Delivering High Performance

Using Enterprise Systems to Create Distinctive Capabilities

There's no longer any real argument about whether enterprise systems add value. What is surprising, however, according to Accenture research, is the extent to which high-performance businesses use enterprise systems as the platform on which to create distinctive capabilities–those that are differentiated from competitors' capabilities.

"The stereotype of enterprise systems as commoditized, packaged software is now obsolete," says James Hayes, managing director, Oracle business for Accenture. "Our research shows that the best performers know how to use their enterprise systems to create the distinctive capabilities that drive high performance."

Accenture conducted a four-part survey of experts and senior executives in 34 countries and 19 major industries, updating a similar survey done previously. Fully 91 percent of the 450 respondents said enterprise systems contributed either "to a very large extent" or "substantially" to distinctive capabilities, which the survey defined as "integrated business processes and capabilities that together serve customers in ways that are differentiated from competitors."

Three factors in particular determine whether a company will obtain this kind of business value from its enterprise systems, says Jeanne Harris, executive research fellow for the Accenture Institute of High Performance Business. They are:

- The extent to which operations are integrated.
- The degree of business process optimization.
- The amount of data analysis used in decision making.

Of the three, the updated survey revealed that companies are paying much more attention to developing an analytical capability for better decision making. In the earlier survey, only 28 percent of the respondents said their organizations had an above-average or outstanding analytical capability, compared with 57 percent in the second survey.

High performers understand the correlation between business results and the use of analytics, Harris explains. "They realize that the use of information from enterprise systems is how an organization differentiates itself," she says. Companies that emphasize the use of business intelligence and analytics software are better able to out-perform their peers.

In addition to analytics, other IT-enabled outcomes that respondents rated highly as contributors to the creation of distinctive capabilities include integrated critical processes and using IT as a strategic asset (see chart, "The Link Between Enterprise Systems and Distinctive Capabilities").

The Accenture research proves that, although controversial in the past, enterprise systems can add business value. In addition, the research shows that an organization's distinctive capabilities are often enhanced by the significant business value derived from enterprise systems. Indeed, the Accenture research demonstrates that high performers are acting on that insight today. ■

THE LINK BETWEEN ENTERPRISE SYSTEMS AND DISTINCTIVE CAPABILITIES

Survey respondents rate to what extent their enterprise systems' enabled capabilities contribute to their distinctive capabilities (% of respondents).

(some totals exceed 100% due to rounding)

Source: Accenture

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