



Application Software Evaluation: Selecting the Right Solution

Using a structured framework to meet expectations

Of the hundreds if not thousands of technology decisions made every year, many are made without the benefit of a formal process. At PSC, we believe that less than one fourth of businesses utilize a formal, structured scoring procedure such as the Application Software Evaluation (ASE) process about to be outlined in this document.

After considerable experience in driving technology decisions for different organizations, we have observed that those companies that follow a structured approach have a much better chance of fully achieving their intended goals. It is the imposed discipline of structure that keeps a project on track, drives a balanced decision, and gains management acceptance.

The ASE process enables those who are involved to account for all of the important factors when selecting applications or services vendors while, at the same time, ensuring that political or emotional bias does not unknowingly skew solution selection.

Formal ASE's are most valuable when one or more of the following conditions are present:

- The decision is very complex
- It is not intuitively obvious which vendor to select
- The cost of not selecting the right vendor is high
- Multiple groups within the organization are involved in the decision process and must reach a consensus
- There is significant disagreement among two or more groups over how to select a vendor
- Senior management expects a comprehensive analysis on which to base the final vendor decision
- Not all members of the selection group are well-acquainted with all the vendors that might be suitable

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More importantly, there is the pitfall of sponsorship bias and the missed opportunity of change. Both factors, if not understood and properly addressed, will undermine the otherwise good intentions of a software selection. If understood and taken advantage of, the result can be better than expected.

Sponsorship Bias: Most ASE projects originate in either the IT department or a business department. As a result, the originating "owner" gets first crack at establishing the bias. They get to define the project goals and structure. If it is the IT department that took the initiative, then the emphasis will likely be on system compatibility and "green planet" economies. If a business department leads the software selection, then that department can't help but bias the outcome. The finance department, for example, may pick a very slick financial package, but their choice may not be what is best for the operations team. Likewise, the operations department may pick a system that does a great job of running internal processes, but creates problems for customer service. A structured ASE will bring these issues and the organization to common ground where compromise and consensus can deliver an optimal solution that will benefit the whole company.



It's all in the way we listen.®

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PSC was built as an alternative resource for organizations that believe they deserve greater attention than what they would typically receive from the very large global firms. Our areas of expertise include enterprise systems, systems integration, collaborative supply chain solutions and business process improvement. We focus on solutions that help our clients achieve their strategic business objectives. Our process begins in the way we listen, and ends with our clients experiencing a greater return on their investment.

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Missed Opportunity for Change: Change is always easier when change is taking place. If, for example, you are evaluating a new ERP system, is your intent to evaluate against where your business is today, or where you want it to be tomorrow? Since implementing a new ERP system will be by its very nature traumatic enough, you might as well incorporate any and all improvements at the same time and get it over with.

Bottom Line: Technology is too costly and too crucial for business success to choose without a thorough process that identifies the best software solution! The following is an outline of what to look for when conducting an ASE.

Critical Success Factors and Pitfalls

A number of factors are critical to employing a successful ASE. These include:

- **A predefined structure for analysis** Everyone involved in the evaluation process must understand the “rules of the game” including who will be participating, how the data will be gathered and analyzed, and the format used to present the results.
- **Management and user acceptance** Ideally, this is a byproduct of developing the selection drivers and weights in the model.
- **Fine-tuning of the criteria, weights and scoring** This is accomplished as the organization’s business and technical requirements are further defined.

Of course, other factors may be at work that could undermine an ASE’s success:

- **Possible political resistance** Individuals who in the past selected vendors based on their own unpublicized criteria may resent the use of a structured model. These employees can usually be converted once they realize a formalized process is in the company’s best interests and improves their job security. A best practice is to make employees the “owners” of the process. A virtual team room helps to position this best practice and is an effective project management tool.
- **An overly complex model** Complexity can undermine the ASE process. Breaking the project into multiple distinct phases will clarify the tasks. Create detailed documentation for further clarification if needed.
- **Lack of active involvement** of decision makers (especially senior management) and of other affected parties. End users included in interviewing and brainstorming sessions will be more cooperative during the implementation period. Moreover, end users’ comments are usually quite valuable.
- **Overemphasis on certain criteria** (usually financial). An organization must realistically balance the need to reduce expenses with other priorities, such as quality, customer satisfaction, and employee morale. Most decisions are rarely based solely on hard money analysis – “gut feel” is always a factor as well. Organizations have to decide whether to keep these criteria hidden or flush them out for formal discussion and assessment to make this possible.

Promoting ASE Acceptance and Use

If an organization is to realize the benefits attainable from using an ASE, the managers responsible for the ASE must achieve internal buy-in of both the idea of using a model and its contents. Here are five steps that can be used to gain that acceptance:

- **Obtain executive sponsorship.** It is easier to obtain senior management participation once they understand the value of a formal evaluation process. Project managers should meet regularly with executives to present or discuss the planned and ongoing process.
- **Establish credibility** by selecting an approach that has succeeded for other companies. An advantage of the ASE approach is that it has been used under many circumstances (Portal Package Selection, Commerce Platform Selection, Professional Services Automation Package Selection, ERP Package Selection, etc.), at enterprises large and small, national and international. Use case studies and other testimonials that show how the use of an ASE might have improved the decisions made on previous selections.
- **Facilitate workshops** to create the selection criteria and drivers. Those with influence over the eventual decision should meet as a group for at least several hours to reach a consensus on selection criteria and weights.
- **Appoint an internal champion** to “shadow” the ASE’s process, answer questions and ensure knowledge transfer. A divisional Vice-President, or the CFO would be ideal choice for this role.
- **Create templates** Software-related decisions happen over and over, so create and save your decision templates for the next software selection opportunity.

The Benefits of an ASE

Benefits of using a structured Application Software Evaluation include:

- **Bolstering senior management's confidence** Decision-makers must believe a software recommendation is sound and well supported before they can accept it. Regardless of the specific recommendation, senior management will have higher confidence when the business sponsors, IT Department, end users, managers, technicians and other key stakeholders have all contributed to a comprehensive evaluation of the issues involved in the ASE.
- **Building consensus** Typically, using an ASE brings-to-light the concerns of the diverse groups contributing to it. Consensus is built when everyone involved provides input to the weighting process with the software selection drivers.
- **Saving time** A surprising payoff for many companies is that using an ASE saves time. Of course, it takes longer than bypassing all analysis and, for example, simply selecting the vendor with the most market share! Because an ASE keeps people focused on a particular task with understood rules and approaches, no time is wasted. Beware of analysis paralysis, situation in which software vendor analysis has been going on for months and has become an albatross.
- **Developing an audit trail** When a company needs to evaluate the success of its vendor choice, the ASE will provide empirical measures for reference. As the company's needs change and it gains experience with the process, the ASE can be adapted for future vendor evaluations.

After the Vendor has been Selected

Even though the decision-makers are confident that they have selected the right software package, now is not the time to take a relaxed attitude. Here are some of the best practices in establishing management processes for a successful project:

- **Demand a well-defined, proven implementation plan.** Organizations cannot effectively manage projects or the staff responsible for completing them without a comprehensive project plan that establishes deliverables, delivery dates and the people responsible for the tasks. Companies should also insist on interviewing and approving the vendor's project manager who will be participating in, if not leading the implementation. Expect to meet some resistance from the vendor, but be persistent.
- **Build a solid implementation team.** Too often, inexperienced or unassertive staff members are assigned to work with the vendor's staff on the project team. Internal team members should be perceived as influential among their peers to be active proponents of the new system. Team members should also be able to articulate both the business and technical systems/processes with the vendor's staff. Miscommunications can result in mis-configuring the system, which will cause delays when system issues erupt.
- **Demand expedient implementations.** Today's business and system environments demand fast implementations. Companies cannot afford to wait years and years for a system to be implemented. By the time the system is live, the business requirements will have changed, the technology will be approaching obsolescence, or the original stakeholders have left the organization. Many vendors have developed efficient implementation methodologies, pre-configuring tables, and rules definitions. *Do not forsake well-managed implementations for quick ones.* Many companies that have done so have spent as much time, if not more, correcting mistakes made by rushing the implementation to meet an unreasonable "go live" date.
- **Set realistic project plan objectives and schedules.** Expedient implementations have to be balanced against realistic expectations. Overly aggressive schedules that require participants to work at 150 percent for the length of the project are destined for failure. Staff burnout results in low staff morale and turnover, both impediments to timely implementations. Remember that large-scale implementation projects should be run like marathons, not sprint races; some flexibility should be built into the project plan to accommodate holiday, vacation and even sick time. In an effort to balance the implementation effort, the organization can plan to bring up critical modules first, such as those that perform billing or scheduling functions.
- **Be aware of major events or business processes** that will occur when the system is expected to go live, and that could have a negative impact on the outcome. For example, if all the company's financial analysts are required for a quarter or year-end close, planning a live date for an accounts receivable system for the same time period could derail the implementation. Similarly, live dates for scheduling systems would not be advisable for the Tuesday after a long weekend, when call volume is expected to be high.
- **Ensure that the vendor's staff understands** the company's business processes. Vendors may scramble to fill implementation consulting positions, and it's not uncommon to see young business analysts recently out of college at a project kickoff meeting. Be sure that senior members of external staff on an implementation project have worked on similar projects, in the same or similar industry, for similar-sized clients. Also insist on resource continuity throughout your project, as shuffling consultants in-and-out of the project will extend your process learning curve and places the project at risk.

- **Invest time in the implementation kick-off process.** Most kickoff meetings are merely “meet and greet” handoff sessions between the client company and the vendor’s sales and implementation teams. Typically, this is not an adequate venue to bring implementation team members up to speed on the company’s business. The better the implementation team understands your current and evolving business plans, the fewer false starts and poor system configuration decisions will be made.
- **Plan, manage and measure.** An old, but wise, management adage is, “You cannot manage what you do not measure.” Start with a mutually acceptable project plan between the organization and the vendor. Set incremental milestones to monitor the ongoing success of the project and take corrective measures to get the project back on track, if necessary. Major milestones should be delineated in your project documentation, and the vendor should be held accountable for meeting them. Companies should insist that a high-level project plan be included in the contract and that service guarantees exist, with financial penalties for missing major deliverable dates.

In Closing – Learn How to Fish

Learn how to ‘fish’ so you can do your own ‘fishing’. Many companies are surprised that after the vendor leaves, none of the internal staff knew how to modify their new system’s tables and rules definitions, or understood why certain decisions were made to set up the system one way or another. Although you may rely on external staff to direct the implementation project, your own staff must be intimately involved in the management process. Without adequate direction from the internal project team, the vendor has no other option other than to “go it alone” in making important systems decisions. Invariably, these decisions may reflect the best interests of the vendor, which are not necessarily the best interests of the end user.

...And keep in mind that approaches discussed in this document are suggested tools for selecting and managing the best vendors from groups of potential candidates. They are just that – tools. Their use, therefore, is not as a substitute for the diligent management of an RFP generation, the vendor selection process, the project implementation, or the vendor’s performance. The ASE project and process are the sole responsibility of the party that has the most to lose should it fail – you, the customer.

For more information on this subject, please contact PSC Group, LLC at (800) 592 8003 or send an e-mail to info@psclistsens.com

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