

## 5 Business Reasons to Consider Subscription-based, Integrated Applications

How a shift in business philosophy accelerates competitive advantage while driving out cost.

A subscription-based view is a business philosophy — a new way of thinking about organizing your business and its processes. Both subscription applications and their related technology concept, enable businesses to use technology in a flexible, agile manner. Let's look at an example to see the effect service orientation can have on a business.

Joyce is an inside sales representative for a tool distributor. She takes calls from customers and accesses various systems on her computer to help address each customer's question or concern. In the world of tightly coupled, inflexible, monolithic IT systems, Joyce's day-to-day work involves several applications. Every day she performs what techies call "swivel-chair integration": While on calls, she will jump from one application to another, sometimes copying and pasting information to perform integration manually, using her own experience and intuition to get certain information from one system to another.

Despite her best efforts, Joyce occasionally makes mistakes that she or another inside sales representative have to fix later. Although her boss has repeatedly told her that an important part of her job is advising customers about products they might be interested in, she has a difficult time understanding which products are right for each customer. Simply put, each system exists in its own independent universe, requiring the human operator to piece the business process together, resulting in inefficiency, lost productivity, low quality, and increased errors.

After her distributor implemented a subscription-based integrated small and medium business solution, Joyce's daily life became much simpler. The distributor implemented an integrated, subscription-based technology that uses all her existing productivity applications, but combines them to offer the same capabilities she formerly achieved manually. Now, she can spend less time on each call, and information about her customers is at her fingertips. She can identify at a glance which of the distributor's products will be of most interest to the customer, leading to increased sales for the distributor and a bigger bonus for her.

Also, as business changes work their way into Joyce's inbox, she can make adjustments quickly and efficiently. Maybe it's a new marketing campaign followed by a regulatory change, or maybe a new product the distributor wants to promote. Integrated, service-based tools are so powerful, flexible, and easy-to-use that Joyce can take advantage of them to do her job regardless of the changes her boss throws at her.

From Joyce's perspective, IT systems are nothing more than business resources she can use, as needed, in her work. Through the power of subscription-based, integrated business applications, she is empowered to do her job better without needing to know the technology behind the scenes that makes it happen.

Subscription-based applications offer five business advantages.

**1. Reduced Integration and Technology Costs.** Companies must lower IT costs to lessen their overall spending. The current rule-of-thumb is that spending must decrease each year, posing a challenge to companies that must not only maintain existing IT systems, but also implement new technologies and approaches, such as subscription-based applications. Although a subscription solution requires new spending, it can substantially reduce other IT spending.

Businesses are able to preserve cash while taking advantage of the power offered through the latest technology and software.

**2. Faster Response to Internal Business Need.** Most business technology is inflexible and difficult to adapt to business change. Just as the technology is deployed, there is a change in a customer requirement, a new product line

which requires more characters for the part number, or you need to add 25 new users. In each case, the existing system needs to be extensively modified, tested, and redeployed.

In a subscription-based environment, all that 'heavy lifting' is done for you - without disruption to your business. The solution can be easily modified, integrated, extended, or have new users added thereby allowing you to focus on your business, not the technology.

**3. Security and Regulatory Compliance.** In today's harsh business environment, being an executive or a board member of a company is not for the faint-of-heart. A whole raft of new laws and rules meant to protect the public, provide transparency in corporate management, facilitate government regulation, and smooth the interactions between businesses and their stakeholders will impact businesses for decades to come.

Laws such as Sarbanes-Oxley, the PATRIOT Act, Basel II, the California Privacy Act, Graham-Leach-Bliley, and Health Insurance Portability and Accountability Act (HIPAA) require that business managers take full responsibility for their actions and secure their information and systems like never before.

Subscription-based applications are hosted in secure environments that meet most, if not all of the information security requirements, required by law. Businesses don't have to spend dollars locking down their traditional in-house systems to meet such requirements.

**4. User Empowerment.** Many users will find themselves participating in one or more business processes that they have no control over. Subscription-based applications allow for 'application portability' that follows the user to whatever role they may take. Functionality which was traditionally only offered to the 'knowledge worker' can now be made available to others to increase productivity and lower business costs. No need for costly infrastructure. Simply add another user subscription and off you go!

Financial and productivity tools are now available to more people than ever, allowing your employees to get their jobs done faster and better than ever before.

**5. Competitive Advantage.** At a fundamental level, one basic business problem affects all the rest. That problem is "inflexibility." Basically, if companies are flexible enough, they can solve most business problems, since few problems are beyond the reach of the flexible company. If companies were flexible enough, they could adjust their offerings to changes in customer demand, build new products and services quickly and efficiently, and make use of their people's talents in an optimal manner to maximize productivity. If companies were flexible enough, their strategies would provide the best possible direction for the future. Fundamentally, flexibility is the key to every organization's profitability, longevity, and success.

The most important aspect of the competitive advantage is the ability to meet the demanding needs of the market faster than the competition. Companies that improve their business often outdistance the competition as they use change to their advantage. Strategic advantages — those that distinguish one company's value proposition from another's — can be far more durable than tactical advantages, such as better responsiveness to change.

Subscription-based applications bring a fluidity to the business that allows the organization to quickly adopt new technology, functions, or advantage without disrupting the business or creating a whole new level of investment. To get the advantage, the business simply subscribes to the new functionality and gets going - keeping well ahead of the competition.

Once companies realize that subscription-based applications have the power to increase competitiveness in the face of today's ever-changing business environment, there will no longer be any question that a subscription orientation is a critically important business concept.