



Business management software: Best-of-breed or integrated system?

IT still matters

Issue #1: differentiation

An article published in the May 2003 issue of the Harvard Business Review, cleverly entitled "IT doesn't matter" sparked off a fierce debate in the IT industry. Its author, Nicholas Carr, states that, because most IT products are now commodities (like the electricity grid, the telephone or office supplies) driven by open standards and forming an open architecture, it is no longer possible for businesses to gain a competitive advantage using IT.

Like many, we beg to differ. Indeed, most of the IT infrastructure - hardware and system software - is already a commodity. However, IT cannot totally be compared with other technologies that revolutionised business at their time. The main reason why IT is different is that its *raison d'être* is to support the development and the execution of application software.

A company can win with better application software

And there are many examples where better application software creates a substantial advantage. Take Amazon.com. The main reason why the online bookseller succeeds is not because they sell better books, not because their prices are lower and not because they use better computers. Amazon are ahead because their software offers a more convenient and richer set of services to customers.

IT matters to SMEs

It's hard to imagine that, thirty years ago, in the 1970s, the 'high-tech' devices in small businesses were typewriters, calculators, photocopiers, plain old wired telephones and, in some cases, a telex machine with a paper-tape reader/punch.

SMEs can beat competitors with better application software

Today the situation is quite different. A typewriter is an oddity. Personal computers, printers, fax machines, office networks, Internet connections and mobile phones have become commonplace IT infrastructure. In 2003, 83% of SMEs in the UK were using e-mail and 58% had their own website (source: NatWest) and the numbers are growing all the time.

But, while the use of Microsoft Office and Windows doesn't grant competitive advantage, an increasing number of businesses realise that specific application software can make a difference and offer substantial benefits. In other words, like Amazon, SMEs can differentiate from their competitors with better application software. Yet, at the same time, a growing number of businesses find out that the accumulation of IT hardware and software can generate new problems revolving around the integration of all this IT stuff into a coherent, company-wide system.

The silo syndrome

Take the example of a start-up, four professionals leaving a big firm to found their own creative agency. They may work for a while on isolated PCs but they soon find the need to connect them to shared printers and to a server that will store common data, link the local network to the Internet and protect the local systems from security threats.

As the agency grows, its employees strive for the best tools and install the application software they need to excel at their job: specific packages for drawing, editing, publishing, authoring, project management, order processing and accounting, as well as generic applications for word processing, spreadsheet, presentation and so on.

When they reach a size of 10 ... 20 employees they find out that critical business data is scattered across the organisation in multiple forms and that the same information has to be re-captured manually when it travels from an application to another, with risks of errors and increasing time wasting. Stress, frustrations, missed deadlines, reduced growth and impact on profits.

**Issue #2:
integration**

Paradoxically they face the problems that hamper large corporations: a lack of integration between critical applications, business functions operating in isolated silos, broken workflows and fuzzy management visibility.

The first dilemma: integration v best-of-breed

Simply put, the fundamental question is: should your business strive for 'best-of-breed' in each application or should you aim at the best possible integration of critical applications across your entire organisation?

The 'best-of-breed' approach offers the possibility to get top performance for a given function and a wide choice of features. But, quite often, such software becomes bloated with very specialised capabilities that are needed by very few users.

The integrated approach may limit the number of available features in some areas but it offers invaluable benefits to the whole organisation. In short, data consistency, time savings and increased efficiency. This approach also fits in with a trend in application development: the acceptance of 'good enough'. In other words, accept that software doesn't provide all of the required functions if the critical ones are delivered quickly and within budget¹.

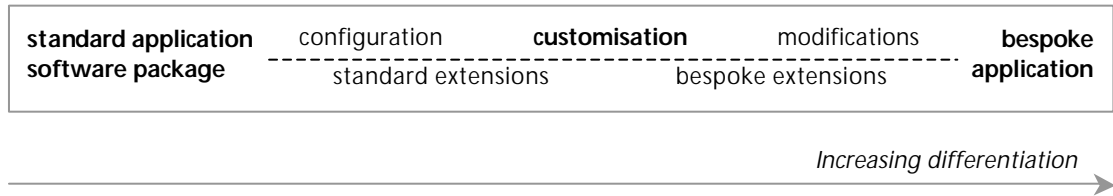
¹ In software development, methods such as Rapid Application Development (RAD) or Extreme Programming (XP) typify this new approach that specifies incremental development with constant feedback from selected users. These users are involved early in the creation of prototypes that solve problems they actually face in daily work. Projects deliver value by keeping clear and open lines of communication between programmers and users, and by minimizing the time between concept and implementation.

The second dilemma: off-the-shelf v bespoke software

**Issue #3:
software
selection**

This leads to another question: should you go for an off-the-shelf application package or develop bespoke software that exactly fits your requirements? Put in extreme terms, should you change the way you do business to fit the package or change the software until it fits your business?

Common sense suggests that there should be a reasonable mid-point. Indeed. Standard packages and bespoke applications are at the opposite ends of a spectrum that can be simplified in the following way:



The picture indicates several possible steps between a standard package and a bespoke application:

- Configuration – the package installation process allows users to select only the required functions (not as obvious as it seems – try to do that for your favourite word processor)
- Standard extensions – users can purchase additional functions that are automatically bolted on the main software
- Customisation – the software can be adapted to specific requirements or situations using, for example, a macro language to fine-tune selected functions or to add new ones
- Bespoke extensions – bespoke software elements can be added to the package following the rules of a precise programming interface, without jeopardising the integrity of the package itself (and therefore, the possibility to upgrade to new releases without problems)
- Modifications – the standard software itself is modified, creating a different package that may not be upgradeable to further releases.

Also, the further right you move in the spectrum, the better opportunities you have to design software that differentiates you from your competitors, but the higher the costs and the longer it takes to implement. As usual, the challenge is to find the right balance.

The third dilemma: David v Goliath

**Issue #4:
supplier
selection**

The next question you face is who to select as supplier of the software, of its associated services including installation, possible adaptations or customisation, and of the day-to-day support of the whole kit and kaboodle.

SMEs have today a wide choice of alternatives, for the majority of software vendors see the mid-market as the only way to grow their own business. After having creamed off opportunities to sell their wares to large enterprises, the leading suppliers of ERP² and CRM³ software suites, including SAP, Oracle and Siebel, all are packaging simplified, lower cost versions of their software aimed directly at SMEs. However, they face several challenges while migrating downwards. For a start, their business models and cost structure make it difficult to reach the pricing levels SMEs can afford. Their staff have some difficulties to understand and adapt to the way SMEs operate. Finally, software programmes that are trimmed down or restrained do not usually perform optimally.

² Enterprise Resource Planning
³ Customer Relationship Management

These large vendors argue that their size and power are a guaranty of long-term existence but SMEs that become customers of such behemoths face the risk of being insignificant for their world headquarters where decisions concerning future design, support policies and other customer issues are taken.

By contrast, smaller developers of business software offer the benefits of really understanding the needs of local companies of a similar size, of responding faster to specific customer requirements, and of fitting better into the local business culture. Software designed specifically for smaller companies usually performs better in an SME environment. It also tends to be more modular (ability to pick out selected functions) and easier to customise (ability to adapt to special business requirements).

So, the question is to decide whether you prefer to be a small fish in a very big pond or a relatively larger fish in a smaller pond. In the latter case you will have a much closer relationship with your software supplier, get to personally know its top managers and, consequently, receive a specific response to your requirements.

The fourth dilemma: leader v follower

Issue #5: IT strategy

The final question brings us back to Mr Carr. One of the conclusions of "IT doesn't matter" is that CIOs, MDs and FDs should spend less on IT, opt for cheap commodity equipment and software and focus more on IT's vulnerabilities such as viruses, external attacks and data theft. Mr Carr advises you to become a follower by minimising IT risks rather than trying to outdo your competitors with fancy IT systems.

Conversely, you can choose to become a leader like Amazon, using IT and, especially, superior application software to maximise the opportunities to beat your rivals with better service offering, product design, customer support and so on.

Again, there is a reasonable compromise consisting of selecting one precise area where you can create a solid, sustainable difference and to invest into the acquisition and/or the development of the best possible software to support the selected function. For example, if you pick out customer support to gain a strategic advantage, you will focus on a set of CRM software modules that will be fine-tuned to fit into your particular business processes in order to make your company stand out with excellent customer satisfaction and, as reward, earn long-term customer loyalty.



The Daybook proposal: Enterprise 6

Daybook responds to the challenges outlined above with Enterprise 6, a comprehensive suite of application modules designed for SMEs that can be customised to support mission-critical business functions. These modules handle a wide range of business functions including financials, distribution, sales, marketing and customer service. The package also has a wide choice of productivity tools, and data management utilities.

▶ details in Appendix A

Enterprise 6 runs on Mac- and Windows-based systems, and uses 4D, the reputed relational database management system that forms the backbone of important systems in major organisations including Bank of America, Goldman Sachs, Apple Computer, Hewlett-Packard, Pfizer, the NASA and the US Army. This solid foundation enables the integration of all company data across all business functions and processes.

Enterprise 6 (and its predecessors) has been installed in over 1 00 companies and organisations in the UK and abroad. It can adapt to a wide range of requirements and can be adopted by VARs and agents who wish to introduce it to specific markets. As software developer and system integrator, we have specific expertise in a number of fields including traditional and electronic publishing, design and creative services (incl. marketing, PR, corporate communications and event management). Our products are also used by IT service providers, computer resellers, and providers of professional services, such as recruitment, consulting and market research.

The Enterprise 6 Response to Key Issues and Dilemmas

Enterprise 6 offers you several ways to respond to the five issues outlined in the previous pages and to untangle the corresponding dilemmas

- **Issue #1 – Differentiation – *In business it's "differentiate or die"*⁴**
As stated in page one, we firmly believe that excellence in application software offers most businesses sustainable ways to outdo their competitors (Amazon is not the only example).
- **Issue #2 – Integration ... versus best-of-breed**
We offer you the best of both worlds. While Enterprise 6 is clearly an integrated package where all applications use the same database, its individual modules that result from over ten years of experience are each fairly close to 'best-of-breed'.
- **Issue #3 – Software selection: off-the-shelf versus bespoke software**
Again, Enterprise 6 offers the best of both worlds, and all the alternatives shown in the picture of page three. You can start from the off-the-shelf package and configure only the functions you need at that time. Later on, you can add new standard functions when their need arises. You can also easily customise functions at any time using the Daybook Macro Language. And, if necessary, our development team can modify Enterprise 6 where needed, or add bespoke modules to it.
- **Issue #4 – Supplier selection: David versus Goliath**
That's obviously your call. On top of our software and of its associated services, we offer you a personal relationship, MD to MD, local team to local team, and we come with over ten years of experience in SME business issues from both the supplier-to-client point-of-view and our own.
- **Issue #5 – IT strategy: leader versus follower**
This is again your call, and Enterprise 6 opens both roads. If you agree that you need a strong basis of IT integration, you can either minimise the risks by implementing some of its basic, standard functions or

⁴ Differentiate or Die : Survival in Our Era of Killer Competition, by Jack Trout, John Wiley & Sons, Inc., 2000

- DESIGNERS
- PUBLISHERS
- CREATIVE
AGENCIES
- IT RESELLERS
- SERVICE PROVIDERS
- CONSULTANTS



you can customise part of our software to catch opportunities for leapfrogging your competitors with superior, software-enabled services⁵

Enterprise 6 Benefits

The main benefits Enterprise 6 offers you revolve around the following characteristics:

- **Complete** – its feature set matches the capabilities of large enterprise ERP, CRM and other packages
 - ▶ it can support all mission-critical functions and processes in your business
- **Integrated** – all applications use the same database
 - ▶ risk of errors minimised
 - ▶ time saved
 - ▶ better decision making through unified view of the business
 - ▶ improved competitiveness
- **Modular** – the system is built only with the functions you need (at some point in time)
 - ▶ optimal system performance
 - ▶ cost effectiveness
- **Scalable** – the system can expand as your business grows (users and modules can be added)
 - ▶ possibility to quickly adapt to evolving business conditions
- **Customisable** – modules can be configured and programmed so that they exactly match your requirements
 - ▶ best of both worlds: strength of a standard software package and versatility through modularity, scalability and customisation.

The Enterprise 6 Customer Experience

A typical installation starts with the analysis of the customer's business needs and priorities. This results in a proposal for implementation. Where bespoke functionality is being developed, we use rapid prototyping involving selected users. We then create a testing system, including all customisation and programming of Enterprise 6 volumes. The final stages of implementation are the acceptance tests devised and run by the client. Final implementation is dependent on these tests being satisfactorily completed. Once fully implemented, tested and accepted, the system is maintained, upgraded and, when necessary, expanded to fit our customer's business growth.

The Enterprise 6 Team

The Daybook team is comprised of business managers, developers and application specialists with the right blend of expertise, enthusiasm and stability. Most of them have been with us for a long time, some over ten years. We still have with us the person who wrote the first line of code of what is now Enterprise 6, in the early 90's. But, while preserving the original spirit, we also make sure that we all keep abreast of the latest developments in IT and related fields.

⁵ Our sister company, SupportPlan plc - www.supportplan.com -, offers a wide spectrum of services including IT consulting, installation planning, implementation, preventive maintenance, system upgrades and many support options. Its domains of expertise include servers, workstations, operating system and application software, networking, security, backup and disaster recovery, as well as special areas such as colour management and wireless networking.

Appendix A – Enterprise 6 functions

General Business Productivity Tools	Time	Diary Manager Super Diary Agenda Diary Interface Business Alerts
	RP	Resource Manager Workflow Sequencing
	Data Mgmt	Data Mining Quickstats Integrated Charting List Manager Record Selection Manager Set Manager Information Manager Search Manager
	Comms	Fax Integration E-mail Integration SMS Messaging Integration Word Processor
	Sales & Marketing	Contact Manager QuickAddress Direct Mail Sales Manager - Forecasting Telesales Support Field Sales Support Enquiry Manager Price Matrix Manager Catalogue Manager Catalogue Production Marketing Campaign Manager
Customisation Tools		Macro Writer & Scheduler Further Fields Data Export Quick Report Editor Super Report Editor

Financials	Nominal Ledger Cash Management Budget Management Recurring Journals
	Purchase Ledger BACS Cheque Writing
	Sales Ledger Credit Management
	Multi-layer Accounting Multi-currency Accounting
Services	Contract Manager Agency Manager Model Agency Manager
	Service Desk Manager Subscription Manager Job time & cost recording Events Manager
Stock Control	Stock control Serial Number Tracking Stock Assemblies Management Bill of Materials