

# CHOOSING AN ENTERPRISE SOFTWARE SOLUTION



Buying, replacing, or upgrading your enterprise software can easily overwhelm even the savviest distributor. Yet, by assembling a good team, creating a strong plan, and following a few simple steps, you can make purchasing the software that will carry your business into the future a profitable experience.

Even if you're happy with the software you're using to manage your inventory and orders, track your accounts payable and receivable, and do everything else between, if it's more than four years old, it's likely to be outdated and you could be missing key features that could increase the success of your business. You'll often hear it called mission critical software – because if the software fails, the mission (i.e., your business objectives) fails too.

## **THE TEAM**

A mistake distributors often make when looking at enterprise software is not including their owner, president, or CEO in the decision making process. Thinking it's a technology issue, they often leave the decision solely to their information technology (IT) staff. In reality purchasing software is a pure business decision. Unless the IT team understands the vision of the company for the next five to 10 years, they cannot judge the value a software solution will bring to the business. The top executive should always lead the search for new software by establishing a vision for the project.

Because the software selected will impact almost every employee within the organization, the success or failure of the new software often hinges on whether or not the people who will use it buy into the decision. Line managers in each operational area must have some input in the decision-making process. That is not to say that theirs is the only vote that counts, but understanding their day-to-day issues will help you make an informed decision.

Finally, input from the IT staff is necessary to ensure that the software solution you select can carry your business into the future. Software that meets your needs today can become obsolete in six months if the technology the software is built upon can't grow and adapt with your business.

Ideally, the team selecting your new enterprise software solution should include a high level executive with long-range vision; line managers from each discipline to ensure proper functionality; and IT staff to ensure that you have the best technology infrastructure for the present and future.

## **THE PLAN**

The most important factors to identify when starting to look at software are the areas of your business that you want to improve and the areas in which you already do well. Write a requirements list of your priorities for the new software. The list doesn't need to be a 200-page document with 10,000 requirements, only a checklist to keep your team focused on solving the problems that are important to you. As software vendors bring up issues that you did not consider, measure them against your vision to determine their importance to your company.

Once you understand your key issues, you need to define a short list of software suppliers. A quick way to do that is to either search the Internet or scan the advertisements in industry trade publications. Go to [www.google.com](http://www.google.com), and search for "distribution software." This will give you a list of software companies that focus on distribution. Visit each company's Web site to find out if they cover your basic needs and request literature. You may end up with five to 10 software companies to explore further.

Call or e-mail each vendor on your list and ask a few simple questions. Be sure to let the vendor know up front that the answers to these questions will go on any contract you sign with them if you choose them as the provider of your enterprise software solution. This will ensure accurate answers.

## **HOW LONG HAS THE COMPANY BEEN IN BUSINESS?**

Longevity in a technology provider can indicate whether the company will be around in the future to support your business.

## **WHAT PERCENTAGE OF THE CUSTOMER BASE ARE DISTRIBUTORS? WHAT IS THE EXACT NUMBER?**

Distribution is very different from other business. You don't want to have to teach a software vendor how the distribution industry works.

## **WHAT PERCENT OF THE BUDGET HAS BEEN INVESTED IN RESEARCH AND DEVELOPMENT (R&D)? HOW MUCH WAS SPENT ON R&D IN EACH OF THE LAST THREE YEARS?**

If the vendor is not investing in their future, then there will be no future for you.

## **WHEN WAS THE MOST RECENT PRODUCT RELEASED? HOW MANY CUSTOMERS ARE USING IT?**

Make sure you stress that you're interested in knowing about their newest product and not a modification to a product that has been out for a while. You do not want to invest in an old product, but at the same time you do not want to be a guinea pig for a new product. There needs to be a balance.

## **WHAT MAKES YOU UNIQUE COMPARED TO YOUR COMPETITORS?**

Find out what their vision of the industry is.

Once you have gotten the answers to the above questions, you should be able to identify two or three vendors to start evaluating.

## **THE EVALUATION**

Now that you've narrowed your list, all you have to do is schedule demonstrations and make a decision, right? Unfortunately, it's not that easy. There are several steps to go through to ensure that you find the enterprise software solution that best fits your needs. The most critical issue is that you develop a timeframe and stick to it. It's human nature to procrastinate and the process of switching software is not fun; if timelines are not set on the front end, you might never make a decision.

The first step of the evaluation process is to have your team meet with each vendor. Your team should give the vendor a full understanding of what your company's goals are with regard to a software solution.

As you talk to each vendor, rate them on several key areas, including: product functionality, technology infrastructure, implementation process, long-term support, their vision for the future from both a technology and industry standpoint, and their long-range financial viability. While each of these areas is important, some may carry more weight than others depending upon your needs. In addition, the software vendor you talk to should make valuable contributions to the conversation and demonstrate a firm knowledge of your industry.

Before you go any further in the selection process, request a copy of the contract they will ask you to sign. Many of these contracts favor the software vendor and you should have a lawyer who understands intellectual property contracts (software purchases) review them. Make sure there are not any major legal roadblocks now, before you invest too much time with a particular software vendor.

After you've interviewed the vendors, invite them to your site to give product demonstrations. Allow the vendor to drive the demonstration. Do not push them in different directions, but do make sure all the critical issues that you went over in the interview process are covered.

If you're satisfied with what you've seen in the demonstration, phone the vendors' references and talk with long-term users of the system you're interested in. Since you will not find one company exactly like yours, it is important to talk to many references. Ask very specific questions that focus on your critical issues. Most likely you will have to talk to many people to find answers to all your questions. Do not forget to ask about implementation and training, on-going support, custom software, and the overall attitude of the vendor's staff. All of these things are as important as the software itself.

The most important question to ask: *If you could do it all over again, what would you do differently?*

## REQUESTING A PROPOSAL

At this point, it's time to request a proposal. As tempting as it is to request one sooner, you want to wait until the vendors know you and your needs to ensure that every module and option critical for your business is included. As you compare the proposals, look at the value each vendor provides. Focusing only on the price could result in disaster. The old adage, "You get what you pay for," has never been more appropriate than when purchasing software.

Once you've reviewed the proposals and selected the vendor that best meets your needs, take some time and visit at least two of the vendor's customers. Rather than selecting businesses that are like yours, visit ones that represent what you aspire to be in a few years. Remember, you are not just buying software for today, but for the future as well. Bring a list of critical questions to ask and try to meet with users as well as technical and executive staff. Respect the time they need to run their businesses, but make sure you get all your questions answered.

Seeing the software solution in a live setting should confirm your decision to work with a particular vendor. If it doesn't or new issues arise, give the vendor one chance to address the problem before scheduling site visits with the next vendor on your list.

When you are fully satisfied, it's time to start negotiating with the vendor. Up until this point, you and the vendor have been testing your compatibility. Now you are about to enter into a long-term partnership. If you focus on the relationship and make it a win-win situation, both you and the vendor will have a much better experience. Of course you want to get the best price possible, but at the same time you need to realize that this is a long-term commitment. Ultimately, extra services or extended agreements may better serve your needs.

The worst thing you can do is leave the vendor feeling that you raked him over the coals – they may hold it against you in the future. At the same time, leaving money on the table tells the vendor that he can always overcharge you. Negotiate hard but fair to ensure you will get the greatest return on your investment.

If done correctly, the work you put into selecting your new enterprise software solution will pay huge dividends by giving your company a solution that increases sales, improves customer service, and reduces operating costs.

## ABOUT ACTIVANT SOLUTIONS INC.

Activant Solutions Inc. ("Activant") is a leading technology provider of vertical business management solutions serving small and medium-sized retail and wholesale distribution businesses. The company serves three primary vertical markets: automotive aftermarket, hardlines and lumber; and wholesale distribution. Founded in 1972, Activant provides customers with tailored proprietary software, professional services, content, supply chain connectivity, and analytics. More than 30,000 customer locations use an Activant solution to manage their day-to-day operations. Activant has operations in California, Colorado, Connecticut, Illinois, New Jersey, Pennsylvania, South Carolina, Texas, Utah, Canada, France, Ireland, and the United Kingdom.

For more information, please visit [www.activant.com](http://www.activant.com), e-mail [distribution@activant.com](mailto:distribution@activant.com), or call 1-800-776-7438, press 1.

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