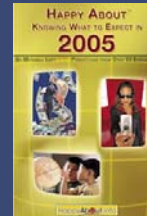


Happy About Knowing What to Expect in 2005



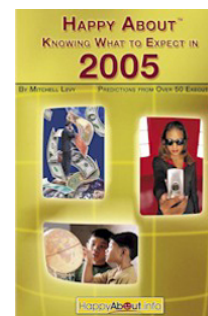
BUILDING BLOCKS FOR SUCCESS

by Mitchell Levy

Happy About Knowing What to Expect in 2005

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April 26, 2005



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1. **Predictive Accuracy in Previous Years**
2. **Top 10 2005 Trends and Implications for Software Vendors**

A. **Recommended Reading and Contact info**



I) **Predictive Accuracy in Previous Years**

- 2004: 80% accurate
- 2003: 75% accurate
- 2002: 40% accurate
- 2001: 95% accurate
- 2000: 70% accurate
- 1999: 70% accurate
- 1998: 65% accurate



2) Top 10 2005 Trends at a Glance (1 of 2)

1. VOIP goes mainstream
2. China's Power and World Economic Influence Grows
3. Working at Home Goes Mainstream While Small Business Thrives
4. Pickup in Offshoring Activity
5. While the World is Shrinking, the World Market is Expanding



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Top 10 2005 Trends at a Glance (2 of 2)

6. Increase in Technology Stocks
7. Cell Phones look More and More like PDAs and vice versa
8. Blogging and Social Networking Become Accepted Business Tools
9. Continued Confidence in Using the Internet
10. The World Keeps Changing



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2005 Trend#01: Voice Over Internet Protocol (VOIP) Goes Mainstream

- "VoIP is catching fire in the corporate world - US businesses have low penetration rates using VoIP at under 10% today. Year 2005 will bring VoIP to the corporate world with much higher penetration rates up to around 40%."

Ming Shao, Sr. Product Manager, Covad Communications



2005 Trend#01: Implications for Software Vendors

1. Use VOIP internally to significantly lower cost
2. As an IP-based technology, it should be easy to incorporate VOIP into your applications, where appropriate



2005 Trend#02: China's Power and World Economic Influence Grows

- *"China will become a major market for the technology industry. We will see Chinese companies making it to the U.S. market in the next year."*
Jean Su, Partner, ChampionScott Partners



2005 Trend#02: Implications for Software Vendors

1. Sell into the China market while protecting your IP
 - a. Drive sales via an ASP vs. one-time license approach
 - b. Consider giving the software away and making it up with service
2. Partner with key Chinese companies and/or open subsidiaries in China
3. Consider developing for the China market first



2005 Trend#03: Working at Home Goes Mainstream While Small Business Thrives

- *"Trend towards virtual offices will accelerate as companies seek ways to reduce costs and accommodate the growing trend towards a balance between work and personal life."*

Mike Johnson, President, Sales Solutions

- *"2005 will be the year of the small business. Small businesses will be the catalyst driving economic growth and recovery, and put the US economy back on track. Small businesses will proliferate through hiring and spending. While large companies continue to merge and purge employees, small businesses will adapt and grow to thrive in this economic environment."*

Chris Consorte, Managing Partner, Integrated Direct



2005 Trend#03: Implications for Software Vendors

1. Drive sales via an ASP model
2. Decrease your facilities footprint and decide how to run your business with the "right" mix of onsite and virtual employees
3. Build in functionality to deal with the virtual distribution of employees (e.g. Salesforce.com)



2005 Trend#04: Pickup in Offshoring Activity

- *"The biggest IT challenge facing organizations over the coming year will be finally undertaking a variety of neglected initiatives that could increase margins or even spur revenue growth, while at the same time more cost-effectively managing infrastructure. That's why we're going to see more outsourcing. Organizations will outsource routine network management and maintenance, freeing in-house IT managers to tackle the more strategic concerns. Look for security to finally take its turn at the top of the list of those issues."*

**Valerie W. Perlowitz, President and Founder,
Reliable Integration Services**

- <http://happyabout.info/outsourcing/>



2005 Trend#04: Implications for Software Vendors

1. Utilize Offshored/outsourced resources as part of the development and QA cycles
2. Consider setting up a development facility in a country offering tax-friendly status
3. Given Trend #2, incorporate China into the Offshoring strategy
4. Given Trend #3, need to increase training on project management for virtual teams



2005 Trend#05: While the World is Shrinking, the World Market is Expanding

- *"The Euro and China currency will continue to grow in strength compared to the US dollar. Foreigners will continue to buy US bonds and fund the growing US deficit. This will lead to greater US exports."*
Tonny Yu, CEO, Mailshell
- *"The Euro will become the most stable currency in the world markets, with more and more smaller nations pinning their currency valuations to it rather than the dollar. While this may cause near-term perturbations in the United States, the long-term benefit for the global economy will be enormous and eventually, America too will benefit though not without going through some painful adjustments."*
Dan Shafer, President, Shafer Media



2005 Trend#05: Implications for Software Vendors

1. Have a good currency hedge program in place
2. Incorporate an EURO currency strategy
3. Develop products with a world vs. a single country/currency view



2005 Trend#06: Increase in Technology Stocks

- *"We will see continuing strong economic growth in 2005, up 4 percent for the year. All indicators are positive, with lower taxes in the US and Europe's taxes trending down, productivity growing nicely, new jobs being created at a high rate, and more economic freedom throughout the world."*
Tim Lundeen, CEO & Founder, Web Crossing, Inc.
- *"Look for more IPOs from Internet-based e-commerce companies. Yes, I am aware of what I have just said."*
Peter Ostrow, President & CEO, TestMart



2005 Trend#06: Implications for Software Vendors

1. Be prepared for growth and decide if it will come from internal expansion or Offshoring (Trend #4)
2. Continue to drive efficiency from the use of ASP-driven solutions
3. Look for firms to acquire that will bring product, management talent, and/or customers in key areas



2005 Trend#07: Cell Phones look more and more like PDAs and vice versa

- *Mobile phones and PDAs continue to inherit each other's features and capabilities, and become more and more personalized sources of information about the world around us.*

David H. Deans, Managing Director, GeoActive Group USA



2005 Trend#07: Implications for Software Vendors

1. Almost everything will be wireless, ensure that you have incorporated a wireless strategy into your products evolution
2. For those in this space, build and incorporate features and functionality



2005 Trend#08: Blogging and Social Networking Become Accepted Business Tools

- *"The Internet braces itself for the next wave as bloggers band together to force changes, both good and bad. The largest collaborative blog becomes an exercise in human rights' advocacy."*
Jack Yan, CEO, Jack Yan & Associates
- *Bloggng will become a mainstream business tool.*
Bill Liao, COO, <http://www.openbc.com>



2005 Trend#08: Implications for Software Vendors

1. Put an internal corporate blogging and social networking policy in place encouraging employees to participate
2. Partner with firms like LinkedIn, Spoke, Six Apart, etc. to incorporate this type of functionality into your offering
3. Utilize blogging to drive expanded reach and search engine positioning



2005 Trend#09: Continued Confidence in Using the Internet

- *"In the world of web sites, we'll see a major movement from first generation sites (where the enterprise focuses on making the technology just work) to next generation sites (where the enterprise focuses on making the site provide value to the audience). It's already starting with some of the leaders in key indicator industries, such as insurance, healthcare, government, and higher education. The leading organizations now focus on designs that enhance the audiences' experience and are reaping tremendous benefits."*

Jared Spool, Founding Principal, User Interface Engineering



2005 Trend#09: Implications for Software Vendors

1. Continue to sell via the Internet – where large scale product sales won't happen, smaller ASP ones will
2. Move your Web site from brochure wear on steroids to one that truly delivers an "experience" leading to the test-drive and ultimate purchase
3. Create an integrated Web experience driving customer acquisition, customer adoption, and continued goodwill



2005 Trend#10: The World Keeps Changing

- *"We are about to enter the age of the ASP where software - nearly any kind of software - is available as a service. Not a service you buy and pay for by the enterprise, by the year, but rather a pay for usage model, where a user can buy as little as a single picture or the one-time use of a special font - or budget software for his 20-person company for the next three months, extendable at will."*
Amy Wohl, President, Wohl Associates
- *Companies that invest in technology solutions will increasingly order ala carte and/or on an as-needed basis. The technology vendors that create pricing models that meet these requirements will win business from the competitors who do not.*
Glenn Glow, President & CEO, Crimson Consulting Group, Inc.



2005 Trend#10: Implications for Software Vendors

1. Deliver a la carte, pay-as-you-go solutions
2. Utilize best-of-breed solutions incorporating Open Source
3. All things are becoming digital – think about how your product can incorporate them (e.g. telecommunications, scheduling [PDA], entertainment [Ipod], etc.)



2005 Bonus Trend

- *Gas price at \$3 and Google stock at \$300.*
Vamsee Tirukkala, Co-Founder & EVP, Zinnov



Thanks

- Appreciate your attention on this journey
and best of luck with all you do!



Recommended Reading

- **Suggested books for your book shelf**
- "[Business @ The Speed of Thought](#)" by Bill Gates, "[Competitive Strategy: Tips for Analyzing Industries and Competitors](#)" by Michael Porter, "[Direct from Dell](#)" by Michael Dell, "[E-Volve-or-Die.com](#)" by Mitchell Levy, "[Growing up Digital](#)" by Dan Tapscott, "[Markets of One](#)" by Gilmore/Pine, "[Selling the Wheel](#)" by Jeff Cox, "[The Age of Spiritual Machines](#)" by Ray Kurzweil, "[The Art of Profitability](#)" by Adrian Slywotzky, "[The E Myth](#)" by Michael Gerber, "[The Experience Economy](#)" by Joseph Pine, "[The Innovator's Dilemma](#)" by Clayton Christensen, "[The Reengineering Alternative](#)" by William Sneider, The [Leadership Fables](#) of Patrick Lencioni ([Five Temptations](#), [Four Obsessions](#), [Five Dysfunctions](#))
- Books recommended by faculty of the Silicon Valley Executive Business Program are available from Amazon.com and linked from this location:
<http://SiliconValleyPACE.com/books.html>
- **Framework for creating and managing business models**
The Value Framework Workbook (<http://ValueFrameworkInstitute.org/>)



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- **Online Resources**
- <http://HappyAbout.info> (Inform, Provoke, Educate & Entertain)
- <http://SiliconValleyPACE.com> (Silicon Valley Executive Business Program)
- <http://CEOnetworking.com> (Helping CEO's be successful)
- <http://ecnow.com> (Strategic business consulting firm)
- <http://ecnow.com/resources.htm> (Various e-commerce resources such as market/statistical info, entrepreneurial, job hunting, books, plus more)
- http://ecnow.com/Internet_Marketing.htm (25+ Internet marketing techniques)



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 - An author that would like to submit a book
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