

Services Innovation and Education

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Why are services education and innovation important to high tech services organizations? Few companies can survive the future without these subjects being a key part of their strategic plans. Few economies can thrive without the infrastructure, investment and support of these strategic initiatives.

Setting aside nationalistic interests for the moment we are facing several frightening scenarios in high tech services globally. First are the increasing demands to deliver high value, labor-intensive solutions and services to our customers but at a much lower cost. Second, the skills required to deliver the solutions and to lead the organizations that deliver this customer value are in decline. Third, the solution for both of the previous scenarios lies in driving innovation / automation for which there are few incentives in private equity or government funding nor does the industry have the capability to sustain the long term investments required.

The first scenario is driving behavior that yields short-term results and long term concerns. The most often used tactic is to move direct labor to more cost effective labor markets thereby driving national investments in developing nations to fill this labor need. This is no longer about buying commodity based skills, but about lower cost for highly skilled workers educated and able to provide “mass customization” for their clients. The short-term tactics are masking the critical needs, especially in the US.

The decline in skills and leadership to drive a services economy is perhaps the scariest in the US. Like most other skilled professions we used to have a plethora of companies, trade unions, trade schools etc that once grew skilled professionals organically. IBM, DEC, HP, AMDAHL, for example, all had programs to develop long term services professionals where people could learn the trade craft via on the job training. Companies had to train the workforce because no one graduated from school and entered the workforce with the required services skills. Those companies that still exist can no longer afford the time and expense to grow the services skills organically. The complexities in most of the services industries are driving companies to seek college graduates, often with higher-level degrees to fill entry-level positions. Sadly, Starbucks likely trains better service people than does Harvard, Stanford or MIT.

Today the Services executive leadership in most high tech companies originally came from these old world training grounds like IBM, DEC, etc. Given the trends in the workforce towards retirement of these leaders, from where will the next generation of leadership come? Where will they learn their specialized craft? How will we adapt new leadership to new technologies, new ways of social networking and communication standards?

The solutions are not simple but more alarming is the fact that the drivers and infrastructure to create innovation, automation or education are not in place. Services, by in large, is not an industry in of itself. It is a part of every other recognized industry. As a result of this fundamental lack of recognition the representation of its needs to capital markets, governments and, academia is fractured and inconsistent. No one voice speaks loud enough and yet billions of dollars and millions of jobs are at stake.

Where will services education and innovation come from? The economy clearly needs it, businesses can't live with out it, Universities are teaching around it and technologies are invented everyday that support it. If we need it and if we have the core building blocks, how do we accelerate the pace of change before real damage is done to our business and economy?

As services professionals, it used to be customer problems that kept us awake at night worrying. Today, it is wondering how we will survive if we do not tackle these scary issues on national and international levels.