

This doesn't mean it cannot be done but the level of situational awareness and gameplay required are off the charts. There's a long history of CEOs trying to implement radical and poorly understood changes being ousted by boards. I've seen numerous successful examples of the second curve played out in product to product substitution but by the same measure I've seen as many second curve failures played out in a product to a utility world. All the past giants of computing infrastructure that tried to play a second curve game against the new cloud entrants have failed with the possible exception of Microsoft. But then, Microsoft wasn't a hardware company under direct assault and it had more space to play the game in.

Of course, it doesn't have to be this way. This form of change, the substitution from product to utility, can be anticipated well in advance and there is no reason a company should find itself in that position. Naturally, almost all companies fail to anticipate it because they lack any form of situational awareness or mechanism of systemic learning. Most don't understand basic economic patterns and hence fail to anticipate and prepare for them. Whether this is fortunate or unfortunate is a question of your perspective.

However, let us assume that your company faces this dreadful position of being substituted by a utility but you are Queen Boudica, the warrior leader, the stuff that legends are made of and you won't give up the fight. Well, it's not only your company, your staff and your customers who are going to fight you in your pursuit of a better future — it's also the financial markets. To explain why, let us once again switch to the role of the hedge fund manager.