OpenText: Post COVID-19 Strategy

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# **General Description of Business**

OpenText is Canada’s largest software company headquartered in Waterloo, Ontario. It employs over 14,000 people worldwide to provide support for and engineer their large list of 300 software products they offer their customers. OpenText software applications manage content or unstructured data for large companies, government agencies, and professional service firms. OpenText aims its products at addressing information management requirements, including management of large volumes of content, compliance with regulatory requirements, and mobile and online experience management (OpenText, 2021).

# **Industry Background**

The first software company to be founded was the Computer Usage Company and it provided products and services as early as 1955 (Elmer C. Kubie, 1994). When the 1960s hit, the software industry immediately expanded as computers were starting to be mass produced (Campbell-Kelly, Martin, 2003). This large-scale adoption of computers that happened within a short span of time created a vast need and demand for software to go along with it.

As the need for software increased, simultaneously the need for companies to develop software was born. Companies such as Computer Sciences Corporation that was founded in 1959 began to grow, and other newly formed companies such as Advanced Computer Techniques and Informatic General began to thrive (Campbell-Kelly, Martin, 2003). This surge of software and hardware production led to the eventual rise of the personal computer in the 1970s, which brought desktop computers to the office worker for the first time in human history (Campbell-Kelly, Martin, 2003).

“The global business software and services market size was valued at USD 389.86 billion in 2020. It is expected to expand at a compound annual growth rate (CAGR) of 11.3% from 2021 to 2028” (Grandview Research, 2021). The rapid increase in the volume of enterprise data and growing automation of business processes across several end-use industries such as retail, manufacturing, healthcare, and transportation are expected to drive the demand for business software and services over the forecast period (Grandview Research, 2021).

“Significant rise in deployment of enterprise software and services across IT infrastructure for enabling better strategic decision-making, reducing inventory cost, enhancing profitability, and enabling organizations to improve their market position is estimated to drive the market growth over the forecast period” (Grandview Research, 2021).

OpenText will position itself within the industry as an all-around, go-to software source as it provides many different types of software for different environments. Cloud storage, software as a service, security, file editing, sharing and collaboration are just some of the types of software OpenText offers.

# **Competitive Positioning**

OpenText’s competitor list is large as OpenText offers a variety of products in a variety of different categories. Its main and largest competitors include but are not limited to Microsoft (Office 365 Suite, OneDrive, SharePoint), Google (Google Drive, Google Cloud Platform) and Box. There are many other competitors in the spaces OpenText products cover, such as IBM in the cloud security space and Salesforce (customer relationship management software). These companies listed are by far the largest competitors and will be the focus of this competitive positioning analysis.

Microsoft has many strengths as a company as they offer a complete bundle of cloud platform solutions to many different problems. With their Office 365 Suite, cloud storage with OneDrive and SharePoint to support collaboration, they can meet customers' needs by offering a variety of software. Their brand loyalty, brand reputation and ease of use of their software make them a strong competitor.

Google is the second largest competitor to OpenText, as they offer their widely used and very popular Google Drive. Google Drive’s popularity stems from the integration of their mobile application to mobile devices, as well as the seamless integration of all their products (Drive, Gmail, Docs, Maps, Chrome, etc.). Like Microsoft, their brand loyalty, brand reputation and ease of use of their software make them a strong competitor. In addition to these, Google provides a larger set of software covering more spaces than OpenText and Google's physical hardware (phones/tablets/computers) makes them a very tough opponent to compete against for market share across many categories.

OpenText’s strengths stem from its ability to offer complete packages to large enterprise companies, whereas Google and Microsoft to an extent are more individual focused (I.e. single user subscriptions, not for large businesses). Their software can be used in a business setting, however the integration between their products and the types of products they offer are limited in this sense. Businesses want and need products that cover client relationship management, document sharing, digital document signatures, cloud storage, security, and sometimes on premises deployments of all the software they require to operate (customers like governments and banks, they would not want their information stored on other’s servers and databases for example and would want their own deployment of software). This is where OpenText thrives as they provide bundled deals on all their software. Customers can pick and choose which licenses they want to use and for how many users they need to add to the systems. In addition to this customization, the bundled software is all integrated and works together to provide a single solution to many of their software needs. For example, document sharing is popular in large corporation settings, with the addition of digital signature software bundled together with cloud storage, customers can share their documents with coworkers, have managers sign off on contracts digitally, and store these contracts/documents in the cloud.

These are the scenarios where OpenText will outshine competitors, by offering solutions to software needs sold as an entire package bundle, as opposed to the single software licenses Microsoft and Google offer their customers.

# **Current Value Proposition**

OpenText’s value proposition does not originate from a single product, it is accumulated through the combination of multiple products and services that come together to form a complete packaged solution for customer needs. “OpenText is a world leader in Information Management, helping companies securely capture, govern and exchange information on a global scale. OpenText solves digital business challenges for customers, ranging from small and mid-sized businesses to the largest and most complex organizations in the world. Empowering customers with the most complete and integrated Information Management platform, OpenText solutions integrate and protect data and content inside and outside their organization” (OpenText, 2021).

# **Problem The Company Is Having/Pain points**

Like many other large businesses, OpenText is trying to adapt to a post-COVID world by keeping their employees safe and keeping their business operational. One major pain point they are experiencing is trying to bring employees back into the office for 1-2 days per week (1-2 days in the office, rest of the week will be work from home). There is some push-back from the employees, however, regarding the safety protocols and measures that are to be and need to be put in place. It is obvious that not all teams and employees can be in the office at once, as there needs to be social distancing between as many employees as possible. Secondly, employees are wary of who is in the building, how many people are currently working from the office on any given day, where these employees are seated and how busy the common areas are (lunchroom, meeting rooms, etc.). There is also a concern about vaccination status of the people inside of the buildings.

# **Proposed Idea**

OpenText will develop a new “software as a service” application (COVID Safety Software) that will allow companies to easily control and monitor which of their employees are working from home and from the office. The application will track and coordinate different teams to come into the building on certain days, avoiding/minimizing contact as much as possible based on seating arrangements. It will also coordinate lunch times and meetings between employees to ensure proper social distance is kept between as many employees as possible.

With this new application, OpenText’s unique value proposition is that it will provide businesses a complete package for Information Management, with the addition of providing a proper COVID protocol for employees working within the offices of these corporations. Instead of looking at different products from various companies, businesses will be able to incorporate the COVID Safety Software within their software bundle and it will integrate with OpenText’s other services and products as well. For example, if an employee of a business needs a signature from a manager, they can check whether the manager is in the office through the COVID Safety Service and request a signature from them. If the manager is out of the office, they can sign the request digitally through one of the other services OpenText provides. If they are in the office, they can choose to sign the paperwork in person or digitally (from both the employee and manager’s perspective). The paperwork is then automatically backed up on the cloud and delivered to its next destination. OpenText will solve digital business challenges for customers, ranging from small and mid-sized businesses to the largest and most complex organizations in the world. Empowering customers with the most complete and integrated Information Management platform as well as providing COVID safety protocols (OpenText, 2021).

The target market for OpenText will remain the same, “small and mid-sized businesses to the largest and most complex organizations in the world” (OpenText, 2021). The target market will be businesses who are not operating with their employees working from home full-time. There are about 213.65 million companies worldwide (D. Clark, 2021), and of those companies, 70% said they would adopt a hybrid model of working from and going into the office (Courtney, E, 2021) (30% of companies, statistically, became work from home full time). 70% of 213.65 million is about 149.56 million companies. The 149.56 million figure is the segmented addressable market available to OpenText to reach with their newly developed COVID Safety Software.

The commercial model for this software will be advertised as part of a bundle of software customers may purchase/subscribe to (e.g., license for 1 year). The selling point is that the bundle will take care of all the information management requirements with the addition of incorporating COVID safety protocols seamlessly into the day-to-day operations of the business (examples mentioned above). The revenue will come from a yearly license fee each customer must pay in order to have full access to the bundle. In addition to this, customers may only purchase the software they want out of the bundle individually, although at a slightly higher cost than if they bought it within the bundle.

There are some risks that come with implementing COVID Safety Software. The first being the tracking of the vaccination status of the employees. Employees may have some concerns with sharing their vaccination status with everyone. Secondly, washroom usage would cause concern as most employees would not be comfortable sharing when they are going to the washroom and for how long. In addition to these concerns, the software would need to schedule every employee a start/end time to be inside the building. Employees working flexible hours in the past may not accept this approach for their return-to-work process. Lastly (optional for every company), every employee would need to be vaccinated as well for the protocols put in place by this software to be most successful. If a company decides they do not wish for all their employees to be vaccinated, the system may not work as intended.

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