

User Adoption

The Fuel that Drives eSourcing Success



summary

With changes in their environment many organizations are looking at changes in their sourcing applications and initiatives. Several organizations are unhappy with their current sourcing platforms and are looking at other alternatives. As with any other business software application, a fairly large number of eSourcing implementations end up in a fiasco. And when eSourcing programs fail, the primary reason is often a lack of user acceptance. After the initial euphoria and management push, sourcing professionals shun their eSourcing tools and go back to the traditional means of spreadsheets, emails and intranet applications. Consequently, eSourcing software is relegated to mere shelf ware in most of the organizations. And the main reason hitting user adoption is the over emphasis on functionalities and least attention on ensuring that the application is simple and easy to use. The available eSourcing tools are inherently complex and tedious, and user adoption has been a critical issue with almost all of them. Sourcing organizations often complain of the lack of user friendliness of the tool, which does little more than be a supplier portal. As a result adoption wanes, and users go back to using familiar tools like spreadsheets, databases or even just emails.

As the level of user adoption becomes one of the major criteria in the successful implementation of any eSourcing software two critical evaluation parameters emerge which can help eSourcing software providers gain wins in this market. These include ease of use at the product level and strong customer support and training at the service level. Thus it becomes essential that the newer offerings offered by vendors are not only easy to use and go into action with a minimum amount of training but are followed up by top level customer support not just during the implementation process but also after the solution is in place. This paper focuses on how and why user adoption is the key factor to achieve ROI from your eSourcing software.

“

Many of the eSourcing applications implemented at various organizations have failed to deliver the necessary business benefits and have fallen well short of the targeted ROI. The single most important reason for this is the lack of user adoption both within the organization and more critically by their suppliers

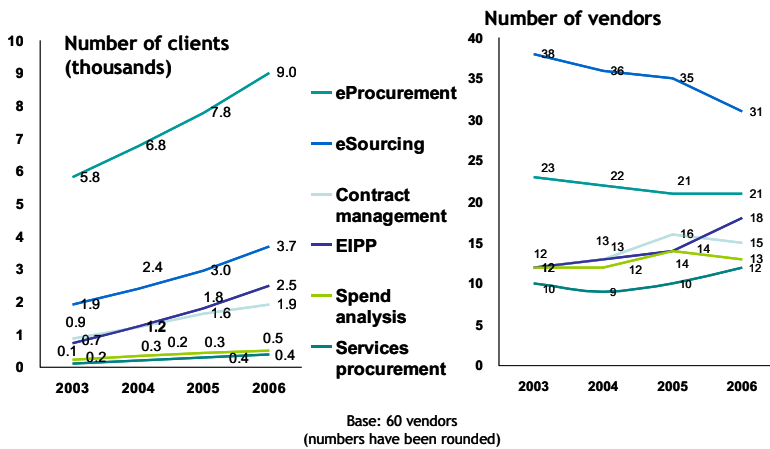
”

eSourcing applications fail mainly because they fail to clear the user adoption hurdle



e-Sourcing today

eSourcing tools have now been in existence for over a decade. As per Forrester research, currently nearly 3500+ organizations use these applications and the vendor base for the same has gained critical mass. The point here is that the eSourcing market is a mature market where product functionalities are relatively stable. Sourcing organizations are well aware of the eSourcing benefits, prices are comparable, and sourcing professionals are spot-on with their requirements.



Client and vendor counts show eProcurement and eSourcing markets are mature

Source - Forrester Research0

Radical changes are descending upon the sourcing environment. Added pressures on sourcing executives to maximize savings and contribute more effectively to the bottom line have made them sit up and take notice and thoroughly review their current sourcing solutions and contracts. It has been noted that several incumbent solutions suffer from low user adoption rates that act as a major hurdle in companies achieving the desired business value and ROI from their sourcing initiatives.



eSourcing applications have been through the early crests and troughs of setting product features expectations and that there is very little to differentiate the products on the basis of functionalities. Almost all the products provide similar features and functionalities.

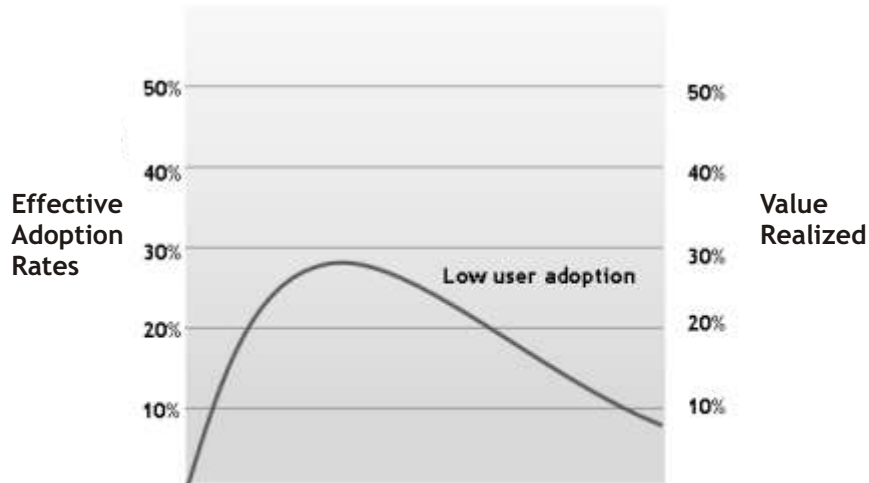


several incumbent solutions suffer from low user adoption rates



The User Adoption Conundrum:

Why is 100% adoption so elusive?



Although several organizations have systems in place for their sourcing initiatives hardly 25% of all internal customers adopt them and spend data flowing through such tools is in single digits. Three main factors can be seen as the core reasons for lower user adoption

✓ Technological complexity does not equal business superiority

One of the key reasons for low adoption rates for this software is the inherent complexity of such software. The difficulty arises not just because of the newer technology but also because of the complex processes involved which puts users in completely new territory. This makes them revert back to methods and processes which they are comfortable with and avoid the newer systems. Implementation thus, becomes a stretched out and delayed exercise causing losses not just in potential savings but more immediate losses of a financial nature due to reduced profitability.

adoption levels of eSourcing software are as low as 25% among internal customers



E-procurement and e-sourcing applications have had their own problems. "The primary factor constraining growth in e-procurement and e-sourcing is their challenging cost/benefit value proposition." In principle, these applications should be in great demand, due to their ability to lower the costs of goods and services and make the overall purchasing process more efficient and effective. But in practice, e-procurement and e-sourcing applications have faced some real adoption barriers." - Andrew Bartels-Forrester



customer scenario



GLOBALLY DIVERSIFIED MANUFACTURING COMPANY

A globally diversified manufacturing company with revenues of \$11 billion and indirect spend amounting to US\$ 300 million per year faced severe user adoption issues with implementation of their sourcing software. Of the designated 100 sourcing managers supposed to use the software the user adoption was only 5%. On probing it was discovered that though the sourcing tool implemented was satisfactory in terms of functionality it was found to be too complex to use. At the supplier end the story was even worse. The adoption of the tool was especially low among suppliers from the transportation vertical who had varied degrees of technical expertise. These suppliers completely shunned the tool and send in their bid responses through emails and excel sheets-methods that they were comfortable with. Further the sourcing managers never used the tool to analyze the bids or calculate savings under various bid scenarios. Simple graphical analysis within the tool showing hypothetical savings scenarios can be a good incentive for sourcing managers to adopt the tool showcasing how he can contribute to the company's bottom line.



KISS and make it effective:

If it is easier to utilize the new software why wouldn't anyone switch to it? It is essential for enterprises to provide alternatives to incumbent systems and processes that are easier to use. This minimizes training burden at the customer and the supplier ends and facilitates user adoption. The solution provided should be such that the user can immediately access all features. The processes of transition from the incumbent systems should be something that the end users want to do, not something that is forced on them. This can only be achieved by having a solution which has to be inherently very simple to use not just in terms of the functionality but also in terms of the information and reporting that the tool provides. The tool should be such that the amount of technical expertise required to fully utilize it is minimal. Having user friendly features like event modeling with simple drag and drop based UI facilitates easy on boarding of customers. This has to be the key as the end users may not be people with a high level of technical skill especially at the supplier end. Thus the first and the most pivotal requirement to ensure maximum adoption is to Keep It Straight and Simple

User Adoption - The Fuel that Drives eSourcing Success

✓ The aim is business value not feature excellence

Procurement departments today are not just expected to reduce costs and realize savings but to drive internal efficiency, reduce the costs of transactional activities and get the most from strategic resources. Focus on user adoption has to begin, right at the time of evaluation of the vendor for eSourcing software. Many a times during the evaluation of prospective solutions organization tend to judge the software on the basis of maximum features and the most complex functionality. The aim here is to achieve breakthrough business results not achieve a superior technological advantage. Look for the software with the best functionality but not at the cost of user adoption, ease of use and configurability.

Procurement organizations, which are now saddled with the responsibility of contributing directly to the business' bottom line, must focus not only on delivering the best automated solutions but also on creating sustainable improvements in core strategic areas that can show a path to results

✓ Responsiveness holds the key:

It is absolutely essential to continue to be highly responsive and nimble to all customer queries and needs even after the transition phase. This means that increasing user adoption should not just be a customer controlled activity but should be taken as a performance indicator by the vendors themselves. A proactive attitude towards increasing user adoption facilitated by steps like clear communication of product features and benefits to the end users, strong customer support and help lines and anticipation of customer problems and requirements will lead to more effective implementation of solutions. Customer support is not restricted to being available on the phone and being prompt in replying to customer emails. Instead we need to look at a completely different dimension of responsiveness where after the implementation of your solution you facilitate the creation of an environment at the client side which ensures an accelerated rate of user adoption. The results are not just in the form of this accelerated rate of return for the client but also in the development of a collaborative relationship which may ensure long term sustainability in business for the vendor.

