

Evaluating software vendors

When an organisation decides to implement a new accounting solution, there's no shortage of preparation work. Taking the plunge can be a time-consuming and complex process; you'll need to evaluate your business processes, determine what your needs are now, where your shortfalls lie, then most importantly decide what you want your new software to accomplish. For most, the next step is selecting the right vendor to deliver all this.

But with the large selection of vendors available it can be difficult to determine which one best meets your needs. Surprisingly, a large number of companies purchase new software without taking the time to research their investment fully. This can lead to serious problems during implementation that could have been avoided had they performed a more thorough review of potential vendors, while keeping in mind their unique requirements.

Follow our 10 steps on how to choose a software vendor to be sure that your investment will pay off.

1. Determine your goals

You know that your existing accounting software is no longer satisfying your requirements, but before you begin evaluating all the available solutions on the market, it is important to build a list of your key requirements so you know exactly what you are looking for.

Look beyond the finance department, establish an internal project team from all effected users in your business and review what features and capabilities you need. Think about both your immediate and long-term goals; what are you trying to achieve by making the switch? Who and what are you trying to impact? Taking the plunge without really knowing what you want could be costly in the future.

2. Use effective prioritisation to rate your needs (MoSCoW)

Prioritising is not an easy process, and can often become confusing and misleading if, for example, a number system is used. One of the problems with a number system is that on the face of it, giving requirements a priority of 1, 2, 3 seems straightforward, however, who wants a requirement to be a '2' or even a '3'? This can sometimes lead to all requirements becoming a '1', which defeats your objective. This could then force you to resort to additional rating systems such as giving '1*' and '1**' ratings to try to sort out what is really important.

One way to help is to prioritise requirements by using words that have meaning:

MoSCoW

M - **MUST** have this.

S - **SHOULD** have this if at all possible.

C - **COULD** have this if it does not affect anything else.

W - **WON'T** have this time but would like in the future.

Requirements marked as 'Won't' are potentially just as important as the 'Must' category. It is not immediately obvious why this is so, but it is one of the benefits of MoSCoW. Rating something as 'Won't' acknowledges that it is important, but would not stop you from pursuing with a vendor and product. In fact a great deal of time might be spent in trying to produce a good 'Won't' list. A couple of benefits for this:

- Users do not have to fight to get something onto a requirements list
- In thinking about what will be required later, affects what is asked for now

3. Do your homework

Most software companies will offer a wide variety of solutions but some specialise in verticals markets. It is worth knowing that some vendors have specialist offering for sectors like; construction, manufacturing, not-for-profit, wholesale and distribution etc.

Industry specific vendors such as these tend to react to trends and developments in their field faster than other vendors, so try looking for a company that specialises in your area of expertise.

4. Anticipate upgrades

Technology changes quickly and you don't want to be left with an outdated system. Determine how often you will get upgrades, how much they will cost and what is included.

Generally, patches used to fix minor software problems are offered free of charge since they often are only required to update one area of your software. New releases, on the other hand, introduce new functionality and are handled differently depending upon the vendor. Some will charge for each new version that comes out, which can be costly depending on how often the software is updated. Other vendors have a different policy, whereby as long as you pay an annual fee you will never have to pay for new versions.

Ask your list of vendors how often on average they launch new versions of their software. Some might do it infrequently, while others are constantly adding new functionality and may have new releases a few times a year. With this in mind, it might be worth asking if you are allowed to skip a version of the software. For example, if you have version 4.0 of the software and the latest available version is 6.0, some companies will let you upgrade to the newest version without having to implement anything in between.

5. Check references

No matter how good the fit is to your requirements, always check references. A vendor will always present itself in the best light when selling, but what happens after implementation?

With the best will in the world, sometimes things go wrong. But it is how these issues are dealt with when they arise that is the important factor. Ask for a list of reference sites for clients in your industry who have implemented the modules you are interested in as this will give you a better understanding of the ownership experience.

Ask the customer how the product has lived up to their expectations on not only functionality but for product support, ease of implementation and if possible the modification or upgrade process.

6. Training and support

Be sure to evaluate a company's customer support capabilities, you will be paying an annual support fee so find out what is included in this cost. Even the most knowledgeable staff member may need assistance from time to time, find out the opening hours for the Support team, and if you get to speak to a real person when you make contact. Who is allowed to contact support? Also, is help immediate or will you have to leave a message that will be returned at an undetermined time?

Training will get you off to a smooth start and help you get the most out of a new system. Different members of staff will have various levels of knowledge and comfort with new applications. Find out which topics are covered, where the training is done, who is trained, how long it takes, if the training is tailored to your company's requirements, etc.

Think about budgets for ongoing training, refresher courses and training for new starters. Well trained staff ensures that your system does not become redundant, forcing you to make another software purchase in the future. Each vendor will have a different policy when it comes to training but it is seldom offered for free, therefore expect to pay a fixed amount for each day of training. Some vendors now offer online training which will help to keep costs and downtime to a minimum.

7. Flexibility

Without the aid of a crystal ball, none of us can predict the future. So although you are unable to see where your business will be in two to five years from now, it can be said with some certainty that your needs are going to be different to those you have today.

Therefore, look for software that can offer you the freedom and the scope to support business now and in the years ahead as you expand and diversify your business. Does the vendor give you the option to purchase only the modules you need now and to buy additional ones at a later date? For example, could you start today with core financial software and then add modules for business intelligence, customer relationship management, commercial software and project costing, as and when you need them?

8. IT infrastructure and integration

Most companies will already have software packages in place, from common applications such as email or CRM systems, through to niche software specific to their industry. New software should come equipped with linking capabilities, however, you will need to ensure the vendor is experienced with your other systems to ensure seamless integration.

One of the key requirements would be to ensure your current IT infrastructure meets the minimum requirements for your new software solution, and check the base operating system in use in your organisation is supported by any prospective vendor. Operating environments should also be considered; does the vendor's solution support terminal services, Citrix or virtualisation of servers?

This may sound all very technical but this emphasises the importance of including all key stake holders in your organisation so when you engage with a prospective vendor you are able to ask all the right questions, safeguarding your decision.

9. Cost

Cost is a vital part of the decision-making process. It is not always cost-effective to go for the cheapest option but, on the other hand, there is no good business reason to pay for services that you don't need. Make sure, when comparing prices, that the level of service you are being offered is the same and that, in all cases, it is adequate for your business.

When evaluating your purchase, ask yourself does the cost fit your budget? What is included in the quote? Are there any hidden costs? Look at the long-term investment and determine what the costs of future upgrades are.

Don't forget about cost savings. Automating your department, streamlining your processes and upgrading your accounting software should bring you savings in time and money. For example, by streamlining time-consuming tasks such as cash reconciliation and generating reports, more staff time could be spent concentrating on other projects.

10. Vendor stability

Vendor stability is an important element of the software selection process. You don't want to purchase an accounting software package only to find the vendor has gone out of business during or after implementation, nor do you want the vendor to cease offering support or future development for the package. A stable vendor is one that will continue to update its software and invest in research and development to ensure that it can support your company's needs now and in the years to come.

Find out how long a company has been in business, how many employees it has, how many are responsible for dedicated areas such as support, development, quality assurance and testing. Ask to see a copy of the company's annual report as this can give you valuable insight into not only a company's financial situation but can also help to determine the management direction, business model and plans for future growth.

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