

Software on Demand - Are you ready for pay per view ERP?

There is a growing buzz in the industry around pay per view ERP solutions, also known as on-demand subscription applications. They have been around for quite some time, but adoption has been slow.

When we compare and contrast homegrown/custom applications, on-site licensed applications, and on-demand subscription we quickly see the benefits of employing on-demand applications at an ERP level.

Topic	Custom/Homegrown Applications	On-Site Licensed Applications	On-Demand Subscriptions
Start-up SW Cost	High	Moderate	Low
SW Maintenance/Upgrades	High	Moderate	Low
Ability to Customize	High	High	Low
Global Standardization	Moderate	Moderate	High
Instant Access/Results	Low	Low	High
Upfront HW Costs	Moderate	Moderate	Low
Barriers to Exit	High	High	Low
Secure Access/Data	High	High	High

Most companies have been outsourcing their most sensitive data over the web for years. Case in point is ADP as a payroll processing service. The sensitivity of employee data being routinely transmitted in order to manage payrolls and taxes.

Even SAP is moving to create subscription based CRM services that will be out later this year. This is in response to competitors advancing in this space. Many companies are looking to own this growing market, like Oracle on-demand and Salesforce.com's hosted CRM apps.

So what is holding back the flood gates? It really comes down to business cultures and traditional views of what is confidential and what can be put outside the firewall. There has been so much institutionalization around those architectures that it will take bold leaders and champions to change it. The old 'not invented here' syndrome is far reaching and very convincing. It is easier to say no and stay with what you know.

When you really think about it, hosted software or on-demand subscription apps are basically an extension of the growing business process outsourcing market. Technology is an enabler patiently waiting to be embraced. As companies continue to feel the pressures of economics and profitability they will turn more and more to pay per view because of the numerous benefits mentioned above. It is not likely to be a stampede, rather a slow deliberate pace of transition over the next 3 to 5 years.

contributed by Pete Pazmany

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**What Do You Think?**

Each newsletter we like to ask a question to get a feel of a trend within the industry. The following month we provide a summary of your responses. To participate this month, just e-mail your answer to this month's question to [info@asil-inc.com](mailto:info@asil-inc.com).

Question: Has your company started to move toward on-demand subscription applications?

Answers:           Never                   Somewhat                   Absolutely

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Here Is What You Said

In our last Newsletter we asked the following question:

Question: How satisfied are you with your overall Provider performance measurement system?

Answers:	Very Satisfied	Satisfied	Needs to Improve
	0%	36%	64%

The responses were surprising on couple of fronts. First, no one is very satisfied with their overall Provider performance measurement system. Second, 64% of the respondents felt that the overall Provider performance measurement system needs to improve. Existing corporate solutions are awkward and antiquated. These results indicate that there is a growing need to improve the methodology that currently exists on how businesses measure their Provider's performance.

Did You Know?

Do you know how much outsourcing offshore business is being done today in these markets outside of the U.S.?

- \$ 12B Analytics – Market research, financial analysis, and risk calculation
- \$ 13B Human Resources – Payroll administration, benefits and training programs
- \$ 14B Finance & Accounting – Accounts payable, billing and financial and tax statement
- \$ 27B Engineering – Testing and design of electronics, chips, machinery, car parts, etc.
- \$ 41B Customer Care – Call centers for tech support, air bookings, bill collection, etc.
- \$ 90B Information Technology – Software development, tech support, web site design, IT infrastructure
- \$170B Electronics Manufacturing – Contract production of everything from electronics to medical devices
- \$179B Logistics & Procurement – Just-In-Time shipping, parts purchasing, and after sales repairs

Data: IDC estimates. Analytics by Evaluserve

Coming Events

Business Transformation Management

Date: April 26, 2006
Time: 8am – 9am PST
Cost: No Charge

Contact sales@asil-inc.com for more information

*** HOT ***

Be sure to stop by our newly revamped website. Get the latest update on ASIL products and services which can help your company achieve its goals.

www.asil-inc.com

Key Terms

Operational Performance Management (OPM): OPM extends Business Performance Management (BPM) to the activities and processes for manufacturing and service organizations, including supply chain and customer relationship

businesses. Applying the processes and initiatives of performance management to the rest of the enterprise, enables businesses to achieve greater value through the alignment to a common set of goals and objectives.

The Spotlight

BPM - 'a misunderstood sleeping giant'

Do you ever get tired of the hype about Business Performance Management (BPM)? So much to change, to streamline, to partner..... and the benefits are so compelling that how could we not all be doing it?

Many folks expected BPM to deliver management to the promised land. The land of visibility and accountability. What's not to like? Having numerous complex organizations acting independently as business owners, while building a threaded corporate solution for increased command and control. Brilliant!

Welcome to the paradox of Technology viability vs. Cultural acceptance. It was never about being able to drill a general ledger for account activity. The rubber meets the road when it comes to the real work that managers and team members must perform in order to deliver the results.

Rule #1 is if you want to make good decisions then you need good data. Obtaining good data is more elusive than one might expect. The majority of the work we perform in the BPM world is outside of today's technology solutions which are primarily used to capture only financials.

That is why a new breed of BPM is emerging that enables managers to account for their activities and then assign ownership and to drive closure from those responsible. It changes the business manager's role into an enabler versus a historian. This is far more than a simple project management software. It is about creating the verbal linkage and tools that are then aided by the financials .

Look at the work you perform today in order to ultimately generate good data. Managing stakeholder alignment, communications, risk mitigations, integrated project management, and closed loop process management are but a few of the activities that consume our daily routines. The ability to eliminate many of the spreadsheets and to integrate a usable tool suite to complete these activities will be essential for teams solving across many boundaries. How is your BPM going?

Peter Pazmany

Today's Industry Trends

Is the Outsourcing Market Heading for a Shake Up?

According to AMR Research, over the next two years the outsourcing market is heading for a major shake up. The potential is for the Indian services firms to jump ahead of the top six outsourcing providers: Accenture, ACS, CSC, EDS, HP and IBM. What is the cause of this shake up? Three primary reasons:

- A significant number of contracts (\$100B worth) will be due for renewal
- The shift in approach from one provider to do everything to multiple providers in specialized skill areas
- The increased market share Indian providers are seeing in revenue growth (30% or more per quarter)

So, what does this mean for those companies coming to the end of their contracts? Opportunity for reduced spending by taking advantage of using multiple providers to increase competition and move to lower labor cost offshore providers.

To read the full article published by AMR Research, visit: www.amrresearch.com

Contributed by: Deborah LeBaker

In February we hosted a Webinar on Business Relationship Management. Our presenter, Warren White took us through the three “C’s” of a successful business relationship, Communication, Commitment and Collaboration. Warren then took us through the four stages of a Provider relationship, Create, Develop, Strengthen and Optimize. This set the stage for the concept of Health Assessments, to evaluate where the relationship currently stands. Bringing this all together enables businesses to increase their effectiveness. Your company will benefit from the support and flexibility of your Supplier Network, which will increase your opportunities of success.

ASIL welcomes you to receive our monthly Newsletters and attend our Webinars at no charge. Our next web experience will be held April 26, 2006 at 8am PST. The topic of the Webinar is Business Transformation Management. If you’re interested in either attending or signing up for our Newsletter, just go to our home page www.asil-inc.com and register.

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### Product Highlight

MAX Interact™ tool enables a company to easily implement closed loop accountability for deliverables within the MAX Partnering™ tool suite. This functionality includes assigning and notifying owners of actions and due dates of deliverables, pre-notification of expiring due dates, acknowledgement of completed actions, and escalation of overdue deliverables. The tool dynamically captures all deliverables assigned within the MAX Partnering™ software suite, places them in one manageable area, ties accountability to specific owners, and provides access for owners to directly update status in the database. This permits Program Managers to transition from roles of chasing owners to obtain project status to resolving challenges and removing barriers to success.

### The Editors View



Here comes the end of the quarter! Typically every business becomes more focused at the end of quarter. Sales activities have more emphasis, costs are held down, and metrics are tracked weekly to determine if the numbers will be made or missed. My hats off to all of you warriors of quarter end.

It is always best to prioritize your activities at this time because the items which need to be addressed always seem to multiply. Don’t get overwhelmed by the sheer number of items requiring your attention. While this is true throughout the year, it is even more critical at quarter end.

My congratulations to you lucky readers who received a complimentary copy of our Driving Complex Change e-Book. ASIL held a random drawing of our readers and sent the lucky few a copy of our new book on mastering the change process. I hope that you enjoy the book and find the concept interesting. Driving Complex Change™ enables you to complete a readiness assessment for business transformations, outsourcing and corporate performance solutions. Each of these surveys can be completed within sixty minutes and provide great insight. The same can be done by consultants, but at a much greater cost. If you would like to learn more about Driving Complex Change™, just e-mail your inquiries to [info@asil-inc.com](mailto:info@asil-inc.com).

As always, please feel free to e-mail me directly at [mvigil@asil-inc.com](mailto:mvigil@asil-inc.com) with any comments, questions or concerns with the Partner View. May you have fair winds and calm seas as you navigate toward future successes.

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“Business Performance Management”