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Seizing Advantage: The Technology **Pivot ANZ Businesses Must Make**

A Case For Unified Business And People Management Platforms For Midmarket Firms

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Executive Summary

The COVID-19 pandemic has highlighted the urgency of digital transformation like never before. While many midmarket businesses accelerated the digital enablement of customer-facing channels throughout the pandemic, the majority did not revamp their core internal business systems. As the world recovers, the pace of disruption is just beginning. Midmarket organisations must choose to either press the advantage now with a radical overhaul of core business solutions or remain reactive and face the risk of being left behind.

In a hypercompetitive, globally connected world, even local businesses must think about their customers' digital experiences. Customers are demanding operational excellence and adaptiveness. This calls for a new type of business and people management solution (defined as software and/or application supporting internal operations and resourcing). These solutions need to easily scale and enable collaboration, while remaining future-proof to continually meet rapidly evolving customer and employee needs. To collectively address all of these needs, a unified business and people management approach — which includes platforms that bring together critical functions like finance and accounting, payroll, and workforce management — is key to seizing advantage.

To assess the positive impact of adopting a unified cloud-based business and people management solution, MYOB commissioned Forrester Consulting to evaluate current business and people management solutions in midmarket businesses, their challenges, and future needs. Forrester conducted an online survey with 420 respondents from midmarket businesses accompanied by seven interviews with midmarket decision-makers in Australia and New Zealand (ANZ), one of whom was a customer provided by MYOB, to explore this topic.¹

Key Findings \longrightarrow



Key Findings

Midmarket businesses' core internal business systems are not fit for modern digital commerce. Today's solutions are siloed, and they fail to utilise the flexibility of cloud-based delivery. These solutions do not meet the needs of modern businesses, and they instead hamper productivity with poor user experiences.

Outdated solutions cost time, money, and customers.

Ineffective business and people management solutions negatively impact productivity, customer experiences, and profitability. Midmarket firms reported an average 28% of extra costs due to inefficient and/or ineffective solutions.

Decision-makers struggle to build the case for change.

Despite recognising the importance of investing in unified business and people management solutions, decision-makers face three key barriers to improvement: 1) a lack of leadership support, 2) change management effort, and 3) a short-sighted focus on initial technology costs.

Success in the post-pandemic digital era requires a

modern solution. Midmarket organisations need a business and people management platform that can take advantage of the post-pandemic digital era. This platform must be unified and cloud-enabled, provide end-to-end visibility, and be accessible across the workforce. Early adopters of these solutions have seen significant advantages in productivity and cost efficiencies that have primed their business for growth.

Today's Business And People Management Solutions Miss The Mark

Critical functions like finance and accounting, payroll, and workforce management are at the heart of day-to-day operations, underpinning employee and customer experience and overall business success. Midmarket firms in ANZ have historically overlooked building and improving these capabilities however. As a result, today's business and people management solutions negatively affect businesses' bottom line and growth as they:

"Legacy solutions force us to spend more time updating rather than analysing data."

HR manager, Australian manufacturing company

- Fail to reap the benefits of cloud-enabled agility and innovation. The 2010s ushered in a wave of transformation for cloud technology. Beyond the initial draw of cost savings, the cloud helps organisations meet rapidly evolving customer needs with unparalleled levels of agility and innovation. Cloud has become a foundational technology for businesses today. Yet more than half (54%) of midmarket businesses continue to host their current business and people management solutions on-premises (see Figure 1).
- Do not produce the insights necessary to drive key business decisions. Businesses need holistic data and insights to make effective decisions. However, siloed business and people management solutions hamper organisations. On average, 45% of decision-makers' solutions are siloed. This disconnect increases organisational complexity and creates disparate data pools, making it difficult for organisations to generate insight and drive decisions. More than a third (35%) of midmarket decision-makers currently face significant challenges in tracking key performance indicators.
- Do not meet the needs of businesses. Businesses need solutions that
 are fit for purpose. If not, employees will find a workaround, presenting
 monitoring and compliance risks and negatively impacting employee
 productivity and business outcomes. Despite this, 38% of midmarket
 decision-makers revealed that their organisations' current solutions aren't
 customisable enough to meet organisational needs.

Figure 1

"In which environment do each of the following business and people management solutions currently operate?"





Note: Percentages have been rounded to the nearest whole number

Base: 420 midmarket decision-makers with responsibility or influence over their organisations' business and people management solutions in ANZ

Source: A commissioned study conducted by Forrester Consulting on behalf of MYOB, April 2021

 Offer employees poor user experiences. Complicated solutions negatively impact employee productivity. Still, 40% of midmarket decision-makers indicated that their current business and people management solutions were not user-friendly or intuitive. As a HR business partner from a New Zealand manufacturing company described: "User experience is one of our biggest challenges at the moment. It frustrates users and negatively affects productivity."

At a time of constant change, midmarket businesses in ANZ need the right tools to help them make critical business decisions quickly and efficiently. Yet most midmarket organisations use business and people management solutions that are outdated. These solutions miss the mark — and there are repercussions for holding onto reactive and outdated solutions.

"We were finding that our work was becoming more labour intensive and that our costs were growing each year. That was enough of a drive for us to start looking at our internal systems."

Business process consultant, New Zealand professional services company

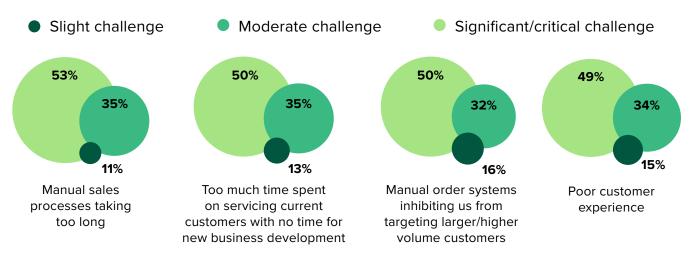
Outdated Solutions Affect Cost And Profitability

Midmarket organisations lose millions each year to siloed, on-premises solutions that aren't fit for purpose. Businesses looking to thrive in today's hypercompetitive market must be cognisant that:

• Siloed solutions waste time and create poor customer experiences. As the Head of IT at an Australian professional services company described, "With siloed solutions, it was difficult to get a single view of what was happening across the organisation and servicing customers became very difficult." Midmarket decision-makers recognised significant business challenges, including lengthy manual sales processes (53%), limited business development time (50%), insufficient customer targeting for high-value strategic customers (50%), and poor customer experiences (49%) due to their current business and people management solutions (see Figure 2).

Figure 2

"Which of the following do you consider key business challenges resulting from your organisation's current business and people management solution(s)?"



Note: Percentages have been rounded to the nearest whole number

Base: 420 midmarket decision-makers with responsibility or influence over their organisations' business and people management solutions in ANZ

Source: A commissioned study conducted by Forrester Consulting on behalf of MYOB, April 2021

- Disparate and manual systems negatively affect sales growth. Decision-makers have recognised the negative impact of outdated solutions on sales growth from limited business development time (69%), insufficient customer targeting for high-value strategic customers (69%), lengthy manual sales processes (65%), and poor customer experiences (65%) (see Figure 3).
- Wasting 12.5 hours per employee per week is costing ANZ midmarket businesses AUD \$2,781,350 or NZD \$2,243,800 per year.²
- Today's outdated solutions generate extra costs. At an aggregate level, decision-makers reported an average of 28% in extra costs due to inefficient and/or ineffective business and people management solution capabilities. At an employee level, decision-makers recognised significant amounts of wasted time. Employees waste an average of 12.5 hours per week on manual and repetitive tasks because of outdated solutions and practices.

Figure 3

"What impact have these key business challenges resulting from your organisation's current business and people management solution(s) had on sales growth at your organisation?

Showing "Moderate negative impact" and "Significant negative impact" responses



65%

Manual sales processes taking too long



69%

Too much time spent on servicing current customers with no time for new business development



69%

Manual order systems inhibiting us from targeting larger/higher volume customers



65%

Poor customer experience

Note: Percentages have been rounded to the nearest whole number

Base: 420 midmarket decision-makers with responsibility or influence over their organisations' business and people management solutions in ANZ

Source: A commissioned study conducted by Forrester Consulting on behalf of MYOB, April 2021

Critical Obstacles Inhibit Modernisation

The pandemic has reinforced the need for change. Most midmarket decision-makers (54%) reported that their organisations plan to double business and people management solution investments over the next 12 to 18 months. However, decision-makers must be wary of barriers to improvement, including:

change. Employees can't follow what they can't see. Organisations need leaders with a clear vision and call for action to inspire change. However, leaders are historically unaware of the link between operations software and business goals. This has led to outdated business and people management solutions across midmarket organisations. Lack of leadership awareness is a significant challenge that limits midmarket organisations' ability to improve their business and people management solutions (35%), which results in a lack of prioritisation from business (31%) (see Figure 4). An HR business partner from a

"People remain the biggest challenge when it comes to making changes to our organisation's business and people management solutions.

We often slow down the rate of change to not overwhelm our people."

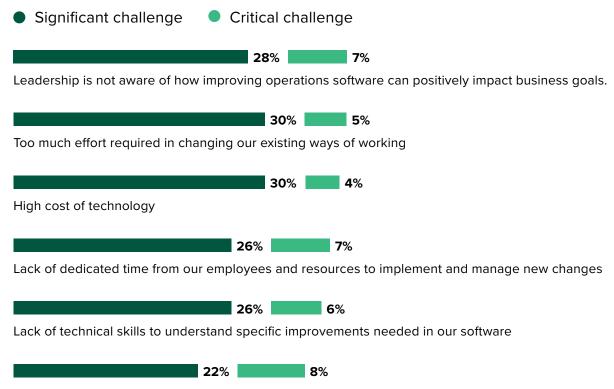
Business improvement manager, Australian construction company

New Zealand manufacturing company stated: "Our organisation has generally been very reactive in how it solves its problems. Unless there is a problem being highlighted with hard data, it's been difficult to enact change — particularly when it comes to systems that might take years to show any benefit."

Decision-makers must clearly illustrate how current business and people management solutions waste time, create poor customer experiences, negatively affect sales growth, and result in extra costs.

Figure 4





Lack of prioritisation from business, focusing instead on other revenue-generating activities

Note: Percentages have been rounded to the nearest whole number

Base: 420 midmarket decision-makers with responsibility or influence over their organisations' business and people management solutions in ANZ

Source: A commissioned study conducted by Forrester Consulting on behalf of MYOB, April 2021

• Inertia to change hampering adoption. Changing business and people management solutions requires shifting existing business processes. Inertia to change is the second leading (34%) challenge for improving business and people management solutions. This is furthered by a lack of dedicated employee/resource time (32%) and a lack of technical skills (32%). Devising a clear change management plan that aligns to pain points within their business will build organisations' momentum and drive change.

• The high cost of technology preventing investment. Business and people management solutions underpin an organisation's entire operations, covering finance and accounting, through to payroll and workforce management. Therefore, change is daunting. To add to this, legacy solutions are expensive to replace both from a technology and process perspective. Organisations cite the high cost of business and people management solutions as another significant challenge to overcome (34%).

Nonetheless, the competition doesn't wait. Midmarket organisations using outdated solutions are already at a disadvantage. Decision-makers need to balance the conversation on costs with a focus on the short- and long-term efficiencies modern solutions bring. A new approach to business and people management solutions is needed.

The Unified Platform Approach: A Case For Change

Midmarket businesses need a modern solution that is primed for the fast-changing nature of today's hypercompetitive market. Decision-makers recognise this and are looking for solutions that are: Cloud-deployed (60%) and unified, i.e., they provide consolidated reporting capabilities (62%) (see Figure 5). Organisations that have adopted these solutions arm themselves with the capabilities needed to position themselves for growth, recognising:

Organisations with future-fit platforms and practices grow 3.2x faster than their industry peers.³

- Improved business agility to meet customers' ever-changing expectations. Heavily customised and siloed legacy solutions are impossible to change quickly and can prevent businesses from providing customers with today's must-haves (e.g., buy online, return to store). Modern solutions facilitate a more iterative, agile approach, allowing businesses to make changes and unlock value faster. As an adopter of a unified business and people management platform described: "Prior to implementing [a unified solution] our accounting system was very average at giving us the data we could actually use... We needed predictive information on [things like] where we'd get funds from, lead time on materials, reasons for delays... Now, we're able to use that information to make better decisions."
- Boosted operational excellence to serve customers more effectively and
 efficiently. Modern solutions are smart and, with the right automated and predictive
 capabilities, they are able to streamline processes and unify information needed for

"The easy answer is that data is the new oil. With siloed solutions, getting a single view of what is happening is very difficult. We want to have our solutions integrated so we can use our data to create useful insights that turn into value."

Head of information technology, Australian professional services company

business decision-making. As an interviewed midmarket leader described: "For the most part, each part of the company didn't know what the other part was doing... Documentation going out to our customers wasn't systematic, and it was confusing our customers. The unified solution enabled us to become one company and make stronger decisions for our customers."

• Enhanced employee productivity through application consolidation. A modern solution will support the consolidation of data from multiple sources and be user-friendly. This will not only reduce time loss, but it will also enhance employee productivity. As an HR and OHS manager at an Australian construction company described: "This has enabled a new way of working. We've been able to save a lot of time ... [and freed] people to do more productive things with their time."

Figure 5

"Which of the following features will your organisation be prioritising for its business and people management solutions over the next 12 to 18 months?"

Showing "High priority" and "Critical priority" responses, excluding industry-specific responses



62%

Consolidated reporting capabilities across operational functions



60%

Cloud deployment



57%

Industry-specific management solutions



57%

Open APIs for third-party plug-ins and customisation



55%

Advanced AI capabilities to build customised and proactive efficiency and service



55%

Centralised real-time data and analytics dashboards for effective decision-making

Note: Percentages have been rounded to the nearest whole number

Base: 420 midmarket decision-makers with responsibility or influence over their organisations' business and people management solutions in AN7

Source: A commissioned study conducted by Forrester Consulting on behalf of MYOB, April 2021

Figure 6

LEGACY SOLUTIONS	MODERN SOLUTIONS
Monolithic	Dynamic and modular
Run by IT	Managed by business
Modifications require developer intervention	Modifications enabled through low-code or no-code platforms
On-premises	Cloud-based enhancing security and continuity of service
Upgrades require system overhauls	Upgrades pushed out dynamically
Add-ons require lengthy integrations	Marketplace of add-on and partner solutions easily deployed
Unsophisticated drill-down	Cross-object reporting embedded in the platform and access touchpoints
Difficult to use and often require days of training after every release	Easily accessible and integrated with modern touchpoints such as mobile
Siloed reporting and dashboarding from multiple operations platforms	Consolidated real-time data and analytics capabilities across functions and platforms

Source: Forrester Research

"We now know what is happening across our organisation and taking control of this has enabled us to realise cost savings, while also empowering our teams to become more confident and productive. Since implementing [the solution], we now feel like we can grow faster."

CEO, New Zealand manufacturing company

Key Recommendations →

Key Recommendations

Midmarket businesses must overcome the obstacles they face to modernise their core internal business systems. To seize advantage beyond the pandemic, midmarket businesses need to go beyond basic digitisation with business and people management solutions that deliver on agility and innovation, while also driving cost efficiency and supporting growth ambitions.

Forrester's in-depth survey of 420 respondents and seven interviews with midmarket decision-makers in ANZ yielded several important recommendations:

Seize the advantage of a unified approach.

While leadership awareness and change management effort are key challenges for decision-makers, these challenges can be overcome. Communicate the cost of using outdated business and people management solutions and highlight the positive impact modern solutions have on productivity, collaboration, and business growth at your organisation.

Build a case for change that highlights tangible impact on productivity and growth.

Midmarket organisations are the forefront of innovation and industry change. Unify operational practices and internal solutions to enable visibility and collaboration across the business. This will allow your business to leapfrog over competitors. But a business case for change must be based on economics, not emotions. Develop a case that focuses on the value of business agility, operational excellence, and employee productivity.

Select a solution that addresses the demands of modern digital commerce. The pandemic has reinforced the importance of adaptability and widened the realisation that functions and decision-making are interconnected. Invest in a unified platform that leverages cloud-first agility and security, enables business and IT collaboration, and provides dynamic upgrades and consolidated reporting capabilities. Your organisation needs a contemporary solution to meet the needs of customers and employees alike. Embrace an employee-centric solution strategy. Unintuitive solutions negatively affect productivity. So, it's critical that you select a solution tailored to your industry's unique needs, but is also easy to use and intuitive. This will help employees make timely, informed, and effective decisions delivering productivity improvements that will save your organisation millions each year.

Appendix A: Methodology

In this study, Forrester conducted an online survey with 420 respondents and seven interviews with midmarket decision-makers with responsibility or influence over their organisation's business and people management solutions in Australia and New Zealand to evaluate the role of business and people management solutions in midmarket businesses today. One interview was conducted with a customer sourced by MYOB. The study began and was completed in April 2021.

Appendix B: Demographics

REGION	
Australia	80%
New Zealand	20%

ANNUAL REVENUE (AUD)	
\$10M to \$24M	27%
\$25M to \$49M	36%
\$50M to \$99M	22%
> \$100M	15%

INDUSTRY	
Business or professional services	25%
Construction	25%
Manufacturing	25%
Other	25%

TIME IN OPERATION	
1 to 2 years	5%
2 to 5 years	31%
5 to 10 years	45%
10 to 15 years	16%
More than 15 years	3%

EMPLOYEE SIZE	
20 to 99 employees	28%
100 to 499 employees	72 %

RESPONDENT LEVEL	
CEO, owner, and/or founder/co-founder	19%
Senior manager	49%
Manager and/or project manager	32%

Appendix C: Endnotes

¹Midmarket businesses defined as companies with between 20 to 500 employees.

² Calculation: Based on an average 12.5 hours of wasted time per employee per week due to inefficient/ineffective business and people management solutions, multiplied by an average Australian OTE of \$42.79 (Source: https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/average-weekly-earnings-australia/latest-release) or NZ OTE of \$34.52 (Source: https://www.stats.govt.nz/information-releases/labour-market-statistics-march-2021-quarter) for a 100 employee company over 52 weeks.

³ Source: "Beyond Agility — Adaptive Enterprises Hold The Winning Hand," Forrester Research, Inc., May 7, 2019.

