

## **Do More with Less**

Merging Enterprise Applications with Desktop Tools

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## Executive Summary

Escalating costs and economic uncertainty result in the need to lower overall costs, and escalates the need to maximize productivity. Previous Aberdeen research found information workers spending on average close to 80% of their workday in some combination of enterprise applications and desktop tools. This report explores feedback from over 150 survey respondents on the convergence of enterprise applications with desktop tools, and the role it plays in providing visibility to enterprise data, improving communication, and facilitating real-time decision-making.

### Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

### Best-in-Class Performance

Aberdeen used four key performance criteria to distinguish Best-in-Class companies. Top performers were found to be more highly productive while producing improved margin performance year over year:

- 21% increase in gross margin year over year
- 27% reduction in time-to-decision year over year
- Employees at Best-in-Class companies spend a minimal 4.1 hours, while their subordinates spend only 9% of their time, in non-productive time each week

### Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics:

- Integrated business applications serve as a complete and auditable system of record in 70% of Best-in-Class companies
- The head of Information Technology (IT) has a complete understanding of business needs in 62% of Best-in-Class companies
- The Best-in-Class are more than twice as likely to be able to launch enterprise applications from desktop tools

### Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Drive user adoption of enterprise applications deeper and broader throughout the organization to make enterprise data immediately available to decision makers
- Web-enable applications
- Treat integration between enterprise applications and desktop tools as a two-way street

"Being able to launch desktop tools from our enterprise applications, and vice versa, has simplified the exchange of information. We have faster access to the right screen transactions in our enterprise application directly from our desktop tools, and desktop tools can continue processing information that originated from the enterprise applications."

~ Francisco Flores,  
IT Projects,  
Fabricas Monterrey



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## Chapter One: Benchmarking the Best-in-Class

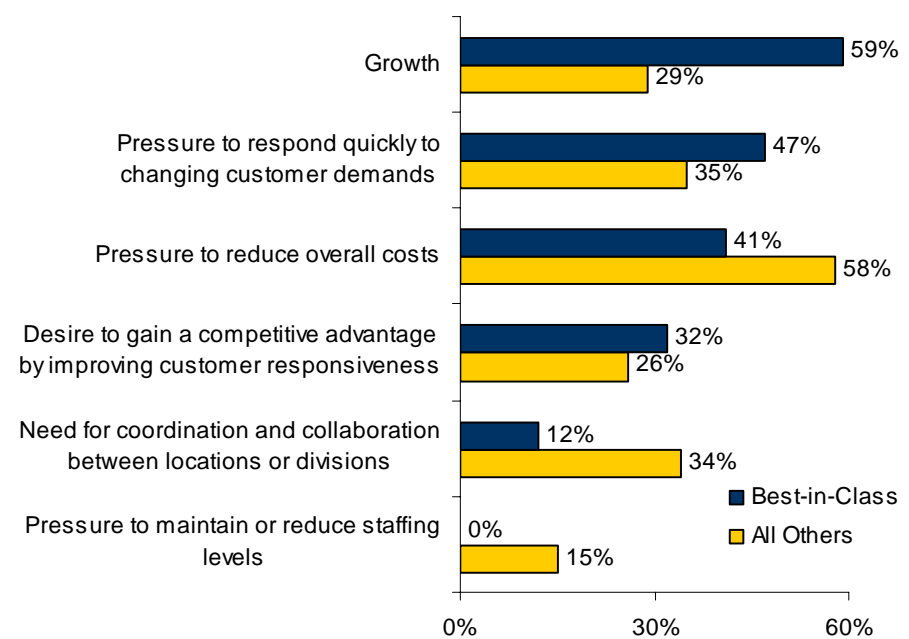
### Business Context

Opportunities to stimulate growth amidst escalating costs of energy, labor, and raw materials force companies today to "do more with less." A recent survey of executives from over 150 diverse companies has found that one of the top strategies of Best-in-Class companies is to integrate desktop tools with enterprise applications to improve productivity. The ultimate goal is to provide unified, real-time access and visibility across the enterprise to data residing in potentially disparate systems, to reduce learning curves and create a collaborative environment for faster, better decision-making. The key to success is to bridge the gap between the comfort zone of the desktop, the power of web-based collaboration, and the enterprise-level applications. The net result is improved personal productivity which translates into improved corporate performance.

### The Pressure to "Do More with Less"

Normally, we see that the pressures faced by companies are fairly consistent across all survey respondents, but in terms of those driving the pursuit of productivity, we see a clear distinction between the Best-in-Class and the rest of the sample (Figure 1). While most companies are driven by pressures to reduce costs, Best-in-Class companies view growth opportunities as the key business driver.

**Figure 1: Business Drivers Impacting Productivity**



Source: Aberdeen Group, September 2008

### Fast Facts

- ✓ Best-in-Class companies were able to achieve a **24% increase** in gross margins (year over year) as compared to a **decline of 1%** seen by Laggard companies
- ✓ 88% of Best-in-Class companies grew revenues and 26% were able to do so while also reducing headcount, as compared to 9% of Laggard companies which grew headcount with no corresponding increase in revenue
- ✓ Best-in-Class companies enjoy a 20% better ratio of revenue growth to headcount increase

### Competitive Framework Key

The Aberdeen Competitive Framework defines enterprises as falling into one of the three following levels of practices and performance:

**Best-in-Class (top 20%)**—practices that are the best currently being employed and significantly superior to the industry norm

**Industry Average (middle 50%)**—practices that represent the average or norm

**Laggard (bottom 30%)**—practices that are significantly behind the average of the industry

This may mean increased market share in existing markets, or tapping into opportunities presented by emerging markets. In this new world where nothing is constant but change, the ability to adapt to changing markets, market conditions, and customer demands is crucial. We see this reflected far more prominently in the business drivers of the Best-in-Class.

## The Maturity Class Framework

Aberdeen used four key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations (Table 1). A combination of gross margin improvements (to measure profitability) and productivity measurements were therefore selected as our criteria to distinguish Best-in-Class performance.

**Table 1: Top Performers Earn Best-in-Class Status**

Definition of Maturity Class	Mean Class Performance
<b>Best-in-Class:</b> Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 21% increase in gross margin year over year</li> <li>▪ 27% reduction in time-to-decision year over year</li> <li>▪ 4.1 hours of non-productive time spent each week</li> <li>▪ 9% of subordinates' time spend on non-productive activities</li> </ul>
<b>Industry Average:</b> Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 6% increase in gross margin year over year</li> <li>▪ 9% reduction in time-to-decision year over year</li> <li>▪ 5.9 hours of non-productive time spent each week</li> <li>▪ 14% of subordinates' time spend on non-productive activities</li> </ul>
<b>Laggard:</b> Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 1% decrease in gross margin year over year</li> <li>▪ 0% reduction in time-to-decision year over year</li> <li>▪ 10.4 hours of non-productive time spent each week</li> <li>▪ 25% of subordinates' time spend on non-productive activities</li> </ul>

Source: Aberdeen Group, September 2008

If productivity improvements allow companies to do more with less, "doing more" translates to higher revenues, while "with less" means lower costs. While most focus simply on one side of the equation, Best-in-Class companies are more balanced. Together, this should translate into higher margins and increased profits. In addition to a 250% higher increase in gross margins than the Industry Average, Aberdeen found 88% of Best-in-Class were able to increase revenue. More than a quarter (26%) of these top performers were able to do so with a corresponding decrease in head count. For companies with positive upward trends in revenue and headcount, the ratio of revenue to headcount growth was 3.0 in Best-in-Class companies, compared to 2.5 for Industry Average and 2.3 in Laggard companies, a clear measure of the ability to accomplish more with fewer resources.

Improved productivity also means the ability to draw better conclusions quicker with faster time to decision. The only way to do this is to minimize non-productive time, defined as time wasted through inefficient effort, which can often be remedied with better tools. For example, non-productive time may include time spent searching for or manipulating enterprise data, resolving discrepancies from multiple versions of the same data, or manually creating reports that should be automated. However, the time the executive spends is only a part of the equation. Productivity is compromised if the executive is productive at the expense of his or her staff, therefore, we must also look at the non-productive time consumed by subordinates.

### The Best-in-Class PACE Model

Optimizing the use of enterprise applications and desktop productivity tools to achieve corporate productivity goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that can be summarized as shown in Table 2.

**Table 2: The Best-in-Class PACE Framework**

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> <li>▪ Growth</li> <li>▪ Pressure to reduce costs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide unified access and visibility across the enterprise to data residing in disparate systems</li> <li>▪ Web-enable applications</li> <li>▪ Integrate desktop productivity tools with enterprise level applications</li> <li>▪ Incorporate search capabilities across enterprise applications and data</li> </ul>	<ul style="list-style-type: none"> <li>▪ Process flows can be completed without switching between applications (desktop and enterprise)</li> <li>▪ Enterprise application users can conduct searches of applications and data without having to be familiar with data structures</li> <li>▪ Business information can be accessed and used without manual scrubbing or manipulation</li> <li>▪ Integrated business applications serve as a complete and auditable system of record</li> <li>▪ CIO (or head of IT) has a complete understanding of business needs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ability to launch desktop applications (such as spreadsheets, word processing, and email) from enterprise applications</li> <li>▪ Ability to launch an enterprise application from a desktop application</li> <li>▪ Access to enterprise data without navigating through hierarchical menus</li> <li>▪ Search capabilities extended to enterprise level data and applications</li> <li>▪ Mobilization of enterprise applications</li> <li>▪ Spreadsheets can be used to import data into an application without bypassing security and data integrity checking</li> </ul>

Source: Aberdeen Group, September 2008

### Best-in-Class Strategies

Today's companies recognize the significance of integrating enterprise applications with desktop tools in order to create a single seamless environment. By letting employees work in their comfort zone, they are more likely to work with the secure data of the enterprise application, rather than work around it. Especially with email and shared calendars, web-enablement is a "must have" in order not to be locked into closed

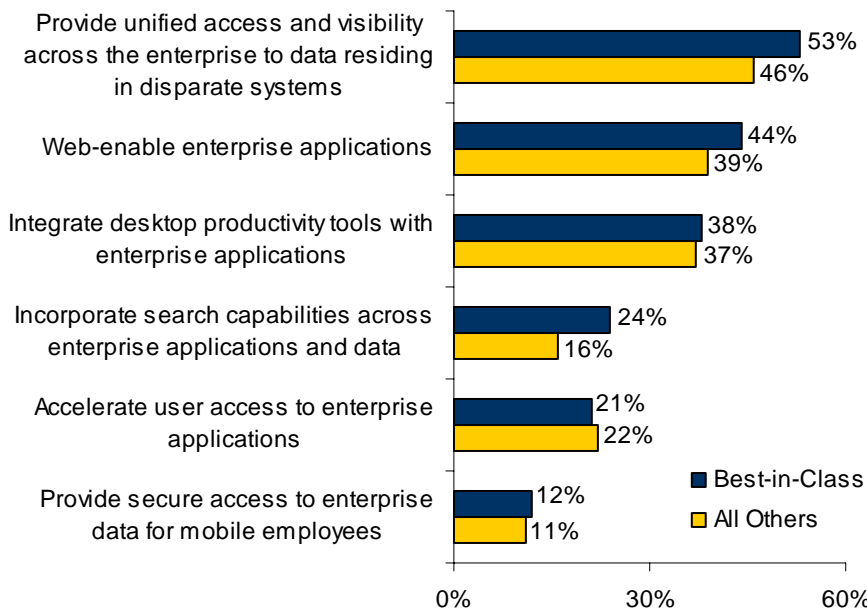
environments. In today's virtual world, integrated enterprise and desktop tools open the door to secure access to applications from any place, at any time. It also assists in providing unified access and visibility into enterprise data, even when it resides in disparate systems, a strategy with the highest priority for both the Best-in-Class and all other survey respondents (Figure 2).

Interestingly, accelerating user access (providing access to more employees in the company) is not viewed as a top strategic action, but in fact it becomes a by-product of integration with desktop tools. End users that may have resisted using enterprise applications may end up doing so without even realizing they are in the application. For example, it becomes far easier for a high level executive to use an enterprise application if you bring him or her there by drilling down to it from a summarized piece of information presented in a dashboard. Clicking on a wedge of a pie chart to see the supporting details is far more intuitive than navigating through menu options in an ERP system. Allowing an employee to put vacation time in his or her calendar, and have it automatically routed to the manager for approval makes efficient use of both the employee's and manager's time. Neither would launch a Human Resource (HR) application directly, but would in fact be accessing and updating HR data at an enterprise level.

"By integrating our enterprise application with Outlook, we can send emails with links or file attachments that open directly in the enterprise application at the exact point where the data resides. We save time by not having to navigate through menus."

~ Veerendra Jamdade,  
Director,  
Vritti

**Figure 2: Strategic Actions of the Best-in-Class**



Source: Aberdeen Group, September 2008

"Our company has improved productivity by web-enabling our enterprise applications. All applications that we use are called from a portal in a web browser, with a single sign-on and same user interface. Email, calendar, planning tools, as well as desktop applications (Word Processor, Spreadsheet, Presentation, etc.) are available on the same portal."

~ Samir Fathallah,  
Systems & Procedures  
Team Leader,  
Zadco

Search capabilities are also becoming more embedded in our business day. We're so used to Google searches, we use "Google" as a verb. We seek to have the same fast, accurate, and "consumer-like" capabilities in our business life to reference the massive amounts of data contained in the structured world of enterprise applications, yet we may not be intimately familiar with

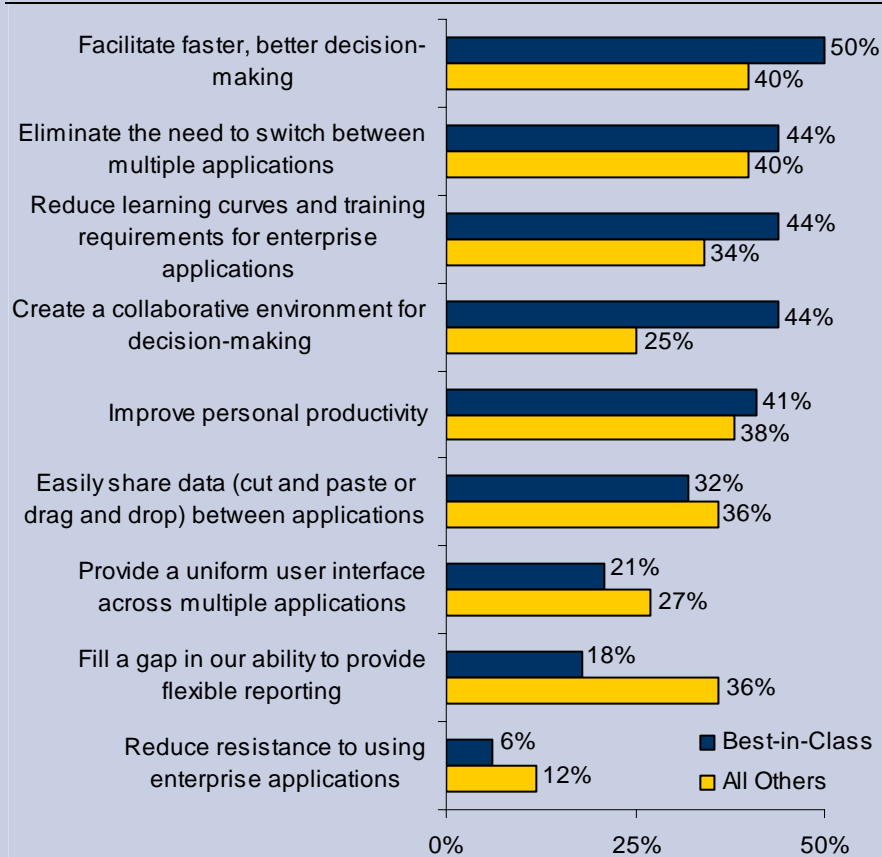
that structure. Best-in-Class companies are 50% more likely than all others to recognize the value in translating this search capability into personal productivity in the context of enterprise data.

**Aberdeen Insights — Strategy**

The top two strategic actions of Best-in-Class companies as well as all others are to provide unified access and visibility to enterprise data, and web-enable enterprise applications. The combination of these two strategic actions underscores the criticality of access to information and supports the view that the convergence of enterprise applications and desktop tools acts as a productivity enhancer.

What are the perceived benefits? Figure 3 demonstrates the advantages are myriad.

**Figure 3: Advantages to Convergence**



Source: Aberdeen Group, September 2008

*continued*

"We automate clinical trials payments to research sites on behalf of the pharmaceutical industry, a process that is still mainly done with paper checks, Excel spreadsheets and Access databases. Because of the tremendous effort required, pharmaceutical companies reimburse their research partners in some cases on a quarterly basis. Our BPO service can provide daily accruals- we have research sites that have gone to monthly or biweekly payments due to our service. By having a transaction engine that integrates with our ERP, we're able to get payments out quicker and keep a back-up of the data, a tremendous benefit from a compliance standpoint. We also have a web portal that allows the research sites we service to view their payment remittance and statement information online, via a PDF, Excel export, or by personalized RSS syndication."

~ Glen Slater,  
VP Information Technology,  
Clinical Financial Services

### Aberdeen Insights — Strategy

Best-in-Class companies identified faster and better decision making as the greatest advantage to merging enterprise applications with desktop tools, followed by less need to switch between multiple applications, reduced training requirements, and facilitation of a collaborative environment.

Today, we seldom have the luxury of using only one enterprise application, and the more quick and transparent the traverse between applications, the more productive we can be. By making it easier to cross-reference enterprise data, Best-in-Class companies are able to make better informed business decisions without compromising productivity. A true convergence of enterprise applications and desktop tools would appear seamless to the user, giving the impression that they no longer need to switch between multiple applications.

The time spent learning new applications is just as valuable as the time spent executing on a task. Now that we are spoiled by the user-friendliness of desktop applications (nobody reads the manual any more), if we can't figure the application out, we simply don't use it. The same principles need to be applied to enterprise applications. Not only must the user interface be intuitive, so must the application itself. Enterprise applications with built-in workflows to guide the user, and familiar interfaces, tool help, and wizards are far more likely to be pervasively used throughout the enterprise.

The third leg of the stool is the ability to collaborate throughout the enterprise. Working faster is not necessarily efficient unless everyone on the team is working together for the same end goal. The convergence of enterprise data with desktop applications enables more users to work from a single, standardized system of record.

In the next chapter, we will see what the top performers are doing to achieve these gains.

## Chapter Two: Benchmarking Requirements for Success

Corporate productivity is dependent on the personal productivity of information workers and key decision-makers. The integration of enterprise applications with personal productivity tools therefore has a direct impact on efforts to improve decision-making and profitability.

### Case Study — Auckland Regional Council

The Auckland Regional Council Group (ARC Group) manages the region's air and water quality, its growth and development, regional parks, public transport, the coastal and marine environment, and natural and cultural heritage sites. The group has also been a pioneer in merging enterprise applications with desktop tools such as on-line calendars and email. It currently uses a composite of these applications to manage time tracking and leave management. Employees are able to add activities directly to their online calendars, not only identifying the time spent, but also the cost center or project to which the time is charged. Hours and costs are then automatically accumulated behind the scenes in ERP, including Human Resources, Project Management and General Ledger.

"This approach has simplified the process of collecting data. Some employees are proactive, using their calendars to plan ahead and some enter the time spent after the fact," said John Holley, Group Manager, Information Services. "It has been a huge 'plus' in terms of providing better tracking of projects. We can collect data for activities at any level of the work breakdown structure or generally charge it to a cost center. When setting up a meeting on the calendar, the organizer can assign a code and the time spent will automatically be charged correctly. Each employee can also set up a 'catch all' cost center or project to charge unaccounted time. As a result, some employees have no need at all to fill out a time sheet."

By tracking leave management in this manner, employees simply have to record expected leave in their calendars. Requests for approval are automatically routed to the appropriate manager. The manager receives the request by email and also has visibility to the amount of leave accumulated. "The manager has all the information available from Human Resources without having to log into any additional application and without having to search. This is a task people do infrequently and perhaps would have difficulty remembering the process. This is quick and easy. Training requirements are almost non-existent. We simply bring groups in for 30 minutes and show them what is available. They take it from there."

Based on the success Auckland Regional Council is expecting to use a similar approach in enhancing their procure-to-pay processes.

### Fast Facts

- √ 61% of the Best-in-Class have made enterprise applications a natural extension of desktop applications (up from 24% in 2007)
- √ 55% of the Best-in-Class can launch desktop tools from enterprise applications (up from 43% in 2007)

## Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the seamless flow of business processes); (2) **organization** (corporate focus and understanding of business needs); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to grow profitably). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

**Table 3: The Competitive Framework**

	Best-in-Class	Industry Average	Laggard
<b>Process</b>	Process flows can be completed without consciously switching between <b>multiple enterprise applications</b>		
	<b>50%</b>	<b>24%</b>	<b>22%</b>
	Process flows can be completed without consciously switching between <b>enterprise and desktop applications</b>		
	<b>29%</b>	<b>11%</b>	<b>8%</b>
<b>Organization</b>	Executive sponsor of integrated applications is actively involved in overseeing implementation and effective use		
	<b>53%</b>	<b>26%</b>	<b>22%</b>
	CIO (or head of IT) has a complete understanding of business needs		
	<b>62%</b>	<b>40%</b>	<b>37%</b>
<b>Knowledge Management</b>	Business information can be accessed and used without manual scrubbing or manipulation		
	<b>53%</b>	<b>26%</b>	<b>9%</b>
	Enterprise application users can conduct application and data searches without being familiar with data structures		
	<b>50%</b>	<b>13%</b>	<b>10%</b>
<b>Technology</b>	Integrated business applications serve as a complete and auditable system of record		
	<b>70%</b>	<b>33%</b>	<b>19%</b>
	Desktop applications (e.g. Excel, Word, Outlook) can be launched from an enterprise application		
	<b>55%</b>	<b>42%</b>	<b>31%</b>

"The ability to use desktop applications from within our enterprise application makes our users feel more comfortable. They can work with a user-friendly interface, and the flexibility of desktop applications is nice as well. Our users can work offline at their convenience, and then upload their work back to the enterprise application."

~ Samir Fathallah,  
Systems & Procedures  
Team Leader,  
Zadco

	Best-in-Class	Industry Average	Laggard
	Enterprise application can be launched from a desktop application (e.g. by clicking on an icon within an email application)		
	61%	25%	34%
Performance	Ability to grow profitably:		
	<ul style="list-style-type: none"> <li>▪ 88% grew revenue</li> <li>▪ 26% grew revenue with no increase in headcount</li> <li>▪ 85% grew profits and revenue together</li> </ul>	<ul style="list-style-type: none"> <li>▪ 76% grew revenue</li> <li>▪ 4% grew headcount with no increase in revenue</li> <li>▪ 58% grew profits and revenue together</li> </ul>	<ul style="list-style-type: none"> <li>▪ 46% grew revenue</li> <li>▪ 9% grew headcount with no increase in revenue</li> <li>▪ 28% grew profits and revenue together</li> </ul>

Source: Aberdeen Group, September 2008

## Capabilities and Enablers

Based on the findings of the competitive framework and interviews with end users, Aberdeen’s analysis of the Best-in-Class demonstrates that the convergence of enterprise applications with desktop tools can lead to significant improvements in productivity and profitability.

### Process

Streamlined business process flows are essential ingredients to operational excellence. Enterprise Resource Planning (ERP) provides the broadest application footprint, but even then, companies seldom have a single application. The [2008 ERP in Manufacturing](#) (June 2008) Benchmark Report found that all companies had an average of 2.0 ERP packages installed, and large enterprises averaged at 3.9 ERP packages. Over a third of Best-in-Class respondents also reported that they have implemented ERP extensions such as Business Intelligence (BI), Warehouse Management Systems (WMS), Customer Relationship Management (CRM), and Quality Management Systems (QMS).

While it may never be feasible to rationalize all business-critical applications, the Best-in-Class have done the next best thing, which is to make the transition between applications transparent to the user. These top performers were 93% more likely to characterize these extensions as modules of their ERP even in instances where their ERP solution provider did not offer these applications as "modules." This is reflected as well in this survey where Aberdeen found Best-in-Class companies are over twice as likely as Industry Average companies to have implemented process flows that can be completed without consciously switching between multiple

### Modules versus Extensions

Aberdeen is careful to distinguish between a “module” of ERP and an “extension.” All the modules of ERP use a single data base model. Integration is built in and there is little or no redundancy of data elements, except where there is a specific need. A module is built with the same development tools, on the same architecture as core ERP. While a module can be implemented incrementally, its release cycle is in lock step with the remainder of the core ERP modules.

The simplest definition of an extension to ERP is an enterprise application that extends the functionality, but is separate.

enterprise applications. In this way, the user perceives that they are never leaving their single ERP application.

Enterprise applications only represent half of the picture though. Respondents to the [2008 ERP in Manufacturing](#) survey indicated they spent 43% of their day in desktop applications, and this survey corroborates that companies are relying heavily on desktop tools as well. Most (97%) respondents use Microsoft Office, along with other desktop tools, including competitive and open source products. Although Best-in-Class companies are 3.2-times as likely to be able to complete process flows without consciously switching between enterprise and desktop applications, this is still an emerging capability with only 14% of all respondents having achieved this level of interoperability.

## **Organization**

Executive sponsorship is a prerequisite for any implementation of technology, but it can't end after the initial implementation. Best-in-Class companies are twice as likely as Industry Average companies to have an executive sponsor not only during implementation, but also to oversee effective use. Companies must follow-through to make sure the expected benefits are achieved. Similarly, it is becoming critical for the head of IT to fully understand the needs of the business. Despite these being commonly accepted truths, Industry Average and Laggard companies have low achievement of both capabilities – in fact, there is little differentiation between the two. Strong leadership in Best-in-Class companies correlates directly to corporate productivity.

## **Knowledge Management**

An enterprise application should directly serve the needs of information workers and make data needed for decision-making immediately available. Best-in-Class companies are twice as likely as the Industry Average to have access to business information without having to manually scrub or manipulate the data, and 3.8-times as likely to enable their users to conduct data searches without being familiar with data structures. To further speed things up, 85% of Best-in-Class companies have personal, direct access to enterprise data, and are less likely to rely on assistance from IT, a super user, a manager, or a subordinate.

The majority of survey respondents can access enterprise data directly by navigating through the enterprise applications' menus (74%), although the Best-in-Class are 144% more likely to be able to permit casual users to have access to data in enterprise applications without having to navigate through hierarchical menus. It is this type of ease of access and minimal training requirements that encourages direct access. Best-in-Class companies are also less likely to rely heavily on hard-copy reports. While 85% do have access to printed reports, only 10% rely on them on a regular basis.

Other means of access are less pervasive. Two alternative and generally more productive means of access are through an executive portal /

dashboard (30%), or directly from alerts (30%). The Best-in-Class are most likely to distinguish themselves through the latter and are 50% more likely to make use of alerts and triggers as a method of access, taking an approach of management by exception. Most decision-makers today do not suffer from lack of data, in fact quite the contrary. They sit on mountains of data and struggle to make sense of it all in order to respond to events as they occur. Event management, while not a new technology, is still not well understood by the majority of executives.

## Technology

Best-in-Class companies differentiate themselves not only in the strategies and capabilities that they employ to improve productivity; they are also ahead of the curve in the adoption of important technologies. They are over twice as likely as Industry Average, and 3.7-times as likely as Laggard companies, to have integrated their business applications to serve as a complete and auditable system of record. Such a system of record is necessary both for personal and corporate productivity as well as governance and compliance. Integration of business applications enables all stakeholders to work off of a single version of the truth, avoiding costly mistakes or rework that might be caused by lack of communication or by working with outdated data, and supports a collaborate decision-making environment.

Integration can mean desktop applications can be launched from enterprise applications and vice versa. The [2007 Two Worlds Converge: Enterprise Applications Meet the Desktop](#) (September 2007) Benchmark Report found that a comparable percentage of companies from all performance levels had plans to implement these integration capabilities, but this year's data clearly indicates that only the Best-in-Class were able to do so successfully. While the Industry Average and Laggard companies saw only marginal improvements, 28% more Best-in-Class companies today have the ability to launch desktop applications from enterprise applications. Similarly, 154% more Best-in-Class companies are able to launch an enterprise application from a desktop application, compared year over year.

There are a couple of different ways this sort of interoperability is being delivered to the market. One is a pervasive approach, where all data is synchronized and stored centrally in an enterprise application, but made to interface with desktop applications so that users can remain working in a familiar environment. The ability to export enterprise data to spreadsheets for manipulation online or offline is a prime example. The other approach is to develop specific composite applications that span desktop tools and specific enterprise applications.

Word processing and spreadsheets aren't the only desktop tools dominating today's work environment: email has become the primary conduit of information. Eighty-seven percent (87%) of survey respondents indicate they start their day by opening up email. They then proceed to spend about a third (35%) of their day there. Manual email preparation remains as a primary mode of communication. When asked for the top two ways in

"By integrating our business applications to serve as a complete and auditable system of record, we have full traceability of all materials and resources used in producing our finished goods."

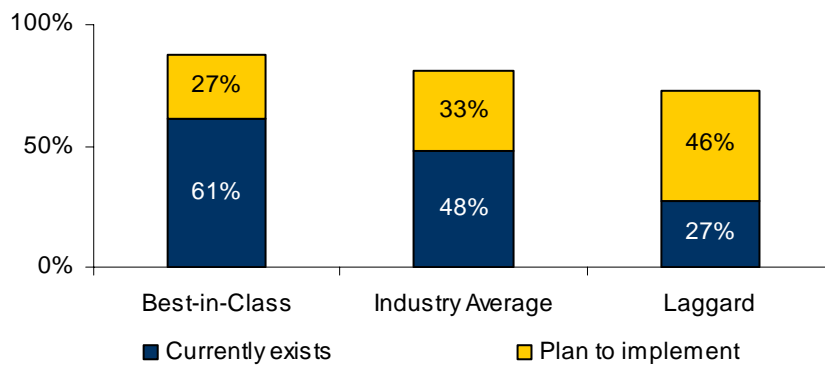
~ Suzanne Shelkop,  
Quality/EHS Manager,  
Contract Packaging Inc.

"Our ERP solution allows us to export financial data directly into Excel for further examination and analysis. The built-in integration accelerates the data extraction process and allows more time for analysis."

~Steve Harris,  
Executive Director,  
Information Technologies,  
Concordia Publishing House

which workflows are coordinated, companies selected manually generated emails as their top method; whether to coordinate internally between departments (63%), or externally with customers (64%), or suppliers (65%). Based on these statistics, a reasonable objective is to make the time spent in email more productive, such as by connecting email applications back to the source of decision making data. Sixty-one percent (61%) of Best-in-Class companies have the capability to automatically generate emails from their enterprise applications (Figure 4).

**Figure 4: Automatic Email Creation from Enterprise Applications**



Source: Aberdeen Group, September 2008

"By setting up automatically generated emails, we don't need to have workers looking up data, entering the email content and sending them out manually. As a result, I would say maybe 20% of a project manager's time is saved."

~ Glen Slater,  
VP Information Technology,  
Clinical Financial Services

By skipping the manual steps of looking up enterprise data and authoring an email, automatic email generation from enterprise applications help improve data accuracy and response time. Best-in-Class companies are 27% more likely than Industry Average and 126% more likely than Laggard companies, to have this capability. Although only 24% and 26% of the Best-in-Class are using automatically generated emails to coordinate with their customers and suppliers respectively, exactly half are doing so for internal workflow coordination.

### Performance Management

Profits (based on gross margins) form the basis for measuring productivity improvements, but because profit as a percent of revenue can vary very significantly, Aberdeen chooses to look at the change in gross margins year over year as the yardstick. To get the full picture, Aberdeen also surveyed the ability to grow revenue without disproportionate investments in headcount.

Best-in-Class companies are enjoying increased profits (or gross margins) while keeping their headcount steady. Eighty-eight percent (88%) of Best-in-Class companies grew revenues, and 26% did so without adding any headcount. In contrast, 4% of Industry Average and 9% of Laggard companies grew headcount, but with no corresponding growth in revenue. While increased headcount without revenue growth could mean that the company is investing in the potential of future growth, it is typically an indicator of a lack of productivity, or at least a sign that these investments

have not yet yielded their full potential. A sure indicator of productivity improvement can be found in the combination of revenue and profit growth. Eighty-five percent (85%) of Best-in-Class companies increased both revenue and profit year over year – 47% more than the number of Industry Average companies and 204% more than the number of Laggard companies. Clearly, improved productivity results in undeniable benefits on an organization's ability to grow profitably.

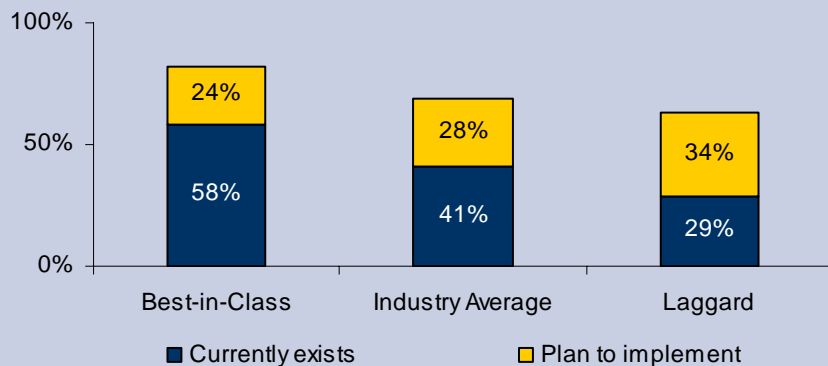
### Aberdeen Insights — Technology

Management by spreadsheet is a reality, and it's not going away any time soon. Fighting this fact won't help, but a few pointers can make spreadsheets work for you instead of against you. For one, make sure that in extracting data, the spreadsheet doesn't take on a life of its own apart from the enterprise application. There is a trade-off between being able to access and work with the data offline, and making sure that it always reflects the most recent version (which requires that the user remain connected). In addition to being an effective reporting mechanism, spreadsheets can be a collaboration tool used to share data across applications, companies, or partners, and therefore, a source of data and input. The trick is to import the data from the spreadsheet through the same controls and input mechanisms of the enterprise application, making sure to provide all the same data checks that ensure security and data integrity.

"In the past people have held onto Excel based data records because of their preference to sort, analyze and graph data in Excel. Immediate transfer of data from our ERP gives the users the powerful manipulation and analysis tools of Excel along with the power of live central data storage. This functionality has given the business the tool necessary to shift immediate operational decisions from instinct driven to information based."

~ Peter Millard,  
Supply Chain Manager,  
Haighs Chocolates

**Figure 5: Spreadsheets as a Secure Input Mechanism**



Source: Aberdeen Group, September 2008

Figure 5 shows that the Best-in-Class are 41% more likely than Industry Average and 100% more likely than Laggards to have implemented spreadsheets as a secure input mechanism to their enterprise applications. Best-in-Class companies are empowering their employees by allowing them to work in familiar environments, while implementing technologies that enable close integration with enterprise applications.

## Chapter Three: Required Actions

Whether a company is trying to move its productivity and performance from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

### Laggard Steps to Success

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- **Drive user access to enterprise data deeper and broader through the organization.** Day-to-day decisions must be driven by data and all information workers must operate from a single version of the truth. Providing secured direct access to data in informational and transactional based systems eliminates the need to circumvent systems, or manipulate and propagate data from desktop to desktop. Eighty-five percent (85%) of employees in Best-in-Class companies have direct access to enterprise data, leaving only 15% that rely on assistance to access the data they need. This level of dependency doubles in Laggard companies.
- **Web-enable applications.** This is a prerequisite in order to take next steps to providing interoperability between departments, and ultimately with end users. Thirty-eight percent (38%) of Laggard companies currently view this as a strategic action necessary to promote personal and corporate productivity improvements, compared to 44% of the Best-in-Class.
- **Select enterprise applications that can export data to desktop tool formats.** The current dependency of executives on desktop documents, especially spreadsheets, makes this the minimum requirement of interoperability between enterprise applications and desktop tools. Enterprise applications should be able to export data to desktop documents such as word processing documents and spreadsheets.

### Industry Average Steps to Success

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- **Implement business applications to form an auditable system of record.** Only 33% of Industry Average companies have integrated business applications that serve as a complete and auditable system of record, as compared to 70% of Best-in-Class companies. Industry Average enterprises have indeed invested in enterprise applications. In fact, 72% of these companies have implemented ERP, the most comprehensive of these applications with the potential of serving as the underlying system of record for all fiscal and operational transactions of the enterprise. However, an incomplete implementation or one that has been implemented with something less than an end-to-end integrated approach can leave gaps in meeting governance and compliance needs that can be costly in terms of time and productivity.

### Fast Facts

- √ The Best-in-Class are 150% more likely to have integrated business applications serve as a complete and auditable system of record
- √ The Best-in-Class are 144% more likely than the Industry Average to be able to launch enterprise applications directly from desktop tools
- √ The Best-in-Class are 81% more likely than Laggards to coordinate internal workflows by automatically generating emails from enterprise applications, and are conversely 49% less likely to rely on manual generation of email
- √ The Best-in-Class are 80% more likely to access data from enterprise application directly from alerts

- **Select applications which can automatically generate emails or implement this feature in existing applications.** Eighty-seven percent (87%) of survey respondents indicate that they start their day in email and then proceed to spend about a third (35%) of their day there. Take advantage of this fact; make their day more productive and ensure that their day-to-day decisions are fueled with the data that is stored in enterprise applications. The Best-in-Class are 39% more likely than Industry Average companies to coordinate workflows internally using emails that are automatically generated from applications – but don't stop there. Seventy-three percent (73%) of Industry Average companies use emails to coordinate with customers, but only 30% automatically generate this communication. Replace those manually generated emails with a more streamlined and automated approach to improve productivity.
- **Make the integration between enterprise applications and desktop tools a two-way street.** Best-in-Class companies made significant strides in being able to launch desktop applications from enterprise applications over the past year, with a 28% jump from 43% to 55%. Yet we saw no apparent movement for Industry Average companies. While 61% of the Best-in-Class can launch an enterprise application from a desktop application (up from 24% last year), Industry Average (25%) lag behind even Laggard companies (34%) in this important capability. This bi-directional integration is an important first step in allowing information workers to complete the seamless flow of business processes that may cross functional boundaries and span both types of applications.

"Our enterprise applications can text or e-mail individuals immediately when specific transactions have taken place. For example, our Quality Department is alerted as soon as a raw material has been received, so an inspection can be made."

~ Suzanne Shelkop,  
Quality/EHS Manager,  
Contract Packaging Inc.

## Best-in-Class Steps to Success

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- **Provide enterprise data access to more employees across the enterprise.** Seek self-service applications that may be available from your enterprise application solution providers (or work with your vendor to develop these standard applications) to connect all potential users to enterprise data.
- **Employ event management technology to facilitate management by exception.** While Best-in-Class companies are 80% more likely to access data from enterprise applications directly from alerts, more than half (55%) still do not have this capability. This is an important step to take in terms of productivity enhancements. Decision makers today are challenged with massive amounts of data. Automated event management can effectively sift through terabytes of data and alert information workers when thresholds are reached, or when events occur or fail to occur, presenting the most relevant data and actionable intelligence.
- **Provide secure access to enterprise data to mobile executives.** Not only are executives today not tied to a desk, but globalization has introduced the need to be connected to enterprise

data beyond the normal work day. While only 12% of Best-in-Class companies are strategically planning to provide secure access to enterprise data for mobile employees, it is not because the job is already complete. While 50% do have full access while away from the office provided they have a laptop and an Internet connection, only 15% have direct access through a mobile device such as a smart phone, Personal Digital Assistant (PDA), or ultra mobile PC. While these mobile devices are becoming pervasive for managing address books and calendars and checking email, the next logical step is to better connect them back for secure and truly mobile access to enterprise data.

### Aberdeen Insights — Summary

Over the past two years, solution providers have been working to bridge the traditional gap between the two worlds of enterprise applications and desktop productivity tools. As an increasing number of information workers are becoming "connected" both in the workplace and as consumers, expectations of features, functions, and interoperability continue to grow. Investigate the options available to your enterprise today from your existing enterprise application and desktop tool providers. If you find there is not yet the full bi-directional integration available to meet these requirements, work with your enterprise applications vendors to determine their plans. If you are currently in an evaluation phase, check carefully to make sure software capabilities meet both your application needs as well as your increasing demands for personal and corporate productivity.

*Send to a Friend* 

## Appendix A: Research Methodology

Between July and August 2008, Aberdeen examined the use, the experiences, and the intentions of more than 150 enterprises using enterprise applications and desktop tools in a diverse set of enterprises.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: Manager (30%), VP and above (26%), Consultant (15%), Director (10%), General Manager (4%), and IT-Enterprise Software (3%).
- *Industry:* The research sample included respondents from the following industries: industrial products manufacturing (9%), IT consulting / services (9%), automotive (7%), food and beverage (7%), industrial equipment manufacturing (7%), pharmaceutical manufacturing (7%), software (7%), finance / banking / accounting (5%), metals and metal products (5%), and high technology (4%).
- *Geography:* The majority of respondents (66%) were from North America. Remaining respondents were from the Asia-Pacific region (17%), Europe (13%), Middle East / Africa (2%), and South / Central America (1%).
- *Company size:* Twenty-four percent (24%) of respondents were from large enterprises (annual revenues above US \$1 billion); 39% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 38% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Forty-one percent (41%) of respondents were from large enterprises (headcount greater than 1,000 employees); 34% were from midsize enterprises (headcount between 100 and 999 employees); and 24% of respondents were from small businesses (headcount between 1 and 99 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

### Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which enterprise and desktop applications are integrated, and the financial implications
- √ The structure and effectiveness of existing enterprise and desktop application integrations
- √ Current and planned use of enterprise and desktop applications to aid operational and promotional activities
- √ The benefits, if any, that have been derived from integrating enterprise applications with desktop tools

The study aimed to identify emerging best practices for integrating enterprise applications with desktop tools, and to provide a framework by which readers could assess their own management capabilities.

**Table 4: The PACE Framework Key**

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p><b>Pressures</b> — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p><b>Actions</b> — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p><b>Capabilities</b> — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p><b>Enablers</b> — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, September 2008

**Table 5: The Competitive Framework Key**

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p><b>Best-in-Class (20%)</b> — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p><b>Industry Average (50%)</b> — Practices that represent the average or norm, and result in average industry performance.</p> <p><b>Laggards (30%)</b> — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p><b>Process</b> — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p><b>Organization</b> — How is your company currently organized to manage and optimize this particular process?</p> <p><b>Knowledge</b> — What visibility do you have into key data and intelligence required to manage this process?</p> <p><b>Technology</b> — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p><b>Performance</b> — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, September 2008

**Table 6: The Relationship Between PACE and the Competitive Framework**

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, September 2008

## Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report include:

- [2008 ERP in the Mid-Market](#); August 2008
- [2008 ERP in Manufacturing Benchmark Report](#); June 2008
- [Lawson Targets Personal Productivity with Smart Office](#); March 2008
- [The Order-to-Cash Cycle: Integrating Business Processes to Improve Operational Performance](#); March 2008
- [ERP Plus in Process Industries](#); February 2008
- [ERP in SMB: Exploring Growth Strategies](#); December 2007
- [ERP in Industrial Machinery and Components Manufacturing](#); November 2007
- [2007 ERP in the Mid-Market: Serving the Needs of 1.2 Million Businesses](#); September 2007
- [Two Worlds Converge: Enterprise Applications Meet the Desktop](#); September 2007
- [2007 ERP in Manufacturing Benchmark Report](#); July 2007
- [Epicor Aims at Leveraging ERP for Productivity](#); November 2006
- [2006 ERP in Manufacturing Benchmark Report](#); August 2006

Information on these and any other Aberdeen publications can be found at [www.Aberdeen.com](http://www.Aberdeen.com).

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