

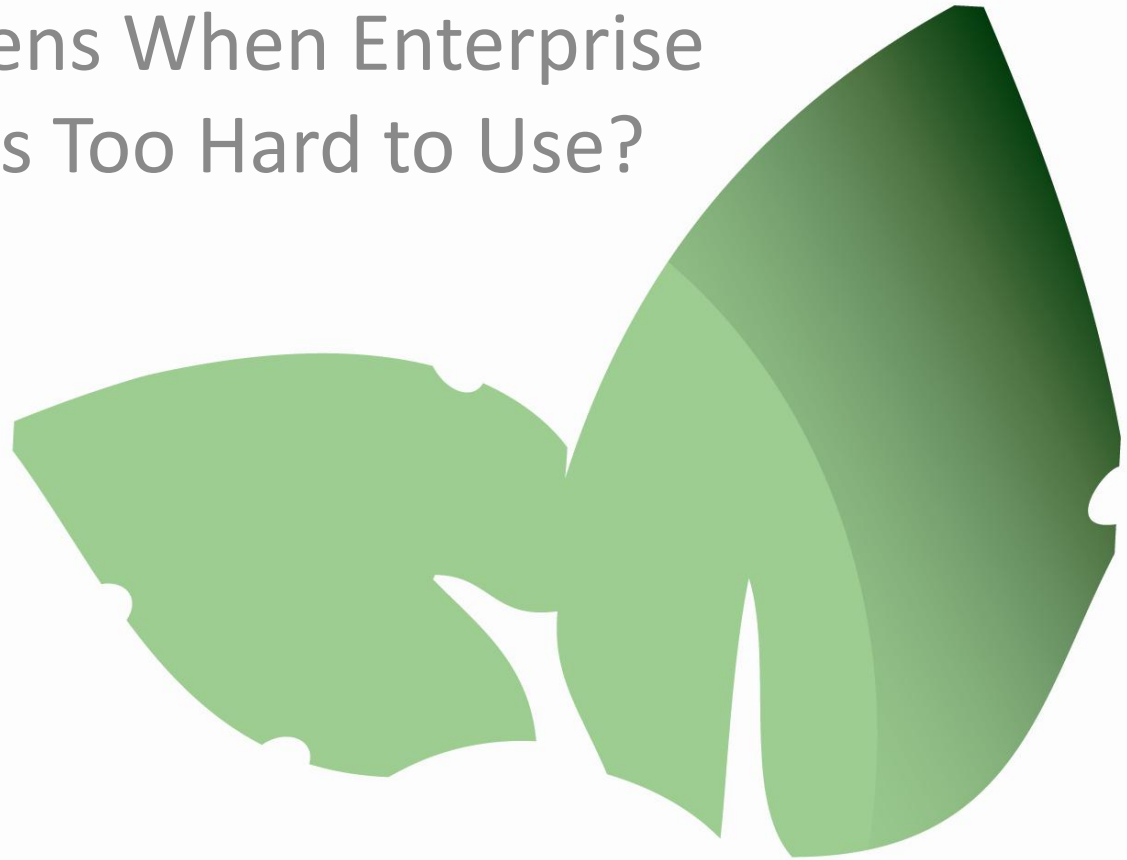
IFS: Does ERP mean Excel Runs Production?

What Happens When Enterprise
Software Is Too Hard to Use?

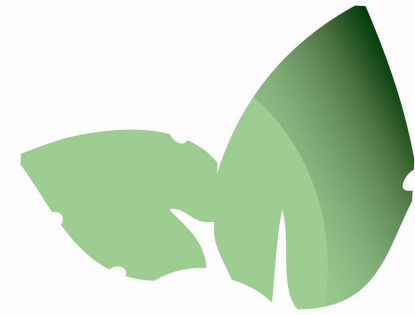


Mint Jutras

Making Enterprise Business Systems Pay Dividends



Background

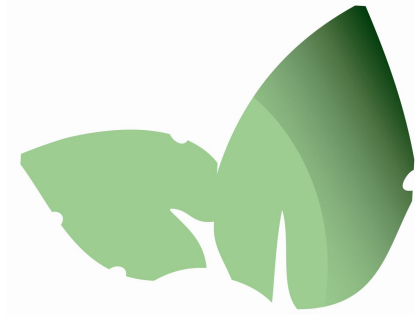


- In mid-2011, a study was conducted among manufacturing executives and professionals of middle market to large manufacturers to understand how usability challenges may cause individuals to work outside the system of record. This causes the manufacturer to lose value as employees use other systems.
- This results in
 - Barriers to the enterprise-wide visibility that ERP and other enterprise software are designed to provide
 - Enterprise risk as work is performed outside of the security and traceability provisions of enterprise software
 - Places enterprise data in online repositories where data ownership and security are even more questionable.

This study was conducted by IFS North America and Mint Jutras, an independent research-based consulting firm that specializes in analyzing the business impact of enterprise applications



Major Areas Explored



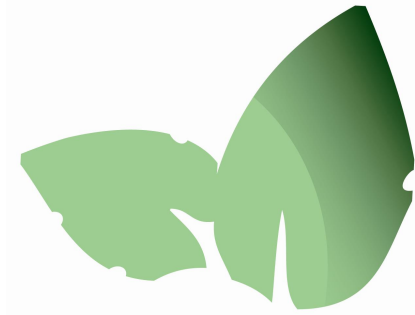
- The degree to which corporate citizens will take action as the result of enterprise software usability challenges including the use of:
 - Various types of PC-based software
 - The types of online free or low-cost applications
- Generational differences are compared using four different age groups

Applications included:

- ✓ Enterprise Resource Planning (ERP)
- ✓ Customer Relationship Management (CRM)
- ✓ Enterprise Asset Management (EAM)
- ✓ Business Intelligence (BI)

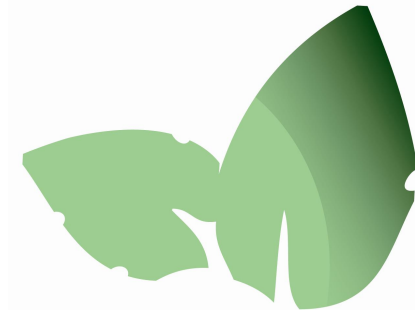


Key Findings

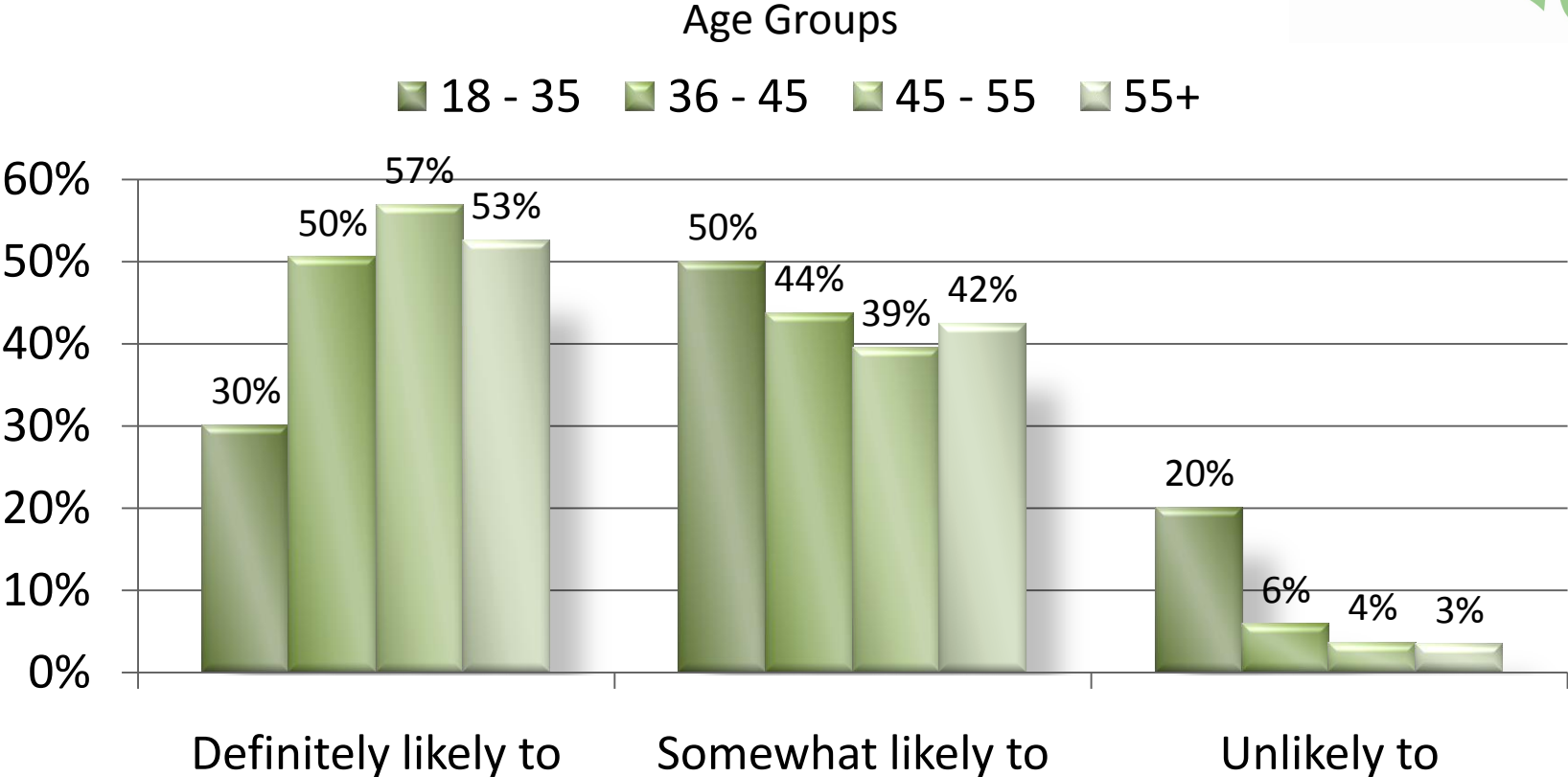


- Once established in their careers, respondents were more likely to speak up about usability challenges in enterprise software
- Instead, younger professionals (between ages 18 and 35) were more likely to change jobs as the result of poorly-designed enterprise software
- The quip “ERP stands for Excel Runs Production” is often true. When faced with usability challenges in the enterprise system of record, Microsoft Excel is the most frequent alternative
- In addition, when faced with usability challenges, respondents indicated they may also use a number of free or low-cost online tools including Google Docs and Dropbox.





How likely are you to speak up about hard to use or poorly designed applications?



Not surprisingly, younger professionals exhibit the lowest level of confidence

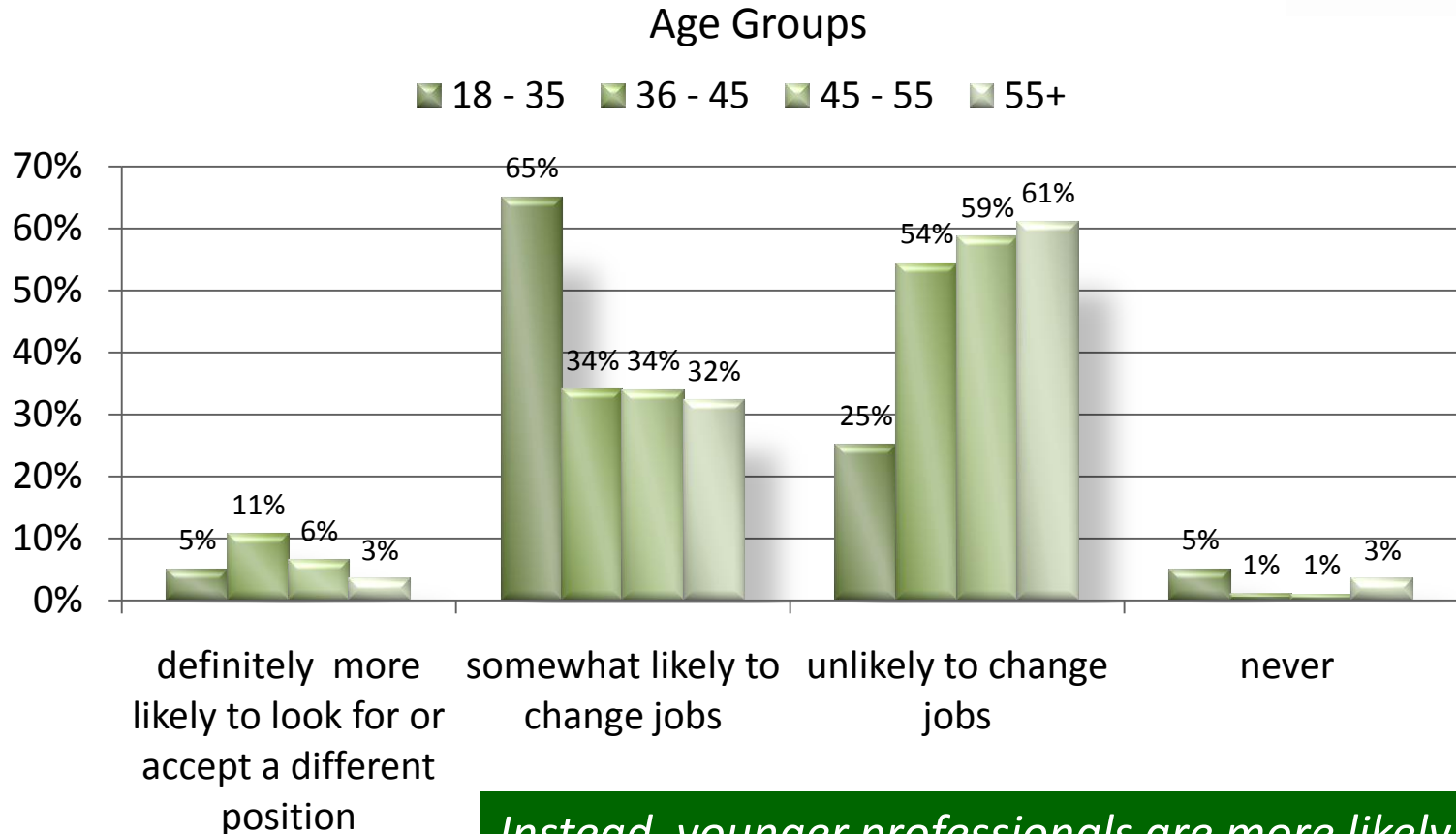
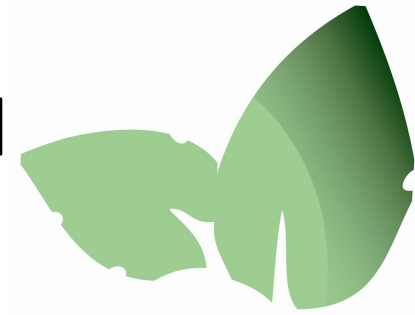
Speaking Up



- Counter to many people's perceptions of younger generations in the workforce, the 18-35 year-old group was least likely to definitely speak up or complain about the poor user experiences they were having with enterprise software. Those over 35 were most likely to definitely say something but extremely unlikely to simply suffer in silence.
- This pattern may be due in part to the fact that younger managers may feel, perhaps with justification, that they lack influence within the organization so speaking up would have no effect.
- Meanwhile, those most likely to say something about their negative software experiences were respondents over 45 years, who would have more influence and also a good deal of experience with both business and consumer-level technologies and have begun to expect the same ease of use in business as they see in consumer technology.



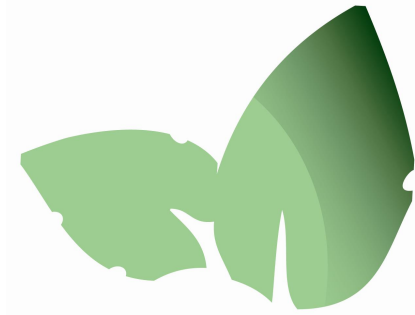
How likely are you to change jobs based on a negative user experience?



Instead, younger professionals are more likely to look to change jobs. But almost NOBODY would completely jeopardize their employment

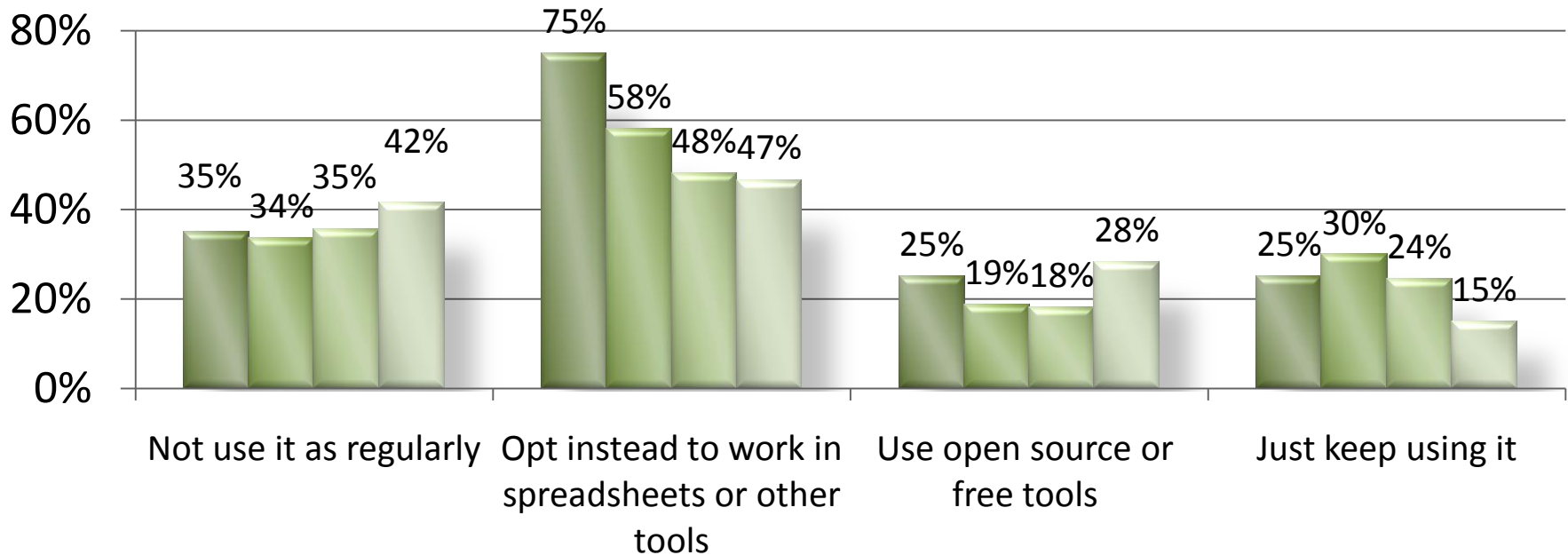


How do you react when software is hard to use or poorly designed?



Age Groups

18 - 35 36 - 45 45 - 55 55+



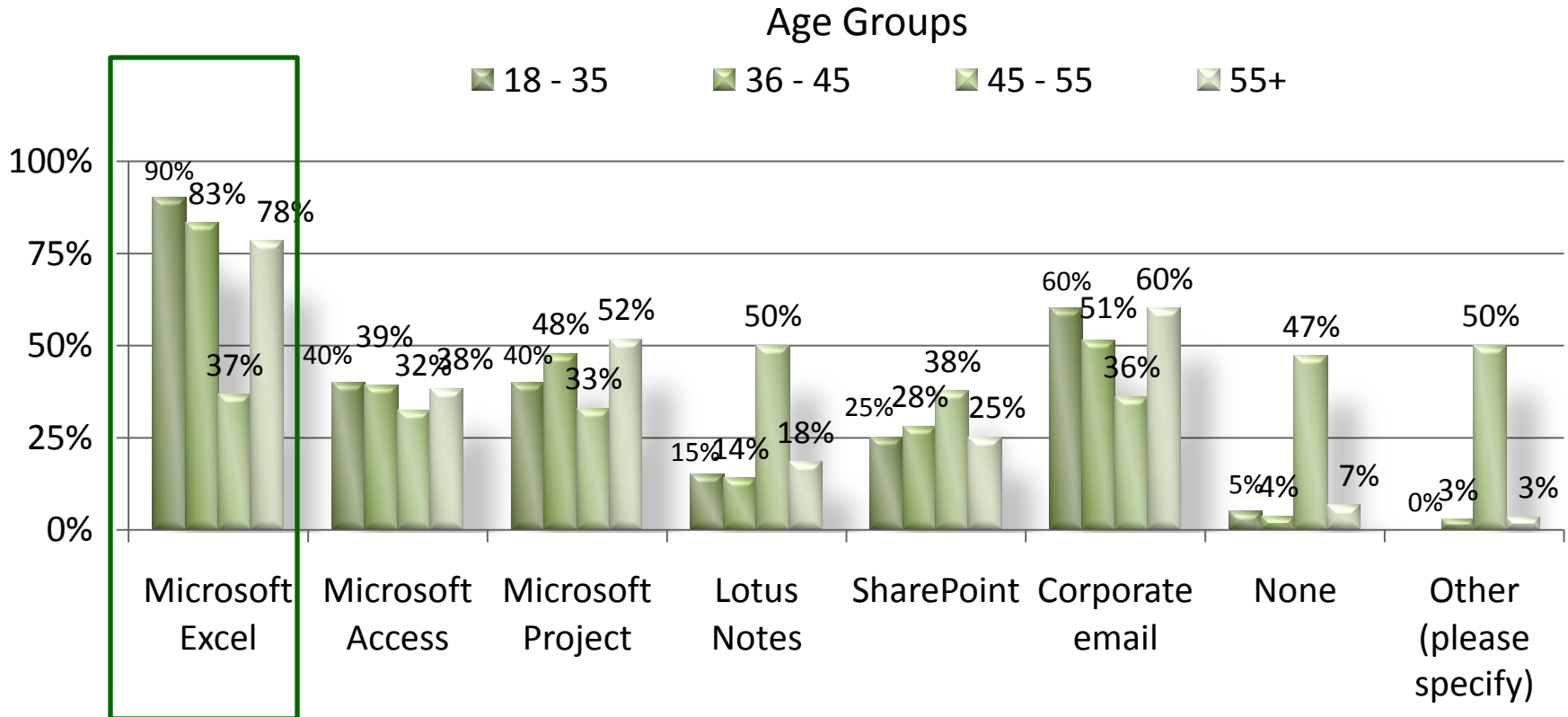
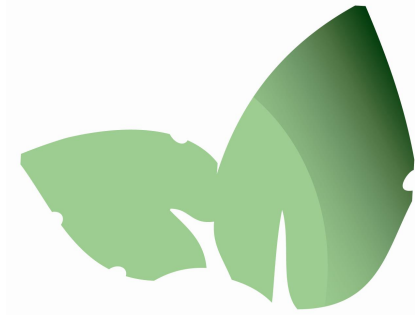
Opting Out?



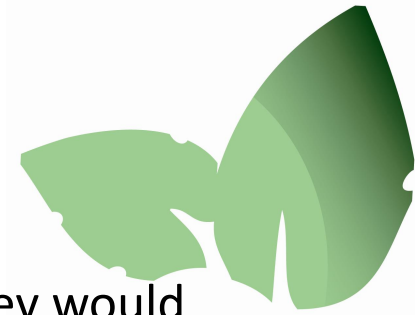
- More than 30% of respondents in each age group indicate that they would be likely to use enterprise software that was hard to use or poorly designed ***less frequently*** than software that was more thoughtfully designed or easier to use
- A sizable majority of respondents also indicated that they were prone to using spreadsheets, including Microsoft Excel, instead of their enterprise system of record
- Respondents aged 18 to 35 were most likely to use spreadsheets (75%). Any one graduating from college or business schools within the last 10 years (at least) has gained extensive experience with Microsoft Excel, and is seeking the comfort level that comes with familiarity



Alternatives to hard-to-use enterprise software



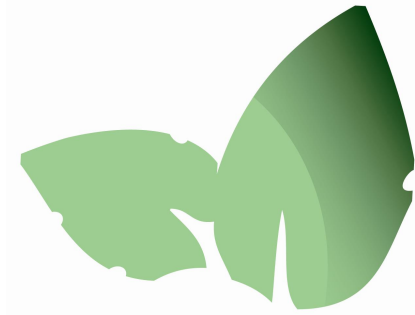
Alternative Applications



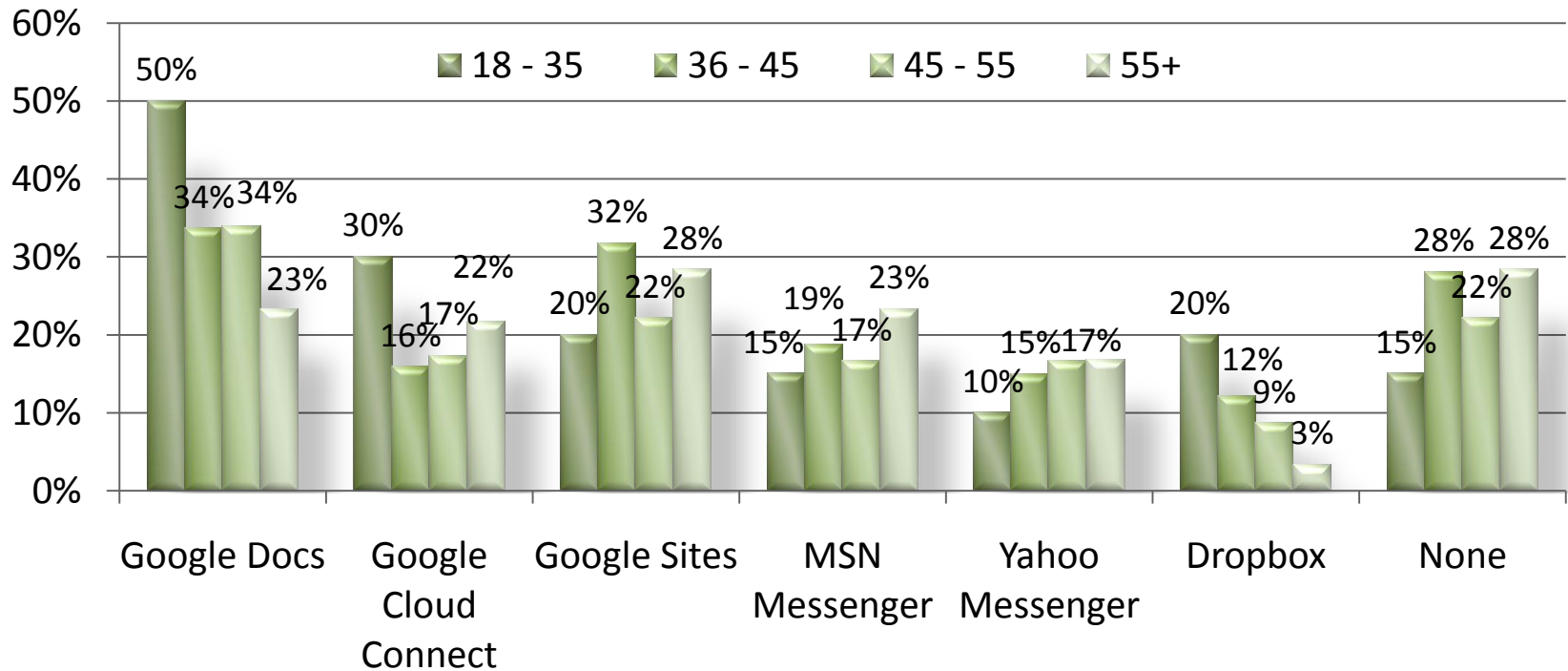
- When asked specifically what other software applications they would use instead of an enterprise application, Microsoft Excel was again dominant, with 90 % of 18-to-35-year-olds and 83% of 36-45-year-olds saying they would opt for the spreadsheet application.
- Those who indicated they would use other software tools may do so because of their vertical industry or IT environment. Those working in an IBM-oriented environment may still hold licenses for Lotus Notes. Even when Lotus Notes is replaced with Microsoft Outlook for email, it is still often used for its collaboration capabilities.
- Microsoft Project may be used by companies in project-intensive industries including engineer-to-order, machinery manufacturing, engineer-procure-construct, etc. Even in other non-project environments it is often used to manage internal projects
- Corporate email was also seen as a replacement for enterprise software, and indeed, many professionals in a number of industries see an email trail as a way to track and manage data flowing between individuals.



Web-based tool alternatives



Age Groups



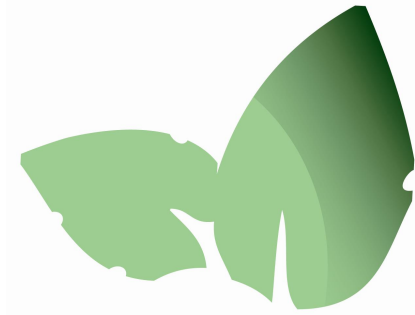
What about free or low-cost tools?



- When asked specifically what free or low-cost web-based applications respondents used as a workaround for poorly designed or hard-to-use enterprise software, a handful of document management and collaboration tools were dominant from a broad field of choices offered
- Google Docs was the most frequently-cited online tool used instead of enterprise software, and was mentioned by 50% of 18-35-year-olds – followed by Google Cloud Connect and Google Sites.
- Instant messenger services like MSN Messenger and Yahoo Messenger were mentioned by a minority of respondents. Dropbox, a controversial file sharing tool, was also mentioned by 20% of 18-35 year-olds.
- Not surprisingly, 18-35-year-olds were least likely to indicate that they use no online tools instead of their company's enterprise software.



What Users Want

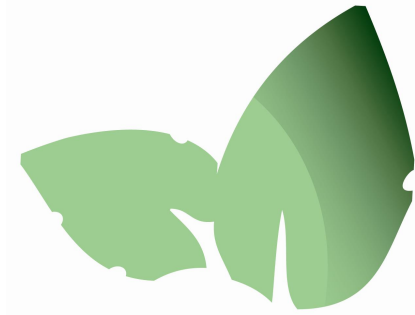


- How can software vendors help make ERP more appealing than defacto tools?
Respondent comments suggest a disconnect between perceptions of consumer applications and software used in an enterprise environment.
- Those who use Facebook, Amazon or Orbitz or other online functionality that is entirely intuitive may have a hard time understanding why it is so much more challenging to use enterprise software functionality necessary to issue a work order or access key performance data.

“Take lessons from the most popular software interfaces - Microsoft Office, Google, iTunes, etc. There is nothing more frustrating than using an interface that looks like it's from an AS400 in the 80's but was purchased last year.”



How can software vendors make it more appealing than these other tools?



“The interface needs to be seamless and intuitive. We don't have learning curve time anymore.”

“Make the transition between new and legacy systems less painful.”

“Price it correctly (lower the cost) and make it very easy to access and user friendly.”

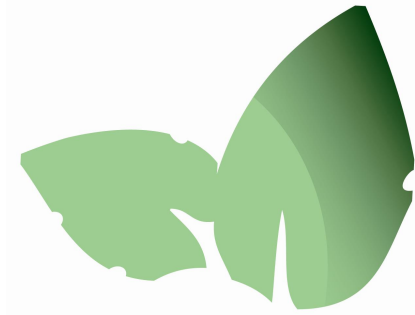
“Make it able to be seen more easily from smart phones.”

“The tools must be reliable, flexible and user friendly, safe and secure to access over network access.”

“Make it easy for me to use remotely but with fast data transfer speeds.”



How can software vendors make it more appealing than these other tools?



“Listen to the business user more.”

“Demonstrate savings.”

“Just show me the information I need and don't waste my time with 'pretty' graphics.”

“Can't do everything for everybody, then complexity rules. Must be informative not burdensome.”

In Summary:

“Faster”

“Simpler”

“Cost Effective”

“Mobile”



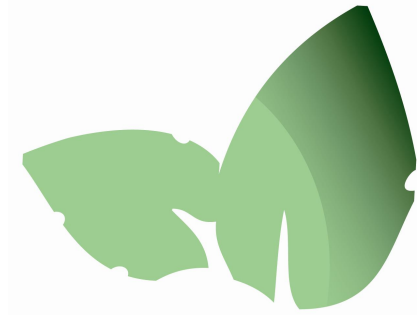
Methodology



- This research was conducted collaboratively with **Mint Jutras** and **IFS North America**, the Americas subsidiary of a provider of enterprise resource planning (ERP), enterprise asset management (EAM) and other enterprise solutions
- The study was executed in June of 2011 and was administered over the Internet among subscribers of ***Manufacturing Business Technology (MBT)***. Respondents were pre-qualified for using both enterprise software and a mobile device. Individuals were further qualified for being employed in companies estimating 2010 revenues at \$100 million or more.
- In total, 281 corporate, operations, and IT executives and managers in manufacturing companies participated in this study



About the Respondents and Their Facilities



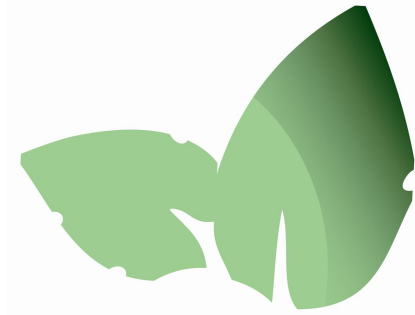
Respondents to the study were largely senior IT and manufacturing operations personnel.

A broad range of industries were represented and included aerospace/ defense, food and beverage, medical devices, computer systems and peripherals, chemicals, wood and paper, metals, etc.



| Role | % | Count |
|---|-------|-------|
| Senior IT Management (CIO/CTO, VP of IT, IT Director, etc.) | 11.4% | 32 |
| Systems Integrator | 2.8% | 8 |
| Process Control Engineer | 3.9% | 11 |
| Plant Manager | 2.8% | 8 |
| Design Engineer | 4.3% | 12 |
| Senior Corporate/Financial Management | 3.2% | 9 |
| Senior Manufacturing /Production /Operations Management | 15.3% | 43 |
| CEO/COO/President | 3.6% | 10 |
| Supply Chain Manager/Executive | 9.6% | 27 |
| Logistics or Transportation Manager/Executive | 2.1% | 6 |
| Sourcing/Procurement Manager/Executive | 7.1% | 20 |
| Operations Manager | 6.8% | 19 |
| CFO or Financial Executive | 0.7% | 2 |
| Consultant/Analyst | 7.5% | 21 |
| Other (please specify) | 18.9% | 53 |

About IFS



IFS is a public company (OMX STO: IFS) founded in 1983 that develops, supplies, and implements IFS Applications™, a component-based extended ERP suite built on SOA technology. IFS focuses on agile businesses where any of four core processes are strategic: Service & asset management, manufacturing, supply chain and projects. The company has 2,000 customers and is present in more than 50 countries with 2,700 employees in total.



IFS Usability Survey

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