

BusinessWeek

SPECIAL REPORT March 9, 2007, 11:10AM EST

Opening Up to Collaboration

By making their software platforms available to all, companies such as Amazon, SAP, and Google are building an engine for growth

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As president of SAP's Product & Technology Group, Shai Agassi runs product development for the world's largest applications-software company. Ask him to name the most important development in the software industry of the last decade and he won't say Linux, Web 2.0, services-oriented architectures, or industry consolidation.

He will tell you it's the Amazon.com ([AMZN](#)) cloud. Chances are you won't know what he's talking about, let alone how this cloud has deeper implications for software developers in every industry.

Officially called Amazon Elastic Compute Cloud (EC2), it's the equivalent of a 21st century utility. Users pay 10 cents an hour to harness its nearly unlimited computing capacity, allowing anyone to leverage the size and reach of the world's greatest e-commerce engine—from the computer geek testing a new algorithm from her dorm room to a Mumbai-based startup that wants to roll out a new call-center service without spending all its capital on computers.

INFRASTRUCTURES ON TAP

Amazon's cloud is one of many new low-cost collaborative infrastructures—such as free Internet telephony, open-source software, and global outsourcing—that allow individuals and small producers to harness world-class capabilities, access markets, and serve customers in ways that only large corporations could in the past.

Unlike the previous generations, today's entrepreneurs can buy, off the shelf, practically any function they need to run a company. With storage, computing services, and other digital utilities on tap, business infrastructures that used to be expensive and complicated are increasingly cheap and easy to use. Kim Polese, chief executive officer of open-source software integrator SpikeSource, says her costs are less than a tenth of what they were six or seven years ago. Tantek Celik, chief technologist for Technorati, agrees, saying such services have "made it much easier and a whole lot cheaper to get up and running."

The potential of these modern-day platforms goes way beyond providing digital utilities. They can be a force for growth and competitiveness. As long as you're smart about how and when to take advantage of them, you can use open platforms as a foundation on which to build a successful business ecosystem.

MOBILE PLATFORM

Examples of platforms ripe for such innovation include Web services such as Google ([GOOG](#)) Maps, a rentable computing infrastructure à la Amazon's cloud, or an e-commerce system for warehousing, purchasing, and distributing goods.

The platform could even be a car. After all, the car needn't be just a means of transportation, when it could be a place for work, learning, and entertainment with a series of software services connected to a wireless network.

2/2/2009

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Imagine a set of open interfaces allowing thousands of programmers and niche businesses to create custom applications for your vehicle—from remote personal assistants to navigation and geospatial-search applications to on-demand movies and music. And why not throw in mobile Skype for good measure?

A growing number of companies are leveraging such platforms to create on-the-fly partnerships with large communities of programmers who use the common infrastructure and toolset to innovate and create value.

SERENDIPITOUS INNOVATION

Open platforms enable the small to become mighty—something today's generation of Web entrepreneurs learned from the open-source software community. Startups like flickr, 43 Things, Del.icio.us, and Technorati, for example, opened up their software services and databases via application programming interfaces (APIs)—bits of code that allow third-party applications to work with a company's core software—as a way to crank out new features, attract users, and scale up their businesses quickly.

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