



Begin at the End



Enterprise resource planning (ERP) can be a comprehensive resource for an organization — if executed well. However, from an Information Technology perspective, ERP challenges may surpass the benefits, with constant questions such as: Why is application performance different from one office to another? And: Should software applications be upgraded across the board?

THAD EIDMAN, CEO of Knoa, and **DEREK PRIOR**, Research Director with AMR Research, discuss performance management software for ERP systems and resolving ERP issues by placing a greater focus on the end-user

Derek Prior In the ERP marketplace, there are many tools available to help companies get more value from their ERP systems. **What specifically does Knoa do to separate its solution from the crowd?**

Thad Eidman You're certainly right about the large number of tools in the marketplace that are focused on ERP and customer relationship management (CRM). Analysts' findings, including AMR, suggest that the expenditure on performance management tools alone is approximately \$7 billion to \$9 billion annually.

Current spending is focused on two specific areas: infrastructure and application transaction performance management. While these tools are

critical to optimizing IT, research shows that more than 50 percent of all enterprise application performance issues are end-user centric. If you look at our customer base, which includes seven of the top 50 Fortune 500 companies, more than 65 percent of ERP and CRM performance-related issues involve how the user is executing, not how the infrastructure or applications are performing.

At Knoa, we provide a tool to bring precise metrics to the people-side of this equation — that is our focus.

DP The end-user is normally fairly distant, literally in many cases, from their enterprise software systems and they typically rely on “super-users” as a first line of support. **What are the metrics that Knoa enterprise project management can provide to better help the end-user? Which activities can you actually monitor and measure?**

TE One of the key challenges, whether you have 20 or 100,000 end-users, is to find out what is happening in the field. There is recognition in the industry that companies need a single universal tool to manage end-users. In other words, they really can't afford to put five different

tools on the desktop. This single tool needs to be capable of collecting any information required from the end-user for the benefit of any function within that corporation. So our focus is on the universal end-user data capture capability.

Customers are beginning to understand that if you want to capture and manage end-user metrics, your measurement tool needs to be from the end-user perspective. Measurements from the network, for example, are not the same as from the end-user perspective. When you get into specifics, we focus on three questions. First: how is the application performing for each of those end-users? If there are 60,000 end-users in 120 countries, how is the application performing across time zones, networks, offices and devices? That includes a set of metrics that are important for IT, such as availability and response times for key functions and system quality. Also included are metrics about the user's device — CPU and memory. Are they out of memory? Are they ready for Vista upgrades?

The second question is: What is the quality of that application? You really can't get users to engage in an application that's of poor quality, with error messages for instance. We collect a significant amount of information on quality alone.

The third component, which is really our primary focus, is the ability of each of these end-users to effectively execute. Here we're looking at adoption, utilization, effective use, and compliant use, among others. For example, a CIO recently said, "I finally realized all of these expenditures on infrastructure and applications are really a waste of money unless people can effectively execute their role. That's really the only way that we, as IT, provide a value to the business."

The people performance component is where IT can absolutely link their performance to the achievement of specific corporate objectives, such as improved order-to-cash cycle time. It's the business link that IT has been seeking, in a quantitative manner, to effectively communicate their impact on an organization.

DP It sounds like you're really focusing on the customer. If we can stay close to the customer and understand what drives a quality experience, then we can serve them better. **Who uses the information that you gather about end-users and how?**

TE Even though we sell a product, we think of ourselves as an information service. We provide a new set of facts and metrics by which customers can make more informed decisions about driving enterprise application effectiveness and lowering their total cost of ownership. We ask our customers, "What are the functions within your company or corporate environment that could benefit from Knoa information?"

Information Technology is one department that is a primary user of Knoa data. For example, if you have a user who is not executing the search function correctly, they could create an enormous request that requires many IT resources, but is actually not an IT issue. It's the manner in which the user executed — a user performance issue. By providing this set of precise metrics on what users are experiencing, IT can significantly reduce the time it takes to resolve issues. With just one application, one of our customers saves about \$500,000 per year by understanding their end-user community.

A second example of where we're very active is end-user support. End-user support today is really in a reactive mode. This means 15 to 25 percent of users will call in with an IT issue and IT will react and try to resolve them. CIOs are demanding that their organizations become more proactive. With Knoa, you know in real time what issues are impacting your users and you can prioritize those issues into actionable formats; there really is no more waiting for the phone to ring. It reduces the number of support calls and it reduces the amount of time to resolve each open item; there are significant savings.

DP In the current economic climate, tools to help lower the total cost of ownership throughout the application lifecycle will garner a lot of interest.

How can Knoa help companies manage some of the operational and technical challenges across the application lifecycle?

TE Basically, the Knoa capability is used in all phases of the lifecycle. Our customers use it for conference room pilots, pre-production and production, sustainability and upgrades. Different pieces of the Knoa information package and different analyses really come to the forefront in each of those cycles.

In looking specifically at upgrades, a good example right now is the Siebel CRM application within Oracle. Since many of the Siebel implementations are customized by as much as 30 to 40 percent, this specific upgrade is a very massive, risky, expensive undertaking. So let's look at how we could help a Siebel customer who is looking at an 8.0 upgrade. First of all, the customer implements Knoa against the current Siebel version, and this enables us to provide two tactical, immediate benefits. First, we provide a detailed profile of usage of the current version. This allows the customer to precisely identify which functions are heavily used. Typically, this means functions that do not have heavy usage do not need to be upgraded. So we actually eliminate the amount of effort and development required to upgrade the application, and this can mean significant cost savings. Second, we provide a set of benchmarks as to how the current Siebel version is working in production. This provides the metrics of the new version versus the previous version and allows for adjustments before upgrading in all areas.

DP I like the emphasis on end-user response time — it is a critical success factor. There have been many cases where large enterprise software projects are running into difficulty by overlooking the sheer challenge of providing acceptable end-user response times. There are a number of products in the marketplace, some from the big names of SAP and Oracle, focused on the end-user experience. **Does Knoa's functionality overlap or complement those?**

TE First of all, it's quite a compliment that companies are coming out with products in the end-user space that have similar messaging. In the case of SAP, they actually re-sell a Knoa product. We appreciate that a leader in the application space chose our product to re-sell.

Companies in the adjacent market of infrastructure and application management are seeing our success and they're seeing how customers are focusing on the end-user experience. They are now looking for a way to re-brand some of their capabilities to say that they have an offering in this area to present a more complete picture. What we see in the end-user management space are primarily pre-packaged products that have been used for other purposes, including things such as network-centered HTTP monitoring tools that basically look at HTTP transactions or synthetic agents. While these provide some metrics, they don't capture the actual end-user experience; they focus on availability and transaction performance from an IT perspective. Companies are now realizing that end-user management is far more than transaction response time. You have to be able to look at a user's actions before, during, and after a transaction, including things like active and idle time, and the tools provided by other vendors just don't provide the granularity of metrics required to develop real insight into how users are performing with the application.

DP What does it take to get a technology like Knoa implemented, and what is the ongoing operational impact of running a monitoring technology in a high-volume production environment?

TE The good news is that we don't touch the application ecosystem that we're



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– Thad Eidman, AMR Research

monitoring. We instrument at the user interface, at the desktop level, and we don't touch any application code, databases, or require any tags or inserts into the application like other monitoring technologies. So our implementations basically involve off-the-shelf templates for all major enterprise applications and very fast development cycles for proprietary applications.

I was speaking with a customer recently who saw, even on the first day of implementation, a number of specific performance issues being tackled. So both the implementation time and the time to begin receiving benefits from the Knoa data are very quick. One area that we spend a tremendous amount of time on is operations. We effectively manage the remote desktop agents themselves. We've mastered the art of deploying and maintaining remote desktop agents with a series of tools that automate updates. This includes a very sophisticated process that provides dynamic electronic self-help text by the system itself. For example, if you look at OnStar by GM, which, through voice automation or e-mail, reminds a customer when they need an oil change for their car, Knoa agents are similar in fashion. It tells the customer when anything needs to be done in terms of technology support for the Knoa system itself. We have created a dual solution in the sense that our system not only can be installed very quickly, but we've automated the task of maintaining remote agents, and eliminated the overhead.

DP All companies' disposable budgets and application lifecycles are under tremendous pressure. **Why is this type of application something that companies should look to implement in the context of the current ERP and economic climates?**

TE Our conversations with CIOs over the last six weeks have been about

cost reduction for 2009 and how we can help them in a very targeted fashion. The reality is that CIOs are locked in a desperate battle to reduce costs. From our perspective, cost reduction can only be found in three places. First is the cost of the asset itself — in our case, the enterprise application asset. We are the only tool that I'm aware of that can help a CIO focus on actual usage of the application by specific end-users. In other words, it is no longer viable to make these application elimination decisions and consolidation decisions based on who has an application installed on their desktop. CIOs need to understand usage patterns of these applications so they can make the intelligent call on consolidation and elimination based on precise metrics.

The second area that we're spending a lot of time talking with CIOs about is the need to reduce maintenance costs. Again, much of this focus needs to be for companies to pay for the actual use of applications. We have the most complete set of metrics around precise usage of applications, which enables companies to have an intelligent discussion with their vendor about maintenance costs.

The third area that we're focused on is the need to reduce support costs. We can help deliver up to a 20 percent overall reduction in end-user support costs, and these are dramatic savings.

Finally, there is no hiding the fact that companies are going to be reducing their head count over the next few months as they try to realign with the present economic climate, so the question becomes: where and how do you do this intelligently? We're working with companies in their shared services environments, such as human resources and finance operations, to achieve significant benefits. Organizations must make major cost reduction decisions correctly, which will enable them to both maintain business viability and high customer service standards and be ready to re-scale effectively when the economy changes. **BTQ**



DEREK PRIOR, Research Director, brings 28 years of experience in enterprise applications to AMR Research. His primary responsibility is to expand AMR Research's coverage into the many operational and technical challenges faced by end users throughout the lifecycle of SAP and other key ERP applications. Derek is considered a thought leader on key ERP technical and operational issues. Before joining AMR Research, Derek spent six years at Gartner as a recognized international SAP expert. He spent 17 years at Hewlett-Packard and was a leader in developing a successful partnership between Hewlett-Packard and SAP in the United Kingdom.



THAD EIDMAN, CEO, Knoa, brings leadership to the business that balances creative thinking with a focused, conservative operating style. He honed this approach through a long established career in the information services and software markets that is a unique blend of entrepreneurial and corporate experience. Prior to joining Knoa, Mr. Eidman was Entrepreneur-in-Residence at Constellation Ventures, a New York based, \$450 million venture fund focused on media, content delivery and enterprise applications. Before Constellation, he was the co-founder and President of iFLEET/ERS, a leading provider of technology to the transportation industry. iFLEET/ERS won the prestigious J.D. Power Quality award twice in its market segment.