

It's Time to Rethink “Enterprise” Software

Look for the Answer in the Business Process,
not the Application

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Executive Summary

Everyone talks about “enterprise” software solutions, but what does it really mean? The established definitions are either too broad (“Software used by companies.”) or too narrow (ERP suites). Most people would agree that “enterprise” indicates that the software has certain characteristics or capabilities, such as scalability, extensibility, portability, etc. However, since there are no agreed-upon criteria to determine when the enterprise level has been achieved, the term is widely abused by vendors – in many cases, it expresses nothing more than their aspiration to sell to enterprise clients.

Today, more precision is called for. The empowerment of consumers by social, mobile, and always-on connectivity means that every company is challenged to produce and deliver consistently positive multichannel customer experiences. Meeting this challenge requires a broad and growing software ecosystem to support customer experience management (CEM). Each element of the ecosystem should be selected both very carefully and very quickly – companies cannot waste time with misleading labels and empty claims.

The solution lies in the realization that no amount of analysis, no set of performance metrics, no list of product features and capabilities can establish that a software application is enterprise-level until it has been *put to work* and has successfully supported complex enterprise information and business processes. In short, *whether a software product is enterprise-level is not determined by the capabilities of the software, but rather by the nature of the business challenges it supports or addresses.*

The Use and Abuse of “Enterprise” Software

Say you work for a large company with over \$1 billion in revenue. You should look for “enterprise” software solutions, right? Or say you’re a vendor that sells to such large companies. By definition, you offer “enterprise” applications, don’t you? Well, not so fast. When it comes to what counts as enterprise (or “enterprise-level”), the criteria are extremely muddled. Everyone talks about enterprise software, yet it is notoriously difficult to define. Software marketers love “enterprise” almost as much as “with just one click.” Buyers stipulate it as a requirement without further explanation. And analysts act as if they can clearly differentiate enterprise and non- (or not yet?) enterprise products. Yet, what does enterprise really mean?

Today, precision is called for. The empowerment of consumers by social, mobile, and always-on connectivity means that every company is challenged to produce and deliver consistently positive multichannel customer experiences. Meeting this challenge requires a broad and growing software ecosystem to support customer experience management (CEM). Each element of the ecosystem should be selected carefully and integrated effectively – yet the competitive environment and consumer expectations have radically compressed the time


available. Companies that make the wrong choice – that select software that is unable to meet their enterprise requirements, or, conversely, those that overbuy, and burden their resources with a system that is too complex and heavy – will fall behind. In this context, it’s time to fundamentally rethink the meaning of enterprise software.

What “enterprise” isn’t

What is the effect of modifying the noun “software” with the adjective “enterprise”? There are many established answers to this question, but none of them are entirely satisfactory. It’s not sufficient to say that enterprise designates:

- **Software used by companies.** “Enterprise software, also known as enterprise application software (EAS), is software used in organizations, such as in a business or government, contrary to software chosen by individuals.”¹ This attempt to carve out the space of non-consumer software has been entirely defeated by the recent consumerization of IT. With over 60% of employees using both Twitter and Facebook at work, for example, the line between corporate and consumer usage has disappeared completely.²

“ Too often, ‘enterprise’ is merely an expression of the vendor’s desire to move into a more lucrative market segment. ”

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- **Software used by *large* companies.** Definitions of enterprise software that appeal to firmographics, such as revenue or number of employees, verge on the nonsensical. (“Enterprise software is any software used in large organizations” – i.e., enterprises.³) Setting aside the question of how large (\$500 million in revenue? \$1 billion?), the fact remains that enterprises use many applications that are clearly not enterprise-level.⁴
 - **Software used to *run* large companies.** This approach incorporates functional characteristics, and offers one of the formal, IT-centric definitions. Gartner, for example, refers to enterprise applications “designed to integrate computer systems that run all phases of an enterprise’s operations to increase internal coordination of work and cooperation across an enterprise.”⁵ But despite attempts to generalize this definition, it specifically characterizes enterprise resource planning (ERP) suites. (Gartner: “These products facilitate the integration of core business operations and processes, including sales, accounting, finance, human resources, inventory and manufacturing.”) The question of distinguishing enterprise and non-enterprise in other software categories, such as CRM or web content management (WCM) is not addressed.
 - **Software intended to *appeal* to large companies.** This is the usage of enterprise that dare not speak its name. The failure to pin down a precise meaning for the term allows software marketers to slap the “enterprise” label on a product simply in order to make it appealing to larger organizations. Around 2000, for example, the leading WCM vendors suddenly started touting enterprise WCM. Nothing essential had changed in the products; the shift was motivated solely by the desire to move beyond the (collapsing) dot-com client base and sell the solutions to support emerging corporate web sites. The ploy remains popular today– and enterprise is thereby reduced to an expression of the vendor’s aspiration to move into the enterprise market segment.

Towards a Working Definition of Enterprise Software

Perhaps more precision about the meaning of “enterprise-level” can be gained by looking at the characteristics of the software products. After all, “enterprise software” seems to designate a distinctive type of software. In contrast to software intended for small and medium businesses, enterprise software should be more:

- **Scalable** – to maintain service levels as load increases
- **Secure** – for discrete authorization and access definitions
- **Interoperable** – to interface with other systems
- **Extensible** – to add functionality without affecting existing services
- **Portable** – in order to run on multiple hardware and operating systems
- **Etc.**

These and other characteristics of enterprise-level software are all valid, but they don’t constitute a definition, or establish any criteria. The problem is simply stated: *Where do you draw the line?* What actually distinguishes a product that is “only” secure or extensible enough for SMBs from one that is appropriate for enterprises? It’s easy to recognize the extremes, but the grey area in the middle is large and very murky – and therefore filled with marketing rhetoric.

How to recognize a true enterprise-level solution

The key to the dilemma lies in a simple but powerful change of perspective. Any attempt to define and


distinguish enterprise-level solutions by studying the software is bound to fail, since it cannot answer the questions *How scalable? How portable?* etc. This is because such attributes remain abstractions until the software is deployed to support a given business process or address a specific issue – and it is the contexts and conditions of these business challenges that specify and define the enterprise characteristics.

In short, whether a software product is enterprise-level is not determined by the capabilities of the software, but rather by the nature of the business challenges it supports or addresses.

Consider, for example, the challenge of global brand management and customer engagement for a worldwide hotel chain with operations in more than 80 countries and over 30 languages. Daily operations will entail several hundred individual marketing and branding campaigns, created and managed by 100s of globally dispersed personnel, deploying innumerable digital assets, descriptions, offers, and product codes across every customer and prospect touchpoint. Taken as a whole, this usage scenario will dictate the required levels of security, scalability, interoperability, etc. – all of which are *characteristics of the process*, and only *secondarily attributes of the deployed software*.⁶

This change in perspective delivers three key insights about the meaning of enterprise software:

- *Enterprise-level software is software that can support enterprise-level business processes.* This isn’t a tautology, but it does require that you shift attention from the software to the business.



No amount of analysis, no set of performance metrics can establish that a software application is enterprise-level *until it is put to work . . . and put to work successfully.*

- *Enterprise-level is not determined by the size of the company.* Very large global companies have many projects and task flows that are relatively simple. Conversely, DCG has worked with a small midmarket company with less than \$100 million in revenue that must manage complex multilingual engagement and eCommerce interactions in over two dozen countries. Moreover, companies of all sizes should be constantly alert to evolving requirements and the accelerating pace of change. Especially in the context of customer experience management, today’s “good enough” solution is virtually guaranteed to be overwhelmed by tomorrow’s requirements.

- *Experience is the only way to establish that a software solution is enterprise-level.* Meeting enterprise requirements is the only way to be sure that a product has enterprise capabilities. This does indeed create a Catch-22 for new vendors, or for those that wish to move upmarket with an established midmarket solution. But it also accounts for the fact that vendors typically “grow into” the enterprise market over time, as they build up a track record with increasingly large-scale and complex projects.

“ Software becomes ‘enterprise-level’ only when it has been *put to work* and has successfully supported complex enterprise processes. ”

Varieties of Enterprise Complexity in Customer Experience Management


Realizing that “enterprise” applies to business process requirements rather than software capabilities still does not draw a clear distinction between enterprise and non-enterprise scenarios. Nor could it, since business processes, unlike software performance metrics, are dynamic, variable, and context-dependent. For example, integrating several applications and repositories in a pure .NET infrastructure is far less complex than it is in a heterogeneous environment. A marketing campaign task flow may be straightforward when performed by a local team and devilish when it involves multiple geographies, languages, and time zones. Complexity is not exactly in the eye of the beholder, but it is dependent on the nature and context of his or her resources – whether these are financial, structural, technical, or temporal; and whether they concern available skills and partnerships, or ingrained practices and business cultures.

Nevertheless, the increasing need to manage customer experiences will consistently introduce more complex processes. Consumers now seek out and favor companies and brands that offer *consistent* interactions across multiple channels and touchpoints. Satisfying this craving is a challenge for any company, due to siloed processes, technologies, and business orientations. Enterprises have it even harder, given their greater breadth and diversity. As firms struggle to produce consistent and unified experiences, complexity will become commonplace in areas such as:

- **Coordinated systems for customer engagement.** A popular electronics manufacturer has B2C and B2B operations, both of which have eCommerce, informational, and brand-building sites. Daily

operations require the coordination of structured information managed by product information and product catalog management systems (PIM and PCM); digital asset management (DAM); WCM; and an eCommerce system. Delivery must be coordinated across multiple owned and social sites and locales, and properly formatted for mobile devices. Consistency must be ensured with printed materials, partner portals, and the tablet computers used by the field sales force. (This scenario does not begin to consider critical elements such as consumer social monitoring and interaction, optimization, and master customer profiles.) The scale of such an operation, whether 1000s or hundreds of 1000s of products, is less important than the ability of the integrated elements to work as a cohesive whole.

- **Complex workflows.** Until recently, web site management usually relied on very simple create-review-publish workflows. Omnichannel engagement scenarios like the one just described introduce highly intricate information and approval flows across teams, departments, global operations, and outside partners such as designers and digital agencies. Creating, monitoring, and modifying such workflows requires customization beyond any “out of the box” capability, and may involve a specialized business process management (BPM) solution.
- **Multilingual production and operations.** Large companies are today inevitably global; doing business only in English (or any single language) is no longer a viable practice. Indeed, globalization, emerging markets, and the imbalances between national economies present opportunities that



few companies of any size can ignore without incurring a competitive disadvantage. Translation and localization practices have long relied on “manual” tools, such as spreadsheets and emails, to prepare and track multilingual content. The exploding volume and variety of such content, as well as the high price to be paid for unsatisfactory, inconsistent customer experiences, requires multilingual management to become far more structured and rigorous. Processes and tools should be in place to create and maintain parent-child relationships between source and target languages, alert appropriate staff to changes, specify the scope of local control, and ensure delivery over all applicable touchpoints.

- **Regulatory constraints.** Consider the case of a North American insurance company we have advised. In a highly competitive and consumer-oriented sales environment, the company delivers targeted advertisements, offers, product descriptions, calculators, and app experiences to numerous segmented audiences every day. Authorities in any U.S. state can charge the company with violations of their state-specific regulations, and fines mount every day the insurer is held to be non-compliant. This company needs to be able to very quickly and convincingly demonstrate precisely what information was delivered to a given viewer, via what channel, at a specific time and location. In addition, the authorities may require discovery of internal communications and information flows. As the role of digital interactions continues to expand, ensuring compliance, proper governance, and security will be paramount.

Conclusion: What It Means When Selecting Software

Customer experience management is inherently complex. The consumers' expectation for consistency within and across multiple touchpoints *inevitably* conflicts with siloed – or at least diverse – teams, applications, repositories, and practices at all but the smallest (or newest) companies. In short, for customer experience, *the price of consistency is complexity*. This is a price that you cannot avoid paying, since the price of inconsistent experiences is, ultimately, business failure.

When building the solution for CEM (technologies plus processes plus resources and skills), the primary task is to address and alleviate this complexity. The familiar characteristics of an “enterprise” solution, such as availability, reliability, interoperability, extensibility, etc., are requirements for addressing complexity, or features to help contain it – but “*enterprise-level*” should be understood as a reference to the complex CEM processes as such.


When selecting WCM, DAM, portal, campaign management and other software elements of the CEM solution, you should:

- **Ignore what it says on the box.** Any vendor can transform their product into enterprise software by adding ten letters to the beginning of its name.

This adjective says nothing, however, about the product's performance in the context of enterprise requirements. In addition, ignore what it says on *your* box. Not every project in an enterprise is enterprise scale.

- **Avoid “abstracting” your requirements.** The traditional RFI/RFP process is a sadly efficient way to wring all of the life and challenge out of a business process by turning it a long list of requirements that can be answered with yes or no. (Unsurprisingly, vendors almost always say yes.)
- **Conduct scenario-based evaluations.** With enough insight into the vendor landscape (or the assistance of a consultant), you can avoid the RFI and RFP altogether. Focus instead on creating extensive, representative scenarios that a short list of vendors must address in full-day evaluations.
- **Use a POC to evade the “demo gap.”** Even the best demo scenarios cannot mimic the complexity of actual practices. Conduct a two-week long Proof of Concept in order to test the appropriateness of the solution in a “real-world” setting.
- **Obsess over references, but not over verticals.** Since experience is the only proof that an

“ For customer experience, the price of consistency is complexity. This is a price you cannot avoid paying. ”



application is enterprise-level, you *must* speak with other companies that have lived (or died) with the software. References from your company's industry vertical are welcome, but it is far more important that you speak with users whose requirements match your degree of complexity.

- **Admit that you do not know what you do not know.** Anticipate change, even though – or rather, precisely because – you cannot know what form it will take. Flexibility and adaptability are desirable characteristics of any solution. Consider whether the system (and vendor) can easily grow with you as needs change – without custom coding or waiting for the next release.



Endnotes

- 1 Source: <http://blog.relaso.com/what-is-enterprise-software-and-how-you-can-benefit/>.
- 2 Source: http://www.silkroad.com/Company/News-and-Media/Press_Releases/2012/10/Social_Survey_Report_Press_Release.html.
- 3 Source: <http://www.techopedia.com/definition/7045/enterprise-software>.
- 4 On a related note, see Sarah Lacy's complaint that in the Silicon Valley, enterprise now means simply "any software that people who happen to work at companies might pay for." See <http://pandodaily.com/2012/11/21/apparently-everything-is-an-enterprise-company-now/>.
- 5 Source: <http://www.gartner.com/it-glossary/?s=enterprise+software>.
- 6 I purposefully use Ivar Jacobson's original term "usage scenario," rather than the familiar "use case," in an effort to draw attention to the actual business process as opposed to its textual or visual model. See http://en.wikipedia.org/wiki/Use_case.



About DCG

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With a global research-driven advisory team, Digital Clarity Group (DCG) helps business leaders navigate digital transformation in their organization. DCG works with its clients across four distinct themes - Consumer Engagement, The Social Enterprise, Innovative Change and Adaptive Technology. DCG provides independent research, customized consulting, events, and one-on-one executive advisory programs. DCG also provides guidance to technology companies and the service providers that implement their products to help deliver insight that can guide them to better strategic decisions and more useful products and services. For more information about DCG, visit www.digitalclaritygroup.com or email info@digitalclaritygroup.com.

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