ERP SELECTION:
FOUR AREAS TO SUPERCHARGE YOUR PROCESS

Traditional selection methodologies are riddled with inefficiencies and take much longer than they should. Liberty outlines four speed and quality focus areas that will make your selection process quicker as well as drive value. With a focused approach, you can save 30-50% of the typical time spent on a traditional software selection. Save your money for the real work, and see your ERP payback in months with Liberty!

Now more than ever, companies are looking for ways to gain a competitive advantage, find opportunities for cost savings, and leverage the remote landscape of today's workforce. Almost all companies will need to select new software to realize this kind of digital transformation.

Software selection methodologies have traditionally followed the same framework, which includes some initial discovery, requirement gathering, bringing multiple vendors to the table, and then iterating for weeks or even months on the decision. For a company looking to select a new ERP software, the whole process can take anywhere from four to eight months, for example.
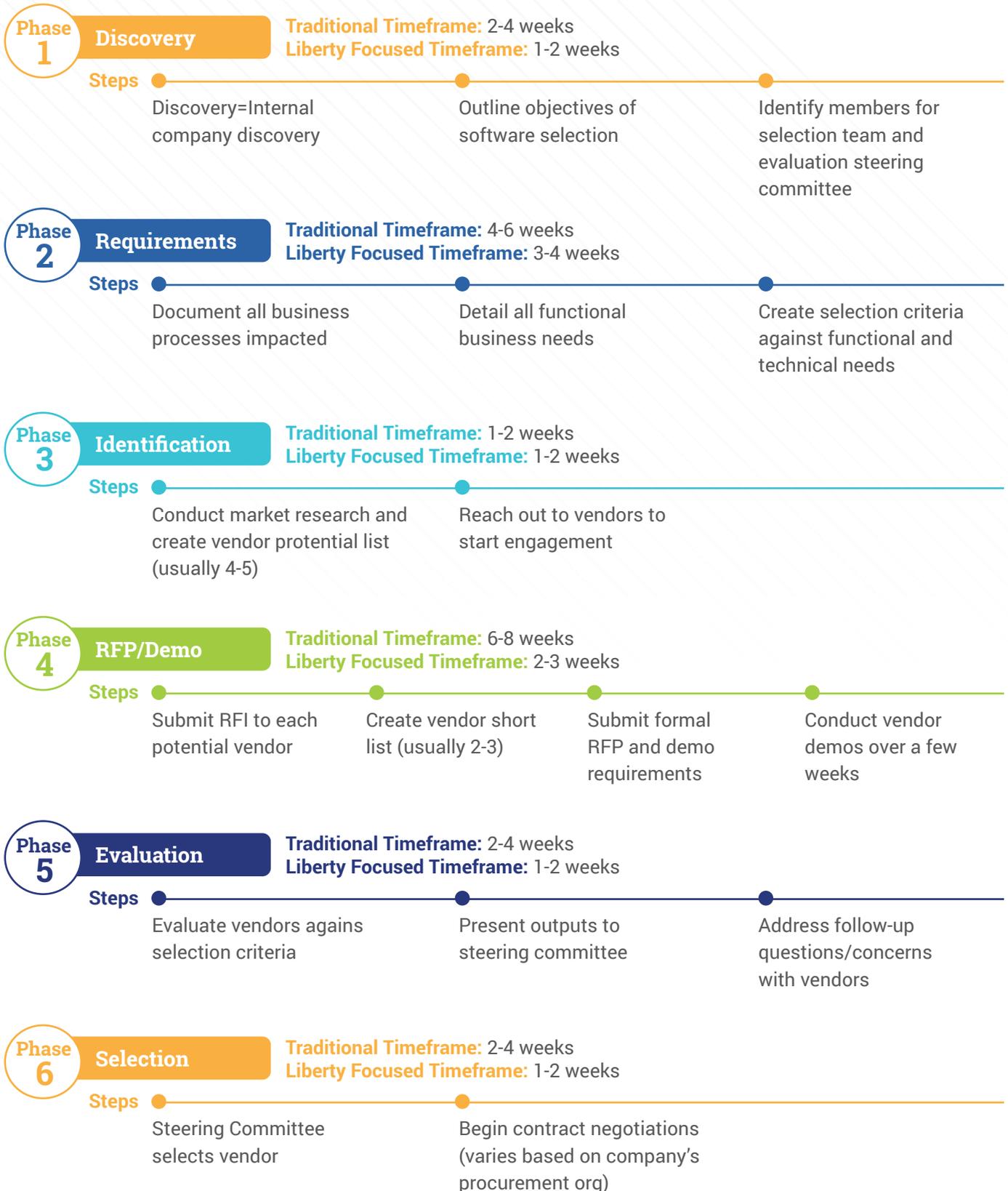
While this eventually gets the job done, why should it take this long? What if you already have a good idea of which software to pick, but just want to get outside confirmation it is a good fit? Rather than sitting through demos of software that most likely isn't going to be selected, couldn't the team's time be better spent?

For the purposes of this paper, we will primarily refer to enterprise resource planning (ERP) software selection, as most companies will need to implement or upgrade this type of software as they grow. However, these principles could apply equally to any business software that a company is considering, from a new customer relationship management (CRM) system to new product lifecycle management (PLM) software or a new suite of collaboration tools.

HIGH-LEVEL TRADITIONAL SOFTWARE SELECTION PROCESSES

Before outlining opportunities for speed and quality, let's first take a look at a traditional software selection framework, as illustrated below.

Phase 1 — Discovery

Traditional Timeframe: 2-4 weeks
Liberty Focused Timeframe: 1-2 weeks

Steps

- Discovery=Internal company discovery
- Outline objectives of software selection
- Identify members for selection team and evaluation steering committee

Phase 2 — Requirements

Traditional Timeframe: 4-6 weeks
Liberty Focused Timeframe: 3-4 weeks

Steps

- Document all business processes impacted
- Detail all functional business needs
- Create selection criteria against functional and technical needs

Phase 3 — Identification

Traditional Timeframe: 1-2 weeks
Liberty Focused Timeframe: 1-2 weeks

Steps

- Conduct market research and create vendor protential list (usually 4-5)
- Reach out to vendors to start engagement

Phase 4 — RFP/Demo

Traditional Timeframe: 6-8 weeks
Liberty Focused Timeframe: 2-3 weeks

Steps

- Submit RFI to each potential vendor
- Create vendor short list (usually 2-3)
- Submit formal RFP and demo requirements
- Conduct vendor demos over a few weeks

Phase 5 — Evaluation

Traditional Timeframe: 2-4 weeks
Liberty Focused Timeframe: 1-2 weeks

Steps

- Evaluate vendors agains selection criteria
- Present outputs to steering committee
- Address follow-up questions/concerns with vendors

Phase 6 — Selection

Traditional Timeframe: 2-4 weeks
Liberty Focused Timeframe: 1-2 weeks

Steps

- Steering Committee selects vendor
- Begin contract negotiations (varies based on company's procurement org)

PAYING ATTENTION TO FOUR KEY AREAS CAN ADD VALUE AND SAVE TIME & MONEY.

1. Quality Focus:
Ensure the right team is selected, both internally and externally

A study on ERP software selection showed that "57% of companies purchasing software were first-time buyers.[1]" Many companies do not have the internal knowledge or resources for this process. As a result, bringing in an external selection firm can help expedite the overall process. However, this step requires bringing the external partner up to speed on your business. Liberty takes a rapid approach of both upfront data requests and assessment questionnaires to gain insights prior to starting. Once reviewed and after a few key stakeholder interviews, we can cut down the length of a typical discovery period and get right into requirements gathering.

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Internally, it is important to involve your company's top resources in the software selection team. A new ERP will impact many functions in the organization, so you need strong cross-functional, collaborative representation. For this reason, it is also critical to have tenured people who understand the ins and outs of the complex current state business processes.

2. Speed Focus:
Focus on unique requirements and differentiated business processes

When identifying which business processes and requirements are most important for a given selection, Liberty emphasizes the 80/20 rule. Eighty percent of your effort and vendor demos should be focused on the 20% of your requirements that are for complex business processes.

Liberty takes a strategic approach to business process categorization that breaks each down into core, common, or divergent process categories. Core business processes are ones that all business units at a company need to do (and most likely all businesses need to do). One example is the ability to create a purchase order. Common business processes are ones that multiple business units do, but with some variation between them. For example, everyone needs to do payroll, but different country laws/regulations may require different steps in the process. Divergent business processes are ones that set a company apart from its competition and must be maintained in the future state.

These common and divergent business processes make up that 20% of the items that need 80% of the selection focus. Time should be spent outlining these to vendors so they can ensure their demos are customized to these unique process needs. Core business processes rarely need to be demoed by vendors or should have minimal time spent on them. While it is great to check off the capabilities where software fits your needs, we find it much more insightful to focus on the gaps in a potential software system early on. This way, a vendor can be excluded much faster if the gap cannot be satisfied with a potential third-party integration or an agreed-upon manual/custom-built workaround.

Liberty's four keys to a supercharged software selection

Complex Requirements/ Processes

Business Case

Organizational Readiness

Prioritized Vendor Focus

PAYING ATTENTION TO FOUR KEY AREAS CAN
ADD VALUE AND SAVE TIME & MONEY CONTINUED.

3. Quality Focus:
Develop a clear business case

The best way to prevent a long, drawn-out software selection is to have a clear business case identified. Liberty takes a methodical approach to work with your organization to identify all of the hard and soft benefits that a new ERP will provide.

Having the business case built and communicated during the process reaffirms the importance of the new ERP and the value that it will drive. The sooner that the selection is made, and implementation can begin, the sooner the company will start realizing top-line improvements and cost savings. For example, consider software with an annual business case of $1M in improvements. If that selection can be completed two-to-three months earlier than the traditional four-to-eight month selection period, then your organization could save as much as $170,000-250,000.

4. Speed Focus:
Only include viable vendors, and focus on preferred vendors

A traditional software selection will usually start out with four or five potential vendors and work its way down to two or three vendors that participate in demos before final selection. If a company is completely new to ERP and has done no research at all, this may be desired by leadership. However, we have seen many companies that already have a feel for what ERP they want and are just looking for confirmation of their decision. In these instances, we recommend just focusing on that one vendor.

With multiple vendors at the same time, team members will be sitting in one-to-two day demos per vendor and assessing scoring criteria for each vendor across all processes/requirements. This adds up to weeks of work for the team and also results in potential throw-away work for vendors who were already perceived as inferior. This is time that these team members could instead spend working on divergent business processes or outlining business case details.

Liberty can provide the expertise to confirm whether a preferred vendor is a fit or not based on your company's needs. If they are, then you will have just saved valuable time by moving forward efficiently. However, if they are not a fit, we will communicate that transparently, enabling you to quickly bring in additional vendors. With the discovery and requirement work already complete for the initial vendor, it will be quick to pick up with the next one. In the worst case, multiple vendors are required, which puts the selection back to the traditional four-to-eight-month timeline. In the best case, the initially preferred vendor proves to be the right choice, and months of work are saved.

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SUPERCHARGE YOUR SELECTION PROCESS WITH LIBERTY

Traditional software selection processes provide a good starting framework but are full of steps that often draw out the selection longer than necessary.

Liberty can help supercharge your selection process by bringing together the right team to focus on your unique requirements and your clear business case. When the ideal solution is known upfront, we can evaluate a single vendor or identify the need to bring in others early in the process.

With our extensive experience and knowledge of state-of-the-art ERP platforms, we can save time in your selection while still providing a quality end-to-end solution. The time saved will free your team from unnecessary work and allow you to start realizing your business case sooner.

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IF YOU ARE LOOKING TO EVALUATE A NEW ERP SYSTEM, HAVE ONE IN MIND BUT NEED OUTSIDE VALIDATION, OR ARE PLANNING A FULL-SCALE DIGITAL TRANSFORMATION

REACH OUT TODAY TO GET YOUR ORGANIZATION PREPARED, ORGANIZED, AND READY TO DRIVE ACTION

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RESOURCES:

1. https://softwarepath.com/guides/software-selection-statistics