



# SELECTING NEW SYSTEMS NARROWING DOWN THE OPTIONS

Colin Bottle  
Consultant  
New Vista Ventures Ltd

This presentation is designed for small/medium sized companies, who do not have anything like the project budgets and resources available for new business systems projects, but who's requirements are often as complex as their much larger counterparts.

The advice therefore is aimed at being practical, rather than necessarily following formal and 'recognised' methodologies to their full extent.

This first presentation is focused on the identifying your needs and the potential suppliers who can satisfy them. Separate presentations show the process of selecting the final supplier and negotiating best terms, and some do's and don't's of the project implementation process.

# The phases of a project



**The pre-project phases are equally important and can ultimately determine the success or otherwise of the project**

Long before you actually get to implementing any software, there are probably three equally critical phases of finding, selecting and contractually committing with the supplier. You first have to make sure you know who is on the market, before narrowing it down to at least the two best options to do business with and then ultimately negotiate a contract that you can both be happy with.

IT projects of this nature are naturally hard work, over and above “the day job” and will often create stresses and strains on the organisation and the relationship with the supplier, who you will be working closely with probably over many months, so it is important to have chosen one that you can get along with...And if you have got all that right then the rewards come downstream when you get many years of a excellent service from your chosen system and a harmonious relationship with the supplier.

It never ceased to amaze me as a supplier that a customer had not considered any other directly competing vendors or that a potential customer was not even aware of us, or had dismissed us on some misperception, perhaps until they had already made their choice...

Doing the absolute best job of system/supplier selection and the getting the best contractual terms can really pay dividends later in the day and may avoid a complete disaster.

# Start at the beginning...

- ▣ Why do you need to change?
- ▣ What are you trying to achieve?
- ▣ What is wrong with what you have?
  - Really? Test those assumptions.
    - ▣ “Too old” “not supportable” - who says?
    - ▣ “Too costly to run” - compared to what?
    - ▣ “Takes too much effort” - what would you do with the saving?
- ▣ What business improvements are you looking for?

## 1. Be clear on your objectives for change

So before leaping into finding a potential supplier, let's start at the beginning?

- Why do you even need to change?
- What are you trying to achieve?
- What is wrong with what you have?

Any supplier may not always really want you to ask these questions, but ultimately the success of the project will be judged against the perceived benefits of doing it...

There may be a perception that the current system is old and unsupportable – if that is true then it can have serious consequences, but is it really? And are there any alternatives or ways of extending the life of the current system?

All too often I would hear that “the current system is too expensive”. Compared to what, I would ask? Or that it “takes too much effort to run”. But what can you do with the saving? If it frees up an entire person to concentrate on selling for example, then great. But if it “just” gives you an hour or two back a day (and I would wish that for all of you...) does that really justify such a change? If it does then great, just make sure you understand the benefits.

And what are your expectations about the business benefits that a new system might deliver?

It may seem an obvious thing to say, but Be clear on your objectives for change.

# How long will it take?

- ▣ Timescale –must be ‘live’ before a certain event?
  - ▣ A key business event?
  - ▣ Before a key person leaves?
  - ▣ Being driven by legislation or compliance?
  - ▣ Cost savings if achieved by xxx?
- ▣ How much effort?
  - ▣ Key people from the business will be key to success
  - ▣ Allow sufficient time for supplier selection
  - ▣ Can you even meet the desired timescales?

## 2. Do not set an artificial timescale

There may be one or several factors driving the need to change within a given timeframe. A key event; year-end perhaps, or an acquisition. Or perhaps a key person is leaving and you need to capture their knowledge? Or some legislative or compliance change is required? Or perhaps you can save costs if you can move by a set date?

You will have to make the commitment of key people’s time for this to work, so be realistic about how quickly you can select a supplier and implement a system.

However...the one mistake I have seen made too many times and I would implore you not to make...Do not set an artificial timescale.

By all means have a target date, but do not make it mandatory at the expense of all other things.

# How much might it cost?

- ▣ Budget
  - ▣ How much is too much?
  - ▣ What does your previous experience tell you?
  - ▣ What have others spent on similar projects?
- ▣ At what cost?
  - ▣ Cheapest is rarely the best?
  - ▣ The answer is always “Yes”. At a price...
  - ▣ Be prepared to compromise for cost

## 3. Be realistic about costs (and timescales)

You will undoubtedly have a limited budget, but do you have any previous experience that you can call on to give an idea of potential budget? Are there any other similar companies that would be prepared to share their experiences with you?

It is sometimes difficult to know how much to spend, before you know what the suppliers can deliver, but how much is too much? What realistic ceiling do you need to set?

You may be working to a limited budget, but as we all know from many examples in life, the cheapest is rarely the best quality also...And beware when speaking to system suppliers; the answer is always YES (and it often genuinely is), BUT at a cost...you can have almost whatever you want IF you are prepared to pay for it.

So be prepared to compromise on some of your requirements for the sake of cost.

But above all Be realistic about costs and timescales. An element of bravado always seems to creep in... You can rarely force either of these without paying in some other way. There is a well recognised ‘triangle’ of Cost/Timescale/Quality. If one moves, then at least one other will have to also....



Time, Cost and Quality are inextricably linked.

It is almost impossible to move one without at least affecting one of the others...

- Deliver it faster? Will need more resources (cost) or compromise on quality
- Want better quality? Will probably take longer and/or need more resource
- Want to do it cheaper? Maybe do more yourself and take longer, very likely compromise on quality
- Etc.

## How much should you tell them?

- ❑ Nothing clever about making suppliers over promise...and some of them will.
  - One way or another you will likely suffer the consequences
- ❑ You may even lose the best supplier during the bid process as they will qualify out
- ❑ You can always protect yourself (sensibly) during the commercial/contractual negotiation

### 4. Be honest with the suppliers (and yourself)

Hopefully everyone in business understands the benefits of good supplier relationships and strives to achieve this already, both when they are the customer and the supplier...

But still in too many cases the suppliers are treated with a degree of suspicion, with a lack of trust (which is understandably perhaps not there at an early stage). And so they are not given all of the information they need to quote properly for the business, or are set some quite unrealistic deadlines to respond in, or mandatory timelines for project delivery for example.

At best they are likely to unwittingly over commit themselves, worst still they may be 'forced' to deliberately over commit to stay in the running, expecting that you will not be able to uphold this fixed requirement anyway. And worst of all for you, the best supplier may choose not to bid at all, or you may qualify them out of the bidding process at this early stage, because they have given a totally honest answer based on the information they were given...

So be as honest and open as you can be at this early stage; the things that are really important to you can reasonably be protected through the final negotiation and selection process – that is perhaps the time to introduce discussions about delivery milestones

# Choosing the best supplier

- ▣ Know what your options are [get advice]
- ▣ Speak to others – what was good and bad?
- ▣ Be prepared to compromise “no such thing as the perfect house” ...
- ▣ Be clear on what you ~~want~~ need

## 5. Define your requirements clearly

First and foremost, you have to be aware of who the potential suppliers are. By all means speak to your friendly competitors about the systems they use, but do not just rely on anecdotal information. As I have already stated, as a supplier I was regularly amazed that a key competitor had been left out, or that we (as the biggest supplier) were not known to a prospect.

This whole area of supplier selection and negotiation is one where I would recommend that you seek some external advice and help. Well of course I would , wouldn't I...? That is one area where I can help you.

Again for the sake of cost (and risk to the project) be prepared to compromise where you are able, to make life as easy as possible for the supplier...there is no such thing as the perfect house (view, location, bedrooms, schools, land etc.) and the same is true of systems...you may have to choose which has most of the features that you most want.

Understand the difference between what you WANT and what you NEED from a new system and it is essential that you write these requirements down clearly.

# Defining your requirements

- ▣ Be prepared to get external help
  - ▣ State what you need, not how it should be achieved
- ▣ Be aware of MoSCoW
  - ▣ Must have
  - ▣ Should have
  - ▣ Could have
  - ▣ Will not have (this time)
- ▣ At least be clear on your Must haves
- ▣ Be prepared to ask the question in reverse  
“What would I not get if I took the standard?”

Again this is an area where I would recommend that you get some external help, from a Business Analyst (BA) and again is an area where I can assist you.

It is important to state what you need in business terms, without trying to be too prescriptive about how the functionality is delivered. People naturally express their requirements based upon what they currently have and how it works.

e.g. “We must be able to automatically email spreadsheets of orders received through the website to customers at the end of every day”  
Maybe order acknowledgement emails are not currently sent on order, or maybe a portal allowing customers to view orders would meet the requirement instead? SO  
“We must be able to acknowledge customer website orders daily as a minimum”  
states the requirement, without prescribing how it is to be achieved.

An experienced BA will be used to categorising requirements into M,S,C,W buckets for example; you at least need to be certain what are your Must Haves.

It may also be a very valid approach to give the supplier your list of Must Have requirements and ask them what would not be delivered by their standard implementation (as this is likely to keep the project cost and risk to a minimum). You can then take a really hard look at how you could operate without that particular feature.

# Narrowing down the choices

1. Be clear on your objectives
2. Do not set artificial timescales
3. Be realistic about costs and effort
4. Be open/honest with potential suppliers
5. Define your Must Have requirements clearly
6. Send out a short-form version of an RFP to potential suppliers

And then ideally narrow to a shortlist of two

To summarise...

This need not have been a long process, but you will be sure that you are armed with all the facts and ready to enter into some serious discussions with your favoured two suppliers

The short-form RFP should state :

- your main objectives for change,
- any real restrictions on timescales and budget
- any other essential contractual /delivery requirements
- high-level major “must have” requirements that might qualify some suppliers out (e.g. must handle book and subscription product on the same invoice)

Ask for a budgetary indication of cost (they may not want to give it...for genuine reasons , as well as not wishing to ‘show their hand’ too early).

Ask for any qualifications and/or exclusions from their budgetary quote – it is perfectly reasonable for them to have some at this stage, but they should be willing to identify them if they have a reasonable understanding of your requirements.

It could be useful to get views of others before narrowing your choice to two, but it will almost certainly also involve an element of ‘gut feel’ about finding a partner that you can work with.