has positioned Sforce as the platform for everything it builds. Sforce is the "service" part of SFDC's client-service architecture representing the server stack of operating system, database, and tools. Sforce is the platform on which the CRM application is built and if the company has its way other applications from third parties will follow suit and some in fact already have.

On top of the platform, SFDC has added a new service that it calls CustomForce.com which is designed to enable developers to add onto the basic functionality of the core CRM product or to develop completely new applications. The target markets for these tools include in-house developers who have historically relied on databases like Microsoft Access and developer tools and ISVs who want to focus on developing applications that will run in a hosted environment either standalone or in concert with CRM.

WHAT IT MEANS

The implications of all this are significant. For several years the buzz in the industry

has been about simplifying IT and application hosting, or the utility model as it has been called, has been exhibit one in the case for how to gain simplicity. Salesforce.com's announcements take this a step further. If application functionality can be delivered as a service then why not services that enable developers to build systems in the first place? Why have big IT departments that use resources to do things that are tangential to the business?



As The Economist and last week's keynote speakers made clear simplicity is best achieved by hiding the hard parts from the user and making the operation or use of a technology as simple as possible. At the end of the day this is the road all technologies have traveled. We take it for granted today but the user interface for electricity wasn't always the socket and telephones didn't always have dial tone.

We happen to be living through an era when changes are occurring to information technology that will have similarly profound outcomes as the information utility grid takes shape. But the changes will not stop at technology per se or the user interface; they will reshape the industry from how we build things to who pays for it and how investors make money.

The Economist story quoted Nick Carr's "Does IT Matter?" to summarize the transitory nature of technology evolution, "[I]n the early 20th century, most companies had a senior management position called 'vice-president of electricity'." That passed and if last week was any indication the IT world we know is passing too.

In an interesting contrast one of the other books bandied about last week was Clayton Christensen's "The Innovator's Dilemma" which asks why successful companies don't try to adapt sooner when their environments are threatened with change. It has sometimes been hard to see the changes coming in the technology markets but this is not one of those times. So the question that comes to mind now is, "Why are there so many enterprise software companies acting as spectators?"

About the Author



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Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

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