

ERP systems under threat according to study by PMP Research

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PRESS RELEASE

ERP systems under threat

Study by PMP Research finds strong interest in e-business applications, but investment in ERP systems is slowing

ERP systems are no longer the dominant enterprise application, according to a recent survey from PMP Research. Just 16% of those polled say their current enterprise application environment is mainly based on ERP packages, compared to one third (34%) in last year's poll.

Instead, many companies are opting to supplement ERP solutions with either best-of-breed software (26%) or bespoke developments (20%).

And organisations are keen to include e-business applications in their core enterprise systems. Only 7% of the sample state that e-business is a specialist activity handled by a specialist department, while the majority (60%) reckon it is now applicable to many areas of their operations.

As part of this trend, two-thirds (67%) report they have been making efforts to link front-end e-business systems with back-office processing over the past two years.

Overall, companies are most likely to justify investment in enterprise and e-business applications because of a desire to improve their operational effectiveness and efficiency, a point acknowledged by 96%. In contrast cost savings, cited by 50%, have reduced in significance as a goal.

Three-quarters (74%) of those polled are also seeking better management information, with 71% initiating actions designed to encourage departments or functions to share information more readily. Almost two-thirds (60%) have sought to make enterprise information more personalised to people or functions.

But money for such innovations is still in short supply, the survey finds. Although 44% of companies say that recent changes in the economic or business climate have not led them to modify their IT investment plans for the next financial year, a third (30%) admit to a reduction in their IT budget.

Cost constraints also emerge as one of the serious threats to the success of new enterprise system initiatives, along with ill-defined project objectives (49%), the difficulty of mapping business processes onto applications (45%) and problems in managing outcomes and expectations (45%).

Companies are responding by tightening up their approach to ROI - 42% say this has become more rigorous over the past year - and a quarter (24%) have looked at alternative measures apart from the usual purely financial metrics, such as assessing customer response, speed of service or a balanced scorecard appraisal.

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Note for editors:

About PMP Research

PMP Research, founded in 1990, is the leading European independent analyst firm and part of PMP Group Services. The firm provides bespoke research, analysis and consultancy on a UK, European or global basis, typically within the IT, telecoms and professional services markets.

Clients include Accenture, KPMG, AT&T, Cisco, Oracle and SAP.

PMP Research being part of the PMP Group, has access to a database of over 68,000 individuals. This unique facility reduces cost and timescales for any project undertaken.

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