



## Stanford eCorner

### How Consumer Markets and Enterprise Markets Drive the Software Industry

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Winblad talks about how the market is driven by consumers who want connectivity across devices, customizable products, and fair prices. Communication and collaboration are key to delivering the product the consumers want, she notes. The pricing structure cannot just be made up -- a company must demonstrate they can deliver undeniable short-term return on investment to the customer in order to justify the price.



#### Transcript

If we look at a consumer market, and this is not all about enterprise software here, there is such a thing as a digital lifestyle. And it's not the companies that are selling us stuff. It's consumers that are driving this. It's about communication and collaboration. There is expectation that there's connectivity across devices. They don't want just the dial tone. They want a lot of services from that cell phone, which is leaving the telcos scrambling for services that they can provide in addition to just dial-up. They want immediacy. They want omnipresence. Intel calls it "Always On".

And they want it customizable. They want it programmable. Not in the sense that they are going to write C# code but in the sense that they want it to be their content and their creativity and their friends. And also they want fair prices. That doesn't necessarily mean free, but it does mean fair, and that is driving enormous change across any business serving the consumer. We talked about broadband and this really amazing simultaneous equation of low-cost storage and mass broadband availability has really created a huge opening in the market. I won't go through these figures. You can see them yourself. But there's a lot of market out there that really now we can assume that broadband is part of the platform if we're delivering something to consumer. At the enterprise, we have a lot of similar things happening.

Again, one of the things that was exciting during the '80s, when I was throwing diskettes around and Tom was intrigued that I was able to throw the diskette and catch it, was that the advocates in major corporations were the individual users. It was the people that went out and said, "Oh, I can do this on a PC. I don't need a mid-range computer like a deck. What is a mainframe? I've never heard of it. I can carry the computer home." Again, in the enterprise, we're finding that a lot of the power is going to the advocate. Although budgets are controlled by CIOs and CTOs, the driver is the end knowledge worker or customer. And again it's about communication and collaboration one more time. A lot of the value of computing has moved to the communication lair. IM is simultaneously in use by consumers and enterprise customers. It is a transaction platform.

It's against the law to transact in an investment bank in an insecure IM environment, but if you can secure it, it is an instant BPN. We're seeing also immediacy is really important here, driven by a lot of things like regulation, requiring conference security and privacy. Two years ago we didn't really have that, we didn't have GLB, we didn't have Hippo, which just became real this last year, and that requires us to put technology around some pretty loose stuff that no one vender controls. Also it's

open. They want it programmable. And also solutions are tied. So pricing is really interesting. You can't just make it up now. You have demonstrate that you can deliver undeniable short-term return on investment to the customer. So there is actually a strategy for pricing right now in the software industry.