

Down To Business: Who's In For Innovation? No, Who's Really In?

Everyone's pro-innovation in theory, but because it can be disruptive and cost gobs of money, innovation wends its way into most organizations slowly.

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Are you for innovation? this one's a no-brainer, like proclaiming you're pro-motherhood. It's when mom wants to move in, command a hefty allowance, and disrupt your family's daily routine that things get a [bit](#) more dicey.

At last week's [Software 2007](#) power powwow, Salesforce.com chief [Marc Benioff was one of the industry leaders talking up innovation](#). "The biggest untold story is we're going through the biggest renaissance in software," Benioff told *InformationWeek's* Mary Hayes Weier. "More innovation is happening now than in the last 10 years. Walk around this conference and you'll be amazed at what you see."

Sure enough, for every EMC, Hewlett-Packard, IBM, Oracle, SAP, and Salesforce exhibiting at the conference (owned by *InformationWeek* parent CMP Technology), there were 10 much smaller, scrappier companies with names like Astoria Software (document management), Attensity (text analytics), Black Duck Software (compliance management), Captara (lease management), Capterra (software e-marketplace), Macadamian (software development), [Newgen Software Technologies](#) (content management), and Tealeaf Technology (customer experience management). Recall the industry buzz eight years ago-- though this time the vendors have paying customers.

[Research introduced at the conference](#) by McKinsey & Co. and Sand Hill Group also played up the innovation theme. More than half of the 475 software-customer executives surveyed by the two firms think innovation is on the upswing, and almost half plan to adopt software as a service, ad-supported software, and other alternative models within two years.

So who's actually buying into all of this innovation? Despite the success of Salesforce, Google, and a handful of other trailblazers, alternative models still elicit more interest than action among enterprise buyers. After an animated Benioff keynote speech, [four prominent CIOs took the stage to vote their confidence in SaaS](#). "We're embracing it," said Disney's Tony Scott. "We're also an advocate," said Motorola's Patricia Morrison. "Software as a service is inevitable," said Unilever's Neil Cameron. "The model is becoming ready for large enterprises," said FedEx's Rob Carter.

Out of the conference spotlight, however, Carter (an *InformationWeek* Advisory Board member) was less sanguine about the industry's latest and greatest wares. [He told InformationWeek that he isn't quite sold on SaaS](#) (despite Benioff's full-court press), since FedEx likes the on-premises customer service and sales force automation apps it now uses. For now, Carter says, SaaS makes more sense for smaller operations, like the company's Kinko's unit. No need for FedEx to rush in.

Then what about Vista, not so much a breakthrough innovation as a major upgrade? Not everywhere, Carter says. FedEx's security team is impressed with Vista's security features, he says, but since [Windows XP](#) is working fine, FedEx is in no hurry to deploy the desktop [OS](#) company-wide. Like most big organizations, FedEx is spending its IT dollars judiciously amid higher fuel costs and other competitive pressures. When it comes to budgets, it's "not a stellar IT year," Carter says.

Which gets us back to the innovation dichotomy. Everyone's for it in theory, and CIOs like Carter are devout practitioners, but because it costs money, in terms of budget dollars and disruption, innovation wends its way into most organizations slowly. It's especially hard for the biggest tech users and vendors. At Software 2007, after dismissing the McKinsey-Sand Hill finding that customers don't think large software companies are as innovative as smaller ones, [SAP CEO Hasso Plattner acknowledged that his company's SaaS product plans](#), also revealed at the conference, are a year or two late. Then, to almost underscore the research findings, Plattner blamed the delay on SAP's need to meet Wall Street expectations and on "internal controversy."

But innovation must march on, Plattner said: "The only advice I can give is, don't wait too long."

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