Enterprise Applications of the Future

With sprawling digital adoption fueled by emerging technologies such as cloud and AI, the enterprise IT landscape will be largely modernized over the next three to five years. Even as business leaders continue to look to CIOs to provide technology-driven differentiation in the marketplace, the enterprise applications ecosystem and its stakeholders will face new challenges. The demand for personalized micro-capabilities will soar, driving the need for continuous and rapid innovation – at scale.

As buyers increasingly play a direct role and assume an upper hand in the technology life cycle process, they will significantly impact how platform vendors, service providers and developer communities evolve. Those who foresee upcoming trends and adapt faster will outperform. This paper explores how enterprise applications are expected to evolve in the future and the impact it's likely to produce beyond technology - for businesses as well as consumers.

Six trends shaping the future of enterprise applications

As technology disruptions upend our long-held knowledge on the value and ownership of enterprise applications, six major trends will define the future:

1.Hyper-contextual, micro-capabilities will lead to mass personalization at scale: With cloud becoming the first choice for enterprise applications, the technology architecture of the future will be largely standardized across customers, allowing minimal customizations. However, the key differentiating aspect of implementations will be highly personalized, contextualized micro-capabilities. These will not be a result of hard coded customizations but will rather come from two different aspects: (a) cloud enterprise platforms' capability to configure **hyper-personalization** relevant to customer's market context and composable architecture, (b) the evolving Apps marketplace publishing micro-capabilities through APIs. This means horizontal capabilities will be differentiated with **micro-vertical capabilities** and **last-mile digital solutions.** Security, data privacy and regulatory concerns will ease significantly giving way to multi-cloud adoptions, except some sector specific applications that may remain on-premise with specialized capabilities built for purpose.

2.AI predictability will drive the selection of micro-capabilities: Product assessment will be replaced with **outcome-driven** selection from a pool of capabilities, instead of standard modules based subscription. Once business KPIs and expected outcomes are finalized, enterprise platform's AI engine will provide recommendations of relevant micro-capabilities to choose from libraries, based on customer's market context, industry best practices, adoption of the capabilities across customer base and their historical success. **AI predictability** will also be measured against outcomes.

3.Agile enterprise applications will reign: Most application vendors will provide in-built agility in the life cycle of product capabilities developed. Upgrade frequency and features' selection will be customized at source, even on multi-tenant architecture. Going forward, closed loop systems will emerge to integrate user feedback directly into the product innovation cycle in near real-time, bringing application implementation cycle closer to agile product development.

4.Businesses will be free from vendor lock-in: Standardized technology architecture will eliminate vendor lock-ins, enabling organizations to switch vendors without risking a major change in application configuration implemented. It will be possible to have multiple products seamlessly delivering different micro-capabilities of a particular function or process for a customer. The adopted capabilities are expected to be highly portable across various enterprise platforms.

5.Buyer's market will emerge: With less fear of vendor lock-in and high portability, application vendors will offer new try and buy models without requiring any commitment for upfront investments. More mature vendors are also likely to offer outcome-linked subscription models, giving customers both assurance and flexibility to pay only when the desired outcomes are achieved. Business capabilities may also be priced based on outcomes.

6.Business experience will take center stage: With digitalization becoming the norm in all business functions, **business experience** will become sacrosanct. System of records will no longer be simply transactional; rather it will acquire strategic importance, as customers gain more direct access to back office data and information. Likewise, the system of engagements will be under pressure to measure CX in terms of tangible outcomes. Such systems will therefore collaborate more with back office functions and external ecosystems in order to adapt at the pace of business change. Zero touch user interface will become a reality.

The transformational impact on ecosystem partners

Let's understand how the shift in enterprise application development impacts the key ecosystem partners:

1.Apps Marketplace will play an important role in developing micro-capabilities and shaping the enterprise landscape. Business capabilities will be published by various marketplace players, developers and the crowdsourced community, leveraging individual experiences. Their API-driven approach for different products will further boost hyper-personalization and flexibility for customers. For instance, Salesforce is known for its leading AppExchange platform, where thousands of ISVs and developers have built enterprise products such as Vlocity for Industry Cloud & FinancialForce for PSA solutions. Many more will emerge going forward.

2.Cloud Platform services will be key to providing flexibility and scalability to customers. Integration platforms will become more API-based. Data, content & collaboration platforms will offer consumption-based pricing. AI & Analytics platforms will deliver enterprise business use cases that will be priced on outcomes. Blockchain and IoT platforms will have bundled pricing by consortia or based on customer impact. Low code, no code features will become de facto.

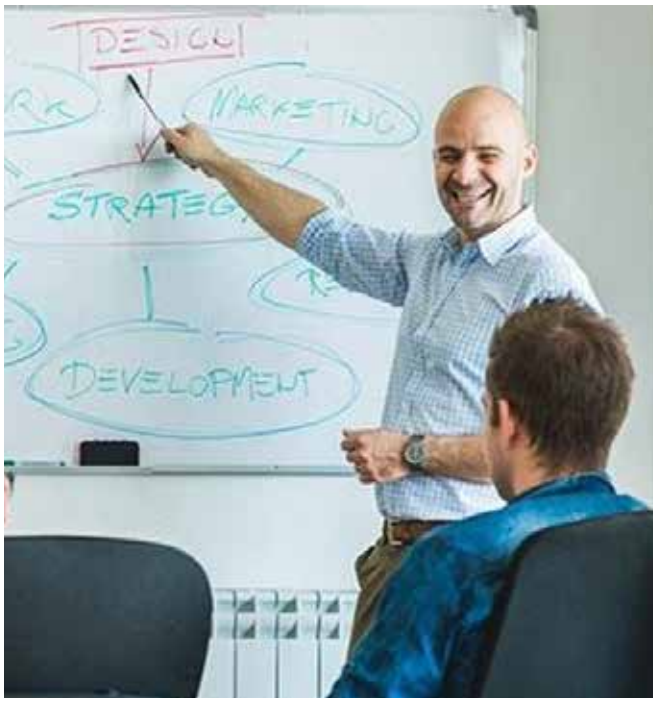
3.Service Providers will play a challenging role as a core integrator of business capabilities – by processes, persona and business needs.Some providers will also build capabilities in the Apps Marketplace which may remain IP owned by either the service provider or jointly with the client. With the democratization of application development, emerging citizen developers and the growth in the crowdsourced community, the application development role of system integrators (SI) will be limited. However, service providers can emerge as critical success partner for their clients as:

- SIs will be largely looked upon as Advisors and Integrators who can assume the role of the true custodian of customers' enterprise IT assets by leveraging multi-disciplinary teams with domain knowledge, experience design and change management capabilities – all of which will assume higher importance.
- They will work closely with customers not only to implement business capabilities but also to assess best-of-breed application capabilities for their specific needs.
- With increased technical debt due to legacy and fragmented cloud applications, architecture know-how will become a key differentiator.
- In an open enterprise, SIs will play a major role as orchestrators and channelize the consortia of Apps marketplace vendors, platform partners and external services for their clients.

4.End customers will truly become **Prosumers**, directly influencing decisions related to products and service offerings, thanks to micro-capabilities offering hyper-personalization. Most customers will have personalized AI tools or assistants, and AI will be considered a new stakeholder that needs to be managed or influenced.

5.Business users prefer role and persona-based application experiences that need higher personalization and context-driven functionalities. Cobots will be embedded into the applications, helping users with automation of business workflows and physical actions together. Going forward, some business users will also become mature citizen developers. Take for instance, Instabase that provides a platform and automation tooling to build custom business applications. Many such platforms will emerge as powerful marketplace providing numerous micro-capabilities that empower citizen developers and power users in DIY mode.

6.CIOs will shift focus from administering the IT landscape to attaining business outcomes and measuring the ROI of capabilities. With less fear of vendor lock-in and agile capabilities available at scale, IT will continue to act as a key enabler of business and IT architecture will become highly composable. With these changes, some of the business spend will shift from buying or managing enterprise platforms to partnering with advisors and integrators in order to drive superior outcomes.



Customer influenced, Capability driven, Fit for purpose, Democratized and Agile

The new way forward for enterprise applications

As we move towards a new application-driven future, enterprise applications will play the role of an innovation catalyst or driving engine for businesses. While contextual, micro-capability apps will reign and be increasingly available in the marketplace, the consultants or IT services providers will focus on domain-led blueprint and experience-led design – two key pillars of success for future-savvy enterprises. Every stakeholder in the application ecosystem - customers, users, apps and platform vendors, service providers, and others will work towards the common goals of improving business experience and outcomes – and the collective effort will pay off handsomely.

About the Author

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