Box CEO: How will your company compete in the information economy?

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The rules of business are changing.

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The CEO of a large insurance provider had the misfortune of being seated next to me at a recent event. As the founder of an enterprise software company, naturally I pressed him on his business's information technology strategy. The conversation didn't last long. His organization lacked a technology agenda beyond using IT to keep the business running smoothly. Recent discussions with other Fortune 500 leaders have ended similarly, best summarized by a resounding, "it's someone else's job to worry about that."

Perhaps. But try telling that to the CEO of Blockbuster. Who, by the way, has the dubious distinction of having once said about Netflix, "As for the competition, we're not worried." Blockbuster recently closed the doors of its remaining 300 stores, having never recovered from its tepid, confusing digital strategy.

Meanwhile, Nest pulled off the impossible, demonstrating that a hardware company could go from zero to a $3.2 billion Google acquisition in a mere three years by making so-called "dumb" household devices smart, and outsourcing manufacturing to bring them to market at breakneck speed. Until a month ago, I'm sure the Honeywell CEO never imagined the possibility of competing with Google, one of the greatest tech and information powerhouses in the world.

But it's not fair to plot Blockbuster's demise alongside the ascension of Netflix, right? Or assume Honeywell should have seen this coming. Netflix and Nest are in many ways technology companies, driven by proven technology visionaries, Reed Hastings and Tony Fadell, respectively. This is a logical rationalization, but it won't be a useful one much longer.

The rules of business are changing at exponential rates. The very moats, capabilities, and processes that created leadership positions in the last century are diminishing in relevance or being neutralized altogether, making way for a new set of competitive forces. And as we move from an industrial to information economy, every company will need to move and innovate at the speed of their data-exploiting technology counterparts.

The first chapter of digital disruption played out in the 90s, when the Internet's rise upended traditional forms of distribution and commerce. With consultants in tow, every blue chip consumer brand and industrial giant launched a web initiative to stave off competition in this new medium. Each sector ultimately experienced the wave of "creative destruction" differently, with a handful of big box retailers and newspapers disappearing into the ether, but most corporations remaining largely unchanged, or at worst, slightly scathed. As the dot-com fervor showed signs of aging, most enterprises believed the world was back to "business as usual", with technology investments holding steady and internal efforts focusing on business automation and back-office tasks.

That is, until everything changed – again.

Now a new technology-enabled revolution is brewing, led by ubiquitous mobile devices, cloud computing, and a new wave of software confronting the workplace. And as we continue to move toward an economy that's almost solely defined by our ability to make better decisions with better information, from healthcare to retail, power will eventually concentrate in those companies that can take advantage of these trends most substantively.

It's easy to grasp the impact of this change in the context of our own individual "corporate" lives. We now swipe, tap, and thumb our way through the day, working from more locations and more devices than ever before. We're slowed down when corporate hierarchy blocks the dissemination of critical data, or when a relevant insight is stuck in an inaccessible silo. Simply put, when we can't get to the information we need, our roles are rendered useless. New software is emerging for nearly every job type and industry that will put the power of information back into the hands of employees. You can pull up the latest sales prospect from a phone with RelateIQ, see where a supply chain bottleneck emerges with Elementum, check-in on customer feedback anywhere with Zendesk, and spot workforce trends and gaps with Workday. Gone are the days of clunky enterprise software that inadvertently throttled how knowledge was shared in a corporation.

And while the PC-revolution brought IT to every office, the rise of tablets and smartphones has had the profound effect of delivering information to people and places beyond office walls. Enterprises now must ask how arming everyone in their organization with better data will make their overall business more competitive. Sephora empowers store associates and customers with easily accessible information about the latest products on iPads. Through social tools, Red Robin gains qualitative and quantitative data about the latest promotions and menu changes well before revenue reports trickle in. From doctors to pilots, there's almost no job function that can't be enhanced with access to the right information.

Zoom out, and you can see how information technology begins to rewire the very products that are built. If the last century was defined by industrial and information technologies aiding the production of goods, the next revolution will be about new technologies redefining the goods and services altogether.

Startups in insurance and lending are using extensive amounts of personalized and population data to more provide accurate rates and offer better loans to consumers. Netflix didn't triumph over Blockbuster simply because of its innovative business model; its power is in the troves of information it mines and leverages to create more relevant experiences for customers, and even to dictate the content it acquires. At General Electric, Jeff Immelt is pushing a creative mix of software and data gathered by sensors on a jet engine, which will lead to saving airlines hundreds of millions of dollars in fuel costs. The Climate Corporation, which recently sold to Monsanto for a cool $1 billion, crunches terabytes of weather pattern data, helping the agriculture industry predict better crop yield and produce better farming decisions.

Finally, physical and temporal barriers are being demolished in every industry, with IT becoming the glue that connects vendors, contractors and clients together. In healthcare, Stanford Hospital connects researchers, patients and doctors using software. Its emerging telemedicine initiative moves the hospital into entirely new markets, with the potential of delivering care to patients far beyond the perimeter of its Palo Alto hub. In manufacturing, startups like Jawbone, Nest, and Ubiquiti can get off the ground with a handful of people, sourcing global suppliers and manufacturers in days, becoming competitive with large incumbents within months. Glimmers of this seamless linkage between businesses and their customers were exposed at the start of the web, but are now being fully realized, architecting a far flatter world and more rapid economic progress. For those that leverage these modern capabilities, the agility gained allows for better responsiveness to information on market and product trends, making them even more competitive over time.

In all of these cases, the way we work, the products we sell, and how industries operate are shaped by information. Any role, function or department that can be improved by information will change, and rapidly. Consequently, information and the technology enabling its use are becoming competitive weapons, and the basis of delivering previously inconceivable value to customers.

Whether you're the CEO of a Fortune 500 company or a ten-person startup, you're now in the information business. How will you compete?

Aaron Levie is chief executive officer of Box.