Are you Concerned Enough About Technology Disruption Affecting Your Business?
Gregg Smith, CEO of Proximiti Communications

It's hard to underestimate the impact of technology on distribution models---particularly soft goods or services whether it's music, books, mortgage loans, or travel.   Financial services have been affected too but not the seismic changes witnessed elsewhere. But that might not be the end story----change is accelerating and the growth of apps and mobile devices potentially are the keys for additional disruption.

 What seemed novel five years ago and a potential threat is often overblown early but then is cataclysmic in the intermediate term.   A famous Bill Gates quote applies well here: "people tend to overestimate the impact of technology in the short run and dramatically underestimate it in the intermediate term."   Newspapers, travel agencies, bookstores, auto insurance, and other providers of core services that were thought impregnable for 30 years or more seemed immediately at risk once the Internet arrived.   When massive changes didn't occur overnight, many thought that the risk would pass.   Yet five years later big changes happened. A newspaper worth billions sells for less than the book value of the assets. Blockbuster misses online delivery of videos and heads to bankruptcy.   The neighborhood travel agency is no more.

So clearly many companies don't adapt well to changes that technology enabled in their industries.

What did they get wrong? Clearly there was no surprise that change was afoot. Yet despite massive expenditures with consultants and others, companies still failed to adapt.   There are two primary reasons that often occurs with legacy providers in an existing industry when facing changes driven by technology and even regulatory adjustment. The first is cultural---it's not easy to change. The second is less appreciated---its understanding and respecting economics, not just of your own company, but those of clients, suppliers, and technology companies that enable changes.   Innovative companies determine how to drop overall costs of a business process markedly with some of those savings flowing to clients. It might also increase potential revenues or change the dynamics of supply chains.

You don't' have to be an expert in technology or even technology economics. But getting a good grounding can make a huge difference in how you decide to move forward. Done well, it can be a win-win-win proposition----your client saves money, you can make more money, and your partners win too.   Think about these models: VISA and MasterCard with banks, ticketing for airlines is a major business for large computing firms, Netflix with production companies, and there are hundreds more.   Cost reduction is one cornerstone, new sales models another, and even other revenues like advertising injected into a business process yet another. An industry changes---the economics for end users too---and some companies thrive while others disappear.

ABOUT PROXIMITI

Proximiti Communications is a Tampa, Florida software developer and communications service provider that offers integrated products and services to small and medium business customers, large insurance companies including Humana, and over 400,000 users access their services each day. Services range from custom apps for smart phones and tablets to phone systems and VOIP.   More information can be found at www.proximiti.com.

ABOUT GREGG SMITH

Gregg Smith is a co-founder and CEO of Proximiti Communications. Smith founded two public companies prior to starting Proximiti and has raised over $600MM in capital over 20 years for his firms.   His companies have always focused on leveraging advances in computing capabilities and software with advanced communications networks and currently focus on the growth of IP communications (voice, text, e-mail, apps, web sites) with business processes.   Communications now includes real time, dynamic, and static components and integrating with business processes offers compelling economics addressing real challenges for many companies