8 Common Mistakes in Selecting Software
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Avoid These 8 Common Mistakes

Business process automation is a complex body of work that will impact your operational effectiveness for the next 6-10 years. Implementing, maintaining and upgrading a core business application over a five-year term will average $100,000 - $500,000 for the average mid-market organization.

Given this significant commitment and investment, it is shocking how few organizations invest the appropriate resources and complete the required due diligence necessary to ensure this critical business decision is predicated on empirical data and pragmatic criteria.

This white paper outlines eight all-too-common mistakes made by many organizations during the business application selection process.

1. All Software is the Same

Many software selection processes are predicated on an assumption that, because a product was developed by a leading software manufacturer, it will inherently contain the industry-specific functionality required to support your business. This assumption is analogous to believing cars and trucks are one and the same.

If your requirements are limited to transportation, then either will provide the desired result. However, if the ability to haul cargo is a critical business requirement, only one solution is appropriate. While significantly more complex, this concept holds true for the selection of business application solutions as well.

Vast differences exist between the numerous business application solutions available in the marketplace. The place to begin sorting out these differences is within your own organization, through the clear definition of your organization’s goals, objectives, strategic imperatives and business and requirements (in that order).

It is critical to develop an internal company vision and scope document that captures the current and future requirements within each functional department in advance of exploring software solutions. The analysis should differentiate between must haves, want-to haves and wish-list items to support the inevitable prioritization exercise.

Key information to compile includes:

- A prioritized list of each department’s needs and requirements including a wish list.
- A description of how information is shared and flows between departments.
- Current manual and automated data collection systems.
- Organizational goals such as: Improving customer service (with metrics) or Shipping all orders within 24 hours.
- Transaction volume data (e.g. number of customers, orders, invoices and vendors).
- Financial data and reports required by accounting, auditing and banking stakeholders.
- Reports and analysis required for management and day-to-day operations.
- Integration requirements with in-house systems and desktop applications.
- Other important information.
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1. All Software is the Same

**NOTE:** *Having any more than 3-7% of your requirements categorized as “must have” will eliminate all 500 commercially available business application solutions.*

Once your organization’s information is collected, compiled and organized, each potential business application solution must be analyzed in terms of how well it addresses each of your prioritized business objectives and requirements.

Place incremental focus on report output, online queries, ease and speed of data entry, processing time for updating and reporting, as well as the intuitiveness of the user interface. The diagrams on the following pages illustrate how two accounting software packages can differ greatly in look, feel and functionality.

2. Don’t Have Time

Experienced Solution Providers will request and require time with both strategic and operation members of your organization to gather information and requirements about your corporate objectives and business processes. This data is critical to the Solution Provider proposing the most appropriate solution set. The Solution Provider is a critical resource. It is imperative that you make the necessary time commitment to empower and inform the Solution Provider to make an educated, pragmatic recommendation.

All too often we hear, “I do not have the time to spend with them,” or, “I can only give them an hour.” Business system implementation projects are the brain surgeries of the technology world. *Imagine needing surgery and telling your doctor to hurry up because you have another meeting to attend.*

Every company has a unique business model and unique business processes. If you want to truly maximize the potential value of this business project, it is critical that you invest the necessary time up front. If other business priorities are currently consuming an inordinate amount of your time, postpone this project until you can afford it the time it requires.

The average business application implementation lifecycle is **6-8 years**. Investing the time, energy and resources necessary to architect an appropriate foundation and business process framework, one that contemplates both current and future business requirements, will pay significant dividends.

Limiting your requirements gathering to current challenges or worse, blindly defaulting to the functionality provided in commercial software applications, will inevitably limit business flexibility as well as drive expensive and unnecessary future enhancements.

*Foregoing an immediate solution is better than rushing into the wrong solution.*
3. Length of Time in Business

An experienced Solution Provider will have implemented and upgraded hundreds of business application systems, resulting in a plethora of experience, knowledge, expertise and project scar tissue that is difficult if not impossible to replicate within organizations that implement a new business system once every 6-8 years. Leverage this valuable, scarce resource. Take advantage of their experience by asking intelligent questions.

Ask the Solution Providers to share their experiences and lessons learned from similar projects within your industry vertical or market sector. Very few businesses have successfully selected and implemented a business application solution without outside assistance.

If you believe your organization is prepared to embark on this approach, ask yourself the following questions:

- Performing a needs analysis and selecting a solution is a full time job. In addition to their day-to-day functions, does your staff have the time to maintain their current responsibilities, as well as participate in the project team, without impacting their performance?

- A successful solution requires a strong project leader or “quarterback”. Do you have an individual with the business acumen, technical expertise and authority across multiple departments to deliver this project?

- A solution requires an intimate knowledge of hardware, operating systems and application software. Does your staff have the appropriate certifications, experience and domain knowledge in each of these areas? Have they had direct experience with the application that is being implemented?

- Application software cannot be judged simply by looking at its feature set and promised capabilities. Does your staff have the time and experience to examine all the delivered and promised functionality of competing products to make the right selection?

- Does your staff have the methodologies, communication skills and time to train your end-users after implementation?

- Do you have a resource contingency plan if the project manager or key members of the project team leave? Is there an opportunity cost to having key members of your organization committed to selecting and implementing your solution?

- Once a solution is selected, who will perform the data, cleansing, conversion and entry? Do you have this critical capability within your current IT organization?

- Will the project team be available to answer end-user questions, address challenges and provide ongoing support after go-live?
4. The Cheapest Solution is the Best

Your heart and brain are two of most vital organs in your body. If you required surgery on one of these organs, would you interview three doctors and then select the least expensive?

Business applications and process automation are critical to organizational productivity, capacity, throughput, effectiveness and success. Evaluate price in terms of value received, as measured by a Solution Provider’s knowledge, experience, professionalism, and depth of resources.

Selecting a Solution Provider based upon price alone is equivalent to selecting the cheapest surgeon. In the long run, the cost of a poor solution is substantially more expensive than doing it right the first time. Decreased cost always comes with increased risk.

5. The My Friend or Family Told Me to Buy it

Although family and friends genuinely want to help, they rarely have the knowledge, experience and scar tissue to effectively recommend a complex business application. Understanding computers or an aspect of automation is a relatively small part of the overall skill-set required to land on the required functionality; it does not make them an expert. Beware of recommendations unless you’re dealing with an experienced implementation professional.

6. Buy Based on Sex Appeal

Most of today’s business applications have visually appealing graphical user interfaces, but effectively evaluating software products means looking under the hood and getting your hands dirty. Compare functionality, features, technical design, reporting capabilities, integration options, performance and usability.

Avoid the temptation to fall for the sex appeal on the surface. Pragmatically evaluate and compare products based upon the overall feature set as it relates to your current and future needs and requirements. Allow the strategic and operational requirements to drive the decision criteria rather than the emotional reaction to a screen layout.

The misery associated with selecting an inappropriate business solution will remain long after the user interface infatuation has faded. Avoid fixating on a single feature unless it is critical to delivering strategic business benefits. Develop a bias towards product features you will never use at your own peril.
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7. Falling into the Deep Trap

Heed that famous old saying, “You can’t tell a book by its cover”.

Over the course of the last 20 years, organizations have convinced themselves that watching a software demonstration will assist in the software selection process. Unfortunately to the great expense of many, this faulty assumption has proven that choosing software based on orchestrated, self-serving demonstrations can be an incredibly expensive mistake.

There are dozens of factors involved in choosing the most appropriate software for your business; the least important of which is the graphical user interface or the demo. Many Solution Providers still rely upon this technique when attempting to convince prospective buyers that they have the right software for the job.

They prefer demoing software to focusing on more important issues such as:

- What is the design and architecture of the software?
- Is the software current? How proven is it?
- Will the software work harmoniously with your current network?
- Will your employees readily accept it?
- Can it scale as your organization grows?

Take the Demo Challenge

Quite often, when Solution Providers are asked for information about the products they implement, the first thing they do is insist on showing you a demo. To illustrate how irrelevant this approach can be, on the next page are examples of two very different software packages.

We challenge you to determine which is the better package and why. Please look carefully at each package. Which one is more valuable? What is the price difference? Why is one worth much more than the other? Why would one be better for your company than the other?

If you can name this software and its relative price points we’ll write you a check for $500 you can put towards your next software purchase!
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The Demo Challenge
We will pay you $500 cash if you can answer these two simple questions:

1. What is the name of each product?

2. What is the price gap for a 5-user system?

Name of package: ___________________________ Price point per user: ___________________________

Name of package: ___________________________ Price point per user: ___________________________
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8. Not Getting References

Once comfortable with a Solution Provider, you should contact at least one but preferably two of their existing clients to discuss their experience with them. It is important to be considerate of the time request when calling a reference; it is also important to ensure there is structure to the questions you ask. While it is unlikely that a Solution Provider provided you with the name of an unhappy customer, it is important to ask questions that are of primary concern to you. Our top 10 reference questions are:

Score = Response total x weight total

Example: Question 1. If you answered 1-3 yrs your response total is 5 x 1(weight) = Score of 5

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How long have you been working with this particular Solution Provider?</td>
<td>3 yrs</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1-3 yrs</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;1 yr</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2. Have they kept their commitments?</td>
<td>Yes</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>3. What are the project managers, consultants and technical support people like to deal with?</td>
<td>Excellent</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Good</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Below Average</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4. What are their other departments like to deal with?</td>
<td>Excellent</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Good</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Below Average</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5. Did they deliver the project on time as per the project plan agreed to in advance?</td>
<td>Yes</td>
<td>10</td>
<td></td>
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<td></td>
<td>No</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>6. Did they deliver the project on a fixed price contract or completed exactly on budget?</td>
<td>Yes</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>7. Did you get all the of the functionality you were promised?</td>
<td>Yes</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8. Did they show up on time as promised to perform to perform the contracted services?</td>
<td>Yes</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>2</td>
<td></td>
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<tr>
<td>9. How quickly and professionally has the Solution Provider addressed the project and technical support challenges?</td>
<td>&gt; 4 Hours</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4-8 Hours</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt; 8 Hours</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>10. How satisfied are you with the Solution Provider’s overall performance?</td>
<td>Very</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>1</td>
<td></td>
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</table>

TOTAL SCORE
SUMMARY

Business application projects are an involved and demanding process that will significantly impact your business and business processes for the next 5-10 years. Having knowledge of the 8 Common Mistakes will empower you to select a business application system that enhances your business results rather than one that undermines productivity and business flexibility.

Study the tips provided above and complete the Reference Sheet provided. Following this methodical process will significantly increase your probability of project success (on-time, on-budget and measureable business value).