

## Weed Them Out! — Six Criteria for Software Vendor Selection

By Vyom Bhuta

The technology marketplace has experienced a surge of software companies focusing on several real business problems and has created their unique value proposition in several markets like supply chain management (SCM), customer relationship management (CRM), enterprise resource planning (ERP), e-procurement, and now wireless. Selecting an appropriate package software solution is not a trivial task given the number of vendors to choose from within each of these areas. Expanding choices within the technology marketplace can make decisions difficult and confusing.

The challenge: Weeding out the vendors among hundreds of products, philosophies and promises and making the right choice. The criteria and methodology defined within this article is intended to provide the reader with six criteria to evaluate package software vendor solutions. *The evaluation criteria were identified based on generic software vendor selection requirements that are commonly considered, and are intended to supplement—not supplant—the criteria identified by individual organizations.*

The six evaluation criteria are (in alphabetical order):

- **Cost**
- **Flexibility**
- **Functionality**
- **Implementability**
- **Stability**
- **Usability**

Let's break these down and see what each one means to your selection process.

### **Cost**

Its no surprise that cost is something to consider when evaluating potential vendors. What you want to look at is the whole picture, including capital investments as well as maintenance and other "hidden" costs. When considering capital investment costs, you should look at all of the expected costs associated with acquiring hardware, software and other components of the solution. And don't overlook per-seat licensing fees, developer licensing fees and site licensing fees. Another side of cost is in operations and maintenance. In this are, you should evaluate the anticipated costs of running the hardware and software. And don't forget about training. There is certainly money that has to go into the training of administrators, developers, end users and the trainers themselves.

### **Flexibility**

If you're making a major financial investment, you want to make sure your solution is flexible. Remember, no system functions inside a vacuum. You want to make sure that the vendor and product can easily be integrated with other complementary technologies without introducing unacceptable technical complexity and cost. The system is also more flexible if the solution is based on standards that are widely accepted and followed by the IT industry. Lastly, scalability is an important consideration. This refers to the degree to which the software will support a wide variety of system sizes, ranging from small work groups to enterprise-wide solutions, while delivering acceptable performance.

### **Functionality**

Your software solution must satisfy the specific needs of your organization. To that end, you have to evaluate the degree to which the proposed solution supports the common requirements that have been identified by your organization. These requirements of functionality might include financials, manufacturing, human resources, procurement, order management, e-sales, content management or any number of business functions. Another thing to consider is how customizable

a solution is. Requirements can change over time, and you want a solution that can support enhanced requirements via configuration and programming extensions, reusable and customizable business objects and visual development tools. Of course, you should also take a look at what the solution can do right out of the box. There is value to a package that can satisfy the requirements with little or no customization.

### **Implementability**

How easy is it going to be to get your system up and running? This depends on the degree to which the system is mature, understandable and supportable by your available skilled personnel. A mature system is one that has been tried, tested and standardized throughout the IT industry. You also want to pay attention to technical complexity, that is, whether the solution comprises heterogeneous, immature and non-standardized components. This kind of complexity can greatly affect the implementability of the proposed solution. Also important is the kind of technical skill you have available on your team. You want to make sure that your pool of talent has ability to design, implement, operate and maintain technologies involved in the architecture. Finally, consider how a solution will integrate with other existing enterprise systems and office automation technologies via industry standard technologies such as OLE2 and ODBC or pre-built and packaged system interfaces.

### **Stability**

You don't want to choose a vendor who is going to vanish without a trace. The stability of the vendor is determined by how well is it performing within the specific technology marketplace (CRM, ERP, etc.) and whether it can be considered a viable business of competitive consequence. Look at the company's financial performance, its competitive health as measured through revenues, net incomes and marketplace value. Market performance is something else to consider, that is, the degree to which the vendor has successfully penetrated and won a share within target market segments. A final consideration is how well-accepted the vendor is within the industry, whether industry and technology specialists have endorsed and favorably recognized the prospects of the vendor's product offering, market position and competitive strategies

### **Usability**

How well does the architecture improve the system and data usability while masking system complexity? The solution should be able to provide appropriate access to information and functions regardless of the contact channel. You should also weigh in the degree to which the solution provides all functionality or integrates with market-leading third-party solutions. Consider the customer's point of view as well. Can the solution support customer contact through multiple channels, including telephony, web, e-mail, fax and direct marketing, and will it ensure consistent and effective communication? Finally, consider how transparent the solution is to the end users. Does it mask the complexity of individual functions of the system from the user? When the system appears less complex, user productivity goes up and the rate of user errors goes down. By evaluating the vendors and their solutions against the evaluation criteria and related considerations, organizations should find themselves with only a handful of companies on their short list.

Source: Tech republic