



Patricia Seybold Group

Strategic Consultants & Thought Leaders

Portals—What Companies Care About

Results from Our Portal Survey

By David S. Marshak



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NETTING IT OUT

Our survey on portal issues was extremely well received by our readers, with over 500 responses (86 percent from CXOs, directors, and line of business managers). Based on these responses, we have come to the following conclusions and insights:

- Customer-oriented portals are a primary focus of the majority of companies responding—90 percent of responding companies list customers as a major target for their portal initiatives, with customer-oriented portals ranking as the single highest priority. This contrasts with the conventional view that portals are being used for only employees and partners.
- Portals are being used to change (or try to change) key business processes within companies and with their customers and partners.
- The key issues facing companies in their portal initiatives are: making the business case/ROI, integration with other systems, content management, and delivering a compelling user experience.
- Companies are confused, anxious, and do not have a lot of confidence in the portal technology nor in the portal suppliers.

GOALS OF THE SURVEY

In late May, Patricia Seybold Group sent out an invitation to participate in a Web survey on Portals. Our goal was to find out what companies believe the key issues are around portals, including what they

are currently using them for and how far they've gotten in using them effectively.

Specifically, we wanted to know the breakdown of employee portals vs. customer and/or partner portals and how many companies were implementing for more than one constituency. We also wanted to know the relative importance of the issues around portals—including business, organizational, and technical issues. Finally, we wanted to get some sense of whether the suppliers and products that are considered the leaders in the portal space are indeed the ones actually being used.

We were extremely pleased with the response to the survey. Over 500 of our readers, a large proportion of them corporate executives, (see Illustration 1 for the breakdown by titles) filled it out—and to their credit, this was not simply a multiple choice questionnaire, but required quite a bit of thought.

A SUMMARY OF RESULTS

Our survey found, first and foremost, that portals are critical initiatives in many companies. They are generating interest at a very high level in organizations. And they are receiving the scrutiny that is typically reserved for mission-critical applications.

Our specific findings include:

- Customers are important! They are included in the portal initiatives of about 90 percent of the companies responding to the survey. Customer-oriented portals also constitute the largest, albeit by a very small number, target among companies with only a single portal audience.
- Portals change business! Key drivers for portal initiatives are not simply convenience or cost savings, but actually changing the way compa-

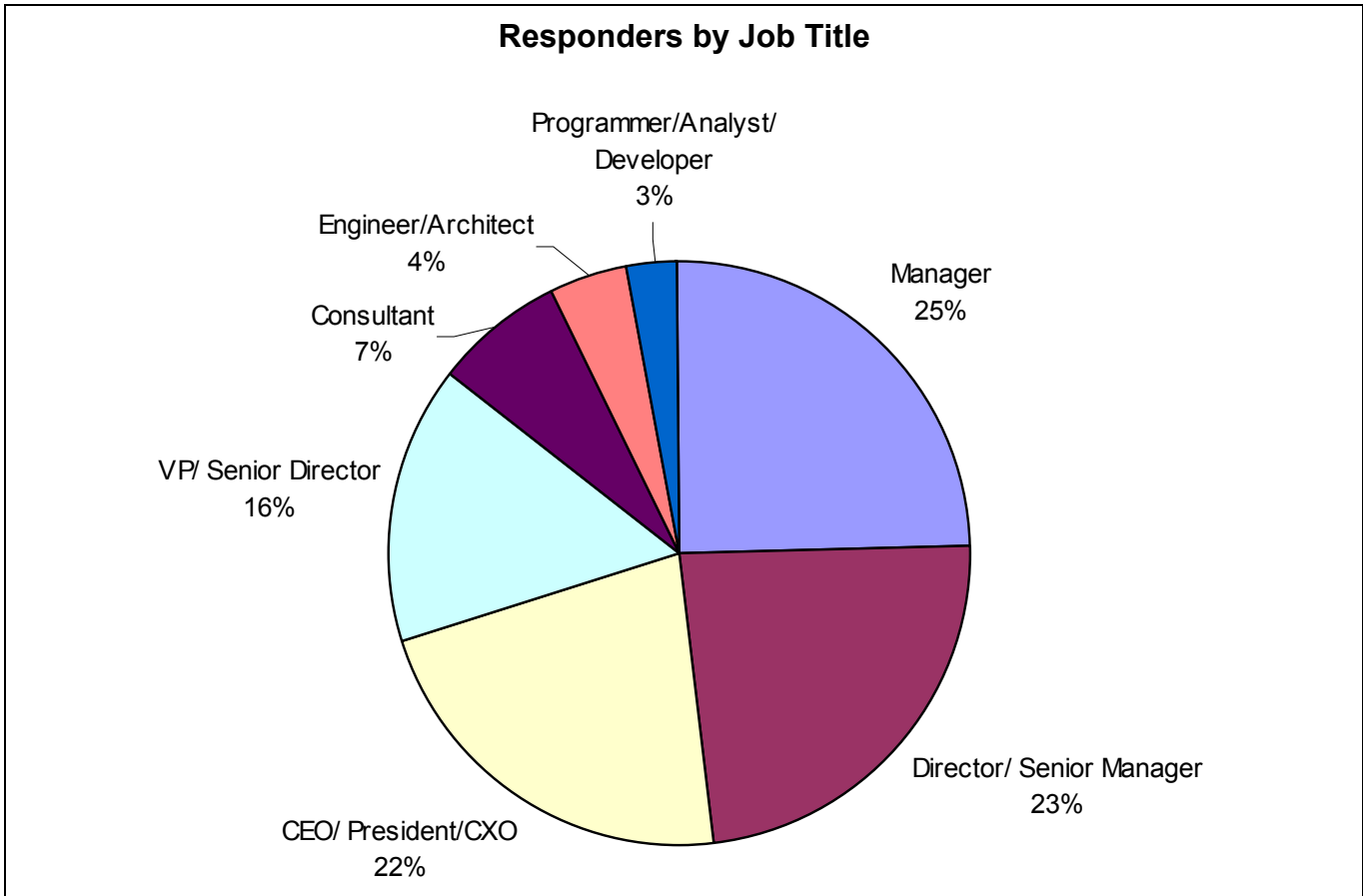


Illustration 1. This chart represents the breakdown of the over 500 survey respondents by job title. Note that 86 percent are manager and above with almost 40 percent being vice president, senior director, and above.

nies do business internally, as well as with customers and partners.

- Companies must have a business case! The top issue, by far, is around cost—making the business case, ROI, and getting executive buy-in.
- Focus on hidden costs! The next two critical issues are integration and content management, two hidden costs that companies recognize will sink any portal initiative if not properly addressed.
- Focus on the user experience! Portals can only be successful if people actually use them and find immediate value.
- Portals are happening! Companies are well underway in their portal initiatives—over one-third

have deployed and over one-half are deployed or in development.

- Help! There is large amount of confusion and fear, uncertainty, and doubt (FUD), and not a lot of trust of the portal vendors. Companies want help in making the ROI case, sorting out the technology options, and understanding best practices.

TYPES AND PURPOSES OF PORTAL INITIATIVES

Portal Audiences

Our readers targeted one or more of four major groups with their portals—employees, partners, customers, and the public. In general, each of these portals is a separate initiative (often on a different plat-

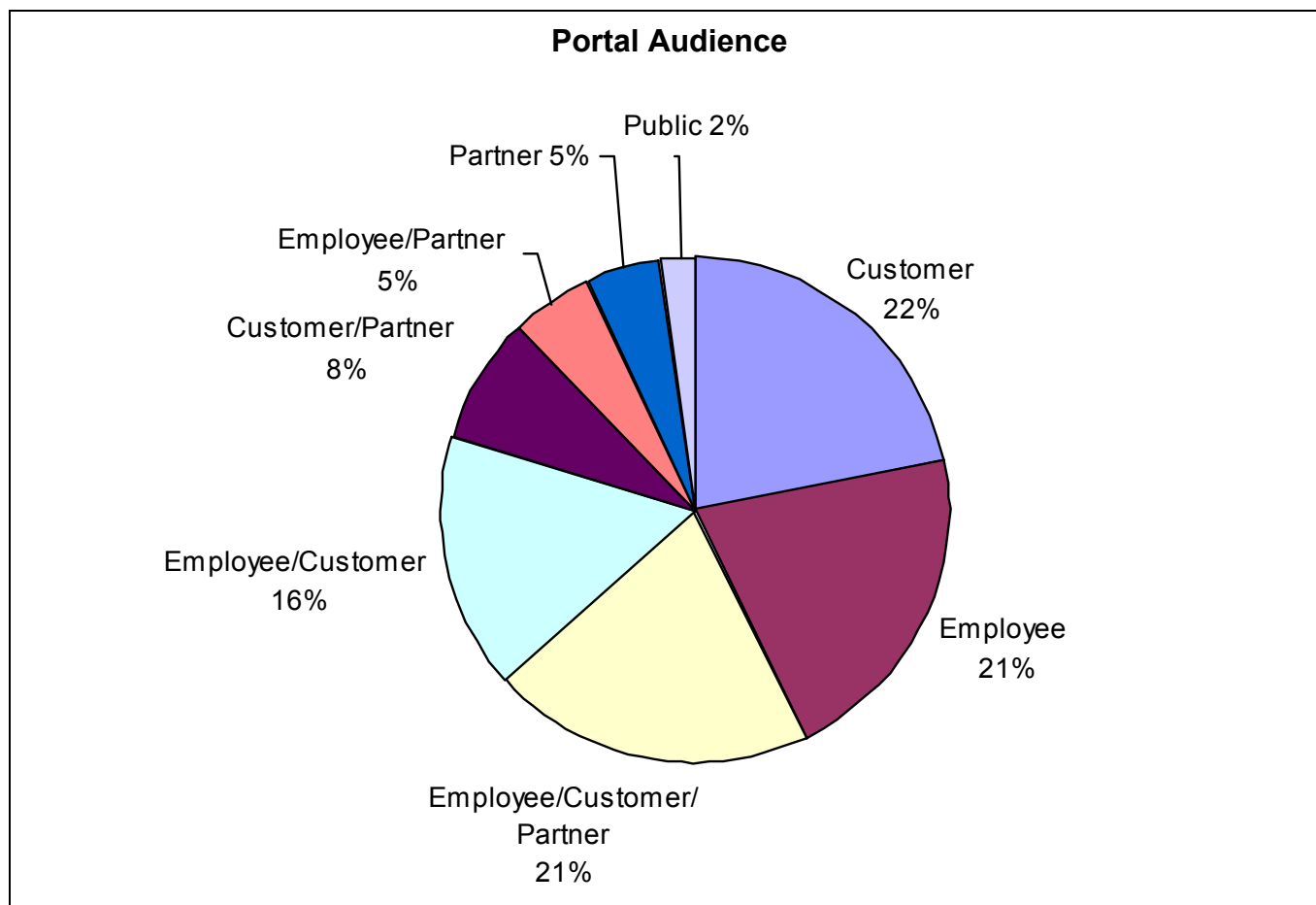


Illustration 2. Breakdown of target audiences for current and in-progress portals. Multiple audiences, in general, represent multiple, rather than integrated, portals.

form—see below), though there is an emerging trend to extend a portal from one constituency to another. We are also seeing some movement towards planning new portals for multiple targets from the start.

CUSTOMERS ARE IMPORTANT. Common wisdom holds that portals are mainly implemented for employees—with HR self-service as the killer application. We, however, were not surprised to find that customer portals play a key role for our readers—customers constitute the largest individual audience for portals. Over half of the companies building portals target customer portals (see Illustration 2). This may be due to the self-selecting nature of our readers (they do have an interest in becoming customer-centric), but we believe that the extent of the use of portals to improve the customer experience is currently under-appreciated.

SO ARE PARTNERS. Companies in the survey are also very interested in using portals to support their relationship with their partners, with over half of them having active or in-progress partner portals. Interestingly, very few companies are pursuing partner portals as their exclusive portal initiative. It thus seems that the partner portal is the second or third focus after customers and employees.

Portal Goals

Our survey found that companies have a variety of drivers for their portal initiatives. These drivers tend to cluster into five groups (see Illustration 3):

- Integrated Access to Information
- Improved Customer Interaction

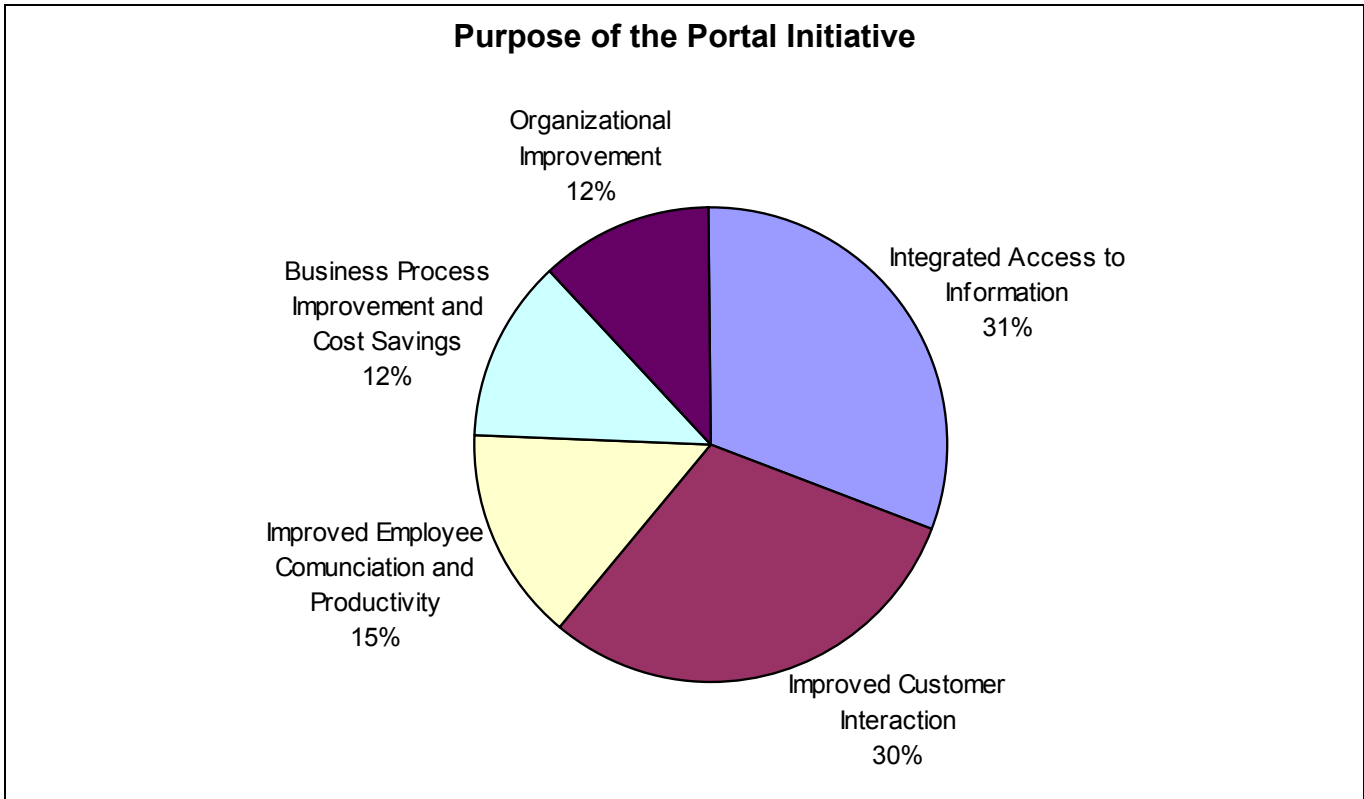


Illustration 3. There are a variety of drivers for portal initiatives.

- Improved Employee Communication and Productivity
- Business Process Improvement and Cost Savings
- Organizational Improvement

INTEGRATED ACCESS TO INFORMATION. This is certainly the *raison d’être* for the largest number of portals—though interesting, fewer than one-third have this as one of their major goals. This goal applies to all of the variety of audience-specific portals.

This group includes such portal staples as single-point-of-access to multiple sources of information and to multiple applications. It also includes the portal as a single-point-of-logon for accessing the information and applications.

To a lesser extent, integrated access refers to personalized and customized user environments, with a small number using the portal to create an integrated user workspace.

IMPROVED CUSTOMER INTERACTION. An almost equal percentage of portal strategies have customer interaction and the overall customer experience with the company and its brand as the key driver. These portals are designed for both making it easier for the customer (e.g., customer self-service) and to facilitate (and drive) an increase in customer purchases and thus corporate revenue. These can be viewed as “top-line” portals.

IMPROVED EMPLOYEE COMMUNICATION AND PRODUCTIVITY. This, of course, specifically relates to employee portals where communicating to employees and enabling employee self-service are the major activities, with the goal of increasing employee productivity as the key driver.

Some companies also see training and education as significant purposes for employee-oriented portals.

BUSINESS PROCESS IMPROVEMENT AND COST SAVINGS. These are essentially “bottom-line” portals, whose goal is to improve internal business

Stages of Portal Initiative

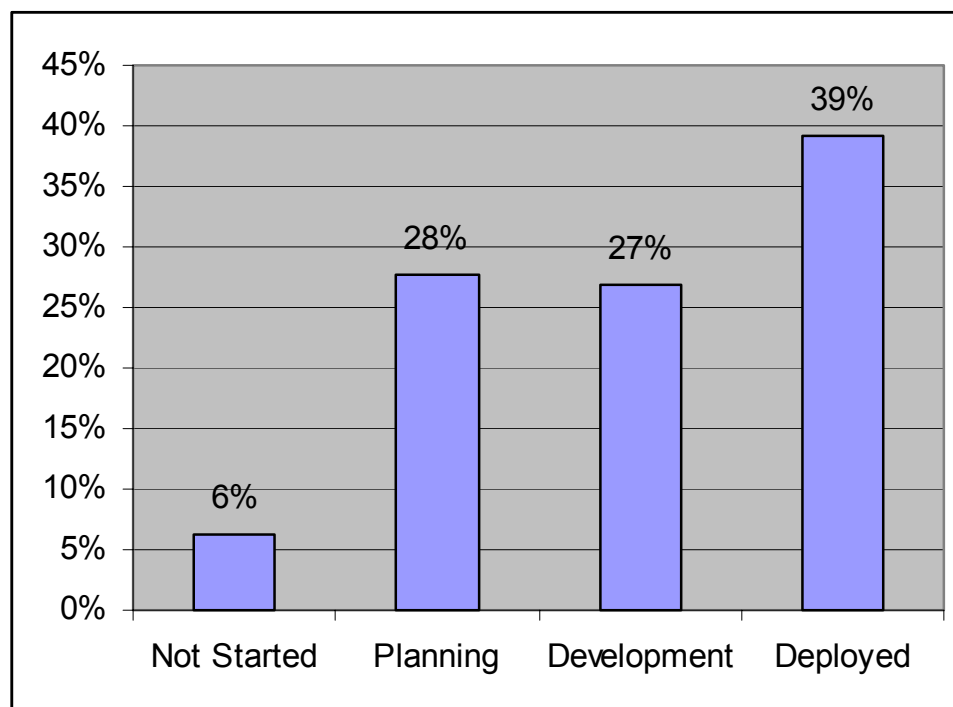


Illustration 4. Almost 40 percent of companies responding have already deployed portals.

processes and to reduce costs. Costs that these companies expect to decrease vary widely and include:

- Printing and paper costs
- Administering multiple servers
- Network traffic
- IT support
- Communications
- Customer support

ORGANIZATIONAL IMPROVEMENT. Finally, a number of companies are seeking to use their portals for improving their internal collaboration and knowledge-sharing. For these companies, collaboration seems to be somewhat more important than knowledge management.

STATUS OF PORTAL PROJECTS

As we noted above, companies (at least those of our readers who responded to the survey) are well underway with their portal initiatives. Almost 40

percent of them have portals in production (see Illustration 4), with many of these in their own re-design or second-generation stage.

At the other end, there is a small percentage that has not started. This group seems to include a very small number of companies that are just beginning to considering portals. The majority of this group are either “waiting for executive approval and funding” or are “on hold.”

In the middle are two large groups: those in the planning stage and those in development.

Within the planning stages, over one-half are doing requirements analysis, about one-third are working on strategy and feasibility assessments, and the rest are evaluating portal technologies and products.

Within the development stage, about two-thirds are in actual design and development, while the rest are in pilot and test phases.

CRITICAL ISSUES AROUND PORTALS

At the heart of the survey is our attempt to better understand the key issues that companies have when planning and implementing portals. While there are many issues—technical, business, organizational—around portals, one issue is by far the most prominent in these companies' minds. This number one issue is best stated as, *How do we make the business case for portals?*

The top four issues are:

1. Business Case/ROI
2. Integration
3. Content Management
4. User Experience

Issue #1: Business Case/ROI

Over and over in the survey responses, we heard that companies are greatly concerned about how to make the business case for, and determine the ROI of, a portal initiative. This concern crossed all types of portals, all purposes of portals, and all job titles.

Closely related to the business case issues are concerns around getting executive buy-in/support, appropriate resources, and internal agreement on strategy.

Typical responses to the question of the key issues surrounding portals include:

- “Prioritizing and balancing business needs and cost with potential portal applications”
- “Where are the ROIs?”
- “Predicting and then measuring ROI”
- “The ROI and reason for doing it in the first place”
- “Portal implementation is costly therefore the ROI must justify the expenditure.”
- “Getting everyone on the same page. Each exec has a different idea of what a portal is and what it will solve.”
- “Management support, executive responsibility are key from the very start, and, if not, the cross-

functional environment of portals is very likely to lead to problems.”

- “It’s probably the most difficult political issue we’ve faced”

Issue #2: Integration

The second most recurring issue is integration of the portal with legacy systems and back ends. The specific systems vary, although integration with authentication systems and providing single logon is clearly a pervasive need. Other systems frequently mentioned include:

- Document management
- Content
- Databases
- CRM
- ERP
- Web servers
- External information
- Internal processes
- Home-grown systems

Typical responses about the importance and difficulty of integration include:

- “Difficulty [of] integration into complex legacy environment”
- “I believe the key issue is system interfacing”
- “Ease/compatibility of integration with underlying applications and easy/efficiency of handling a secured single sign on”

Issue #3: Content Management

We have continually heard from those running leading-edge e-commerce sites that the great hidden secret is how costly and difficult it is to create and maintain content. From our survey, it is clear that those who are focused on portals have the same challenges. These challenges include making sure that the content of the portal is “fresh,” “dependable,” “accurate,” and “relevant.”

Many responders noted that content management for them was not only the creation and maintenance of the information, but also the categorization and assignment of metadata.

Typical answers about the content management issues include:

- “Publishing bottleneck”
- “Content to drive the portal”
- “What is involved in implementation and ongoing maintenance of content”
- “Lack of consistent metadata across an organization’s data assets. The technology is the easy part!”

- “Getting users to use them! Making sure they add value rather than introduce confusion or inconvenience.”
- “A user wants an easy, understandable, clear, simple portal. He wants to get his job done with the least number of clicks and short loading times.”
- “The tension between user expectations of personalization and company needs for control and management.”

Issue #4: User Experience

Survey responders had a set of issues that directly involve the user experience, which they generally agreed must be positive for the portal to succeed. These concerns include:

- Ease of navigation. Many view what they call the standard portal interface to be difficult for users to navigate.
- Level of personalization and customization. Many are finding that getting the right amount of customization and freedom to personalize is difficult.
- Getting people to use the portal. Many say their greatest challenge is to get users (this includes employees, partners, and customers) to come to the portal and to make appropriate use of it. Of particular concern is getting people to use the portal to collaborate.

There was also a lot of sentiment among the responders that a key success factor is to correctly set users’ expectations of the portal experience, with many stating that portals have been oversold to users (and to management).

Typical responses around the issues of user experience include:

There was also a lot of sentiment among the responders that a key success factor is to correctly set users’ expectations of the portal experience, with many stating that portals have been oversold to users (and to management).

- “Re-educating our people about the necessity to openly share information with customers AND to help customers do their jobs is an ongoing/never ending effort!”

Other Issues...

After the top four issues, survey responders listed a set of other significant concerns about their portal initiatives. These include:

- Security of internal data
- Ease and cost of purchasing, building, and maintaining portals
- Standards and integration with Web Services
- Mobility, wireless, and off line use
- Performance, availability, and storage requirements
- Spread of multiple portals
- Localization and internationalization

HOW PORTALS AND PORTAL VENDORS ARE PERCEIVED

In addition to the specific issues, there are some serious underlying currents of uncertainty and distrust in the portal space. Much of this is aimed at the

vendors, while some of the anxiety is about the portal technology itself.

The portal software suppliers do not seem to have generated a large degree of confidence, and there were a number of comments that portray them in a quite unfavorable light, such as:

- “Companies make it hard for customers to decide what to buy since all the sales persons say ‘yes we can do that,’ it becomes a commodity like milk.”
- “Existing portals and application vendors do not provide much help for implementing what we refer to as an ‘employee-centric’ virtual desk-top.”
- “...proprietary nature of everyone’s portlets, amount of work it takes to learn APIs, then build and maintain custom portlets.”

In fact, we did not find **any** countering comments praising suppliers for their assistance, either in the planning or implementation phases.

There is also a strong sentiment that the portal products themselves are immature and incomplete:

- “Portal products are typically ‘shallow’ products that are more middleware ‘vener’ that don’t allow you to build a full site architecture; content management.”
- “...lack of techniques and metrics to design and monitor portals.”
- “The tools are rotten! Hard to use, very slow, and complex.”

However, at least one responder felt that the technology is growing up:

- “It’s coming together—only now is there a good choice of richly functional products for the diverse range of portal requirements.”

TOP PORTAL VENDORS BEING USED

Our intent for this survey was not to try to evaluate nor to quantify the market share of the current set of portal vendors. However, we were interested in

which technologies and products are currently being used and considered by our readers.

Not surprisingly, a clear plurality (one-third) are using home-grown initiatives to build their portals, rather than a specific portal product. Within this group, about one-half report using Microsoft technologies (ASP, .NET) while about one-quarter are committed to a Java and/or OpenSource approach (the remaining responders did not declare a specific technology or architecture).

Vendors of portal products that companies report using or considering fall into four clusters, with Cluster 1 receiving the most use and consideration and Cluster 4 (whose supplier names we will not include in this report) receiving a very few responses each. Within each cluster, the suppliers are listed in order of frequency of mention by respondents, with the highest in each cluster being listed first. (See Table A.)

Top Portal Vendors	
Cluster 1	IBM (WebSphere)
	Oracle
	SAP
	Plumtree
	Microsoft
Cluster 2	BEA
	BroadVision
	Epicentric
Cluster 3	ATG
	IBM (Lotus Domino)
	Sun
	Vignette
	Citrix
	Siebel
	Computer Associates
	Hummingbird
Interwoven	
Tibco	
PeopleSoft	

Table A. This table clusters the portal vendors mentioned most frequently by our respondents. Companies/products in the same box were each mentioned the same number of times. For example, Oracle and SAP were mentioned an equal number of times.

CONCLUSION: ADDRESSING THE CONCERNS

The Portal Agenda

In order to address companies' key issues around portals, the industry as a whole, led by the major portal players, is going to have to take some significant steps:

- Costs, maintenance efforts, and time to implementation are going to have to come down. Integration and content management processes will be key.
- Suppliers must become credible in their cost and time estimates, and they will need to assist companies with ROI calculations.
- Portal products are going to have to include their own measurement systems that can tie the portal activity to business-critical metrics.
- Federated portal architectures that interconnect multiple portals from multiple vendors must be developed. Portals will thus have to present their functionality as Web Services as well as to be consumers of Web Services themselves.

A Study in Contrasts

Delivering on this agenda is going to be difficult for a number of reasons—primarily the fact that companies don't necessarily trust the vendors and view them as having proprietary agendas of their own. Furthermore, as our survey reveals, the portal space is a rapidly-moving target marked by confusion and polarization. It could be said that the portal space is, indeed, a study in contrasts, as exemplified by two very passionate survey responders:

- “This is the hardest project I've ever worked on—including creating a E-business from scratch in 1997 (still in business, I might add) because no one has a clear vision of what a portal is—everyone had different ideas on what problems the portal will solve. They're all execs, but we have no clear portal champion. We really can't get our arms around what exactly we need to build.”
- “They rock! Our portal has clearly made our company more competitive and saved us enormous amounts of time and money. User productivity is enhanced through one interface access to everything they need to do their job, and the self-service functionality allows resources to be utilized more effectively.”