

## 15 Tips to Successful Software Selection

1. Selection Team or Steering Committee (optional) - For larger companies, it may be important to establish a steering committee to oversee the evaluation and selection process. Your committee should ideally have 5 to 7 people - but in larger companies it may be necessary to include others in the process. Use an odd number of people so there are no tie votes. In some cases, this committee may simply oversee the evaluation and selection process and "steer" the people who are doing the work. In most situations however, these 5 to 7 people will actually perform the evaluation and selection work. The use of a steering committee is important because it addresses the politics of this process. For example, this provides an avenue for key people to contribute and feel like they are part of the solution and encourages all parties to buy in to the ultimate solution chosen, rather than feel like a solution was selected and forced upon them without their input. Ultimately, the success of the new system will depend partly on the acceptance by the people who must deploy, learn and use it on a day to day basis.
2. Budget - The team should prepare a budget range and provide those parameters to the people actually performing the evaluation and selection. Without a budget range, those performing the evaluation and selection process may waste time evaluating products that are outside the scope of the budget. At a minimum, the budget should include the following:
  - a. Budgeted cost for new software
  - b. Budgeted cost for new hardware
  - c. Budgeted cost for implementation and training
  - d. Budgeted cost for on-going support costs and product upgrades
3. Time Schedule - The team should prepare a time schedule with targeted but realistic milestones and provide those parameters to the people actually performing the evaluation and selection. At a minimum, the time schedule should reflect target dates for the following:
  - a. Date to begin evaluation process.
  - b. Periodic reporting dates in which the team is apprised of progress.
  - c. Date by which the options are to be narrowed down to 4 or 5 potential solutions.
  - d. Date range for scheduling product demonstrations.
  - e. Deadline for receiving all proposals from accounting or HR software publishers or resellers.
  - f. Date by which the selection should be made.
  - g. Date in which the product and services are ordered (contracted for).
  - h. Date by which the implementation and training process should begin.
  - i. Date by which the new system should be fully implemented and running properly

4. Identify the Current Problems and Determine the ROI for resolving those problems – If you are at this stage, it can be safely assumed that a) you already have a current accounting or HR system, and b) your current accounting or HR system is not adequately meeting your needs – otherwise you would not be considering a new system. The first step is to define the problems with your current system – after all if you are unable to come up with a compelling list of shortcomings, weaknesses, or issues perhaps you should reconsider the need to replace your current system. To identify the current problems and issues, it may be helpful to use e-mail to solicit feedback from each and every person who uses the accounting or HR system. Assuming you are able to identify enough issues to warrant replacement of the current systems, you are now ready to move forward.

5. Compile a List of Potential Solutions - Make a list of all of the products you are aware of that might meet your needs. Include products that you read about, products you hear about, products listed on the Internet, etc. If possible, talk to your competitors and ask them what they use and add these to the list as well. So that you can evaluate the products side-by-side, you may consider preparing a more elaborate list – a spreadsheet listing key information for each product. For example, your spreadsheet might include information for modules, pricing, platform, customization capabilities, certified payroll, retainage, time and billing solutions, and bar coding – whatever you determine is most important to your company. The objective here is to focus just on the most important issues and not be blinded by small insignificant shortcomings. This matrix will also be helpful in sharing information with others who may have input into the ultimate decision. For each product you are evaluating, begin tabulating a list of the features and facts that impress you about the company, the product, and the reseller. For example, you may list key awards received by the product, the fact that the company provides great support, or describe a great feature that you think your company would really benefit from. Continue to add to this list as your evaluation continues. Eliminate the Obvious Poor Choices - Start to eliminate potential products due to missing modules, missing key features, or because they are simply too expensive. Cross them off your list and notate why you did. In fact, selecting the right package is primarily a process of eliminating the wrong packages. Generally, you can eliminate many products at this stage. Continue to eliminate products throughout the entire evaluation process. Visit Internet Sites – Next, visit the Internet sites for each accounting or HR software product remaining on your list. If your list is still lengthy, pick your best four or five options and concentrate on them for now. Print out the information, organize it in a binder, and study it in detail. Use a highlighter to highlight the key points you identify, as it is likely that someone in your organization will probably review your documentation at some point in the future.

6. Request Brochures and Evaluation Code – Next, call each accounting or HR software publisher and request their latest brochure information and an evaluation copy of the software. Watch out, this will trigger accounting or HR software sales representatives to come calling on you.

7. Feature Requirements – At this point, use all of the knowledge and insight you have gained so far to prepare a list of requirements which the new system should provide. Actually, you should have been preparing this list all along and adding to it continually as new features and capabilities are identified. This should be a short list, one or two pages long that lists only the most crucial needs. For example, multi-currency support, consolidation capabilities, serialized inventory, and e-commerce capabilities might be listed here.

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8. Identify Top Business Partners - By far, the number one complaint in the accounting and HR software industry is "poor resellers". Because this is the single most important element in the successful implementation of any accounting or HR system, you need to take extra care to make sure that you identify the best business partner and consultants. If you call the company and ask for a referral, the software publisher will typically pass you off to the next reseller on their list, and you may get stuck with a less experienced installer. Don't make this error.

9. Product Demonstration - By this point, hopefully you have identified the best resellers in your area for the products you are considering. Next, you should arrange for these resellers to demonstrate their products to you. They should take time up front to ask you extensive questions about your company and your needs. This will help them better understand what you are looking for, allowing them to tailor their demonstration to your particular needs. (If they don't take time to talk to you up front, watch out - you are probably dealing with an inexperienced person.) Allow them time to make their pitch - they all have a canned sales pitch and they will all make you endure it. Hopefully the reseller will use live software to demonstrate the product to you, but sometimes slides and overheads are used as well. Take the demo for what it is - a sales pitch. Before it ends, hit them with your toughest questions. Make sure to ask them about their available time, their installation methodology, their track record for getting the systems up and running properly and on time, and a list of 3 to 5 references whom you can call to check up on their work. You might ask them to install an evaluation copy of the product on your computer so you can further evaluate the product on your own time. Hands On Testing - Some resellers will provide you with evaluation access to their software solution, either through a loaner computer, remote access to their servers, or by installing the software system on your computers in an evaluation mode. If you have access to the prospective software system, this would be a good time to evaluate it hands on. Keep in mind that you will be testing software that you do not know how to use. If you are unable to make something work the way you want it to work, don't assume that it won't do it. (Most software publishers receive thousands of suggestions to add features that are already present in the system.) Simply write down the problem and address it with your reseller the next chance you get. Make sure to update your list pros and cons for each product. Include subjective points about performance, look and feel, ease of use, etc.

10. Legal Issues - Before making any final decisions, you should have your legal department review all documents and contracts, including the on-going support agreement. Although this seems obvious, often it is overlooked. Make note of any annual maintenance costs that are required on an on-going basis; what measures you can legally take in case the software does not work; find out who owns your data (a sly trick that some nasty publishers have employed to keep you married to them); etc.

11. Consider Financing - There are many financing companies available that specialize in financing software and computer systems. With these companies, it is possible to spread the investment over many years through lease payments which can result in a better way to offset cash flow with benefits received. There may be tax advantages as well, depending on your circumstances (for example, if your company has already maximized its section 179 depreciation deductions through the purchase of other equipment, then leasing may result in larger deductions on your tax return).

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12. Business Partner Bandwidth and Availability – before making a final decision, find out how much bandwidth and availability your reseller has relative to implementing the proposed solution. If you plan to implement the system in fifty different locations, request a Gant Chart or related document depicting the time line for implementing each location as well as the personnel being utilized in each location. Force the reseller to think this process through before you make a final decision, otherwise they may not be aware of time constraints issues that will ultimately affect you. In some cases it may also be beneficial to find out the names of the actual resources the reseller plans to use to implement your system. By obtaining this information, you can review their qualifications to make sure that they are indeed the best team for you before you sign the dotted line.

13. Call References – The most important step you can take is to call references. Following are a few simple questions that you may want to ask of previous customers:

- a. Do you use XXXXX Software?
- b. When did you install it?
- c. How long did it take from start to finish?
- d. Who performed the installation (reseller and names of consultants)?
- e. Did they do a good job and install the system in a timely manner?
- f. Are you satisfied with the product?
- g. What problems have you had with the product?

These seven questions are usually all you need, as they should flush out any problems with the resellers or the product. Be careful to make sure that the reference is being honest with you. Some references will not say anything bad in fear of a lawsuit. Others may not really be valid references; instead it may be a brother-in-law or close friend on the other end of the line. Therefore, be on the look out for suspiciously short responses or people who are not able to describe specific details of the engagement. If you reach 3 consecutive references that provide positive feedback and that you are comfortable with, the preferred product and business partner have passed the final test. Be aware, if you receive negative feedback, it may be helpful to try to distinguish between a “Good product/Bad reseller” versus a “Bad product/Good reseller” situation.

### **Decision Time**

At this time, you should be in a good position to select a software package. If you have more than one package left on your list, make a decision based on guts or instincts. If you still can't decide, choose the product that is easiest to use on a day-to-day basis, the product that is built on top of the most promising technology, or the product that offers the strongest reporting. If all remains equal, flip a coin. Try to keep price out of this equation as the actual price of the software is not really relevant (within 200% or so). The real cost of software includes the time required to get it up and going as well as the time dedicated each day to utilizing manual work around procedures to compensate for any missing features and/or reports.

### **Conclusion**

The reality is that the apparent winner may reveal itself long before you complete all the steps described above. Still, it is a good idea to run through all of them just to be on the safe side. Some companies can make this decision easily in just a few months with the assistance of a consultant. Other companies must endure a much longer ordeal to arrive at the best choice. You alone must make the determination as to how much effort is warranted to select the best software package to meet your current and future needs.

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