

Corporate portals: technology and business

Efficient use of state-of-the-art information technologies is essential for competing effectively in the marketplace. Many dispersed applications are, in practice, difficult, time-consuming and costly to use. For this reason an increasing number of companies are launching their corporate portals.

From July to September KPMG in Poland conducted a market study of corporate portals in Poland. The study consisted of two components. In Phase 1 we approached IT companies which offer portal solutions asking them to present their offerings and previous implementations. In Phase 2 we asked organizations (enterprises, banks, insurers as well as government agencies) which had implemented or were in the process of implementing a corporate portal to share their experience. As a result, we obtained a picture of the corporate portal market from both the provider's and client's perspective.

What is a corporate portal?

For the purposes of our study we defined corporate portals (or enterprise portals, enterprise information portals) as

technological solutions which integrate dispersed applications, information and knowledge to facilitate decision-making and improve efficiency of an organization.

Users can utilize a portal to access important corporate tools and applications, web services, personalized information on clients, products and markets, to which portals offer nearly instant, one-stop access. However, a corporate portal is more than just access to information resources. It also provides an opportunity to manage those resources efficiently.

Several types of portals may be categorized. With regard to content, there are **horizontal and vertical portals**. The former are more general and cover a

variety of topics whereas the latter are more focused and specialize in one or a few related areas.

Portals also fall into either **external or internal categories**. The former are aimed to communicate with an organization's environment whereas the latter are used for internal purposes which means that access to their resources is strictly protected. Internal portals can be further subdivided into ones focusing on news, knowledge or cooperation.

When talking about corporate portals we usually refer to ones that are both internal and horizontal. However, in practice, the borderlines between specific types of portals are so fluid that any rigid distinctions seem unfeasible. Even an ordinary HTML intranet may successfully act as a corporate portal as long as it offers the key functionalities of such a portal.

Selected functionalities of corporate portals:
Personalization – this functionality enables the supply of correct information to the correct recipients by adjusting user-viewable and user-accessible content to the user's role in the organization (which translates into access rights) and personal preferences.
Access to static content – this is the most essential functionality of a portal whereby static texts, documents and other multimedia content is displayed.
Access to dynamic content – this functionality enables presentation of content in real time. The key types of dynamic content include information retrieved from databases such as price lists, or product availability information, reports or charts generated upon each inquiry, search results and personalized information generated on the basis of the portal's pre-defined personalization rules.
Content management – this functionality allows the content of the portal or its separate components to be edited by any number of editors. The advantage of most portal solutions is that the content publishing process is highly simplified. As a result, editing can be done by non-IT personnel who do not have knowledge of HTML programming.
Search and navigation – this functionality enables portal users to find the required information simply and quickly.
Collaboration and group work – this functionality enables effective collaboration within defined user groups via information exchange mechanisms (e-mail, forums, chat rooms etc.), work organization (group calendars, task allocation etc.) and joint work on shared documents.

<p>Information distribution – this functionality turns a portal into an active source of information enabling users to subscribe to various mailing lists, receive notifications of new documents posted in the portal and receive specific types information as soon as they are posted on the portal.</p>
<p>Knowledge management – the portal as well as its users reflect the so-called corporate memory, i.e. a knowledge network which, apart from typical resources, also contains people’s expertise and intellectual capital. Corporate memory is a source which users can refer to when making decisions or solving problems.</p>
<p>Task and workflow automation – this functionality enables task management and automation of business processes through: defining and maintaining business processes, notifying users of the requirement to perform tasks tied to their roles within the workflow, automatic retrieval of tasks executed by external applications which support the business process concerned, availability of tools which enable the organization’s management to verify specific processes for accuracy and efficiency.</p>
<p>Access to application and integration of applications – a portal should offer access to various types of corporate applications (ERP, e-commerce applications, business intelligence systems etc.) which are essential for a user’s daily work via a user-friendly, consistent interface via, inter alia, a single sign-on mechanism which offers access to all applications the user is entitled to use after a single access authorization procedure.</p>

The corporate portal market in Poland

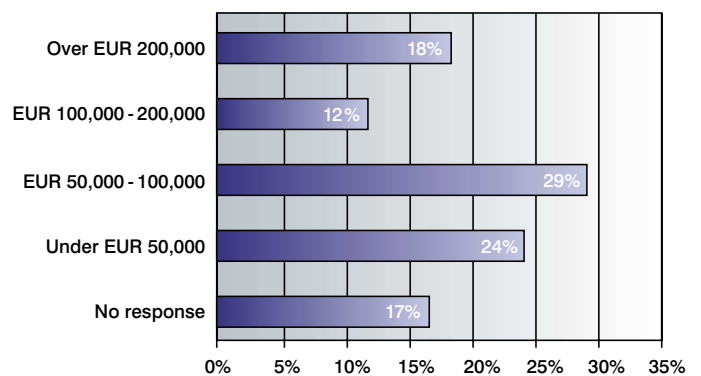
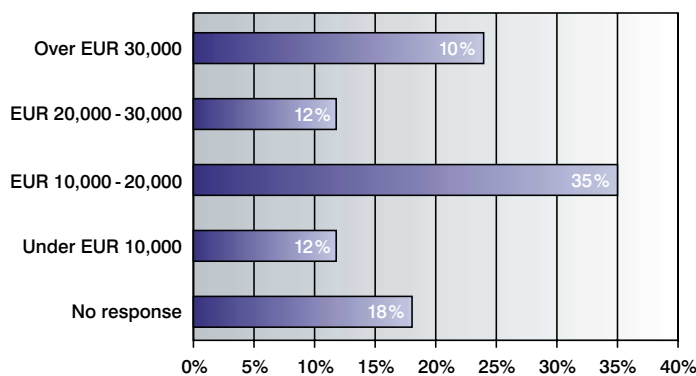
With regard to the number of implementations, leadership of the corporate portal market in Poland belongs to Polish divisions of multinational companies (Microsoft, Oracle, SAP, BEA, IBM) and Polish IT companies which specialize in this area, such as AMG.net, Rodan or Contium. Most of those companies can boast a few to over ten major implementations. In percentages, the largest proportion of suppliers (44 per cent) implemented their portal in 6 to 10 companies. 13 per cent of the remaining studied companies had had no implementations in Poland but hold a significant position on the corporate portal market in other countries.

The most commonly found payment format is a server-based payment (CPU – Central Processing Unit). One in three surveyed portal provider uses this form of payment. Only one in five offers a more flexible approach and enable their clients to choose payment either per CPU or seat based (per user). A few providers offer bundled methods, i.e. per CPU and seat based. Nearly one in three providers of portal technology applies other payment methods, usually subscription/ regular fee or mixed methods (e.g. per CPU or subscription).

The implementation costs associated with a corporate portal usually include three main elements: licensing costs, hardware and implementation. As a rule,

the license represents no more than 50 per cent of total implementation costs. The larger the project and the higher the number of users and licenses, the higher the share of licensing costs in the overall cost. This is because costs of implementation are relatively fixed and the scale of an implementation project has less influence on it than licensing costs, the latter rising pro rata to the scale of implementation (save for discounts and ‘greater room for negotiations’). In practice, the cost of a single user license may range from a few EUR to over EUR 600. Based on data obtained from technology providers we estimated the average purchase price for a corporate portal in Poland at EUR 46,071.

Question: What is the approximate price of a corporate portal for a company employing 100 and 1000 people with all employees having access to the portal (in EUR)?



Below is a sample calculation of corporate portal implementation costs from one of the leading technology providers:

(in EUR)	100 users		1000 users	
	Simple portal, basic functionalities	Advanced portal, extended functionalities	Simple portal, basic functionalities	Advanced portal, extended functionalities
Hardware	10,000	10,000	25,000	50,000
Licenses	10,000	15,000	50,000	100,000
Implementation	20,000	40,000	25,000	80,000
TOTAL	40,000	65,000	100,000	230,000

Corporate experience

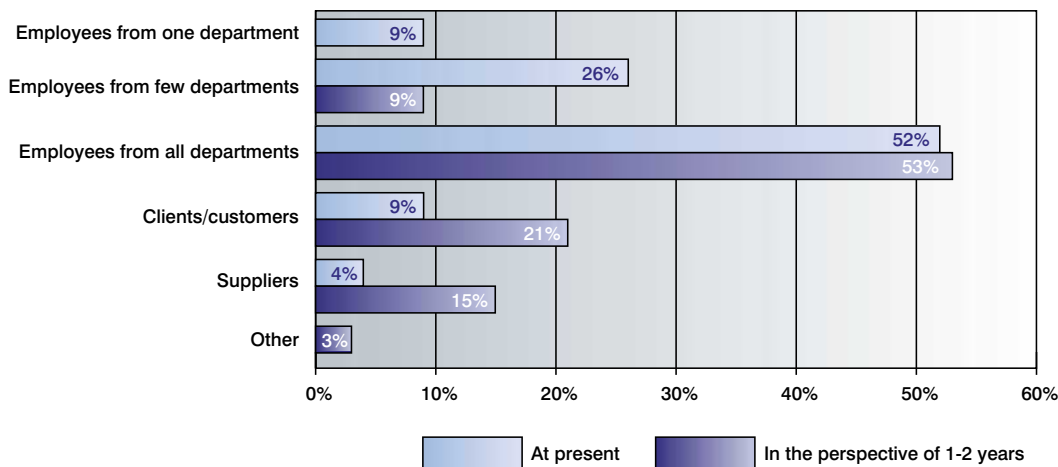
Our invitation to participate in the survey was accepted by over 30 organizations, mostly from manufacturing and services sector (33%) as well as the financial sector (29%). The management of the surveyed organizations attaches high or very high importance to their corporate portals. Only one in 20 of the surveyed organizations described this importance as 'very low'. The highest percentage of strongly supportive answers was observed in telecom companies as well as manufacturing and services

companies. The weakest management support for corporate portals was noted in the public sector.

In more than a half of the surveyed organizations access to the portal is offered to the vast majority of employees (over 76 per cent). The situation looks most favorable in large telecom companies, all of which chose this answer option. Slightly fewer employees have access to the corporate portal in financial institutions and industrial companies. This is quite understandable

in the latter case as it is linked to the singularities of employment structure (e.g. not all manufacturing personnel will have access to the company's IT network). On the other hand, the public sector has the weakest scores. In most cases under one fourth of the employees use the portal in such organizations. This is puzzling since access to information resources and applications via a portal is necessary in all office work and may translate into higher work efficiency and work quality.

Question: Who uses your portal?



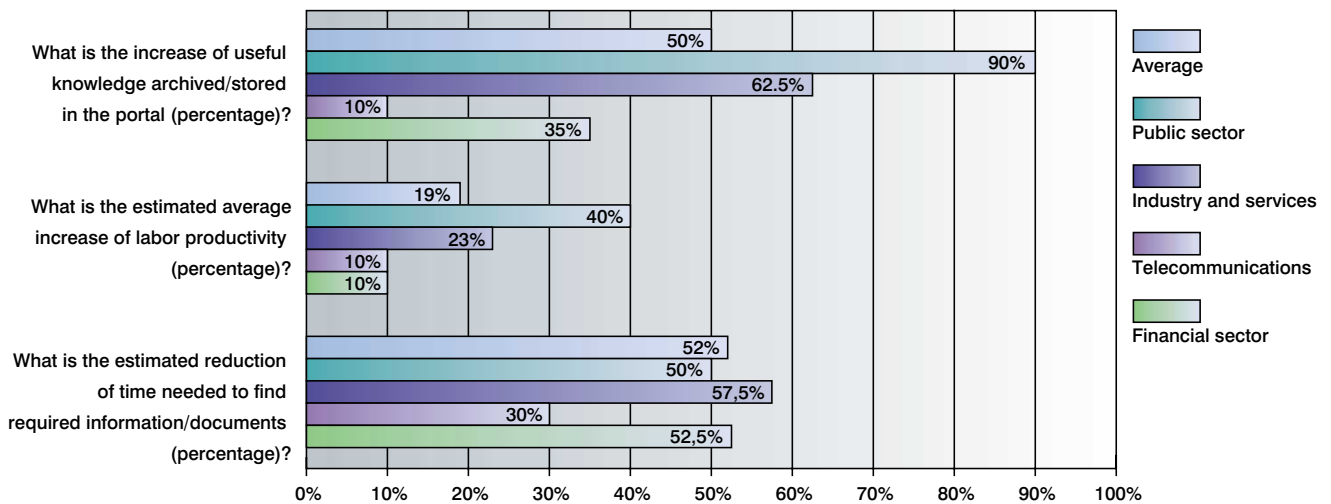
Price is the factor which plays the most crucial role when choosing a corporate portal provider. For nearly a half of the surveyed organizations this was one of the three essential criteria, followed by overall functionality (mentioned by 43 per cent of those surveyed). Other important benefits include: the opportunity to integrate it with existing applications and IT solutions, and provider's brand and technical parameters in the proposed solutions. The number of responses mentioning security of the portal was surprisingly low: a mere 5 per cent of the respondents.

Two of the most commonly mentioned benefits of a corporate portal include 'improved internal communication' and 'facilitated access to information resources'

(29 and 28 per cent respectively). More tangible benefits, usually of financial nature (e.g. cost cutting or extra profit generation) were mentioned far less frequently (10 and 2 per cent respectively). In their current format corporate portals are not perceived as a source of competitive advantage or an element which enhances innovativeness. This presumably stems from the fact that portals are rarely part of a broader strategic initiative or a knowledge management program within an organization.

We asked our respondents how their corporate portals translate into the operations of their organizations. To the largest extent portal solutions have reduced the time needed to find the required information and/or documents. In the surveyed organizations the time

has been reduced, by over a half on average. This was especially true of industrial and services companies whereas the lowest time savings were reported by telecoms (ca. 30 per cent of time saved). Equally substantial benefits were observed with regard to the increased body of useful knowledge accessible via the portal (on average, an increase by 50 per cent). Meanwhile, the highest increase of useful knowledge/information (by as much as 90 per cent) was observed in the public sector, versus a mere 10 per cent in telecoms. Another important benefit of corporate portals is an increase in labor productivity by an estimated 20 per cent (nearly). The highest increase was observed in the public sector (40 per cent), and the lowest in the financial and telecom sectors (ca. 10 per cent each).



The greatest challenge for the future in the studied organizations is further development of their portals. This is connected with their intent to increase efficiency of the existing solutions, make improvements and add functionalities as well as ensure better customization

to the needs of users and organizations. An equally important challenge lies in ensuring greater employee involvement, particularly in their use of portal features to support daily work, business processes and operations.

In order to obtain additional information please contact:
KPMG Sp. z o.o.
Mariusz Strojny, Advisory
 Telephone: (0-22) 528 11 00
 Fax: (0-22) 528 11 09
 mstrojny@kpmg.pl