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Ten Steps
for Evaluating and Selecting Software and Service Providers

Investing resources in preparation for purchasing software and services is the best way to ensure that your organization gets the best service and a quality product.

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Selecting software tools is not an easy task. Whether opting to hire external consultants, go it alone, or just rely on sales people, the level of complexity remains the same. In the long run, obtaining external assistance may prove to be a cost-saving measure. There are a number of potential pitfalls to be avoided in the evaluation and selection part of the process.

Perhaps the greatest pitfall to avoid is purchasing software that has an initial lower cost but eventually higher maintenance or service and support costs. The true cost of a solution will include implementation and training. Also note that over time, upgrades can contribute significant additional expense to the total investment cost.

Steps in the Evaluation and Selection Process

There are 10 distinct steps in the evaluation and selection process. For a successful conclusion, each of these steps should be conducted prior to purchasing any records and information management (RIM) software.

Step 1: Create a Project Team and Action Plan

Form a project advisory or guidance team to oversee the entire process beginning with the action plan – or roadmap. This team should include at least one key executive sponsor. Direct and visible support from someone like the senior vice president of operations or the chief information officer will be crucial for retaining momentum and being successful.

Also, try to gain representation by other key senior management functions connected to each of the primary or key business groups. Moreover, include experienced primary users from these processes.

The guidance team should prepare an action plan with measurable goals, objectives, and milestone markers for measuring progress and success. This plan will serve as a roadmap for tracking progress and correcting course as you move through the process. Be prepared to alter the plan as the process moves along.

Additionally, consider engaging a consultant who possesses the expertise and knowledge about these steps and different systems and software products. This may mean investing a few thousand dollars, but it could pre-

vent a $200,000 mistake. To determine whether hiring a consultant would be a good investment, ask yourself:

■ Does my organization have qualified staff with enough time and expertise to do the necessary research and analysis to determine its needs and select the best solutions?

■ Can my organization afford to leave its core business to learn what we need to know?

Step 2: Identify and Map Sources of Information and Records

Before evaluating solutions, identify the content to be managed beginning with all the sources, physical dimensions, and quantities for paper and electronic files and formats (e.g., e-mail, digital voice mail, digital video, data bases); digital and analog recordings; physical artifacts and samples; and any other non-standard sources of information.

Avoid the trap of excluding end users from the process; their knowledge of workflow detail is essential for proper configuration Moreover, if they're not involved, they may rebel, refusing to use the new tools and leading to eventual failure.

Step 3: Review Current Process for Potential Improvement

Document processes to find potential areas for improvement. Record, as it occurs, who, what, when, where, and how each bit of information is created, captured, stored, accessed for re-use, and modified.

During the subsequent assessment stage, review every step. Examine each stage and all steps in each of the business process tasks. Then ask, "How does each task add value to the internal or external customer?"

The resulting answer may eliminate several steps and help improve your organization's workflow even before new software implementations or technology upgrades.

Avoid the trap of believing once you complete implementation, everything will instantly be fine. Based upon feedback from users, you will probably need to make some alterations. Users may still require additional training. Once they have learned the basics, they will likely want to know why, as well as how, various features of the new system can work to their advantage.

Step 4: Prioritize Business Needs

Prioritize business needs by determining which features you would like to have and features you absolutely need to have. Take time to have dis-

> ## Don't get caught in the trap of overwhelming, long-term add-on costs that can outstrip IT budgets and force cancelling or scaling back other projects due to an unforeseen drain on either financial or available labor resources.

cussions with end users to learn more about what could improve their work processes and products. Define improvements to cost, time, and user satisfaction.

Ignore temporarily any constraints binding people, process, cost, time, and technology to reveal potential nice-to-have features and benefits. Use the new ideas and existing procedures data to determine the relative value of the features and benefits for business needs and technical requirements. Make a list of "pros and cons" for each of the features.

Rank the priorities of these specific features in terms of what is really required. Are they:

■ **Mission-critical** – If essential components are not already included within the proposed solution, is it unacceptable?

■ **Desirable** – If added to existing functionality, will the additional features enhance or improve the affected business processes?

■ **Nice to have** – If available, and

there is no significant additional cost, do these features affect the final selection?

These criteria eventually define the functionality for each of the processes related to selected systems requirements. Prior to final selection, combine these criteria to create a shopping list of useful features to use in pre-qualifying service providers.

■ Require service providers to respond directly to your list of requirements. Compare products with each other.

■ Avoid the trap of omission. Without a detailed list of function requirements, salespeople will sell you only what their product does best. Each service provider will claim to have the perfect solution for your needs; most likely without identifying your needs.

■ Commit enough time and resources in your project plan to fully evaluate the nuances in the products offered. If you don't have the time, hire an experienced consultant, who will save you money in the long run.

Now you are ready to cross the next milestone in you project plan: service provider selection.

Step 5: Pre-Qualify Potential Solutions

Reduce the number of solutions you are considering to three or four. Your evaluation team does not have enough time to evaluate more.

Conduct additional research and learn more about the packaged combination of features and benefits available within the tools that qualified as best choices after narrowing the selections down to a few choices.

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One way to do this is by visiting each service providers' websites and links to their solutions. Request additional information about multiple products offered from each package within a service provider's toolkit.

Step 6: Pre-Evaluate Potential Service Providers

Before meeting with service providers make sure they:

- Have fully reviewed the requirements
- Fully understand each of the mission-critical processes
- Can demonstrate the solution to those mission-critical requirements

Also ensure that the evaluation team members have a scorecard with clearly defined criteria.

Ask service providers to conduct a demonstration, but be aware that canned presentations are designed to sell the product to you. Ask questions during the presentation and ask the provider to perform tasks with the software not planned in the presentation to find out how difficult or easy the software is to use.

Ask for a short evaluation period (two weeks to a month), at little or no cost, to determine how the software will work in your organization's existing conditions. Then, ask the service provider to respond to a list of prepared questions.

Step 7: Validate Service Provider References

When visiting or calling references, don't just ask if they like the system or if the system works; the service provider would not provide an unsatisfied customer as a reference. Ask the references to refer you to several other users if they know of any.

Get the complete story by asking:

- If they had to do it again, what would they do differently?
- Did the implementation occur on time and within budget?
- Were there any surprises during start up?
- Were they satisfied with the service

Things to Avoid When Buying Software

- Don't buy bells and whistles that are not needed or that make the essential process steps more complicated or slower.
- Don't buy a product without first doing extensive research and testing. Making a purchase simply because you are familiar with the sales person or the name of a company is not wise.
- Don't buy software that is completely new to the market or at the end of its generation.
- Don't buy a product based upon changing technology. Hardware, database design, and architecture and operating systems change. Products based upon technology from a declining market have a shrinking customer database and waning technical support and training.

provider's training?

- Are they satisfied with the service provider's documentation?
- Are they satisfied with post-implementation support?
- Are people using all the features? Why or why not?
- What are the best features?
- What is needed that it doesn't do?

These questions permit references to be a great resource for honest, accurate, and meaningful service provider prequalification information. Their revelations may also become valuable input for the decision-making process. You should avoid relying on responses that come only from someone who may never have been an end-user of the software.

Step 8: Make the Decision

Each step in the decision-making process is, in its own right, key to long-term success. If a small, elite group, such as the organization's IT department or a single executive, selects software and it fails, it's their fault. But if the software selection is a group decision, the group owns the results, and its members will likely work hard to prove they were right.

Step 9: Establish an Implementation Plan

Work with a service provider that gives second-tier support, implementation, or training, along with the provider's guarantees and relationships with partners to ensure adequate accountability. Ask the provider:

- What is our contractual recourse for poor performance, inadequate training, or service issues?
- What are the long-term, ongoing annual costs going to be, including license renewals, maintenance, or planned upgrade charges?
- Is the availability and cost for technical support guaranteed for at least five years?
- What is your history for successfully delivering and implementing the tool?
- Do you have any litigation issues?
- Are you financially sound?
- What are your employee and senior management turnover rates?
- What is your business focus and long-range business development plan?
- What is your history for the delivery and implementation of patches, upgrades, and new versions?
- Does your company leadership

If they have the tools, it is usually worthwhile to include your current service providers in the evaluation process. Sometimes, the functionality that seems to be missing is actually there, but no one ever learned to use it to its full capabilities.

demonstrate vision and strategic direction?

■ Is employee morale and attitude healthy?

■ What is your strategy for implementation?

■ Do you have a roadmap?

■ Are you beginning with a pilot to work out the kinks?

■ What are the special needs of your company?

■ Can you commit to implement properly?

It may have already taken months or even years to develop your strategy and plan. You have invested a great deal of time and involvement in defining the requirements. This is not the time to fail. Give serious consideration to the history, quality, and cumulative experience and qualifications of your IT department and the service provider's staff by asking:

■ Does the implementation staff fully understand our line of business?

■ Have they taken the time to learn how our processes relate to each requirement?

■ Have they understood our systems' functionality to the degree that they can properly configure the new tool and demonstrate compliance with our technical and operational requirements?

Step 10: Negotiate Price and Service Level Agreements

The final step in selection is negotiation. Some people look forward to doing battle with the service provider, but keep in mind the people you are negotiating with (against) are the very people who will be responsible for your success. This must be a win-win situation.

If you get the lowest possible price, good business sense says the difference in price has to come from somewhere.

Service level for ongoing support is highly important. If training and support are short-changed, which is a common place to cut costs, you may never get the system operational if you trapped the service provider in a guaranteed deal before giving up the last dollar.

Once you know your first choice, negotiate a final price by telling the selected service provider the contract is theirs to lose. Then work with them as a partner to put together an agreement that serves the best interests of both parties.

Finally, when it comes to final negotiations, an additional word of caution is worth noting: It does no good to negotiate a price so low it puts the service provider at financial risk. If the provider's company fails, who will support the product in the future?

Based upon your organization's unique business needs, this information should serve as appropriate guidelines. Follow them to achieve better results based upon sound reasoning, with decisions made at the right time, for a solution at the right price. **END**

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Editor's Note: *For more steps to help you avoid costly and time consuming service provider evaluation, selection, and implementation mistakes visit* http://content.arma.org/IMM.