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## Best Practices: Software Evaluation For Mid-Sized Organizations

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**I**ntroduction  
Enterprise software solutions promise dramatic improvements in your business. Successful implementations have shown that promise to be achievable, if the right solution is selected. Nearly 30 years working directly with mid-sized organizations in hundreds of software evaluations provides a unique perspective. At some organizations, software selection begins a process of rapid business re-engineering and delivers significant value to the organization very quickly. Other organizations struggle with the evaluation process, stretching the evaluations to years in length, and delaying any anticipated benefits of the solution for even longer, if they are ever realized at all. The Gartner Group, a technology research firm, notes that half of enterprise system implementations fail to produce a positive return on investment in the first five years! The key to achieving positive results: effective management of the software evaluation and implementation processes.

While this basic advice holds true for all organizations, mid-sized organizations face a unique set of challenges. Mid-sized organizations have the business process complexity of the Fortune 500, but not the staffing levels. Keeping management ranks lean is critical to the success of mid-sized organizations. Rarely do mid-sized organizations find that they can spare a manager full-time for an evaluation or implementation project. More frequently, several managers participate on a part-time basis in the project, balancing the evaluation and implementation tasks with the daily pressures of keeping the business going. In

this high-pressure environment, there is an even greater need to keep software evaluations and implementations focused and on track.

In addition, today's Enterprise software solutions must be evaluated differently than those in the past. Years ago, different systems varied significantly in the features and functions offered, and solutions were measured by what they could do for your business as you were managing it at the time.

Today, evaluations must focus on how the solution will deal with change. Changes in federal and state regulations will mandate changes in your business system. Changes in technology will mandate changes in your business system. Changes in your management philosophies will mandate changes in your business system. Enterprise systems must change in response to each of these changes. Consequently, today's software evaluation must focus more on the vendor as a partner in managing change than on the software as a collection of features. The solution must not be viewed solely on its ability to respond to today's needs, but on the vendor's ability to deliver on tomorrow's needs.

Most managers, however, will have limited experience in managing a software evaluation or implementation. Without significant experience in managing dozens or hundreds of software evaluations, how can managers expect to be effective in evaluating the alternatives? This article brings together the best practices of software evaluation at mid-sized organizations. By learn-

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ing from the best practices of hundreds of successful evaluations at other mid-sized organizations, today's managers can make better decisions about their own software evaluations.

The best practices that emerge from software evaluations at successful mid-sized organizations do not point to a specific product or feature set, but define a successful evaluation process. This process uses a straightforward approach to help organizations quickly establish and value the differences in vendor offerings, minimizing the resources involved in identifying the ideal vendor. This way, more resources can be focused on the confirmation of the value offered by the ideal vendor, leading to a more confident and less risky end result.

The process divides the evaluation workload between an "Executive Team" and a "Project Team" within your organization.

### The Executive Team

The Executive Team must be formed from the executive(s) responsible for determining the goals and objectives for the project. In developing these goals and objectives, the Executive Team should consider:

- What business problems will the software help solve?
- What is the financial impact of the solution?
- How will this decision affect the organization's 2-5 year plan?
- When must the project be complete?
- What is the cost of delaying the project?

The Executive Team should then formalize the goals and objectives of the project. Typically, the Executive Team responsibilities include:

- Establish clear goals and measurable objectives for the project
- Establish a preliminary cost justification and budget for the project
- Establish a Project Team
- Communicate goals/objectives to vendors
- Review proposed solutions
- Review vendor's mission, goals and culture
- Contact executives at vendor's customers

The Executive Team can help quickly evaluate potential vendors by assessing their mission, goals and culture, and by confirming their ability to deliver.

### The Project Team

A Project Team—composed primarily of functional managers selected by the organization—can effectively review each vendor's offering in more detail to insure an appropriate functional fit and to assess overall cost. Vendor proposals and project team recommendations should be presented to the Executive Team at the completion of this step. Summarizing Project Team responsibilities:

- Project team and vendor exchange detailed information about business processes
- Vendor presents solution to project team
- Project team contacts users at vendor's customers to verify solution effectiveness
- Project team prepares summary findings for executive team
- Vendors prepare proposals for executive team

### Getting Ready

#### The Evaluation Timeline

The evaluation timeline is critically linked to the implementation timeline. The Executive Team establishes a target date for the completion of the project. The Project Team must work backwards from the target completion date, leaving enough time for both the evaluation and implementation phases of the project, in order to establish an overall project timeline. The overall timeline should include three key target dates: target evaluation start, target vendor selection, and target completion.

The target completion date is set by the Executive Team, reflecting such issues as manpower availability, seasonal business activity, and fiscal management.

The target vendor selection date must be set to provide enough time to implement the selected solution by target completion date. Implementation times will vary significantly, depending on the type of business and internal resource availability. Software solutions designed for mid-sized organizations can typically be implemented in four to six months. The target vendor selection date must be considered a hard and fast deadline for the completion of the vendor evaluation by the Project Team. Where the target vendor selection date is unspecified or open-ended, evaluations are more likely to burn time and resources without positive return.

The target evaluation start date identifies when the detailed process of evaluating vendors begins. Between the evaluation start and the vendor selection, you will need to dedicate resources of the Project Team to answer questions and work with potential vendors. You should set this date to provide enough time to effectively evaluate vendors without impacting the target vendor selection date. Typically, six to eight weeks is sufficient.

### Identifying Vendors To Consider

In identifying vendors, a wide variety of methods should be utilized. Today, the Internet can serve as a key resource in identifying potential vendors. Buyer's guides and industry magazine reviews can also be a useful source of vendors to consider. Equally important are personal networking and the "word on the street." Cast a wide net at this stage to make sure you identify vendors likely to provide a solution that fits your needs.

### Initial Screening

A quick review of each vendor's information will help establish whether the vendor can deliver a solution meeting your key

requirements. Use an initial screening process to quickly establish whether identified vendors meet the objectives you have set for cost, time frame, platform, or other critical factors. If you have carefully defined your objectives, you should be able to focus your evaluation on 4-5 vendors that best meet the high-level criteria.

## Initial Vendor Evaluation

### Initial Overview

In the initial vendor evaluation, assess which vendor provides the best partnership opportunity. Discuss openly your organization's challenges and goals. Describe your key success criteria. Then have each vendor present an overview presentation (approximately 2 hours) demonstrating the vendor's ability to partner with you in delivering a successful implementation to your organization. Limiting the initial overview to two hours forces the vendor to focus on the issues important to you. Expect your vendors to present to you:

- Vendor's mission and culture
- Understanding of key criteria
- Solution's ability to meet objectives
- References

### Reference Checks

Checking references can be the most critical step in the evaluation. As you contact references provided by the vendor, ask yourself "Do I want to partner with this vendor?" Then ask the references about issues important to the success of a long term partnership. You may want to ask about:

- Solution functionality
- Implementation process
- Vendor support
- Software upgrades
- Software enhancements
- User groups
- Vendor responsiveness
- Vendor attitude
- Software licensing terms

## Final Vendor Evaluation

### Visit The Vendors

Cut your initial list to two vendors. Expect to evaluate the final two vendors thoroughly. Plan on visiting the two vendors at their headquarters. Get to know each vendor, from the sales team to the executive suite. Use the visit to confirm and clarify what the vendor's references claimed.

### Solution Demonstration

With a smaller list of qualified vendors, now is the time to carefully review the solution to insure functional fit in key areas.

Plan a half day or more to have the vendor present to you their solution for addressing your key requirements. Be prepared to discuss openly your requirements and needs with each vendor prior to this session. Each member of the Project Team should be accessible during the preparation for this key step.

### Final Proposal

Each vendor should prepare a final proposal and contract, specifying the products and services you expect to receive and the overall project costs. The proposals should be submitted one week in advance of the target selection date.

### Final Selection

The Executive Team should review the proposals with the Project Team, discuss any clarification with the vendor, and execute the agreements prior to the selection date. Once agreements are executed, the project moves rapidly into implementation phase.

## Further Reducing Required Resources

Effective software evaluations do not need to consume too much time or energy. Simple strategies can keep the amount of work involved in evaluating ill-suited vendors at a minimum. Extensive use of the telephone and remote demonstration techniques facilitate rapid evaluation cycles of appropriate vendors and provide more convenient scheduling of critical events. Forcing the vendor to present how the solution will help you achieve your goals will reduce the amount of interpretation and comparison your team must accomplish, allowing the team to focus on the major differences between the vendors and on verifying vendor claims. By following these guidelines, an effective software evaluation can result in the ideal vendor choice without over-commitment of limited resources.

- Perform reviews of partnership potential first—minimizes time spent on inappropriate vendors
- Use the telephone to make contacts more frequent, more convenient, and more valuable
- Have vendors present how they expect to help you meet your goals, not just feature demos

## Conclusion

These best practices have been utilized by hundreds of mid-sized organizations to successfully launch enterprise projects that ultimately yield high ROI. By managing the evaluation process through a series of logical steps, and by placing the burden of presenting an effective solution on the vendor, the mid-sized organization can quickly and effectively evaluate enterprise software solutions. ■