

20 Secrets of Software Selection

Hard earned lessons of a US software veteran
avoiding the time, cost and grief of some of the
more common mistakes

SME Financial Systems,
Campus Innovation Centre,
UCD, Belfield, Dublin 4, Ireland
Phone: +3531 492 5555
Fax: +3531 492 5755

find more business resources at sme.ie

After being involved for 30 years with selecting, installing and using accounting systems, I decided to put down a summary of what I have learned into a brief article.

The following points encapsulate the hard earned lessons of a software veteran. Perhaps I can save a few people the time, cost and grief of some of the more common mistakes.

1. Stick to the popular packages with a large support network.

While there may be hundreds of software packages available in any given market, the fact remains that between 10 and 20 % of these systems are doing 80% or more of the business. There are many reasons for this. First, these systems have proven themselves over the years by providing constant improvements and proving to the buying public that their product is stable, supportable and has a following of consultants and resellers who are dedicated to selling and supporting the product. If you ever become dissatisfied with your local vendor (or they go out of business) you want to be able to find someone else to support you. Does this mean you are foolish to consider anything but the most popular products? No, but the risk of making a bad choice is greatly reduced when you wander off the trail to the lesser known products.

2. Do a real needs assessment before you begin your software search.

Most companies wait until a prospective vendor comes in before they really start evaluating their requirements. This approach does not give you enough time to carefully consider priorities and to work out compromises with staff on what must be done. A real needs assessment can involve some or all of the following:

- strategic plan
- swot analysis (strengths, weaknesses, opportunities and threats)
- internet positioning statement
- e-commerce planning

- department by department assessment of current information requirements and opportunities for improvement
- statement by key management of data requirements
- needs of operational personnel in the areas of data entry
- audit trails, and operational reporting
- financial reporting needs - current and anticipated

3. Use a professional consultant when necessary.

Just as any professional knows he needs help from experts, there are times when a consultant can make a profound difference in the process of choosing software. When you want to perform a thorough evaluation of all systems and procedures, are completely unsure of your priorities and what software you should be looking at, then engaging outside help can be your best move.

4. Avoid using product resellers to do your needs assessment.

Yes, they will usually do it for free but the old axiom "you get what you pay for" applies. Don't you know that the product reseller is biased toward his own product?

You have not given yourself a fair chance to learn and compare when you use a vendor for needs assessment. There are a few who are truly objective even when they sell a product but they are few and far between. Do you want to risk it? Remember, you get what you pay for. I recently performed a needs assessment for a company that was looking at spending \$300, 000 - \$400, 000 for an expensive system. I found a solution for them for \$100,000 that was every bit as good. My consulting fee came to \$15,000.

cont/d

5. Qualify your reseller/vendor by having them follow a scripted demo.

Are you familiar with the term "scripted demo"? If not, you are going to be at the mercy of vendors when they come in to do demos of their product. A scripted demo is really nothing more than a detailed script for the vendor to follow when they demo their product. Ideally, it includes your actual data including vendor master data, transaction data, product codes, reports and the like. In other words it simulates your actual operational needs. It does take time to prepare a scripted demo and it takes time for the vendor to respond. But keep in mind that this exercise will force you to think through the details of what you need and force the prospective vendor to do some serious preparation for the demo. It goes without saying that the vendor who puts the most into a scripted demo has prequalified himself as someone you would like to do business with.

6. Pay attention to the little features as well as the big ones.

There is often the tendency to focus on the big items (e.g. financial reports and inventory control - purchase orders integration). But what about some of the little guys (e.g. what it takes to find records during a search lookup). Some systems are decidedly better at doing that than others. Another important but often overlooked item is how do you void transactions in the system? Voiding invoices, vendor checks or purchase receipts may be quite easy or a royal pain depending on the product. These are repetitive type transactions that you want to make easy for operating personnel.

The best way to uncover the less visible, but important features is to talk to operating personnel. They are well acquainted with the nuisance items and will love to tell you about them.

7. Use "off-line" customizations to accomplish complex computations.

Let's say you have a very complex commission structure which involves unusual calculations. You may be tempted to try to find a system which does it exactly the way you need but it may be

much simpler to make an off-line custom change. This could, for example, involve exporting essential data to a spreadsheet for the calculations and then printing out the commissions on an external report. It may not be exactly pretty but it could be far less costly to do that than to change program code.

8. Avoid source code changes whenever possible.

Changes to program code mean that upgrades may be more difficult to accomplish and that you will be dependent on outside programmers. It is less risky, and usually less costly, to use "front end" or "back end" custom changes than to rewrite code. An example of a front end solution might be a custom invoicing program which lets you enter the data the way you want to and passes the information to the data fields in the accounting system. A back end solution might involve extracting the data for a special report or analysis that cannot be performed within the accounting system itself.

9. Integrate business planning with software selection.

For some firms this will mean nothing more than to pick the brain of the CEO to see what his vision of the business is 3 - 5 years out. It surely will involve issues that are not even being thought about by those who use the software now. It may involve customers, markets, channels, e-commerce and other issues that should be factored in.

10. Believe nothing the salesman says until he proves it.

Have you ever heard the adage that we buy the salesperson and not the product. Well, it is true in many cases. You have to be smart enough to look past the pleasant personality to what substance there is behind it. Often sales specialists are not good product specialists. We have heard of many cases when the salesperson misrepresented his product not so much because he was dishonest but because he simply did not really know and was never challenged on it.

cont/d

Always make them prove it. That's what scripted demos are good at!

11. Pay close attention to data conversion issues.

When choosing software, users often assume that they can get their data moved from their old system to the new system without much of a problem. Sales people are quick to confirm this. The fact is that data conversion often is the single biggest headache when putting in a new system and often requires a custom data conversion program to do it. Even then there is no assurance that the data will come over properly without something getting screwed up. Be sure to get a specific proposal on exactly what data is going to be moved and check it carefully after it is moved. Conversion can get very tricky with the need for converting data codes and the like, and it is rare conversion where something does not go wrong.

12. Avoid overbuying.

Possibly the single biggest risk today for software buyers is not buying a bad system but overspending for what they need. Buying a prestige brand name product may bring a sense of security but if the product is way beyond your real needs and requires more training and support than a simpler product you could wind up spending double or even triple the amount necessary to meet your needs.

13. Evaluate the report writer very carefully.

An oft stated reason for purchasing new software is better data access or easier maintenance. Well, data access depends heavily on the report writer. You may ask the vendor how you could prepare a particular report. One of the more frequent complaints we hear is that the custom report writer is anything but easy to use. In fact some of them practically require some level of programming skill. Spend some time looking at the report writer you will be using and see what it takes to do custom reports.

14. Don't confuse what you want with what you need.

Many companies get caught up with looking for a lot of advanced features they might see offered by vendors but are really not needed by them. An example might be some advanced cash management abilities or fancy inventory control algorithms. You pay for these in many ways - the cost of software, training, etc. Take an attitude of compromise with you and know what you will bend on to get the best solution for what you truly need to operate your business.

15. Hidden costs.

Bringing in a new system brings many costs you may not have considered. These include maintenance of software, purchase of new hardware, conversion costs, staff training, and more. A rule of thumb is that you can expect to spend two or three times the cost of the software itself for the entire installation.

16. Plan, Plan Plan your implementation and allow enough time.

Many users get tripped up when they try to rush their software installation. The fact is that there are few things in life more complex than a new software installation. This is true even for small businesses with relatively simple operations. There are just so many details to keep in mind that it takes time to plan everything. You will need the cooperation of all staff to put this over.

17. Get buy-in.

Buy-in is making sure that key members of your organization support the new system. It is not enough for management to say - ok, we are getting this new whiz bang accounting system that will make your life easier. You must sell it to employees by getting their active participation in the decision making process, otherwise they will not feel that they "own" the system. This fundamental principle of human nature is especially important when bringing in software since almost anyone who is involved in the business operations can sabotage the new system either by ignoring it, being afraid of it, or

cont/d

misusing its capabilities. Why would anyone do that, you ask? Simply because they were ignored during the decision making process. Ignoring middle management and operational staff during the software selection process is a cardinal sin.

18. Name a company champion.

Whatever you do be sure to identify a company software champion. This is a person whose main goal is to make sure the system goes in and works for everyone. This individual must have good human relations skills as well as some technical computer skills. He or she also needs to be current with information technology issues so that they are not blown away with technobabble spouted by software vendors.

Remember the FUD factor - vendors will spread fear, uncertainty and doubt to try and get your business. You need to have someone on staff who can see through the maze.

19. Don't try to automate when the current system is in chaos.

Many companies assume that they can solve their software problems simply by bringing in a new system. This will only add to the confusion. Don't even think about getting a new system until the one you have is working smoothly.

20. Check out your reseller very carefully.

Know who you are dealing with on the software installation. There is a great difference in quality and competence between software resellers. Be sure to get references from several customers and be sure there is a personality fit between your staff and the primary interface person.