

## VIEWPOINT



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Balaji Gangishetty is a results-driven transformational executive with a strong product development background. As a growth leader for Persistent Systems' software and high-tech business, he leads customer success, top-line growth and go-to-market. For 20+ years, he has helped numerous large enterprises, SMBs, and emerging ISVs achieve greater innovation, product acceleration, product portfolio consolidation, and R&D optimization. He has assisted in creating global technology centers across India, LATAM, CEE, China, and Vietnam. See [LinkedIn](#).

## Embracing change: Strategies that help software companies thrive in turbulent times

Current market volatility and financial instability are forcing software companies to scale back investments in product development, sacrificing long-term viability for short-term stability. Learn how forward-thinking companies can optimize research and development costs to meet today's challenges and achieve tomorrow's promises.

### What are some of the biggest challenges impacting software companies today?

Under the cloud of uncertain macroeconomic headwinds and disruptive technologies like generative artificial intelligence, it's imperative for firms to deliver innovative products and experiences to their customers faster than their competitors. Some of their key challenges include improving their net promoter score (NPS), achieving top-line growth, creating predictable revenue streams, and maintaining high profits. To meet these challenges, they need a secure, scalable technology architecture that enables a faster market feedback loop, a development philosophy for adapting their stack to new paradigms without slowdowns or disruptions, a plan to manage ever-increasing technical debt, the ability to maintain legacy products while accelerating implementation of new products, and training and recruitment programs to upskill existing talent and attract the best new talent in the market. The question is, do software companies want merely to survive or to create a foundation to thrive?

### Many companies are laying off knowledge workers and cutting funding for product development. How does that impact R&D and, ultimately, their future viability?

In the short term, layoffs and R&D budget cuts make firms look more profitable. However, in the mid-to-long term, this tactic creates a hole that companies often struggle to dig out of. Based on my two decades of experience

partnering with software companies through several down cycles, there is no one magic pill, but there is a proven playbook. Companies must constantly rationalize their overall R&D and tie IT spend to a percentage of revenue. This starts with a simple portfolio analysis to organize products into "sunset, sustenance, nurture, growth, and moonshot" categories. The goal is to increase engineering bandwidth, upskill talent, invest in automation, and accelerate growth and moonshot efforts.

### In challenging times such as today, how can software companies optimize costs to continue investing in their future?

There are a lot of levers companies can explore and implement with zero risk:

- Accelerate innovation and product roadmap with GenAI tools and automation.
- Significantly reduce the R&D and IT spend with product carveout for non-strategic products and IT carveout partnerships.
- Accelerate product/platform modernization by partnering in an outcome-based model.
- Do vendor consolidation – transition to partner who can bring global technology centers and a product mindset.
- Capitalization of on-prem and cloud license spend.



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To help manage the organizational change, and help accelerate innovation, product roadmap and modernization, I would recommend to my clients that they talk to a partner firm that specializes in digital product engineering services with product engineering DNA and a global engineering footprint; to help create a blueprint for their transformation, learn about best practices, to better understand how their peers have navigated similar change etc., it's critical for success to speak with experts who understand and bring a Product mindset and not a project, consulting mindset.

## **How can software companies use artificial intelligence to overcome these challenges and optimize R&D?**

Last year, CXOs were kicking the tires, trying to identify AI use cases with proof of value. This year, I'm seeing use cases in knowledge management, customer success and support, and industry-specific finance and legal applications. I believe AI will disrupt every aspect of the software development life cycle. It will accelerate innovation by helping firms fail fast. It will drive productivity gains across the development life cycle. Automation will

boost productivity. AI will speed the feedback loop from the market to the development life cycle, enabling better, faster incremental product releases. The new AI models will be mind-blowing. I will recommend that my clients embrace the change.

## **What do companies that successfully navigate the current financial turbulence and continue to invest in product development stand to gain in the short and long term?**

In the short term, they will be able to effectively navigate the macroeconomic headwinds, fulfilling current client and market commitments without taking a revenue hit. In parallel, they will be creating a longer-term foundation to thrive. They will be able to accelerate innovation and speed-to-market for growth and moonshot products, upskill and balance their talent pool with access to global technology centers, optimize their overall IT spend on R&D, create new revenue streams, and access new markets. They will deliver much better products and experiences to their clients and create greater value for their investors.

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