



# BUSINESS MANAGEMENT SOFTWARE USAGE IN MID-MARKET COMPANIES

Summer 2009

Silverware, Inc and Gilbert & Associates contracted with VisionQuest Marketing to survey over 400 small to medium-sized manufacturing and distribution organizations located in the greater Phoenix, Arizona and Seattle, Washington areas regarding their usage of business management applications.

Our objective is to identify and track trends related to ERP (Enterprise Resource Planning) strategies at mid-market companies. ERP is a company-wide computer software system (or collection of applications or modules) used to manage and coordinate all the resources, information, and functions of a business from shared databases.

This report provides insights and key findings from the study.

## EXECUTIVE SUMMARY

Most of the companies surveyed are content with the business management software they are currently using. Almost 60% described their software as being very user friendly and half said it provides capabilities that increase their competitiveness. Another 16% think they have functionality that could be leveraged for competitive advantage but are not using it.

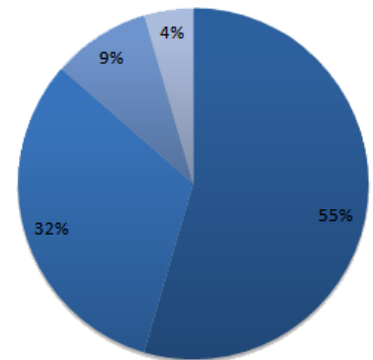
Half of the companies have integrated systems where the accounting system also manages cross-functional business processes such as order processing, inventory and distribution, or broadly speaking, opportunity to cash. Another 5% manage other areas of the business with add-on products for their accounting system. Almost 90% said users get the information they need from onscreen views when needed or by running their own reports.

*PRESENTED BY:*  
Silverware, Inc  
Gilbert & Associates

*GEOGRAPHIC LOCATIONS:*  
Phoenix, Arizona and  
Seattle, Washington  
Metropolitan Areas

*COMPANY TYPES:*  
Manufacturing  
Wholesale Distribution

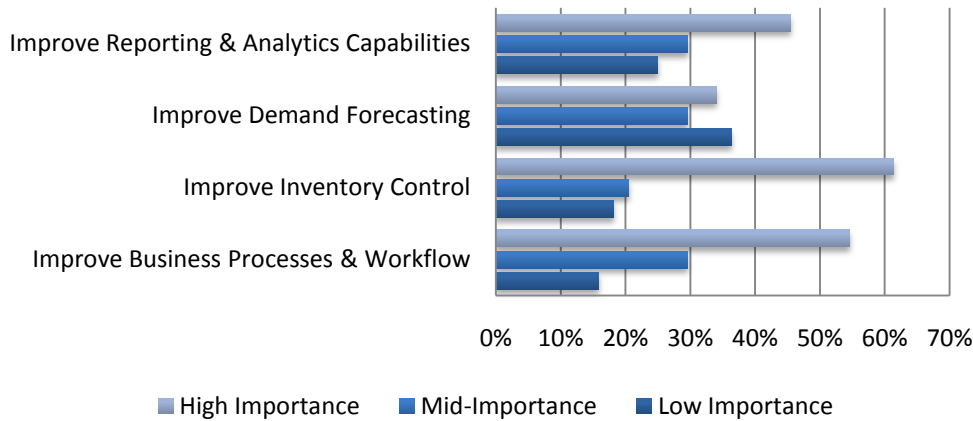
**FIGURE 1: BUSINESS MANAGEMENT SOFTWARE FIT TO BUSINESS PROCESSES**



- Perfect Match
- Had To Change The Way We Do Things
- Fits Now But Will Be A Challenge To Change Processes
- Not A Good Fit. Use Many Manual Workarounds

Very few companies are actively seeking alternatives. When asked what factors are preventing them from seeking alternatives to their current system, 73% said they are happy with their current system. The companies surveyed were generally positive with respect to their current software.

**FIGURE 2: FACTORS MOTIVATING COMPANIES TO CONSIDER NEW BUSINESS MANAGEMENT SOFTWARE**



Improving inventory control, business processes and reporting/analytics capabilities are motivations for making a change, even among companies who say they are happy with their current system. Fifty-five percent of all respondents said their software matches their business processes perfectly but 32% said they had to change the way they do things and 9% would have a hard time making any process changes while using their current business management software. In order to accommodate different business process, many of these companies may have to decide between expensive changes to their existing software or consider investing in a new, customizable solution such as Microsoft® Dynamics NAV™.

*The survey consists of a series of 8 questions exploring the use of Business Software. The questions explore trends related to ERP and touch on motivational and preventative factors for evaluation of new software.*

## THE SURVEY

### Q1: Does your accounting system also manage other areas of your business such as sales order processing, procurement, manufacturing and inventory management?

Half the companies we surveyed indicated that their accounting software has capabilities beyond core financials being used to manage other areas of the business such as order processing, purchasing, inventory and manufacturing. Five percent said their accounting system was extended with packaged add-on products to handle other areas of the business while 14% said custom programming was required. Almost 30% said they have separate systems to manage functions outside of accounting.

### Q2: How user-friendly is your system?

Almost 60% of the companies surveyed consider their business management software "very user-friendly" while 39% feel the system is "somewhat user friendly." Only 2% felt their software is unfriendly for users.

**Q3: How does your system(s) give users information they need to do their jobs and make decisions? For example, can you find inventory on-hand easily?**

According to survey participants, the data contained in their business software systems is easy to access. Most of the companies said information necessary for decision making is readily available to users either onscreen (50%) or with self-service reports (39%). Seven percent said their users need to ask somebody to run reports for them. Only 5% said it is a struggle to get any helpful information out of their system. The users struggling to get information out of their system are all using separate systems for the functional areas of their businesses. Interestingly, they also described their systems as somewhat user-friendly. Although the systems are user-friendly, getting information from disparate systems is problematic.

**Q4: How well does your business management software fit your business processes?**

Although 32% said they had to change the way they work in order to use their management software, almost 55% said their software is a perfect match for the way they work. Another 9% indicated it would be difficult to change their business processes because of inflexible systems. Five percent responded that their software is not a good fit for their business and they have many workarounds in place to manage processes. Many companies may be locked into their current processes because their software cannot easily be adapted or modified to automate new or support changing business processes.

**Q5: In your opinion, does your software give you any capabilities that enhance the competitiveness of the company (e.g., faster order fulfillment, fewer stockouts)?**

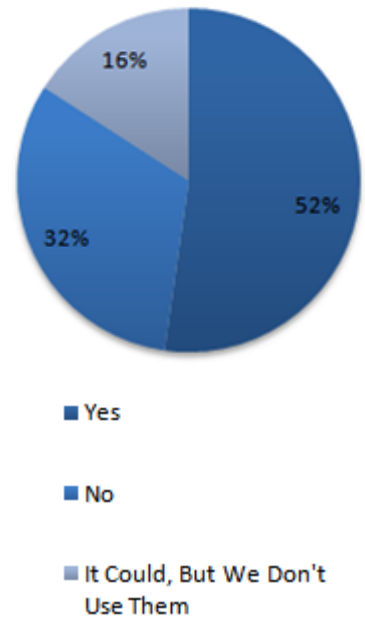
Over 52% said their business software helps them improve performance and heighten the company's ability to compete. Sixteen percent said their software has capabilities that could enhance their competitiveness but they aren't be used. Thirty-two percent don't think their software has any capabilities that could be used to achieve a competitive advantage.

**Q6: On a scale of 1 to 3, 1 being low-importance and 3 being high-importance, please rank the following factors as they motivate your company to consider new business software**

- 1. It would improve business processes and workflow**
- 2. It would improve inventory control**
- 3. It would improve demand forecasting**
- 4. It would improve reporting and analytics capabilities**

Looking at factors that might motivate a company to acquire new business management software, 61% and 20% said that improving inventory control was of high and medium importance, respectively. Improving business process and workflow is also a strong motivator with 55% and 30% saying that would be of high or medium importance, respectively. Even though most companies said their system can provide users information for making decisions, improving reporting and analytics capabilities was still cited as a motivator for purchasing new software. Seventy-five percent said analytics would be a high-importance or medium importance motivator. Demand forecasting is a factor but only 64% said it would be of medium or high-importance as a motivator to consider new business management software.

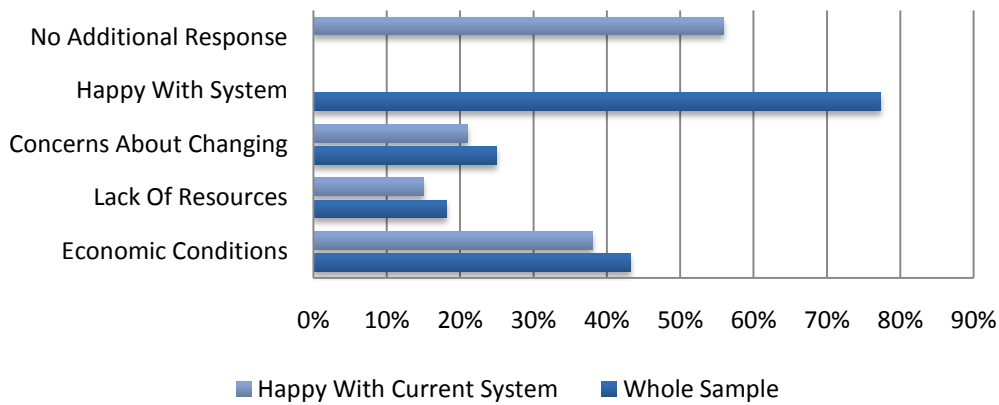
**FIGURE 3: DO SOFTWARE CAPABILITIES ENHANCE COMPETITIVENESS OF THE COMPANY?**



**Q7: Which of the following factors are preventing you from seeking alternatives to your current system(s)?**

1. Economic Conditions
2. Lack of resources to evaluate and implement a new system
3. Concerns (resistance) about changing organizational processes
4. We are happy with our current system

**FIGURE 4: FACTORS PREVENTING CONSIDERATION OF NEW BUSINESS MANAGEMENT SOFTWARE**



Forty-three percent of the companies surveyed said current economic conditions were preventing them from seeking alternatives to their current systems. However, 72% said they were happy with their system which suggests that few companies are actively seeking an alternative. Twenty-five percent said concerns about changing business processes were preventing them for looking at replacement options, and 18% said they lack the resources necessary to research and implement a new system.

While answering Q7, survey respondents were given the option to acknowledge several factors preventing them from seeking alternatives to their current system. Although the majority of users said they were happy with their current system, nearly half stated additional factors were preventing them from seeking an alternative.

Economic conditions were the most common secondary factor preventing those happy with their current system from seeking alternative systems (38% stated economic conditions as an additional factor). Economic conditions were also the most common factor preventing change for those unhappy with their current system. Sixty percent of those unhappy with their system cited economic conditions as a reason to not make a change. The unhappy users might start looking for alternatives as the economy shows steady signs of improvement.

*Survey respondents are using several different packages, including:*

- QuickBooks
- Peachtree
- ACCPAC
- Microsoft Dynamics
- Macola

## SUMMARY

Our results signified a few notable trends, one being that the majority of businesses are happy with their software. However, factors such as current economic conditions and concerns about changing the way work gets done may be keeping them from considering other options.

Additionally, many businesses are using multiple systems to manage their business. This approach requires redundant data entry and additional time to accomplish day to day business tasks.

## ABOUT US

Silverware and Gilbert & Associates are Microsoft Certified Partners that design, implement and support business management systems for mid-sized companies. We deliver customized solutions based on Microsoft Dynamics NAV that work the way you do, providing powerful tools to tackle today's problems and capitalize on tomorrow's opportunities.

Using Microsoft Dynamics NAV, we help your company improve its business processes in many areas, including:

- Effective inventory management, forecasting, and replenishment can optimize inventory, increase turns and reduce your slow-turning stock. This often saves as much as 20% and increases cash flow.
- Improved customer service can keep customers from leaving for a competitor who is staying afloat with fire-sale pricing. Better service can ensure loyalty and increase customer retention.
- Improving billing and collections processes can dramatically improve cash flow.
- ERP solutions can reduce the amount of paper handling and filing. The amount of savings can be substantial when considering the cost of searching, filing, printing, storing and disposing of paper.

**For more information on this survey, please contact Kristen Dormaier at (206) 285-4348.**



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