

## Efficient Use of Technology Impacts Your Bottom-line

The value realized from the efficient use of technology is cost-savings, automation, and workforce productivity as well as insight and visibility via reports, dashboards and routine communication.

For the purpose of this brief, "Technology" includes all the IT process and infrastructure as well as productivity tools, software, and systems like ERP (Enterprise Resource Planning), CRM (Customer Relationship Management), PSA (Professional Services Automation), and BI (Business Intelligence).

### Efficient Use of Technology Benefits

- ✔ Automation – improve quality and service level agreements while ensuring reporting and communication norms
- ✔ Eliminate Wasteful or Redundant Processes and Error-Prone, Manual Processes
- ✔ Streamline Business Processes
- ✔ Ensure Standards
  - Agreed upon customer satisfaction levels
  - Agreed upon parameters (objectives) such as: Mean Time To Repair (MTR) and two escalation points for each SLA service item and definition of the systems to be serviced.
  - Response time for service calls
  - Scheduled proactive maintenance jobs
- ✔ Improve Employee Productivity
- ✔ Control Cost
  - Reduce on-site support
  - Simplify backup and restore
  - Use hardware and bandwidth more efficiently
- ✔ Drive Agility
  - Improve existing infrastructure
  - Deliver new capabilities quickly
  - Establish a platform for the future

### The Promise of Outsourcing

The value of outsourcing is that over a 12 to 24 month time period your organization realizes the following benefits:

- ✔ 20% to 60% cost savings
- ✔ Measurement and metrics including scorecards, benchmarks, and SLAs (service level agreements) are established
- ✔ Enhanced internal capabilities across key functions
- ✔ Evolution from current operational performance across key indicators to top quartile performance levels
- ✔ Established reporting and communication rhythms
- ✔ Automated, streamlined best-in-class processes
- ✔ Trained internal employees to bring the outsourcing back-in-house at an appropriate time.

## Most Technology Implementations Fail

Failure to realize the operational benefits is the norm unless change management (changes in business processes, training required to facilitate those changes, etc.), is mapped and accounted.

*Did you know?*

- 80% of all businesses handle IT issues on a case-by-case basis as opposed to a systematic process that ensures standard response and resolution times.
- Less than 50% of firms have a proactive IT planning process for proactive improvement?
- 85% of the Business Software Application business cases prepared today do not include an objective cost-benefit and risk analysis.
- Companies use less than 60% of the features available in their Business Software Application systems.
- With Business Software Applications like ERP, inventory levels can be reduced up to 24%, sales increased 15%, and more.

The majority of companies underutilize their investment in technology such as Business Software Application systems. *Why aren't companies getting more business value from their investments?*

While technology like Business Software Application initiatives present the opportunity to generate massive operational and financial results; it is imperative that companies weigh the bottom-line costs and benefits and also identify which risk factors may potentially lead to failure. Clearly defining requirements and making sure the system meets these requirements prior to go-live is critical. At the same time, there is some value to having people start using the system before all the detailed kinks are worked out.

### **Contributing factors limiting realization of technology benefits include:**

- ▶ Business people do not understand IT and most IT people do not understand business.
- ▶ Most managers and employees fail to take full advantage of their Business Software Application systems' capabilities because they don't know the full capabilities.
- ▶ Once implemented, there is a tendency to say "*if it ain't broke, don't fix it.*" Owners view implementing Business Software Application as a project when it is really an instrument for continuous process improvement.
- ▶ Poor reporting: If your CFO knew a Business Software Application-driven process improvement could generate \$10 million by cutting their company's DSOs [days sales outstanding], would you that at the top of the list of things to do?

### How do you ensure technology success?

- ✔ **Define how you will measure success.** Create a roadmap including drawing a diagram of a company's entire application system, making sure to include data repositories and stand-alone applications, such as Microsoft Excel spreadsheets, as well as any electronic and manual integration links. You need to know exactly where things are now, that way, you can identify where specific gaps occur and develop a plan to address them.
- ✔ **Benchmark your key performance metrics.** Key metrics are employee productivity or mean-time-to-resolution for example. Before you can adequately measure how well your applications are performing, you'll need to identify an industry benchmark. For example, for your ERP inventory module benchmark industry turns or your PSA benchmark for utilization and realization.
- ✔ **Regularly gauge performance standards.** Once you've made the investment in technology establishing monthly performance and metrics views across departments and functions is imperative. Now comes the hard question: How does your application measure up? Only a systematic, disciplined approach to measuring ROI can provide the answer. To be effective, there must be a strong, across-the-board commitment to technology audits, including upper management. Of course, there will be risks—nobody wants to face the possibility that the application doesn't measure up. But if your Business Software Application audit focuses only on productivity gains, such as how many steps it takes to complete a shipping label, you're not gaining a true picture of ROI. The audit also should take into account how well employees interact with the software. Does it help them feel more empowered to accomplish key tasks? How quickly do they feel they've mastered the software? Have you made it easier to communicate with peers, share information, or solve challenges? Those characteristics are far trickier to measure. Many experts advise implementing user surveys immediately following training and again six months later.
- ✔ **Continuous improvement process** Generally the areas that are designed to automate processes, such as printing shipping labels and notifying customers, should be relatively easy to measure, as long as you've established benchmarks. More difficult to measure are areas that reveal an employee's lack of familiarity with the software. For example, if your audit reveals little improvement in overall shipping errors despite the software's automation capabilities, you may need to go back again to key employees. Ask them to show you precisely how they use the software.

**“The good news is that troubled implementations can be fixed when repositioned as business improvement projects rather than IT projects.”**

## Fixing A Failed Technology Implementation

Proactive measures can be taken to ensure technology/IT, systems, tools, and Business Software Application. *However, what happens if you've already failed?*

The good news is that troubled implementations can be fixed when the repositioned as business improvement projects rather than IT projects.

Here is an approach we suggest to get a failed implementation moving in the right direction again:

### 1) Assess each area and department of the business that Business Software Application is affecting.

What are your key performance measures (order fill rate, time to close books, order accuracy, etc.)? Where are your biggest operational pain points? This will require you to reach out to key business stakeholders to get them involved, if they aren't already.

### 2) Develop two-tiers of potential solutions: stop-gap / "quick fix" solutions and long-term solutions.

### 3) Prioritize your problem / solution combinations to arrive at the top 5-10 areas where you will realize the most immediate business impact at the lowest cost (low hanging fruit).

Many of these solutions may or may not involve the Business Software Application functionality. It may require more training of the system, configuring the system to support new solutions. Our experience has shown that business processes and organizational change management are the most common problem areas in failed Business Software Application projects, so many of your solutions may not even involve changing the system or implementing new functionality.

### 4) Begin implementing these low-hanging fruit solutions.

The goal should be to build organizational momentum and confidence with these "quick wins."

### 5) Once you get some quick wins in place with the shorter-term solutions, begin prioritizing and implementing your long-term, more permanent fixes the same way you did with your short-term problems.

#### Why Companies Have to Re-Implement a Business Software Application:

- ☒ Process improvement (42%);
- ☒ Lean manufacturing functionality (12%);
- ☒ Better inventory control (11%);
- ☒ Enhanced distribution functionality (11%);
- ☒ Additional financial functionality (9%);
- ☒ System scalability (9%);
- ☒ Compliance/regulatory requirements (6%);
- ☒ Interoperability with disparate systems (5%);
- ☒ Additional analytics/reporting functionality (5%).

## 6) Begin implementing long-term solutions as time and resources allow.

By following this approach, you will better position your organization to make your troubled implementation a success and optimize the business benefits of a Business Software Application.

### Driving Measurable Business Results

#### Building a Financial Case

- Assess the hardware, software, and tools cost – there are a plethora of consultants and providers that will help you fill out a cost-benefit calculator
- Assess your cost-savings
- Assess your internal value-added benefits
- Assess your customer and supplier value-added benefits
- Implement in modules by functions much like Business Software Application

**Identify Hidden Costs.** Many costs associated with a large Business Software Application implementation are obvious. For example, software licenses, implementation services, and data conversion are all direct costs that make it into most business cases. However, there are others that are not so obvious, such as internal resources required to support the project team, costs to backfill the day-to-day work of project team members, process improvement, hardware upgrades, training, and organizational change management. All of these costs should be included to accurately reflect the true total cost of ownership of your project.

**Document Costs Associated with Benefits.** In many cases, technology makes a company more efficient, which may ultimately result in an overall headcount reduction.

However, there are costs associated with reducing staff, such as severance and reorganization costs.

#### About Managed Services from Serenity

Serenity Systems is a IT Managed Service Provider for small and mid-sized manufacturing, distribution, construction, and services firms with Business Software Applications (PSA, ERP, MRP, CRM, etc).

We pride ourselves on our true partnership approach. Above all we guarantee reliability, raise the bar for service levels, quality of work, and creative use of technology.

Our flagship offering is the perfect blend of IT services for your users and network coupled with maximum flexibility. We have fully-managed offerings for all size businesses that include Internet security, network servers, network monitoring, and business applications like email and databases. Not only that, we provide these services in your facilities or ours. Even more exciting is that our Service Level Agreements guarantee that your business critical systems will be operating to your satisfaction or we pay you back. Serenity IT Managed Services are more affordable than having one internal IT professional! If you are interested in increasing your network and systems performance and reducing your long-term technology costs, let us have one of our specialists show you the difference!

Serenity Systems manages IT, Business Process and Business Software Applications in support of your business' goals. The objective is to build consensus for the roadmap towards a better performing IT environment.

In addition, even though there are long-term benefits associated with making employees more efficient and effective as a result of the new system, there is usually a short-term decrease in efficiency as employees learn. These costs should be quantified in a business case as well.

**Track Benefits After Implementation.** Developing a business case is only half the battle; tracking and realizing business benefits is the other half. Prior to go-live, it is important to develop lower-level operational measures that directly relate to the dollars identified in the business case. These measures should then be assigned "owners" within the company who will be responsible for monitoring and tracking actual results. Then, after go-live, actual business benefits should be measured and compared to the business case on a regular basis to identify areas for improvement.

Obviously, there are many other aspects to developing a business case. By avoiding these common pitfalls, however, you are much more likely to have an air-tight business case that drives measurable business results and contributes to an overall Business Software Application benefits realization program.

## ABOUT SERENITY SYSTEMS

Serenity Systems improves business performance of enterprises with Business Software Application systems. Through Serenity's Certification (based on Microsoft's Infrastructure Optimization model) business goals are supported by the IT infrastructure and Business Software Application system while management is provided with peace-of-mind via user, network, and systems support with performance visualizations. Founded in 2002, Serenity Systems has provided nearly a hundred enterprises with high-impact business-centric technology solutions in support of their business goals.

For more information, contact Mark Leary at 713-647-7272 or reach us at:

<http://www.serenitysystems.com/contact.htm>