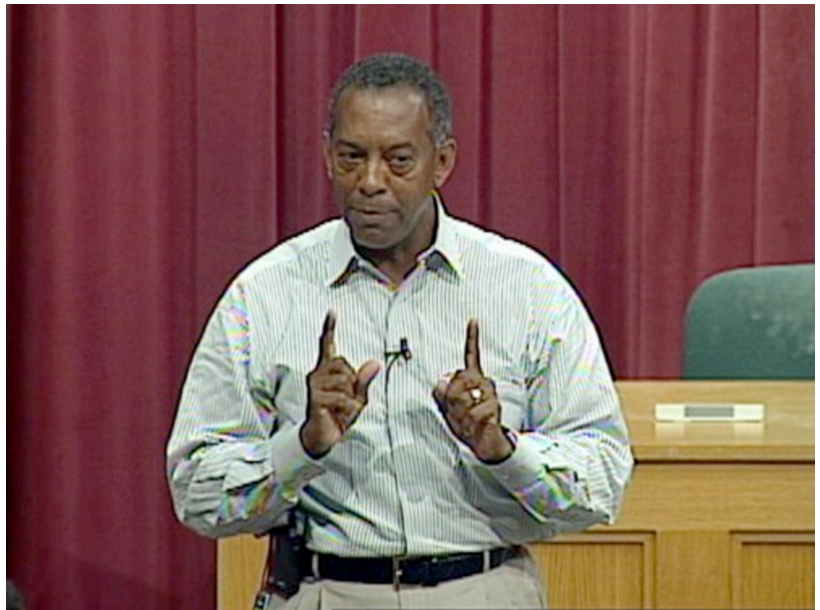


URL: <https://stvp.stanford.edu/blog/videos/retooling-the-infrastructure-of-your-company>

Slow down in capital spending has had a profound effect on the enterprise software companies, says Thompson. Symantec has made tremendous investments to retool infrastructure of the company in the last 2 years to scale the business. This story is being replayed time and time again in the valley, he says. With capital spending decreasing, companies are adopting new models - software as a service. There is no right answer and model; it is a function of the nature of the business you are in, he notes.



Transcript

So let me dive in and then I'll stop and see if I can answer questions from you.. I don't think there's any question in anyone's mind about what's happened to capital spending not just in the US but around the world.. And that slow down or almost complete shutdown on capital spending has had a profound effect on enterprise software companies.. I'll just take our company as a case in point.. We've spent in the last two and a half years almost \$120 million on retooling the infrastructure of our company as we were trying to scale to be a billion dollar business.. The infrastructure that had been in place to support the older company wasn't strong enough to support a company of our size and girth.. And hence, it required tremendous investments in order for us to be able to grow the business beyond that point.. Interestingly enough, for every dollar that we spent on software, we spent somewhere between \$5 and \$7 on the services to implement the software that we bought.. And so if I were making those same decisions today, I'm not sure I would decide to deploy a \$100 million worth of software and services.. I might look for ways to tweak the existing infrastructure and make sure that we can make it through what has become a fairly tight economic time..

Now once it's behind you, it's a totally different story.. You've got the infrastructure in place and you can move ahead.. Well I think that story is certainly being portrayed time and time again here in this valley.. If you go look at where Enterprise Software had perhaps its strongest foundation, it's in many of the companies right here in the Silicon Valley that have delivered enterprise class solutions.. Hence CRM, ERP, a broad range of alphabet soup solutions that help companies more efficiently and more effectively run their businesses.. But as that spigot for capital spending has turned down, so have many of their businesses.. And hence the rise of new business models, the idea of software as a service; many of the things that I think were spoken to by a number of the people who preceded me here on this session.. I think what I would tell you is that there is no right answer.. It is a function of what is the nature of the business that you're in and what application serves the needs of your business most appropriately.. Marc Benioff is a wonderful speaker here who is perhaps the greatest promoter of software as a service I've ever seen, which suggests to you that the day has arrived when software's dead..

Well I'm from the other side of that spectrum.. I don't believe that this industry has ever in its life cycle had an either-or alternative.. What we have offered is a range of capabilities for customers to choose what they think is most appropriate for their environment.. And I think in these tight economic times, that has proven to be the case more often than not...