

## I D C   V E N D O R   S P O T L I G H T

---

# Workforce Performance Optimization: The Missing Link in Business Process Management

May 2008

Adapted from *Worldwide Human Capital Management and Payroll Processing Applications 2007–2011 Forecast and 2006 Vendor Shares* by Albert Pang, IDC #209928

Sponsored by Iontas

---

*The world is entering a new era in terms of workforce management with the proliferation of job responsibilities and performance metrics, and this situation is placing more demands on companies to align their optimal employee productivity levels with the most competitive cost structure. In addition, companies are seeking the biggest returns on their technology investments and human assets in order to withstand the pressures of globalization, as well as unpredictable economic conditions. Connecting the dots of these human, technology, and productivity cost elements is the focus of this Vendor Spotlight, which examines the need for human capital management (HCM) and workforce performance management (WPM) solutions, discusses the value of these solutions, and describes potential markets. The paper also looks at Iontas, a provider of HCM and WPM solutions, and its role in the growing workforce management market.*

### Introduction: The New Workforce Management

As the nature of business continues to change, so does workforce management. Just as globalization and mobility have changed business processes, so have they changed how organizations use their most important resource — their workers. Globalization, flexible work rules, and the strategic importance of people assets have forced organizations to transform their human resources (HR) systems into a more real-time, personalized, and operational intelligence business function that goes beyond the traditional view of aggregating personnel data.

This transformation will require companies to use technologies that allow them to systematically measure, improve, and reward the performance of their workers in routine tasks such as handling customer service calls and in complex tasks such as software programming. The goal is not necessarily to reward or penalize individual employees but rather to allow for greater precision in the organization's cost and budget planning in order to sustain and boost overall profitability. Workforce performance optimization could be considered the next step in business process improvement (BPI).

Initially, BPI focused on cutting costs by looking for ways to make processes more efficient. Then, enterprises looked to optimize business processes. Enhancements involved business process reengineering, total quality management (TQM), and other methodologies. Improvements came in the form of better processes or enhancements to the underlying technology, with the goal of finding the optimal way of accomplishing a task such as payroll, accounting, and customer support, often by reducing the steps required to complete the operations. Advances have also come in the form of extending operations to handle additional processes, creating efficiencies and economies of scale.

Virtually every organization now depends on technology to ensure that all processes, and the information needed to run the business, are as automated as possible. These technology advances have brought the need to measure performance. But while organizations can quickly analyze and interpret data, the big challenge has been to find ways to monitor, measure, and improve the performance of humans using the technology.

And never has it been more important for organizations to optimize their workforces. HCM is a rapidly growing market that includes traditional HR applications as well as e-recruiting, incentive management, performance management, and workforce management applications. In addition, technology assets that are assigned to employees have to be maintained and optimized through widespread utilization and constant updates, as well as workflow monitoring for compliance, security, and business rules purposes.

Inherent in these technologies is the ability to set and monitor key performance indicators (KPIs) as a way to provide concrete measurement tools for workers and their managers. These applications not only improve competitiveness and the ability to meet customer needs but also provide a view into workforce performance. This view makes up the next level of improving business processes because it enables organizations to truly see if workers are meeting business and customer needs. In today's changing economy, companies must ensure that they are running as efficiently as possible, not only to remain competitive but also to secure the jobs of the very workers they need to be more efficient.

## **The Business Value of Workforce Optimization**

Usage patterns provided by HCM solutions can provide significant business value, particularly in organizations that process a high number of customer interactions or transactions in a short amount of time. Similarly, HCM provides a way to analyze heterogeneous groups of workers, due to either global expansion or a merger/acquisition, to determine and maintain standard business practices. In addition, HCM solutions can help ensure that workers, both domestic and offshore, provide reliable service and consistent marketing messages.

From a performance aspect, HCM provides a way to determine best practices in critical processes. For example, collecting data from a top performer can offer insight into how to create better standard approaches to meeting customer or business needs. Data also can be used to determine which employees need additional training to improve their performance. As a result, overall worker performance increases, leading not only to greater productivity and profitability but also to a higher retention rate because employees are more capable of succeeding at their jobs. Quality is higher from a better-trained, content workforce, resulting in greater customer satisfaction as well.

From a bottom-line aspect, more efficient employees generate more value for the organization. HCM can determine such benchmarks as cost per transaction, transactions per hour, or value of transactions. Data can be used to determine peak traffic times in order to reallocate resources accordingly. Trends — such as which services generate additional sales, what approaches to customer service are more successful, and which call centers have the most successful staff — can lead to process improvements that bring value to the operation.

In particular, as companies react to the changing economic environment, they will increasingly look for ways to improve staff productivity. Capacity increases will occur less as a result of headcount additions and more as a result of efficiency per employee. The associated training and benchmarking help employees improve and also are tools to hedge against skill shortages.

As many organizations outsource key processes, such as customer service and support, HCM tools are a way to ensure that contractors are meeting agreed-upon service levels. Regular monitoring, measured against KPIs and specified in contracts, will ensure that even contractors maintain a company's best practices.

Finally, with the increased demand for regulatory compliance, there is a greater need for documenting all transactions. By implementing HCM tools, organizations can ensure and document compliance. At a time when corporate scandals have dominated headlines, HCM is becoming one of the most effective measures for HR departments to enforce ethical standards, rules, and procedures that have been communicated to employees.

## **The Market for Human Capital Management**

Currently, the HCM market is highly fragmented, with numerous vendors providing solutions in several related categories. In 2006, the market reached nearly \$4.5 billion, broken out between traditional HR, workforce management, performance management, incentive compensation, and other related applications, such as HCM analytics. Critical factors in this market include the following:

- Best-of-breed providers of strategic HCM products, from recruiting to workforce management, are poised for sustainable growth as a result of new financing to scale their businesses, a series of mergers and acquisitions that enrich their arsenals, as well as improved global selling and marketing capabilities.
- Despite the current economic slowdown in the West, companies continue to have a hard time finding and retaining qualified workers, forcing many to rethink their performance management systems as well as the business processes needed to help them identify, train, and groom next-generation managers and leaders.

However, market momentum could be stalled by continuous turmoil in the financial services industry due to the credit crunch, the inability of on-demand HCM vendors to secure a large enough installed base, as well as HCM vendors' generic approach to addressing industry-specific requirements.

IDC predicts that the HCM market will increase to approximately \$6.6 billion by 2011, again broken out between traditional HR, workforce management, performance management, incentive compensation, and other related applications, such as HCM analytics. Factors that will drive the market include the following:

- Workforce management application vendors are expected to capitalize on the user's need to exert considerable control over employee schedules with labor supply remaining tight and no relief in sight, especially in fast-growing regions.
- Performance management is gaining support across a full spectrum of companies as demographic changes force them to improve their review and retention policies. Insurance, pharmaceutical, and high-tech manufacturing companies are showing great interest in adopting on-demand tools to boost the productivity of their salespeople, a task that incentive management application vendors are addressing with industry-specific solutions.

In addition, the adaptive nature of HCM applications — after all, every company has built-in HR business processes — enables vendors to extend themselves across adjacent functional areas such as enterprise resource management and customer service and contact centers to address the needs of a large contingent of internal and external users in multiple industries. Hence participants in one market — HCM performance management, for one — are capable of disrupting other markets as their underlying features begin to converge.

## Considering Iontas

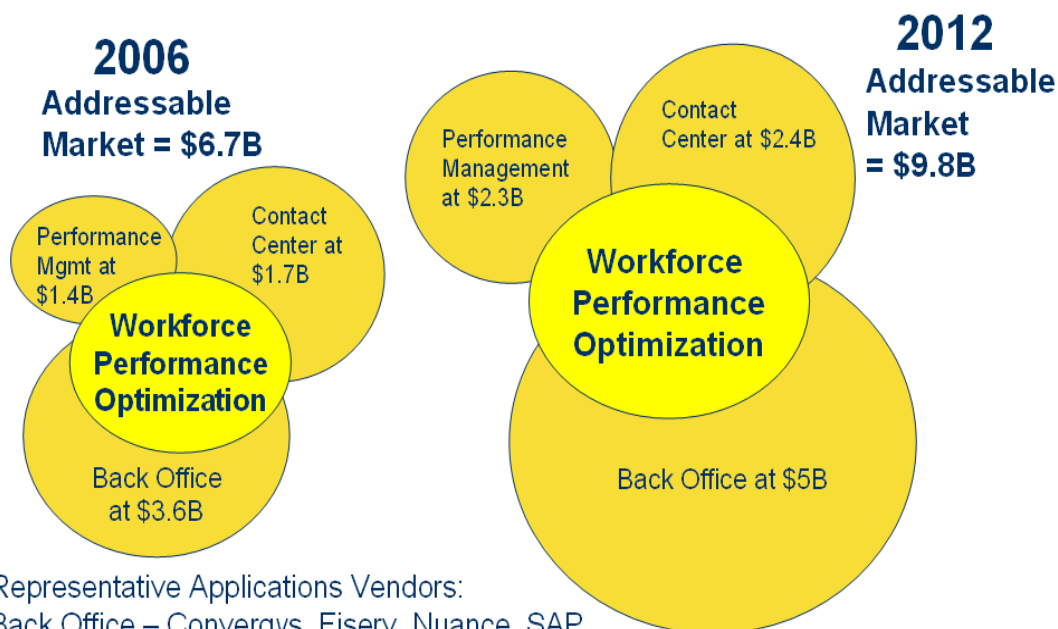
Iontas is an Austin, Texas–based provider of workforce optimization and business process management (also referred to as workforce performance management, or WPM) software that has developed considerable expertise in workforce management and optimization. The company offers solutions designed to help contact center, back-office, and enterprise workers better use technology to do their jobs. Using information gleaned from Iontas software, organizations can improve their business processes. In addition, the software enables managers to provide employees with the specialized tools and training they need to be more efficient.

In short, Iontas gives an organization tools to measure how workers use the company's business processes, software, and hardware to better meet customer needs.

With operations in North America and Europe, Iontas uses an OEM approach for sales and distribution. The addressable market for Iontas' workforce performance optimization solutions was estimated at \$6.7 billion in 2006 and is projected to grow to \$9.8 billion in 2012 (see Figure 1). Currently, the company has over 600,000 software licenses worldwide. 2007 was a banner year for Iontas, with a reported doubling of sales and tripling of earnings.

**Figure 1**

Iontas' Workforce Performance Optimization Solutions Ride on the Synergies of Multiple Functional Markets



Representative Applications Vendors:

Back Office – Convergys, Fiserv, Nuance, SAP

Contact Center - Aspect Software, Avaya, Genesys, NICE Systems

Performance Management – Amdocs, Kronos, Oracle, Verint

Workforce Performance Optimization – Iontas and others

Source: IDC, 2008

Iontas' technology is designed to run at the operating system level. As a result, there is no need to integrate the software into existing applications. The software can monitor multiple applications simultaneously while using very little memory, so application performance is not affected. Data is encrypted and sent to a central server, typically in a file no larger than an average email.

Iontas' Focus suite captures and analyzes detailed information about how users throughout an enterprise interact with their business-critical software applications. The suite gives managers insight into — and the unique ability to act on — users' minute-by-minute actions in order to optimize processes and improve use of resources. This comprehensive information gives companies the knowledge they need to increase revenue, maximize profit, reduce costs, and improve operational efficiency and productivity (see Figure 2).

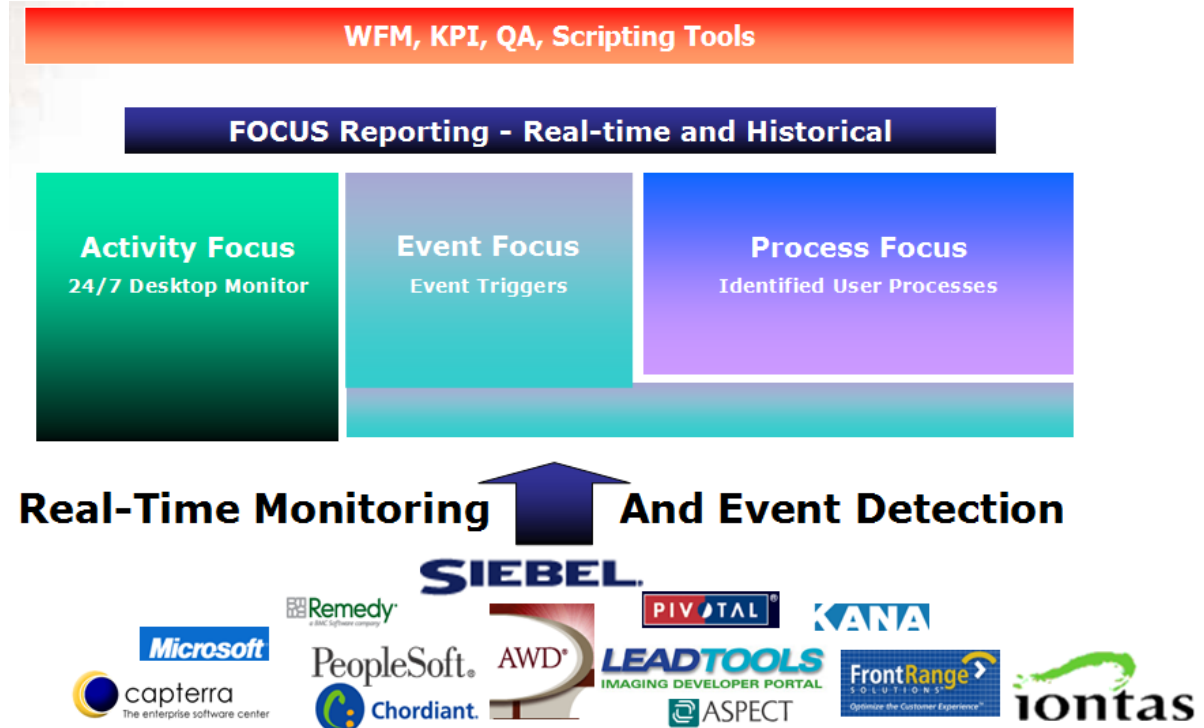
The Focus suite uses a small client application (1.5MB) to seamlessly capture data from a number of standard interfaces on the monitored computer. It utilizes minimum levels of memory and CPU (typically <5%), low-bandwidth data transfer, and a software protection mechanism to prevent user termination of the software, and the captured data is transferred to a central server for reporting.

The suite includes the following products:

- **Activity Focus.** A small (250KB) process sits on each user's PC and uses a patent-protected method to gather data information directly from the Windows operating system. Activity Focus logs software usage data in real time, providing precise timing of activities such as logging on and logging off, as well as idle periods. It also identifies which applications are used and for how long and even which screens within an application are accessed. The process also provides a reporting and monitoring system so managers can quickly review data.
- **Event Focus.** This product provides a means to capture data and actions within an application. A rules engine enables managers to specify the text or events that trigger alerts — e.g., data values entered or appearing on screen, button or object presses, key presses, or menu items. In response to a detected event, a real-time action can be executed, such as recording important phone calls or alerting supervisors to high-transaction values or a security violation. Managers can determine the response to an alert, such as sending an email, starting a recording, or preventing a transaction.
- **Process Focus.** This product offers visibility into — and understanding of — a company's day-to-day business processes. The application can recognize an entire business process that may span several software applications and multiple complex steps and capture details about how that process is implemented, including duration, values for users and groups, number of times a process or step is executed, and time spent on the process. Managers can configure rules and define the process flow, receiving information as workers implement those procedures.

**Figure 2**

Iontas' Enterprise Solution for Workforce Optimization and Business Process Management



Source: Iontas, 2008

### **Customer Success Stories**

The following Iontas customers have successfully implemented the Focus suite in their organizations:

- A major U.S. bank purchased 167,000 licenses and used the Focus suite to evaluate its existing business processes to see how they varied by region. In addition, the software helped determine process best practices. Using this information, the bank created training programs to ensure greater employee success. The Focus suite then measured how well these best practices were implemented to determine if further training was required.
- A major retail company was faced with the problem of customer service turnover caused by the company's problems in supporting its high-volume transaction environment. In addition, executive management expressed concern with the lack of consistent procedures, improper training, and variability among staff execution styles — issues that negatively impacted operating expenses. As part of its Six Sigma program to improve customer service and retain employees, the company implemented the Focus suite. The software provided more detail than traditional Six Sigma monitoring tools and helped the company gain a complete overview of its standard processes. As a result, the organization standardized processes and created training programs to improve service and worker retention.

- A leading bank in the United Kingdom needed to do a better job of proving compliance with internal procedures and external regulations. Traditionally, the company conducted time and motion studies on selected groups of individuals, which did not reflect the actual processes used across the entire back-office operation or provide the empirical evidence of compliance. The Focus suite captured process information that not only provided compliance data but also helped the organization improve workflow through its CRM system, further integrate IT systems and manual processes, and organize multiple software systems and associated data to improve customer service.

## **Challenges**

lontas does face challenges, however. First, as with any monitoring and management tool, there often can be resistance by workers. The company must work with its partners to educate managers and staff about the value of its solutions, particularly their potential to help workers improve productivity and therefore retain their jobs in an uncertain economy.

In addition, the company faces potential competition from major software vendors that see helping customers be more efficient with their products as a value-add. It's imperative that lontas use its OEM approach to make its software suite a widely used tool among these potential competitors.

## **Conclusion and Essential Guidance**

As companies strive to improve their performance in an increasingly competitive marketplace, they are looking at what might be considered the next generation of business process improvement: finding ways to optimize the performance of their workers. WPM solutions provide the opportunity to closely manage how employees are using technology and meeting established performance metrics for sustainable process and efficiency gains. These tools have the potential to dramatically improve a company's bottom line and help workers, particularly those with a high volume of customer transactions that have to be supported in a 24 x 7 environment.

Companies looking for WPM solutions should keep in mind the following:

- Solutions that help support HCM functions should be flexible enough to keep track of underlying technology assets, since both are becoming intertwined.
- Solutions should be scalable enough to work with different business process requirements in multiple customer-facing and back-office scenarios.
- Solutions should be easily customized so managers themselves can determine measurement benchmarks.
- Solutions providers, or their representatives, should be committed to working with customers to deliver easy-to-implement packages for specific industries.
- Solutions providers, or their representatives, should be able to localize solutions to ensure that employees will be using a common platform to extend the solution across different regions without incurring unnecessary infrastructure expenses.

Ultimately, the key reason for companies to invest in WPM solutions is to enable their employees to do a better job, not create undue data bottlenecks or duplicative business processes. As a result, solutions need to be implemented with intuitive usability, attractive design, and minimum training required for rapid and large-scale adoption throughout an organization.

Successfully implementing WPM performance improvement and optimization programs in the back office requires a means of capturing detailed user metrics on an ongoing basis. Traditionally this has required extensive onsite integration with each user application and collation of data from many disparate sources, an exercise often beyond the justification of the project. Iontas' software provides solution vendors with a new insight into user metrics without the need for application integration and programming.

Using a suite of data capture modules, the Focus suite captures data seamlessly from the user's screen and presents detailed usage, activity tracking, and workflow data from across the enterprise in real time. For vendors supplying solutions in this sector, the availability of this data significantly reduces deployment time and opens up many new opportunities for workforce optimization solutions previously hampered by lack of real-time data (creating a wide market demand for the Iontas product set).

As an OEM provider, Iontas fills a gap that exists in many of today's WPM, workforce management, business process management, and performance management solutions, whose objective is to aggregate and harness the rich source of accurate real-time data from different operating environments. Based on its successful track record and ability to overcome its challenges, Iontas could well become the missing link for anyone considering use of the latest software technologies to optimize workforce performance and achieve sustainable business process improvement.

---

#### A B O U T T H I S P U B L I C A T I O N

This publication was produced by IDC Go-to-Market Services. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Go-to-Market Services makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.

#### C O P Y R I G H T A N D R E S T R I C T I O N S

Any IDC information or reference to IDC that is to be used in advertising, press releases, or promotional materials requires prior written approval from IDC. For permission requests, contact the GMS information line at 508-988-7610 or [gms@idc.com](mailto:gms@idc.com). Translation and/or localization of this document requires an additional license from IDC. For more information on IDC, visit [www.idc.com](http://www.idc.com). For more information on IDC GMS, visit [www.idc.com/gms](http://www.idc.com/gms).

Global Headquarters: 5 Speen Street Framingham, MA 01701 USA P.508.872.8200 F.508.935.4015 [www.idc.com](http://www.idc.com)