



The software industry is one of the most dynamic industries of modern times. We have seen dramatic changes in technology, and how it affects our lives both professionally and personally - and software has been the driving force behind it. Over the last five years, access to the Internet, and an evolution in how it is used, has driven incredible innovation. The Internet is no longer about accessing websites for static information, but about linking people and systems to create always-on, hyper-connected, and real-time systems. The shift from analog to digital transmission of everything, including voice and video, is creating new ways to connect people and is driving new opportunities - and software is the catalyst that makes that happen, and the interface to people that can delight and amaze us.

Today, the cost to develop software is low and continues to decline. Hardware is inexpensive, the supply of talented software developers is seemingly unlimited, and distribution is virtually ubiquitous. As a result, we are seeing increasing amounts of new software, an upsetting of the traditional software brands, and amazing valuations for companies that use software to create magical experiences. This increase of supply lowers the cost of accessing high quality products and the valuations continue to drive more innovation in these areas. Taken together, these forces will continue to provide more choice to customers. More choice leads to more complexity in decision making - and so we will see new ways of accessing and consuming software; for example, software is already taking over innovation in the mobile space.

Over the next decade, customers will likely find themselves making fewer complex and capital-intensive decisions involving software. Software will transition into services, where ownership, operation, and maintenance of software and their systems will transition into ever evolving and shifting mash-ups of services. Large, complex, and all-inclusive software systems will be replaced by best-of-breed combinations of services - linking software as a service that is best in class at a limited set of specific features to other services, resulting in new and exciting combinations.

Companies providing these combinations will not look like the software companies we know today. They will operate under very different economics, with thinner margins-outsourcing development on an as-needed basis, and selling their services in new ways that monetize both software and services to be more like utilities and less like home purchases.

At SafeNet, we have led the way in helping monetize software for over 20 years, and we are adapting our offerings to stay relevant in this changing world - continuing to innovate and drive solutions to help vendors and their customers manage their purchases and establish competitive value for their offerings.

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