

PLAN PROPERTY FOR THE CRITICAL UPGRADE

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Part II

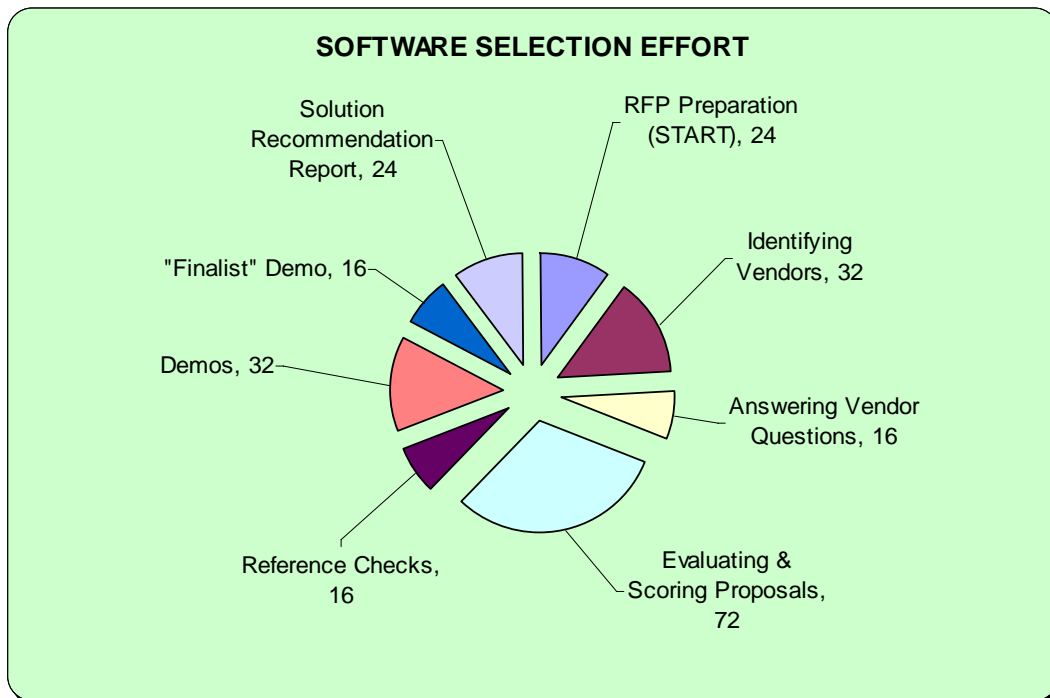
Drawing from our previous article, (*Inside Business*, [Month-Day-Year](#)) you will recall that we identified enterprise-wide, mission-critical system replacements as high-risk adventures. National success rates are not encouraging. Project leaders require uncommon skills. The consequences of failure can be catastrophic to an otherwise healthy organization. It's hard work.

Despite this daunting description, there are practical steps that an organization can take in order to mitigate the risks associated with these projects. Our previous article addressed the steps associated with the initiation of the project and the definition and prioritization of business system requirements. This article addresses the middle phase: identifying and evaluating the various software solutions that might be a good fit for your firm.

Rule Number Five – Determine How Many Vendors Your Team Can Effectively Evaluate

It is easy to become overwhelmed and confused if a dozen software vendors are continually calling on you to pitch the advantages of their solution. They will attempt to bend your requirements to suit the capabilities of their products. Avoiding this “feeding frenzy” is essential to the project’s success and your mental health. Hints for controlling this process are:

1. Determine how many vendors you can effectively evaluate – Assuming the evaluation of four (4) vendors and the demonstration of two (2), you can conservatively plan on expending the following efforts. Figures represent effort-hours.



This represents about 230 hours of *dedicated* effort, not counting the multiples when more than one team member participates in such activities as demonstrations and meetings.

2. Develop a short list of viable software vendors - Leverage industry publications, colleagues, friendly competitors, and the Internet to develop a list of 3 to 6 vendors
3. Once the list of viable vendors is defined, stay with it unless a compelling reason for changing it emerges.

Rule Number Six - Develop a Consistent Software Evaluation Plan and Stick to It

1. Communicate your requirements and describe the evaluation process to the vendors using an RFP, defining the following -
 - Your *single* point-of-contact (“POC”)
 - The POC’s availability to answer questions – dates and hours
 - Vendor submittal requirements –
 - “Yes” or “No” answers to each identified functional business requirement
 - Company background
 - Financial information
 - Number of current clients
 - Two References (and contact info) using companies of your approximate size and in your industry
 - Proposed purchase price, implementation costs, and annual support fees
 - Recommended hardware configuration and cost
 - The evaluation criteria and weighting
 - Functionality
 - Cost
 - Vendor strength
 - The proposal due date - usually three or four weeks after RFP distribution
2. When evaluating and scoring proposals, keep thorough documentation on your conclusions and the rationale behind your decisions. You could be challenged at any time.
3. Conduct thorough software demonstrations that you control –
 - Establish a reasonably sized demo evaluation team who will attend *every* demo
 - Reduce the number of vendors by evaluating their proposals against your criteria – communicate your decisions to the vendors immediately
 - Tell the vendor how to sequence the demo and what areas need emphasis
 - Compare their proposed capabilities, as stated in their answers to your requirements list, to demonstrated functionality
 - Encourage your team to take copious notes and ask plenty of questions – multiple demos tend to “run together” over time and memories often fade

Rule Number Seven - Know What and When You're Negotiating

Every communication with a vendor should be considered a negotiation. Any statement of price, service offerings, schedules, or other characteristics of the deal are worthless unless they are in writing. Even the content of their proposal has limited legal value if not made part of the purchase agreement. Consider the following tips:

1. During the demos, never ask, “*Can* the package do XYZ?” Always ask, “*Does* the package do XYZ *now*?” – if they hedge, ask them to demo it
2. During the demos, press the vendor to fill functional gaps by modifying or reconfiguring their software, free of charge
3. Get legal assistance from an attorney with strong experience in software acquisition contracts
4. Understand what is reasonable and customary in the world of software and related services
5. Have the vendor confirm all offers in writing – email works fine
6. Draft your own purchase contract
7. Include the vendor’s RFP response, as validated through the demonstrations, as part of your purchase contract

Next Week: Part III - Planning and Conducting the Implementation of the New System