



Software CEO / CFO Outlook 2014

The Complications of Change

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INTRODUCTION: TRANSFORMATION REQUIRED

The software industry is in an era of explosive growth. Our 2014 study of CEO / CFOs' outlook reveals that 29 percent say their planned revenue growth over the next 12 months is 50 percent or higher; and within that group, 17 percent believe their revenue growth will increase by 100 percent or more. One CEO commented that his company has grown “twice as much” every year for the past three years.

In addition, 77 percent of the study participants believe the U.S. software industry's growth over the next 12 months will be better or significantly better than the past 12 months. And 69 percent believe that growth will be in the range of 10-30 percent or more.

Though welcome, the growth disrupts the status quo and causes significant transformation of companies' operating infrastructures. Software companies large and small are implementing and optimizing new business models and blazing paths in responding to raised stakes in the crucial effort to delight customers.

A key finding in our study shows software executives are struggling with maintaining equilibrium among operational and investing priorities that push the companies in opposite directions at the same time. The prioritization decisions are becoming ever more complex and increasingly interrelated. The decision choices are all interconnected; none of them are standalone.

Moreover, operational change must be funded, and that challenge is significant because of the opposite directions in prioritization.

This report provides a detailed look at how the software industry is performing and the transformational change and conflicting needs software companies must address. The growth opportunities are exciting, but the accompanying degree of change is challenging.

“There is a lot of transformation due to moving to the cloud space and capturing new business opportunities. In addition, there is still a need for hybrid solutions and investing to keep existing clients happy.”
— *CEO, Software Company*



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