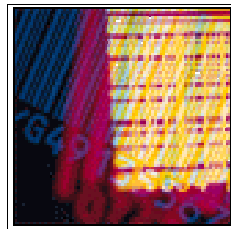


Enhancing Customer Value from Enterprise Software Applications and Services



2005 Brand Tracking Study

As enterprise buyers seek to simplify their IT operations through consolidation, the competition to become a preferred provider is heating up. For both vendors and integrators of enterprise software applications and services, success rests on the ability to build awareness and credibility, reach the right buyers with the right messages, and demonstrate proof of value delivered. This study investigates the buyer landscape for enterprise software applications—both as a whole and across the following specific applications: ERP, CRM, HCM, SCM, and BIA.

REPORT HIGHLIGHTS

OVERVIEW

ITSMA's *Enhancing Customer Value from Enterprise Software Applications* benchmarks the brand equity of full-suite application providers, integrators, and niche application developers across five major application categories. It also explores the customer decision process for buying enterprise software applications—both for the market as a whole and for the following specific applications:

- Enterprise resource planning (ERP)
- Human capital management (HCM)
- Customer relationship management (CRM)
- Supply chain management (SCM)
- Business intelligence/analytics (BIA)

In particular, the report addresses issues such as:

- What priorities drive the decision-making process when large and midsize firms and institutions buy business software applications and services?
- How do buyer preferences for services providers vary across the major categories of enterprise application software?
- What marketing investments will be most effective in building brand and improving competitive position?

Key topics highlighted in the report include:

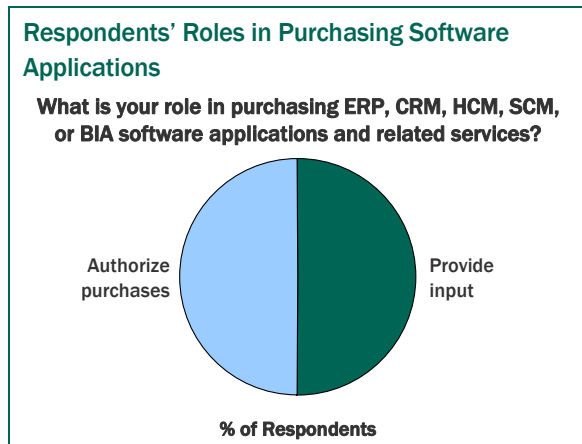
- **How Customers Choose**
 - Do buyers evaluate solutions based primarily on the features and functionality of the software or on the quality of the services provided?

(Continued)

- **How Customers Choose (Continued)**
 - Do buyers prefer full-suite providers or application specialists?
 - Do buyers want to work directly with software vendors or with third-party integrators?
- **Brand Equity**
 - Which software application solutions have the highest brand equity?
 - How familiar are buyers with specific enterprise application software firms?
 - Do niche vendors, full-suite providers, or third-party integrators score higher in terms of favorability?
- **Effective Marketing**
 - What are the most important vendor attributes?
 - Which companies are meeting customer expectations?
- **Purchasing Preferences**
 - How popular is outsourcing, application hosting, and offshoring?
 - How do buyers prefer to manage their enterprise software applications?
 - Are customers seeking rapid-method implementations?

RESPONDENT DEMOGRAPHICS

Job Title	
Director	66.7%
Vice President	26.3%
General Manager/CXO	7.0%
Industries Represented	
Manufacturing	29.9%
Government	20.0%
Financial services	20.0%
Retail/distribution	6.8%
Communications	5.0%
Other	18.3%



STUDY SCOPE

ITSMA's *Enhancing Customer Value from Enterprise Software Applications* focuses first on the enterprise application market as a whole, exploring the impact of:

- **Software application category.** ERP, HCM, CRM, SCM, and BIA.
- **Job category/perspective.** IT, business.
- **Industry.** Government, financial services, manufacturing, retail/distribution, communications, other.
- **Size of company (number of employees).** Ranges are 100–999; 1,000–4,999; 5,000 or more.
- **Stage of implementation.** Pre-implementation, currently implementing, post-implementation.
- **Preferred degree of vendor specialization.** Full-suite or specialist.

When asked to evaluate brand equity, attributes, and positioning, interviewers directed respondents to focus on nine full-suite providers plus two specialist firms in each of the software application areas. (Note: Data was collected prior to Oracle's recent acquisition of PeopleSoft.)

- **Full-suite providers or integrators.** Accenture, BearingPoint, Capgemini, Deloitte, IBM, Microsoft, Oracle, PeopleSoft, SAP
- **ERP specialists.** Intenia, Lawson
- **CRM specialists.** Avaya, Siebel
- **HCM specialists.** Kronos, Workscape
- **SCM specialists.** I2, Manugistics
- **BIA specialists.** Cognos, Hyperion

STUDY METHODOLOGY

ITSMA conducted telephone-based interviews in the United States with 501 IT and business executives involved in the purchase of software applications and solutions. ITSMA designed the interviews, which took place from late 2004 through early 2005, to assess the brand awareness and market positioning of the major software application services providers and explore key market drivers. The survey instrument resides in the study's appendix.

Study respondents all held director, vice president, or C-level positions and represented organizations in multiple major industries with revenue or operating budgets ranging from \$300 million to over \$20 billion.

The study was sponsored by IBM, SAP, and Capgemini.



APPLICATION-SPECIFIC FINDINGS

SPOTLIGHT ON FIVE MODULES

For each of the following five categories, ITSMA interviewed a different 100-person subset of its 501-person sample based on their decision-making involvement with the various application types. Participants in each of these "mini-studies" were asked their opinions and perceptions of nine full-suite providers and integrators along with two application-specific specialist firms.

Sample Topics Addressed in the Modules			
	How Customers Choose	Brand Equity	Effective Marketing
ERP	<ul style="list-style-type: none"> Vendors vs. integrators: Is there a clear-cut preference? 	<ul style="list-style-type: none"> How will the combined PeopleSoft and Oracle entity affect SAP? 	<ul style="list-style-type: none"> In an environment where purchasing is driven more by IT than business, what are the messages and attributes that resonate?
CRM	<ul style="list-style-type: none"> When seeking implementation assistance, do customers prefer to work with vendors, integrators, or in-house staff? 	<ul style="list-style-type: none"> Is IBM catching up to Siebel in this market? What about the combined PeopleSoft/Oracle? 	<ul style="list-style-type: none"> What are the most influential factors in how customers perceive the value of CRM solutions?
HCM	<ul style="list-style-type: none"> How many companies are planning to upgrade their applications or add to them? 	<ul style="list-style-type: none"> Which verticals are the various HCM providers penetrating effectively? 	<ul style="list-style-type: none"> Are certain vertical industries likely to be more satisfied with their HCM providers than others?
SCM	<ul style="list-style-type: none"> Who exercises more clout in the purchase decision: business or IT? 	<ul style="list-style-type: none"> Are specialist vendors better positioned than the software giants? 	<ul style="list-style-type: none"> Are expectations outpacing performance? What can providers do to remedy the situation?
BIA	<ul style="list-style-type: none"> Which verticals are more likely to build custom BIA applications than buy them? 	<ul style="list-style-type: none"> Which firms do buyers call first when they're looking for a BIA solution? 	<ul style="list-style-type: none"> What can other companies learn from Accenture's strong positioning in this space?

MORE INFORMATION

To learn more about the report, contact Rob Leavitt, Vice President, Marketing and Member Advocacy at +1-781-862-8500, ext. 45, or rleavitt@itsma.com.

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ILLUSTRATIVE DATA FROM ITSMA'S 2005 BRAND TRACKING STUDY FOR SOFTWARE APPLICATIONS AND SERVICES

Figure 2.22 Likelihood to Consider Offshore Firms

How likely are you to consider an offshore firm for ___?

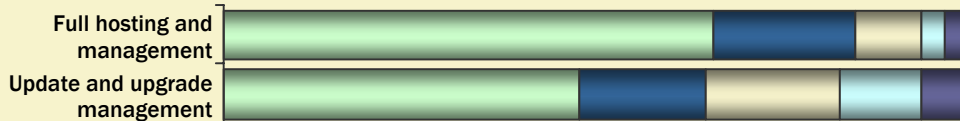


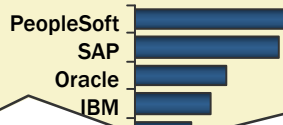
Figure 2.28 Mean Importance Ratings of Software Application Firms' Attributes

When you and your company are selecting an application solutions provider, how important is it that this vendor ___?



Figure 2.7 Involvement in Decision Making for Voice and/or Data Networks

Align Understands
What one firm would you most likely call if you needed [software application module] solutions, including the software application and implementation/upgrade services?





RESEARCH ORDER FORM

	ITSMA Member Price	Nonmember Price
Enhancing Customer Value from Enterprise Software Applications and Services, 2005 Brand Tracking Study		
Full Report (Includes all five modules: BIA, CRM, ERP, HCM, SCM)	\$35,000	\$42,000
Executive Summary and one module	\$15,000	\$18,000
Additional modules	\$10,000	\$12,000

5

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