

Where software vendors should focus

To develop software successfully, follow an ancient rule: know thyself.

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Software-development organizations must be good at many things, but they don't have to be great at everything. In our work with software vendors and with software departments in larger businesses, we have found that they do better when they focus on capabilities that are crucial for their particular products and customers. To help software-development organizations identify where they excel and where they

need to improve, we developed a tool kit—using surveys, interviews, postmortem evaluations, and benchmarking efforts—to measure their capabilities in ten critical areas.

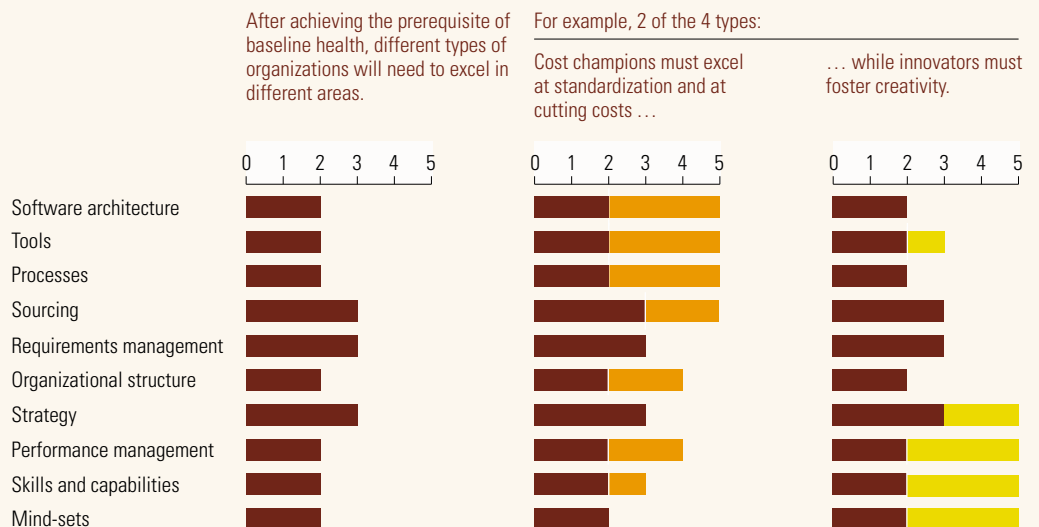
Early results applying this tool kit suggest that there are four different types of successful organizations, each with a focus on the specific capabilities that match its strategy. *Cost champions* concentrate on standardized

Exhibit

Archetypes toolbox

Capabilities of software-development organizations across 10 parameters on a scale from 1 to 5 (where 1 = poor and 5 = excellent)

■ Baseline health ■ Gap between cost champions and baseline ■ Gap between innovators and baseline



architectures, tools, and processes, all of which cut expenses by promoting predictable results and minimal rework. *Innovators* foster creativity by encouraging their people to develop new capabilities and by supporting an organizational mind-set that rewards novel ideas. *Perfectionists* secure their niche by focusing on quality. *Integrators* excel at standardization in order to get value from organizations they acquire.

As software-development organizations respond to shifting industry trends, they will need to make strategic decisions about which of these types they want to be. Only when an organization understands its strengths and shortcomings can it make the most of its software-development teams. **MoBT**

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