

Introduction to Software Selection



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The Importance of Software Selection

Every company at some point or another will have to go through a software selection project. Growth, changing business processes, functional software problems, and vendor issues are some of the major drivers that move companies into the software evaluation process. Because of the infrequent nature of a selection project, this process can be a significant challenge - the outcome of which brings both benefit and risk. The right software decision enables a strategic asset that will allow you to improve and automate processes, provide better reporting and analysis tools, and enable competitive advantage for years to come. The wrong decision can be very costly and significantly affect operational efficiency.

So how do you mitigate the risk of making the wrong software decision with a project that is only done once every decade, but has far reaching effects on your organization? SoftResources was created specifically to help companies through this process. Since 1995 we have completed over 575 software evaluation and selection projects with organizations both large and small. We have developed a proven methodology to help our clients get the information they need to make an informed decision.

Purpose of the Software Selection Kit

For those companies that desire to go through the software selection process using their own in-house resources we have created the Software Selection Kit. This kit will lead you step by step through the software evaluation as if we were there coaching you through the whole process. It provides a structured framework along with tools, templates, hints, and tricks that we have developed doing software selection projects over the past 15 years.

The Software Selection Kit will save you dozens of hours in formulating a plan and developing the tools you will need to properly evaluate your options, while at the same time helping you avoid the pitfalls that companies commonly make as they go through the selection process. (Download the "12 Deadly Mistakes of Software Selection" free from the Resource Room at our website at www.softresources.com)



What is Included

The Introduction to Software Selection includes the following sections:

◆ Software Market Trends

- Mergers and Acquisitions
- Middle Market Movement
- Industry Focus
- Technology Development
- Software as a Service

◆ The Six Phases of Software Selection

- Phase 1 — Preparation
- Phase 2 — Requirements
- Phase 3 — Research
- Phase 4 — Demos
- Phase 5 — Decision
- Phase 6 — Negotiations

◆ How to Begin

- Next Steps



Software Market Overview

Overview

If you haven't evaluated software for a while, you need to get up to speed with what is happening in the market. The software industry changes so quickly, it can be difficult to keep up to date, even for SoftResources and we are evaluating software every day! The following are some of the latest trends we have seen that you need to be aware of as you begin your software evaluation project.

Mergers and Acquisitions

Mergers, acquisitions, partnerships and strategic alliances are happening all the time as vendors rush to grow and expand their product offerings by acquiring other companies. It is impossible to predict which vendors will be acquired. In the 1990's, who would have thought that PeopleSoft would be acquired by Oracle?

The software vendors are acquiring other vendors for three main reasons. First, they want to add new features to offer more complete functionality to their users. Second, they are looking to acquire a customer base and expand their market share. Third, they want to eliminate competition. The problem for end users is that vendors will sometimes "sunset" or stop developing an acquired application in order to move the client base to a preferred software product in their portfolio. The possible impact of a software vendor acquisition should be a key consideration in your software evaluation process.

Middle Market Movement

If you are a middle market organization, you will have a lot of software options. Almost all of the enterprise software vendors have put their focus on selling to the middle market. Tier 1 vendors like Oracle, SAP, and Lawson that have traditionally marketed to the Fortune 500 companies, are also offering scaled down versions of their applications in order to sell to the large numbers of middle market companies. To be successful in the mid-market, they are offering pre-configured implementations in order to reduce the cost of implementation.

Software vendors that have traditionally focused their applications toward smaller companies have also moved into the middle market space. Companies like Microsoft, Epicor, and Sage are now firmly established in the middle market. They accomplished this by increasing functionality and standardizing their applications on the Microsoft SQL Server database which has allowed them to scale to larger companies.



Vertical Market Focus

Because every industry or vertical market has unique requirements, the enterprise software vendors have been tailoring their solutions to meet specific requirements of selected industries. This is done either by organically adding new functionality, acquiring other vendors, or through a network of Independent Software Vendors (ISV). ISVs are companies that develop specific functionality that integrates with a more general software solution (e.g, Microsoft Dynamics products or Sage products). The add-on software is generally written in the same code as the main software system enabling close integration.

Technology Development

The software vendors are continually developing and enhancing the technology of their solutions. In particular we have seen recent advances in the use of mobile technologies, Internet capabilities, and social networking. Technological development is key to a software vendor's longevity and is an important consideration in the software evaluation process. You should find a solution that will continue to develop and take advantage of new technology for the expected life of the software you select.

Software as a Service

Software as a Service (SaaS) continues to grow in popularity. SaaS solutions are maintained by the software vendor at a central location or across several data centers. Customers use or "rent" the software and access it via an Internet connection. The SaaS model can be particularly appealing for smaller companies that have limited IT staff. Some drawbacks to this model include a more limited ability to customize the applications to fit your company's specific needs and a strong requirement for a reliable Internet connection.

Note

Software as a Service (SaaS) model offers an alternative to on-premise software implementation.


The SaaS model has seen great success with certain software applications such as Customer Relationship Management (CRM), Human Resources/Payroll, and Project Management. However, companies have been slower to implement SaaS in other mission critical solutions such as Financial and ERP applications. Over time, SaaS offerings will continue to grow as a viable implementation option.

For more information regarding some of these trends, please give us a call at 425.216.4030.



The Six Phases of Software Selection

Overview

The Software Selection Kit offers a methodology and tools that will take you step by step through the software selection process. It has been organized into six phases or tasks that should be completed to ensure you get the information you need to make an appropriate software decision. We have also provided many tools and templates that we use in our software selection consulting practice that will save you dozens of hours putting together documentation. The following symbol “” is used throughout the kit to identify a template or tool that has been included for your use. These tools are provided in Microsoft Office format to allow you to modify them for your unique situation.

The six phases of software selection are:

- ◆ **Phase 1 — Preparation**
- ◆ **Phase 2 — Requirements**
- ◆ **Phase 3 — Research**
- ◆ **Phase 4 — Demos**
- ◆ **Phase 5 — Decision**
- ◆ **Phase 6 — Negotiations**

Phase 1 Preparation

Phase 1—Preparation will take you through the process of preparing for your software selection project. It includes ideas on how to build your project team, putting together a realistic budget, timeline estimates, and tools that can be used to present your business case for a new system to executive leadership. We also discuss how you can organize the project to bring your whole company together to make a unified decision. Proper preparation is a very important part of the project and can actually make or break the success of your software evaluation.

Templates included in Phase 1 – Preparation:

- Selection Project Team Worksheet
- Budget Worksheet
- Selection Project Timeline
- Selection Project Detailed Calendar
- Selection Project Executive Briefing Agenda
- Selection Project Kickoff Meeting Agenda

Phase 2 Requirements

Phase 2—Requirements is where you put together the unique requirements necessary to evaluate your software options. You begin by preparing for and conducting requirements interviews with key personnel. This has the dual effect of gathering requirements and creating buy-in for the project. Templates are provided that will help you to set up these important interview



sessions and offer some key questions to ask in order to start the requirements conversation. We will also teach you how to condense the information gathered so you can focus on the key “Differentiating Criteria” that will allow you to quickly and efficiently evaluate the software vendors.

Templates included in Phase 2 — Requirements:

- Selection Project Interview Schedule
- Software Requirements Interview Memo
- Differentiating Criteria
- Software Selection Functional Footprint

Phase 3 Research

After you have put together your Differentiating Criteria, you will be ready to begin evaluating software vendor solutions. Phase 3—Research teaches you how to make a Long List of vendor solutions, (Remember, if a vendor is not on your long list, it will never get selected no matter how good a fit it is!) and the importance of evaluating Value Added Resellers (VARs) and implementation partners. We will also teach you how to use the Differentiating Criteria to efficiently and effectively evaluate the vendor options. Finally, we provide an excellent template that will allow you to compare your solutions in a side-by-side manner.

Templates included in Phase 3 — Research

- Comparison Chart

Phase 4 Demos

Phase 4—Demos takes you through the software demo process. When you have narrowed your options to a Short List of approximately 3 software solutions, you will invite them in for a more detailed evaluation using a scripted demo. The Demo Script serves a dual purpose. It allows you to see how the vendors handle your unique business needs, and gives you the ability to compare the vendors on an apples to apples basis. This phase includes a template Demo Script that you can modify, (which will save you a lot of time!) and demo evaluation templates to help you get feedback from demo attendees and compare the vendors.

Templates included in Phase 4 — Demos

- Demo Script
- Request for Demo Letter
- Demo Rating Report
- Post Demo Report

Phase 5 Decision

When you have narrowed your evaluation down to 1 or 2 finalist vendors you will need to go through the final decision process and validate your decision. Phase 5—Decision includes instructions on how to conduct follow up vendor demos, due diligence, user



reference calls/visits, cost equalization, and tools to help you compare your options and make a unified final decision.

Templates included in Phase 5 — Decision

- User Reference Report
- VAR Information Report
- Eight Decision Criteria
- Decision Score Sheet
- Cost Equalization Spreadsheet
- Final Rating Sheet

Phase 6 Negotiation

Contract negotiation is the final step in the software selection process. You will most likely have at least 3 contracts to negotiate: 1) Software License, 2) Software Maintenance, and 3) Implementation Services. If you select a SaaS solution, you will have a Service Level Agreement (SLA). The software vendors write the contracts to protect their interests. You will need to negotiate the contract to protect your interests. Although price is an important component, the terms and conditions of the contract are even more important.

SoftResources negotiates software contracts every day. Over the years we have saved our clients millions of dollars, but more importantly we have helped them include protections in the contract in case things go wrong in the implementation. Because every vendor contract is unique, we usually recommend that we be involved in the negotiation, at least to review the contract and recommend specific clauses. In fact, we have had many clients hire us just for contract negotiation. But if you are looking to conduct the negotiations yourself, we have included general tips and things to watch out for in the contract negotiation process. (Please note that SoftResources is not a law firm. We negotiate the business issues in a contract however, you will still need to have your legal counsel make a final review of the wording.)



How To Begin

Next Steps To help you get started, we have provided a “Software Selection Process Map” so you can see in graphical format the steps in a software selection project and identify where you may need additional outside assistance. SoftResources offers consulting services in a la carte format so we can help you where and when you might get into roadblocks through the process.

The Software Selection Kit may be purchased either in hard copy or PDF format. If you purchase the kit in hard copy, you will also receive the templates in hard copy and on CD (arranged by phase). If you purchase the Software Selection Kit online, it will come via email in PDF format with the templates and tools in a compressed zip folder. Please note, the templates are formatted to Microsoft Office, if you prefer them in some other format call us at 425.216.4030.



Software Selection Process Map

The "Software Selection Process Map" graphically shows the steps in the software selection process. The steps are arranged in sequence starting at the top of the page. Each step is shown in relationship to all other steps and concurrent processes are illustrated by overlapping steps.

We have divided the selection process into six phases. In order to properly conduct a software selection project all phases need to be completed. However, not all steps within each phase are required. You may choose to perform all phases using your own company resources or you may choose to outsource various phases to a qualified software selection consultant.

