#1 Bursting Bubbles

Several Information Technology investment waves have led to artificial spending booms

- Y2K - massive deployment of new applications
- Telco - Huge investment to build infrastructure
- .Com - new company infrastructure and getting on-line

The net effect is too much capacity and mostly under delivered promises!
#2 Crisis in Business Confidence

Combination of Several Forces

- Over-inflated environment - pressure for results
- Shortage of Key People = Unprepared for the Challenge
- Over-emphasis on “the deal”
- Bad judgment - lack of focus
- Self imposed complexity - pro-forma, EBITDA
- Media and analyst frenzy!
#3 Massive Technology and Business Model Change

Simultaneous change in technology and business model - high risk

Significant transitions:

- AOL internet access - shift to broadband
- Service providers - from voice to data
- Packaged software - internet
- Msft desktop software - open source
#4 10 Years of Neglected Priorities

- Lack of focus on delivering clear value proposition (CRM, ERP, etc.) - hard numbers!
- Focus on “the deal” versus winning through operational gains - quality, customer loyalty
- Low priority for people, culture, values!
#5 No Clear “Next Big Thing”

- Lack of customer appetite for the next technology - no near term “big idea”

- But, making the last set of big ideas work is critical - customers are focused on the basics
The convergence of these issues coupled with economic slowdown and global instability:

Leads to a very tough environment

- Massive layoffs
- Plunging stock prices
- Media Frenzy
- Low confidence in the future
The Business Leader’s Top Five Priorities

1. Fanatical drive to improve competitive position
2. Make needed big bet(s)
3. Rededicate to cultural principles
4. Strengthen and stretch talent
5. Focus on few - it may take longer!
Fanatical Drive to Improve Competitive Position

- Most companies need a major shift in emphasis, back to driving competitive advantage - mostly through operational effectiveness!
- Companies must face reality and address historic problems - they won’t go away
Make Big Bet(s)

- Every company in the high tech. industry (and most outside of high tech) **must** transition to a new model

- Company must preserve the core, while building the next opportunity

- If a compromise exists - always default to the new bet
Rededicate to Cultural Principles

- Culture defines a company more than products, financial assets, or anything else!
- Leaders often don’t address the cultural implications of change
- Culture shifts over time - loses focus, gets confused, becomes a liability
- Get your culture and strategy aligned - sometimes that means changing the strategy
Strengthen and Stretch Talent

- Don’t try to make a major transition change with the wrong people.
- Don’t accept half hearted leadership - now is the time for people to step-up.
- Use this time to define the right skills and find the right people.
Focus On Few - It May Take Longer

- Don’t try to take on too much - initiatives, products, culture change, etc.

- Focus on the critical few - it always takes longer!
Major Technology Priorities

Basics first - then

- Proliferation of new devices - common data and services
- Making the most out of data - business intelligence
- Broadband - will be pervasive
- “E-everything” web services - new applications that connect people, data, organizations
Summary - Unique Times

1. This is not a usual business downturn
2. Business leaders must face reality
3. Time to get back to basics - but also willing to change anything
4. Technology industry will emerge with new energy, innovation, and opportunity
5. A lot of companies won’t be the same