Why Every Company Is a Software Company

Idea In Short

A recurring industry ranking of the world's largest software companies once revealed something more interesting than its headline list: unfamiliar names competing successfully alongside household technology brands, industrial manufacturers quietly transforming into software vendors, and a persistent gap between cloud subscription hype and the actual revenue mix of the largest players. Reviewing that ranking's underlying patterns offers a genuinely useful lesson in how deeply software now runs through every industry, not just the ones commonly labeled technology.

A Ranking Full of Surprises

A recurring industry report ranking the world's largest software companies consistently surfaced familiar major technology brands alongside considerably less well-known names.1 Companies handling workforce timekeeping, expense reporting, data visualization and education technology regularly appeared among the top ranks, tools plenty of professionals already used daily without ever realizing how large those specific companies actually were.

A Genuinely Easier Time to Start a Software Company

Building a software startup has become considerably easier than it was in earlier decades, when founders needed to build server infrastructure and invent foundational tools from scratch. With mature platforms, cloud infrastructure and reusable components already widely available, time to market has shortened dramatically. Cloud-based delivery also lowers customer switching costs meaningfully, since moving from one accounting or visualization tool to a close competitor requires far less friction than switching an on-premises system once did. That same ease of switching cuts both ways, accelerating adoption for winners while also accelerating customer churn for products that fail to keep pace, an arrangement that ultimately favors customers overall.

Why Larger Companies Grow More Slowly

It is hardly surprising that the largest, most established software companies in the ranking grew more slowly than smaller upstarts, since a considerably larger revenue base naturally compresses percentage growth rates. That pattern helps explain why investors often show real willingness to back smaller, historically riskier companies with genuine potential to scale rapidly and disrupt an established market, since the growth math simply favors companies starting from a smaller base.

Cloud Subscription Hype Outpaced Cloud Revenue

Despite pervasive discussion of cloud computing at the time, the largest companies at the very top of the ranking generated only a modest single-digit percentage of revenue from cloud subscription models specifically. The clear majority of software revenue across the industry still came from traditional product and solution sales rather than pay-as-you-go subscription services, with cloud-native revenue concentrated heavily among a small handful of companies rather than spread evenly across the industry.2

Industrial Companies Quietly Becoming Software Vendors

A genuinely striking pattern in the ranking involved traditional industrial manufacturers, companies known primarily for physical equipment and hardware, appearing prominently on a list ostensibly dedicated to software. These companies were actively stretching into advanced analytics, predictive maintenance and other digitally enabled services specifically to extract more value from their existing physical products, evidence of a much broader shift in how industrial companies compete.

Basic Software Literacy Now Matters Broadly

Even professionals who do not work directly in technology or IT consulting increasingly benefit from understanding what major software companies actually do and where they compete, since claiming to work outside the technology space has become an increasingly weak excuse for ignoring it. Several genuinely obscure but substantial companies illustrate the point: a French firm specializing in three-dimensional design and product lifecycle management software had grown substantially through an aggressive multi-year acquisition strategy, a Canadian company focused specifically on managing unstructured data occupied a notable position, and an Israeli company specializing in telephone voice recording and surveillance systems ranked among the group as well, each entirely unfamiliar to most people outside their specific niche.

A Practical Habit Worth Building

A simple, low-effort habit follows directly from this lesson: periodically researching a handful of unfamiliar companies relevant to a client's industry or a personal area of interest, understanding what they actually sell and who they compete against, builds a genuinely useful base of business literacy over time.3 That habit compounds gradually, turning what initially feels like trivia into a real, transferable understanding of how entire industries are increasingly organized around software capability.

A Lesson That Outlasts Any Single Ranking

The specific rankings and revenue figures from any single year's report will inevitably shift, but the underlying lesson holds up well beyond any particular edition: software competence increasingly determines competitive advantage across nearly every industry, not merely the ones explicitly labeled as technology companies, making basic fluency in how major software players operate a genuinely useful skill for almost any professional.

- 1Software industry
- 2Software as a service
- 3Business acumen

Summary

A ranking of the world's largest software firms revealed household names sitting alongside unfamiliar companies most people already use without realizing it, and traditional industrial manufacturers quietly becoming software vendors themselves. Every company, whatever industry it nominally belongs to, increasingly competes on its software capability, making basic software literacy relevant well beyond people who work directly in technology.