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Seven principles for buying packaged software

A blurred photograph of a busy indoor space, likely a university hallway or atrium. A prominent blue archway spans across the middle of the frame. Several people are walking through the space, their figures blurred to convey a sense of motion. The lighting is bright and modern.

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Questions facing companies today

- How to avoid the "wrong" standard software?
- When is it time to drop one standard software and change to another?
 - Continuing to upgrade – Shift between Word and WordPerfect
- Today's solution - tomorrow's constraint
- Maybe we should just settle with the successrate of weather forecasts
 - The chance of tomorrows weather will be like today is two thirds



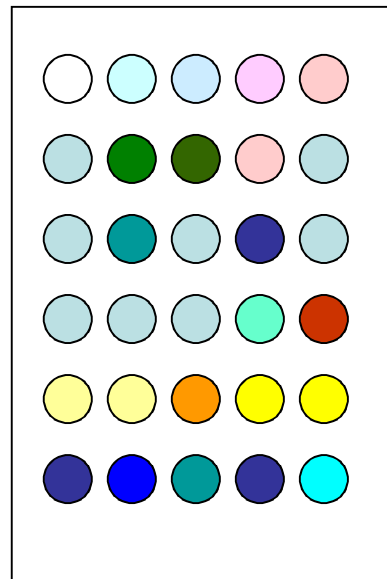
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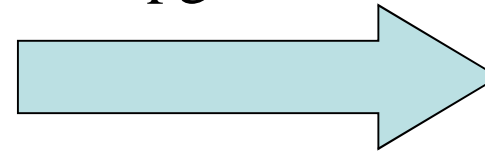
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City planning or Forestry or Gardening

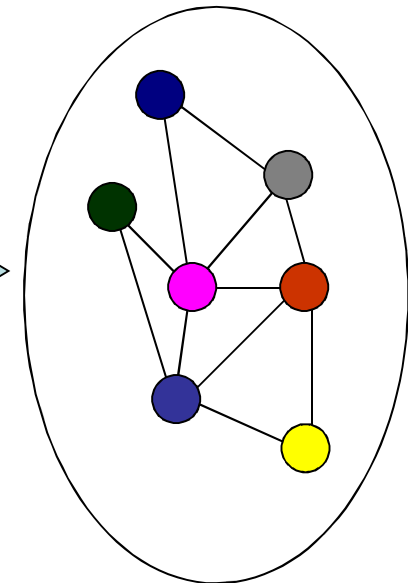
Supply



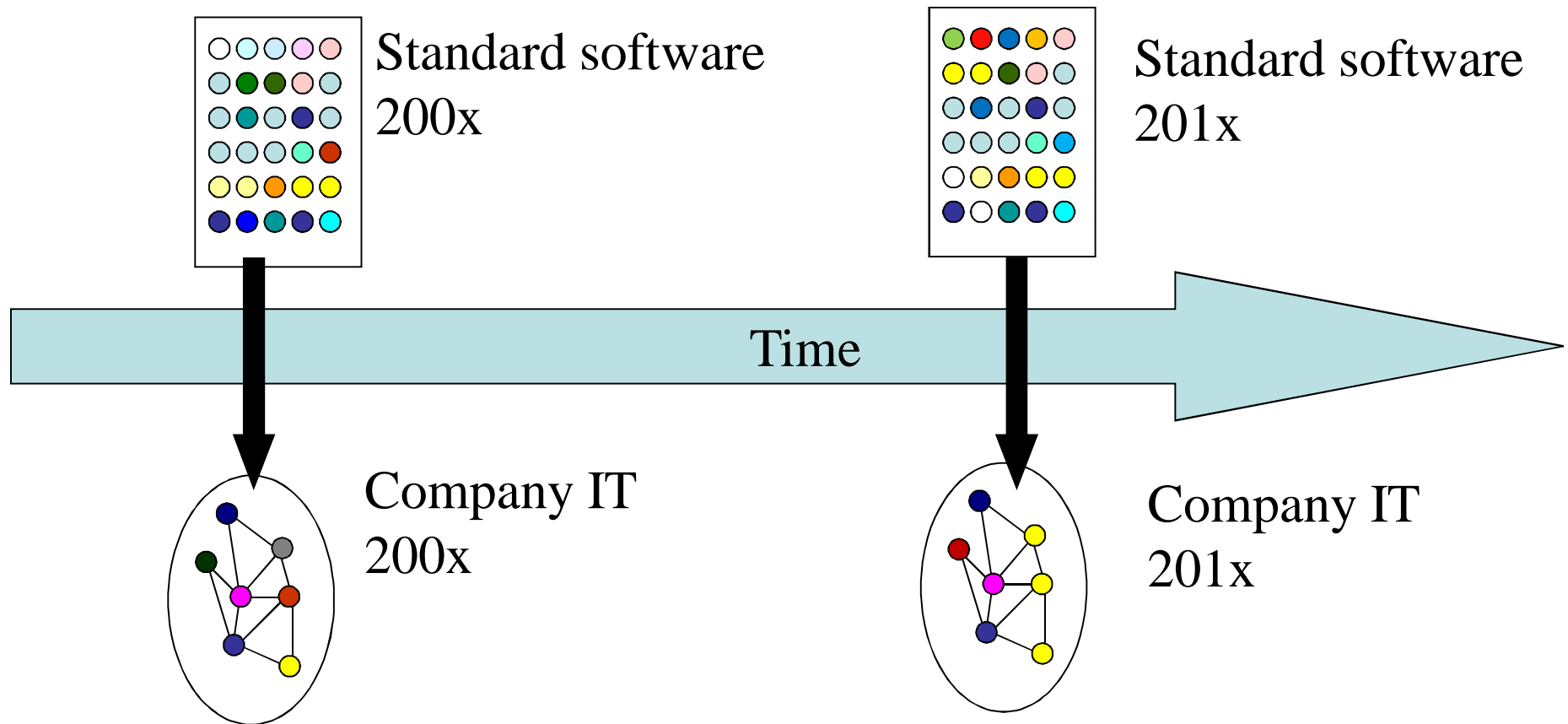
Add
Phase out
Upgrade



Demand



Dynamics at several levels





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Standard Software Packages

- Definition
 - Software developed for sale to more than one customer
 - In addition the main functionalities are common to all adopters.
- Configurable via parameter adjustments, add-on modules, system integration, etc.
- Customization is more radical yet it used to be popular



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Principle 1

When you buy a software package you join its network

- Long-term relationship measured in decades not years
- Indirect dependencies (e.g. training of IT users)
- Users of a package share common interests in its survival and evolution



Jan Damsgaard, 2011



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Principle 2

Take a long-term perspective: Look ahead and reason back

- Look ahead – which technologies and standards are expected to arrive and gain foothold
- Which technologies have the most powerful supporters willing to jump start their band wagon





Principle 3

There is safety in numbers

- Commitment moves from local producers to (keeping track of) global standards
- Two pitfalls of standards evolutions:
 - Picking a loser may lead to “blind alley” scenario
 - Picking a market winner (because of flocking behavior) may lead to “one-way street” scenario.
 - Micro motives Vs. Macro behavior
- Stay on the broad boulevards for non-core business functionality – unless you really have a desire to explore the unknown





Principle 4

Focus on compatibility and avoid false gold

- There are often multiple implementations of a standard and compatibility is not a straight forward issue
 - Producers add proprietary/non-standard elements to differentiate their products
 - Microsoft's kiss of death: "Embrace, extend, extinguish"
- False gold raises switching costs





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Principle 5

Choose a standard with an accessible base of knowledge

- Network of technology must be matched by a network of individuals
 - Misalignment of networks problematic (ERP)
- Gateway between rivals packages
 - Word and WP





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Principle 6

Choose software with the right type of standardization

- Standardization of output
- Standardization of user interface
- Standardization of skills (specific or generic)



ANDROID



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Principle 7

Every journey starts with the first step

- Why not wait and see what happens?
- No, because
 - Only if the you make an adoption decision will you help determine which standards software wins
 - The package development may not follow the “right” track





Conclusions

- Novel mechanisms for acquiring software
 - Strike a balance between active use and wait for market forces
- Today's success tomorrow's constraint – technological monopolies however established are always challenged
 - E.g. the French Minitel
- Unless you really have to, stay clear of the teenage technologies and let the market discipline them and pick the winner
- The vocabulary for standard software packages must be expanded to include their networked properties

