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# 12 Deadly Mistakes of Software Selection

By SoftResources LLC

Understanding the key pitfalls to avoid when selecting software.

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The selection of business software can be a difficult task. You need to efficiently gather the key criteria important to your organization, determine the best software vendor to fit that criteria, and then rally everyone together during the implementation to have a successful project. But, with a very confusing software vendor market (vendor mergers, new products, new technologies, and vendor marketing hype) finding that best solution can become quite a challenge.

In the face of this challenge it is tempting to look for shortcuts in your software selection process. Whether you are using the help of a consultant or your own in-house resources, there are pitfalls you should avoid. In this white paper we provide pointers on how to recognize and avoid what we consider to be the 12 “deadly” mistakes of software selection.

## Mistake 1 – Buying the same software as your industry peers

We placed this as the number one mistake because it embodies so many errors. First, it assumes that industry peers are qualified to make good software selection decisions. Second, it excludes knowledge of how your peers made their selection, what their criterion were, their budget constraints, user needs and so on. Last, it fails to consider your own unique requirements and differences. The following illustration will help clarify what we mean. Assume two companies are in the same industry, in the same town, doing roughly the same magnitude of business. Now look at their different histories (see Figure 1).

Figure 1

Company A	Company B
New Company	Old Established Company
Flexible policies	Successful routines
Coming up from a DOS platform	Coming down from a mainframe platform
Desire off-the-shelf package	Used to customizing
Intends to do e-commerce	No interest in e-commerce
40% of sales international	100% domestic sales
In Western states	In all 50 states
Central warehouse	Decentralized focus
Need HR/Payroll	Outsource HR/Payroll
Cash strapped	Cash cow
Analytical emphasis	Transactional emphasis
Buys into Intel/Microsoft strategies	Likes iSeries Platform

As you can see, this list highlights major differences in the history and system requirements of these two companies. Each one has their own view of the world that will shape their perception and approach to software. What company “A” sees as too complex and cumbersome, company “B” sees as flexible and feature rich. Consider what other companies are doing, but buy software that fits your unique needs.

## Mistake 2 – Buying software based on features alone

When you buy software on features alone you may overlook other critical factors such as:

- **Scalability** – software’s ability to grow with your company.
- **Flexibility** – ability to meet your changing needs, rather than you having to conform to the software.
- **Excess Complexity** – the software is too complex and cumbersome for you to effectively implement and manage.
- **Technology Fit** – you don’t have the technical sophistication to use and manage the software.
- **Cost** – the total cost of ownership is more than you can afford.
- **Support** – insufficient support resources exist where and when you need them.
- **Cultural Fit** – the software, software vendor, and/or implementation vendor are so incompatible with your business culture that you are not able to build a partnering relationship.

## Mistake 3 – Buying software without proper consideration of the software company

We recently ran into this problem when we were talking to a CFO about his software choices. We basically said that one of his options included a software product that was, “a superb fit for your company. It can handle the small divisions and large divisions. It has the right modules. It has the right blend of complexity vs. usability. The technology is very current. It is your best-priced option. However, stock prices are dropping, executives are leaving, morale is weakening, financing has dried up, and the future of the company looks bleak.”

It is important to consider a vendor’s momentum, litigation issues, profitability, ability to successfully deliver its new product or revisions, employee and senior management turnover rate, employee morale/attitude, business focus, leadership vision, and strategic direction.

This is the general problem with using books, databases, surveys, etc. that compare your requested features, with features the product has. It is static data that does not ebb and flow, not to mention that the data in the survey may be inaccurate or incomplete.

## Mistake 4 – Buying software without focusing on the implementation partner

This is a mistake far more deadly than you might imagine. You spend months or even years matching your requirements to software options, and then just take whatever implementation partner that comes along with the territory. Except with lower cost software (even then there are usually a myriad of possible Value Added Resellers who can sell, install, implement, train, and support your company on the software), the implementation partner is a big part of the equation. On a rating scale of 1 to 10, consider the following scenario. Assume choice “A” is software with a rating of “9”, and an implementation vendor rating of “5”. Assume choice “B” is software with a “7” rating and an implementation vendor rating of “8”. We would probably choose option “B”.

In too many instances, we have seen companies looking to make major software changes when there was nothing wrong with the original software. The original software was never implemented properly, or people were not sufficiently trained to use its features as a tool to do their jobs. Remember, it is not the software that helps you, but the implementation and use of the software that makes the software become a useful tool.

### **Mistake 5 – Buying software with low initial costs but significantly higher ongoing costs**

We observed a major company make this mistake. Their decision criteria was heavily weighted towards initial costs. They had an inkling that this was the wrong approach, but felt politically tied to it. Later on, they realized that the true cost of upgrades involved a several month mini-implementation process, the software required excessive consumption of scarce Information Technology (IT) staff, and there were unnecessary reconciliation processes for most concurrent users. The maintenance and support requirements were so overwhelming that they had to cancel other current projects, and scale back pending projects due to the unforeseen drain on IT resources.

### **Mistake 6 – Buying software using input from an elite group without getting buy-in from the organization at large**

You need the input and buy in from the constituent parts that make up your organization. You cannot leave out IT, departmental heads, power users, or foreign branches. The value proposition for the usefulness of software begins in the selection process. If inside politics shape the deal, if outside interests prevail, or if a biased attitude is used the implementation will usually be problematic. It will be another one of those corporate HQ initiatives that does not go anywhere because the appropriate feedback and buy in were never secured upfront.

This does not mean you have to extend the process and interview everyone. However, representative groups, including frontline people, should be included in the process.

### **Mistake 7 – Buying popular software without considering all the options**

Some of the major software vendors like to turn the selection process into a popularity contest. Too many companies buy software because the vendor has the most customers, the greatest revenue, and/or has the highest magazine or analyst ratings. They fail to examine why the vendor has the greatest number of customers or revenue, what the criteria for the ratings were, and whether the software or vendor can meet their own unique requirements and needs.

What kinds of software packages are generally left out of these popularity contests?

- Foreign entries with a very strong presence overseas. (We are so provincial in our thinking in the U.S. that it even spills over into software selection.)
- New startups with vision and momentum that is taking them well into the scope of execution.
- Old has-beens that have regenerated themselves to the surprise of onlookers.
- Software labeled with a description that inadequately describes its potential to your company.

- Software that does not have a “dot” on a Gartner chart.
- Software that is not implemented by big accounting firms.
- Software that was specifically developed by and for your vertical industry.

There are a wealth of viable options out there that could be your best buy, but are overlooked because you were only considering the popular software.

### **Mistake 8 – Buying software that is too complex**

It is our observation that people tend to overbuy not under buy. We’ve talked with many companies who were so focused on the detailed functionality of the software that they found themselves with a product that was too complex for their situation. Their users adopted workarounds and Excel spreadsheets, which defeated the purpose of an integrated solution. The results were wasted money, unused software potential, and difficulty using the system.

### **Mistake 9 – Buying software without properly defining your requirements**

In this day and age? Yes, but different than you think. Many companies over-define their requirements and end up with a requirements document so large that they lose the clarity, focus, and manageability essential to an appropriate selection. We believe that companies should be able to put their “differentiating criteria” of key requirements onto just a few pages. These key requirements represent the items that are unique to your organization, and help to point out why a software package is a better fit for your company. It helps you avoid buying software that is missing a “deal killer” requirement, thus rendering it impossible to use (such as serial number tracking, if you are in the expensive parts warranty business). It also allows you to determine why certain options should be clearly eliminated from consideration.

### **Mistake 10 – Buying software that is either at the end or beginning of its product lifecycle**

It is important to know whether the software is at the beginning or end of its product lifecycle so you understand the risks that you are taking with that product.

Products at the end of their lifecycle often have very robust functionality and a large customer base. The danger with these products is that they are written in older technology so compared with new software they are often difficult to modify, they are not as intuitive for users, they have poor reporting capabilities, and they have a high risk of being discontinued in the future. In addition, the vendor may not be providing much support for the product, may not be developing and enhancing the product, and/or is focusing its resources and efforts on its new product. If the vendor discontinues the product customers will have to invest a lot of money in licensing and implementing a new software system.

Products at the beginning of their lifecycle take advantage of the latest technology. The problem with these products is that because writing software is such a complex undertaking the new software usually has functional gaps and may be unstable with a number of software “bugs” or anomalies. Even if the software is relatively bug-free, new versions usually do not have adequately trained implementation experts, training resources or full technical support.

With the many software acquisitions and mergers happening in today's market, companies need to do due diligence on the genealogical history of the software, how long the software has been around, what the underlying technology and architecture of the software is, and what the vendor's future plans for the software are.

### **Mistake 11 – Buying software that is based on dying technology**

Another mistake that companies make is buying software based on a hardware platform, database, architecture and/or operating system that is declining, no longer supported, no longer taught in the schools, is too inefficient, inflexible or slow compared to the alternatives, or has too small of a customer base to survive in the future. This puts you into a corner with few alternative paths.

### **Mistake 12 – Buying software to fix business problems**

Too many organizations purchase software thinking it will solve their problems when, in fact, the problems are actually due to internal process and/or organizational issues that the software alone will not solve. Software is only a tool, although it may help you to focus attention on the bad processes and other internal problems that need to be addressed.

## **CONCLUSION**

Today's organizations are under tremendous pressure to make the "right" software decisions. We've all read about software decision disasters and cost overruns in the news. Mitigating these risk factors is a top priority for organizations everywhere. Is it any wonder that we see software selection paralysis?

This white paper discusses twelve pitfalls to be avoided. They are based upon our observations and real-world experiences. Keep a list of these twelve deadly mistakes handy as you embark on your next software selection project. Avoid them, and your organization will stand a much greater chance of a successful software acquisition and implementation. ■

### **The 12 "Deadly" Mistakes**

1. Buying the same software that your peers have bought.
2. Buying software based on features alone.
3. Buying software without proper consideration of the software company.
4. Buying software without focusing on the implementation partner selection.
5. Buying software that has lower initial costs but significantly higher ongoing costs.
6. Buying software with the input of a small elite group who did not get buy in from the organization at large.
7. Buying popular software without considering all the options.
8. Buying software that is too complex.
9. Buying software without properly defining your requirements.
10. Buying software either at the end or the very beginning of its product life cycle.
11. Buying software based on dying technology.
12. Buying software to fix business processes.

SoftResources LLC is an unbiased software selection consulting firm with over 13 years of proven experience. SoftResources provides System Assessment, Software Selection, Implementation Partner Selection, and Contract Negotiation services. They work with commercial, nonprofit, and government organizations through North America, Europe, and Asia helping to select in all categories of software.

To maintain objectivity, SoftResources does not sell or implement software, or undertake any other activities which would compromise their unbiased focus.



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