



But, I Thought the ERP System Was Going to Help Us With That!

How one company focused on end-user performance to bring their ERP reality back into alignment with their vision.

Here's an all-too typical scenario. The management team at a multi-national corporation has made the decision to implement one standardized Enterprise Resource Planning solution across the company. The company has grown rapidly and the existing systems aren't well integrated, aren't providing good visibility into core processes and are consuming IT resources at an increasing rate. Operational efficiency needs to improve to sustain additional growth.

The management team expects to cut costs, bring products to market sooner, comply with regulations, and improve core end-to-end processes, like the order-to-cash process. The business case is built on the fact that the new ERP system will have paid for itself and begun putting profits into the company's coffers within 18 months of deployment. For the executive team, the decision to go ahead with the purchase is sound, but something unexpected happens along the way to realizing that ROI. Months after the 'go-live' fundamental Key Performance Indicators (KPIs) have not improved as planned.

What Do You Say When the CEO is Asking Why Your Company Didn't Reduce the "Order-to-Cash" Cycle Time by 10 Percent, As Planned?

Even if your company has an effective, integrated ERP system, chances are you won't have a good answer. Because, even the 'best of breed' ERP systems don't give the business stakeholders sufficient visibility into the actual execution necessary to ensure performance improvements. This Executive Brief details a scenario where a billion-dollar heavy equipment manufacturer who used the end-user performance insight delivered by Knoa EPM to evaluate a shortfall in reaching a corporate performance objective – reducing the order to cash cycle. Corporate performance management is all about understanding the difference between what you've planned and what actually happens. If that understanding stops short of the end-user performance, this critical link in corporate performance is ignored. With Knoa EPM, the company discovered that the OTC process was compromised by ineffective and inefficient transaction execution.

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ROI Isn't Real Until It's Realized

What do you say when the CEO is asking why your company didn't reduce the "order-to-cash" cycle time by 10 percent, as planned? Even if your company has an effective, integrated ERP system, chances are you won't have a good answer. Because, even the 'best of breed' ERP systems don't give the business stakeholders sufficient visibility into what's actually happening to ensure performance improvements. Are employees actually using the right transactions to execute the business process? Are they using them in the right way? Are the employees efficient, or are they making significant errors? Are the transactions effective, or are they cumbersome, requiring employee-invented workarounds?

It's the end-users of the enterprise applications who execute the transactions that drive the processes that drive the business. The most critical factor determining your long-term business results from any ERP application is the ability of your end-users to effectively execute your business processes. This means that each of your end-users must:

- Adopt and use the application
- Be able to effectively execute the key functions for their specific role
- Reach a level of proficiency where they can execute efficiently

There's a new generation of solutions that can give you those answers and not leave your CEO hanging: end-user experience and performance management (EPM). EPM solutions give organizations a new focus on end-user adoption, utilization and performance, uniquely capturing a complete picture of the end-user experience and behavior, including:

- Comprehensive application utilization metrics: which transactions are used, in what sequence and for how long?
- Actual user-experienced response time metrics: which transactions are slow and inefficient leading to unproductive employees?
- Comprehensive system, application and end-user error metrics: What critical errors do users encounter? Where are users having specific issues, and what training is required? Which individual users need specific assistance?

To understand the impact of this insight, consider the following scenario concerning a billion-dollar heavy equipment manufacturer in Georgia. One core priority for this manufacturer was to improve the order-to-cash (OTC) process. This process comprises a number of unique business processes, from order entry to cash receipt. Because most companies are functionally managed, the order-to-cash process usually touches multiple enterprise applications and departments including sales, order entry, order fulfillment and accounting. Therefore, it is important for each department to complete its part of the overall process error free and transfer correct information across functional boundaries.

Eighteen months after this company had implemented a new ERP application to improve process efficiency, the order-to-cash cycle had not improved. And no one could really pinpoint the root cause of the performance shortfall. The company implemented an End User Experience and Performance Management solution to "take the guess work" out of managing the ERP application. Executives discovered, within weeks, that the OTC process was compromised by ineffective and inefficient transactional execution.

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Tripping Through the Potential Points of Failure

The sales reps weren't using the Sales Force Automation (SFA) functionality to manage their pipeline. Instead, they created prospect records near the end of the lengthy sales cycle. That meant that materials management wasn't getting long-term visibility into upcoming demand. An unexpected upsurge in demand could blindside materials planning and production, with customer orders placed on back order. Add six days to the OTC cycle time!

The order-entry processes of the new application were cumbersome. Although it had been heavily customized, it didn't give the customer service associates a streamlined way of calculating the shipping cost. Associates were actually exiting the application and using a spreadsheet application to calculate the shipping cost. This inefficiency dampened productivity, and each day ended with a backlog of un-entered orders. Add one day to the OTC cycle time!

There were similar problems in order fulfillment. To ensure no backlogs in the fulfillment process, the company assigned each employee a unique user ID, with two dedicated workstations for each inventory associate. However, it had become the norm that the employee with the first transaction of the day signed on, and everyone else used that active workstation to execute his or her order and fulfillment transactions. That led to a perpetual queue, and each day would end with a number of unfulfilled orders. Add one day to the OTC time!

Finance and accounting was one area that actually worked. Invoices were entered without any errors in a timely and efficient way. DSO variance reporting was effectively executed, and the cash remittance process was working the way it was meant to.

Suddenly See the Forrest and the Trees

Consider what happened when we added end-user experience and performance metrics to the mix. In sales, utilization metrics about sales reps' use of the opportunity management transactions of the SFA application quickly showed management how little the reps were using the system – and which reps, managers and geographies hadn't fully adopted the application. With this knowledge, management was able to take remedial action.

The EPM solution identified the precise point when the order-entry associates exited the primary application to execute the user-defined workaround using a spreadsheet application. Once this ineffective function was identified, the application engineering team modified the ERP application and obviated the employee-invented workaround.

With order fulfillment, EPM utilization statistics exposed the fact that the employees were sharing a single user ID, and managerial oversight soon put a stop to it.

And in finance and accounting, EPM workflow and end-user error metrics made it obvious that everyone had adopted the application and was using it efficiently and effectively to execute the core business processes. Knowing where you don't have problems is as valuable as knowing where you do, because it frees you to give priority attention to the real problems.

Peter Drucker, one of the most influential business thinkers of the past century, said, “You cannot manage what you cannot measure.” The phrase has become a common business bromide, but at the time, it was the kind of insight that raised the bar for professional corporate performance management. It's time to raise that bar once again – by delving deeper and measuring the experience received and the performance achieved by the end-users of the enterprise applications that deliver the business results.

Corporate performance management is all about understanding the difference between what you've planned and what actually happens. If that understanding stops short of the end-user performance, this critical link in corporate performance is ignored, and no enterprise application will achieve its full potential. End-user experience and performance management solutions let your organization realize that potential by delivering an end-to-end analysis capability for an end-to-end corporate performance management strategy.

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About Knoa

Helping Business and IT Perform Better Together

Knoa Software is the leading provider of end user experience management solutions – the "single source" for end user and application performance metrics from the perspective of the enterprise end user.

Our innovative solutions go beyond infrastructure and application performance to monitor, measure and manage how end users actually use the application to optimize business process execution.

Reduce Application Support Costs... Improve Application Performance... Drive Adoption... Ensure Compliance... Target training to build efficient and effective end users.

Knoa customers not only know if core enterprise applications are delivering an acceptable user experience, but also, if application users are executing key processes effectively and efficiently – the key to achieving business value and ROI. And that's the ultimate goal of any Business Service Management.



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