

# The Sterling Report

The Monthly Journal for Venture Partners and Enterprise Software Executives

## **Is Your Software Competing with Invisible Shelfware?**

**By Yee-Ping Wu, Chief Operating Officer, Knoa Software Inc.**



Adoption and problems with efficient and effective use of your software are not just your customer's problem. An insidious new form of 'invisible shelfware', a condition where partial adoption and non-compliant use of enterprise applications is the hidden cause behind unrealized ROI, is threatening software execs especially because it directly attacks the ISV business model and impacts the maintenance renewals, expansion and cross sale opportunities. Learn how End-User Experience and Performance Management (EPM) software can protect your revenues and profits.

The adoption and efficient and effective use of a software application are big issues for CIOs and business execs that stand behind the investment in large enterprise software deployments. These are the keys to achieving business value and ROI from the application investment. But, there is a growing recognition that these are critical issues for software vendors as well. Consider this scenario. After a grueling negotiation, your sales team has managed to sell a multi-national enterprise on the decision to expand the implementation of your solution, which has been deployed in the U.S. for the past 12 months, across their worldwide operations. For your customer's executive team, the decision to go ahead with the deployment is the next step in the vision behind the original purchase decision. Then, something unexpected happens.

### **Reasons Behind Unrealized ROI**

There seems to be a lot of noise about your solution. (For the sake of example, let's say you market a Customer Relationship Management solution, but this problem is pervasive across all enterprise applications.) Suddenly your support team starts hearing that the sales force tasked with using the new system finds the software awkward, complains the software 'doesn't work' and is slow. Several months after the deployment, as much as 60% of the functionality is not being exercised. The back-office personnel find the software cumbersome to adopt into their routines and ultimately create their own workarounds to get results. This common end-user behavior is creating an insidious new form of 'invisible shelf-ware', a condition where partial adoption and non-compliant use of enterprise applications is the hidden cause behind unrealized ROI. Any business executive should be alarmed by this condition, but for the software exec it can be especially troubling because it directly attacks the ISV business model.

- Maintenance renewals are a key revenue stream and a highly meaningful barometer of future success for software vendors. According to a 2006 report by the Software Service and Support Professionals Association (SSPA), services, support and maintenance account for over 60% of earnings per share. This critical impact to the bottom line is at risk if your customers stop paying maintenance because they aren't getting value out of your software.
- Account expansion (the most cost effective path to growth) is dramatically hampered if the existing users aren't effectively using the application.
- Improving customer win rates is certainly an easier job when you can leverage references from successful customers. If your customers' end-users have not adopted the application, and are not using it in an efficient, effective manner, not only are they no longer a reference account, they are a marketplace liability.

## **End-User Experience and Performance Management (EPM)**

It's tempting to think that managing user adoption is the 'customer's responsibility'. But, the fact is that issues with adoption and efficient and effective use of your software application put your business model at risk. To avoid these risks, many ISVs are incorporating solutions for end-user monitoring and management into their application management offerings. End-User Experience and Performance Management (EPM) software is an emerging category of performance management solutions, which is being actively adopted by companies with significant investments in enterprise applications. The EPM application is deployed along with the ISV application to monitor and report on all aspects of the end-user experience and performance with the application.

From the end-user perspective, any application is 'not performing' whenever it does not work as the end-user expects. So, a full-featured EPM solution will go beyond the response-time dimension to monitor and capture metrics on the entire end-user experience, including system and user errors and the user navigation and interaction with the application (workflow).

The end-user metrics collected and presented by the EPM system are used for alerting and for proactive remediation of end-user issues (whether they are system errors, user errors or performance problems). The information can also be analyzed and aggregated to provide actionable insight into process compliance, training requirements, adoption issues and a number of other management dimensions.

### **High on Time-Saving, Low on Costs**

How does end-user monitoring deliver results? Consider this actual user-support experience from a company who had deployed an EPM system in conjunction with their CRM solution. An inside sales rep in the call center was experiencing problems. The information communicated to the support team from the help desk was very vague and incomplete. In the past, the CRM support team would spend hours on the phone with the inside rep making costly onsite support calls to deal with the issue. However, the EPM system enabled a dramatically different approach.

Through the management console, the support team reviewed the inside service rep's actual experience with the application and found that although her response time was well within the sub-three-second goal, the rep was generating four times more user errors than her peers. By looking at a record of her actual interaction with the application, the team saw that the rep was using an incorrect process to validate the customer information (a common process step in many different transaction types). Armed with this insight, the rep's supervisor was able to instruct her in the proper customer validation process, and the so-called 'problems with the system' were resolved with less cost and effort, while saving the software's reputation.

Key Performance Indicators (KPIs) that report user errors on an aggregate level were useful in resolving another vexing issue at that same company. There were complaints in the outside sales force that the opportunity management screen was difficult, slow and cumbersome. When the application team reviewed the KPIs, team members noticed that virtually every end-user was making the same errors on these screens. The first instinct was to schedule an e-meeting retraining session. But a closer review of the recorded workflow for a representative sample of users revealed that the errors were being made when the sales reps were trying to put data in extraneous fields on the screen. The fix was simple. No retraining was needed. The application team removed those fields from the screen, and the errors were eliminated. Not only was the issue resolved but also, the end-to-end transaction time improved by 25 percent. And again, those grumbles about the software were silenced.

### **Effective and Efficient Execution**

The popularity of end-user monitoring solutions is rising. In a recent study conducted by Forrester Consulting, an overwhelming 87 percent of IT executives either strongly agreed (50 percent) or agreed (37 percent) that the best way to manage the service of business critical applications is by measuring performance at the end-user level.

EPM systems help prevent adoption issues that plague costly application deployments by providing actionable insight that can ameliorate or eliminate the underlying issues that affect adoption:

- Application Support teams have real-time metrics to proactively address response time issues problems;
- Help Desk personnel have immediate visibility user / actual user interaction with the application, so they can quickly resolve end-user 'issues';
- Training organizations can pinpoint which specific application areas (and which specific users) require additional training; and
- Application and Process Engineering can spot cumbersome workflows and errors that are affecting end-user satisfaction and efficiency

With an EPM system, these companies not only know if your software solution is delivering an acceptable user experience, but also, if users have adopted the applications and are effectively and efficiently executing key processes. This is the key to your customer achieving business value and ROI from the investment in your application. And, it's also the key to ongoing revenue streams and margins.

---

*Yee-Ping Wu is co-founder and COO of Knoa Software Inc. During the 90s, Yee-Ping, as CEO of M-Pen Inc, was noted for having grown the company into a pioneering and profitable entity in the emerging multimedia market. She has frequently appeared in such publications as Wired, Business Week and the New York Times. Yee-Ping has addressed various business conferences and institutions such as the New York Academy of Sciences, the Harvard Business School, and the Federal Reserve Bank. She has also received numerous prestigious awards including the Award for Excellence in Science and Technology presented by New York City Mayor Giuliani and the NYWA Star Award 2000. Yee-Ping, a concert pianist, graduated from the Juilliard School. For article feedback, contact Yee-Ping at [ywu@knoa.com](mailto:ywu@knoa.com)*