Five focus areas for a successful Vendor Evaluation

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A guide to positive software implementation results

My writing style is very personal and speaks from my experience.

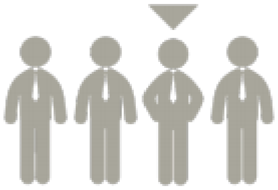
I write in the first person because the cases I note, almost always, I lived through.

No matter what type of software you are purchasing, there are a few critical steps that you should follow through in order to ensure success. Having done multiple software vender evaluations for various types of software, there are some general tips I have come up with that can help you save time and money, not only during the implementation of that software but also in the ongoing support. Yes, I admit there are far more than five tips out there to follow when trying to decide a business enhancing software decision, but these five stood out to me in the different evaluations that I have been part of and conducted.

Also, I'd like to point out that these are tips for vendor software selections, but have cascading effects all the way through the project and whether this tool and your selection will be viewed as a success. If you are reading this white paper, I imagine that you are either starting or in the throes of an evaluation, in either case, happy hunting and I hope you find this information beneficial.

First - Stake Holder Buy in

I remember sitting in a hall of over 100 people, all on a particular project in a large financial institution (PFG), listening to the key stakeholder discuss the successes (small ones) and the failures (not so small ones).



The key to any selection is having not only stakeholder buy in, but also understanding every piece of interest the stakeholders have. Did any of the stakeholders have a recent or well-known failure? Did any of them have any experience in recent software selections? If so, what was valuable to them? And so on. It is obvious to everyone that you must have all the stakeholders accounted for. Wait, whom am I kidding?

I have seen projects at nearly go-live only to be shelved because nobody bothered to ask sales if they liked the system and changes that were being implemented. It was a massive disaster, and I've seen this happen twice at very large and well-recognized companies.

So when you get ready to roll something out make sure you are identifying all the groups, big or small, that will have a part in the ongoing support and use of this. This happens a lot of the time when you have IT go off in a vacuum and decide what to do without any end user buy-in.

Again, most mature IT organizations won't do this, but you have to realize whom you are supporting. So the tip here is that you should be doing your homework on everyone that would eventually be involved and exactly how this could potentially affect them. No brainer, but it needs to be front and center on your checklist.

Second - Developing the scorecard

Usually you will develop your scorecard off questions you submit in your RFI and RFP, if you chose to go that route. There will be some more in depth questions and examples that you will have that might have not been included in the RFI/RFP documents and they will usually have a heavy weighting to them, based on the intricacy of those questions.

One question on every scorecard or RFP is price. Everyone always tells me that price doesn't matter. I'm telling you (and every vendor knows it) price is probably always ranked in the top two. Other typical scorecard material is company size and stability, global presence, leadership vision, etc. We've all seen several companies come and go, whether it is bankruptcy, or more likely, a buyout from a larger company. How many people are still feeling the pain from Oracle buying Siebel?

When creating the scorecard there is a weighting of the questions and responses, but there are usually three questions that are of the most importance. The first one is the price of the software. The second is financials of the vendor organization (audited for 3 years of course). Last is something about how do you service/reference people who are like us (name the industry).

While I say these are usually weighted the most importantly, these questions really don't drive into the difference of the companies. So if we look at the traditional scorecard. Briefly overview the strategic direction of Respondent's firm, including growth plans, product offerings, technology development, business models, etc.

These questions are not so canned and should be very helpful regardless of software:

- Why did your last customer leave you? This one is always interesting. It might be something as simple as taking the software in house, or they were in a cost reduction mode. More closely to the truth could be that the customer was unhappy, the price increased, promises were broken, etc.

Based on our handover expectations, what customer was most successful and how did they implement the change management strategy? This would be a great group to have a reference call further down the line to see how you may want to model your implementation or to see if they can even come up with something.

- What are the top 2 customized options when people use your software? This should give you an idea what are their key features and where the software is lacking. Generally, most software is customized in some way to fit your business needs. This might be in the way of doing some nontraditional configuration or straight up code. The key here is for your organization to be careful with this as it can run up costs and cause pain when doing upgrades.

Third - The product demo

I've been part of product demos and watched them. This is an obvious game of cat and mouse. As a software vendor, if you are any good, you are doing your best to keep in constant contact with the customer. This will help you devise a demo that looks and feels exactly like what the customer wants. Many times this will require some manual entry or unnatural types of modifications.

You really should take a lot of the demo with a grain of salt. On the other hand, as the customer advocates in many of these, the best way to see what the software can actually do is throw a few curve balls. These should be specific to your type of business and not have been discussed with the vendor. Often times it will be a workflow type of situation. Something that can happen that will require a change to a traditional situation, for example a dispute.

By giving the vendor something they might not be fully prepared for, you can see how they handle it in the flesh, how you would have to deal with something like this. If a vendor cannot demonstrate something that you throw at them, it generally means they lack that functionality out of the box and would have to be either preconfigured or worse; they have to create the software to do it.

I used to be concerned with how many reports a vendor showed and how flashy they were, along with the fact they all showed creating reports were easy as 1-2-3. My stance has softened some with this but I still consider this somewhat fool’s gold. Often times someone who has a pretty good understanding of the reporting and dashboard solutions that companies implement will need to be called in.

Yes, there is usually some basic type of reporting customers can do, but inevitably, you will need to bring someone in. This can be mitigated if you have the proper experience people on staff and the data flow of the software is easy to understand. If it is not, you can almost guarantee the information on the report will not match your expectations.

Fourth - The real cost to implement

Ah, let’s get back to that -price doesn’t matter- conversation. So you decided to go with the “Cheapest” group. This is where you can utilize references. Be inquisitive, ask them questions about the implementation, and more importantly ask them if it ran over or if they still have vendor implementers on-site. Did they have to change the team at any point in time? There are several questions that can drive out the true state of the project and if the system was successful.

The reason for this is that the Software Company will always find someone who can speak well on their behalf, so you have to dig out the information that will let you know if things actually went well.

Fifth - Change and how to manage it

How are you going to get your software out of the hands of the vendor, and their Biz Ops group, and into your support organization? You see, most of them want you to fail at maintaining the software because it is an additional revenue stream.

Good companies need to come in with an exit strategy from the implementation. How will you transition this to your group? Will this be a side-by-side ride down the project and configuration train or will this be more of an end of the project handover? In any case, a strategy needs to be in place on how to hand it over. The best-structured plans have a fair emphasis on training. This will be the start of any transition, but then it is time to get the feet wet.

Change management is critical because it is the final piece that will keep your stakeholders happy and the end user moving along supporting your core business successfully.

And last one word of Caution

Beware of the back door reference. These are often guised as someone who is agnostic, but is really just feeding you information about one of the vendors that they do not want to win. The reason for this is pretty easy, they are coupled with another vendor that they have an agreement with. If that vendor (the non-back door reference group) wins the deal because of this trickery, then that group usually gets some type of monetary benefit.

Also, the back door reference is usually someone who is disgruntled and unhappy with the other vendor (much like every reference should be very happy with the vendor). We should all realize there will be people who aren't very happy with the vendors, all of them, for a multitude of reasons. I think it doesn't hurt to talk to them, but don't let it factor into your decision too much. The biggest concern on references in general should be if they cannot produce more than 2.

About the author

Doug Erb is an accomplished entrepreneur who has guided multiple organizations to multimillion dollar profit. Starting out his consulting career at Anderson Consulting, Doug weaved his way through the last 15 years working with companies in implementing sales strategies and software that span multiple package types.

Along with his Sales Performance Management experience, Doug has also been part of several ETRM selections and multiple implementations of software packages ranging from ERP to ICM.

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