

How to choose software



Six steps to better selection

Every organization faces the prospect of selecting new software tools to enhance business processes. To many organizations, this activity creates the unparalleled excitement of moving into a new world of technology.

However, most organizations also see the selection process as a frustrating and dreaded task. You realize that the stakes are highest when the selection involves an accounting or ERP-type system. The success or failure of the project will have a tremendous impact on the organization. As a result, selecting the right software tool is one of the most important decisions that managers make. Is there a process or methodology to facilitate the selection process? How do you ensure that your selection efforts are successful? What role does the finance professional play in the selection process other than calculating the return on investment (ROI)? A methodical and validated software selection approach sets an organization on an accelerated pace to selecting the right software tool.

Starting the process Regardless of the size of the organization, selecting new software must be treated as an important project. Many organizations begin without a clear understanding of the vision and business needs that are driving the software tool requirements. Before starting the process, managers can raise the level of the project's significance by establishing and documenting six critical steps.

1 Establish a steering committee that actively manages the entire selection and eventual implementation project.

2 Define the near-term business needs and the long-term business goals that the software system will support.

- 3 Establish a software selection and implementation budget based upon future organizational goals, rather than where the organization is right now.
- 4 Create a selection team that represents the interests of the entire organization and empower the team members to make the actual selection.
- 5 Assign "power user" participants — end users who participate in product demonstrations, assist in the evaluation process, and influence the selection team.
- 6 Establish a review mechanism prior to starting the process, involving the steering committee to address issues and resolve differences.

Identify your project's drivers The most important aspect of the entire selection process is the definition of the critical business requirements and project success factors that establish your organization's objectives. Once you define your project drivers, your organization will be ready to begin the process of evaluating software alternatives and administering the entire selection project. Moving through software tool evaluation without defined business requirements leads to duplicate efforts and ultimately a solution that could delay the selection and implementation process. Here are some simple questions you can use to define your software selection project drivers:

Why are you doing this? Are there concrete reasons for this project such as technical infrastructure changes or the need to be Year 2000 compliant? Are there other reasons such as the need for improved productivity or improved decision-making capabilities?

Keeping the list short will ensure that the selection process stays focused on those drivers that are critical to your organization.

How much money do you have to spend? Make sure that the budget includes all the costs of the selection and implementation process, and not just the software costs and licenses.

What is your project's scope? Are you replacing a component module, a complete system, or just adding new functionality? Balancing the scope of the software tool selection will also ensure your budget is realistic, your time frame is adequate, and the right types of resources have been identified.

What are the specific expectations to achieve from this software tool? Match your gains from the new software with the business reasons that are driving the project. Above all, quantify the cost savings or benefits so that you have a baseline for establishing a ROI. If your gains don't match your business reasons, take a step back and re-evaluate one or the other, or both.

Who is impacted most by this new tool? By identifying those members of your organization who are impacted the most, you have identified those participants that must be involved. The departments or individuals within your organization that will benefit the most must take some of the responsibility for, and ownership of, the selection and ultimate implementation.

How will you manage the selection process? Most organizations don't have enough staff to conduct a thorough software selection process. Worse yet, many organizations assign individuals on a part-time basis. Viewing the entire process as the most important project (and it will be) should place your resource commitments in context. If you look to outside consultants to help facilitate your process, you should make sure that they are truly independent, and validate the consultant's level of expertise for your project.

Utilizing a structured approach to your software selection while keeping these questions in mind will keep your project on track and focused.

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