Software Vendor Selection: Uncovering the Obvious Requires Avoiding Common Pitfalls

BY LYDIA LICHTENBERGER

So, you want to select a new piece of software for your organization. If you already have a tool in mind, have you considered the nuances of how the tool will tie into your organization's processes? You can save substantial time and money in the long run by being methodical in your efforts to select software that is the right fit for your organization's overall goals and supports your processes.

Using a vendor-selection framework can help your organization determine this fit and avoid unnecessary long-term costs and effort. The Jabian Vendor Selection Framework is comprised of five phases: Selection Requirements, Engagement Preparation, Engagement Management, Selection Analysis, and Selection Decisions. Typically, these phases encompass a standard RFP process, but when selecting a vendor for a software tool, you are in the unique position to use software demos to evaluate its fit in your organization. These steps ensure vendor evaluations tie back to your organization's processes and goals, removing emotional or purely cost-based decision making.

There are clear risks to not performing each step in the process. Let's dive into the details of how to avoid some common pitfalls and prevent these risks.
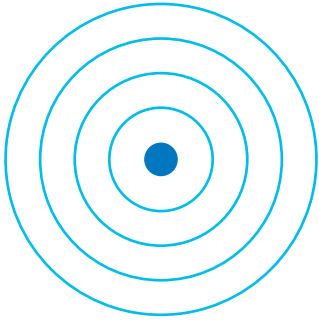
Selection Requirements
Defining stakeholders, responsibilities, and overall goals to initiate process flows and requirements

Common Pitfall	Risk	Vendor Selection Framework Solution
If you do not cast a wide enough net when choosing your project stakeholders …	… you will miss stakeholder input, and therefore requirements.	*Include necessary stakeholders upfront. Don't select everyone, but consider stakeholder groups that have even peripheral software responsibilities. This will drive harmonious decision making and buy-in during software selection.*
If you leave executive stakeholders out of process flow and requirement drafting …	… your stakeholders will become disengaged, lack buy-in and understanding on the current state.	*Based on the time needed to participate in the final demos, it's understandable to want to alleviate the time executive stakeholders have to participate in the initial stages of the project.[1] If you choose to do this, include that set of stakeholders on deliverable reviews as soon as possible. Follow up along the way to reduce disengagement.*
If you do not define scope …	… you will miss stakeholder expectations.	*To reduce misunderstandings of the scope, define goals and purpose upfront on areas stakeholders expect the tool to solve (and define which are most important).[2]*
If you skip creating process flows …	… you will have an incomplete set of requirements that lacks traceability to your organizational goals.	*To create a complete functional set of requirements aligned to your organization's core needs, anchor requirements in process flows.[3] Against each process step (current state or tweaked to a desired future state), work with your stakeholders to come up with required tool capabilities (anything from core to superfluous).*
If you treat all brainstormed requirements as equal …	… you will be left with an unrealistic dream list and lack stakeholder agreement on its validity.	*As you proceed to document true business requirements, confirm the division of "nice-to-have" vs. "must-have" requirements. When groups disagree on how to classify an advanced software functionality, determine if the capability can be split in two, stripping away truly advanced features as a "nice-to-have" requirement and leaving the core functionality as a "must-have" requirement.*

If you do not define scope,

PHASE 2

Engagement Preparation

Selecting vendors for demos and establishing a structure for presentation and evaluation

Common Pitfall	Risk	Vendor Selection Framework Solution
If you arbitrarily select the vendor short list …	… you will eliminate tools that would have been ideal for your organization, while wasting time evaluating tools that are not the right fit.	*Reach a decision on what vendors to engage for vendor demos by pitting the long list of vendors against high-level "must-have" requirements. By grouping your detailed requirements into categories and creating high-level descriptions, you create traceability back to your processes. Research every vendor on your short list, eliminating them when their tool fails a key "must-have" requirement. Continue until you have answered as many questions as possible, while aiming to reach a goal number of short-listed vendors. When completed, your short list may surprise you. However, by using empirical decision-making frameworks, you will have weeded out tools that, in the end, would have dictated your processes and not integrated well with your systems.*
If you fail to request the presentation of specific capabilities when setting up vendor demos …	… you will be in the position of comparing vendors based on varied demonstrated capabilities (including variance in the level of depth presented).	*Create a set of use-cases that you want all of your vendors to walk through (align them to your high-level "must-have" requirement areas for continuity). For your "nice-to-have" requirements, it's less important that the nuance of each tool capability is presented, so your vendors can reply with written responses to save demo time.*
If you do not create a demo evaluation scoring mechanism and obtain stakeholder buy-in on the evaluation method …	… you will find your organization making emotion-based decisions.	*Ensure you create a demo scoring evaluation for all stakeholders to fill out, aligned to your demo structure. Allow room for stakeholders to score their impression on whether or not the proposed software meets or exceeds your organization's needs against each "must-have" requirement. If your vendors provided written responses to your "nice-to-have" requirements, you can compile those scores separately.*

you will miss stakeholder expectations.

PHASE 3

Engagement Management
Coordinating vendor demos and their respective evaluations

Common Pitfall	Risk	Vendor Selection Framework Solution
If you fail to establish a key point of contact for vendors ...	… you will have gaps in vendor understanding and your vendor demos will miss your expectations.	*Designate a project coordinator who vendors can consult about scheduling and demo context. Your coordinator should reach out to each vendor to establish goals and timelines, distribute your use-cases, and lock down demo dates. Your coordinator should be able to answer (or find the answer to) any vendor's questions, including initial scoping on budget, anticipated user numbers, current processes or general logistics. Some vendors may want sample data to incorporate as part of their demos.*
If you do not keep your stakeholders updated while coordinating with vendors …	… you may find yourself in an empty room when the demo kicks off.	*Manage engagement of your stakeholders just as much as you manage your vendors. Ongoing communication before and between demos is crucial to stakeholder engagement and to maintain demo attendance.*
If you don't train your stakeholders how to use your demo scoring evaluations …	… you will find yourself sifting through random and uncataloged write-in responses that don't comprehensively assess each vendor in a methodical and similar fashion.	*Make sure stakeholders know how to complete scoring evaluations prior to the start of the demo. Request stakeholders leave comments in addition to scores.*
If your stakeholders do not complete the evaluations as soon as possible …	… your stakeholders will forget demo details, and you will end up with bad data that will lead to poor decisions.	*Encourage stakeholders to complete their evaluations during the actual demos so answers are not based on fuzzy memories.*

PHASE 4

Selection Analysis

Consolidating stakeholder responses and performing careful analysis on goal alignment

Common Pitfall	Risk	Vendor Selection Framework Solution
If you do not identify and eliminate tools that miss key "must-have" requirements …	… you will end up with a gap in your tool capability, dissolving the efficacy of the framework you put in place to select the right tool.	*Identify vendors that stakeholders have evaluated as missing key "must-have" requirements and determine the reason. Did the software's function or service change since the vendor made the short list? If it's a service, is it negotiable? If it's a capability the tool truly does not have, or stakeholders were not convinced it had, then this is a red flag, and you should most likely eliminate this vendor.*
If you do not perform careful analysis of the metrics available after compiling your stakeholder vendor responses …	… you may find yourself coming up with recommendations based on misinterpreted data.	*As you continue looking at overall scores, be sure to put a preference on vendors that had higher total "must-have" requirements scores. A tool that exceeds at your required core capabilities is likely a better fit than one that just meets each extra "nice-to-have" capability.*
If you do not tie your analysis back to overall organizational goals …	… your recommendations will be arbitrary, a waste of the wealth of traceable and structured data available to you.	*Consider what tools have higher raw scores for "must-have" requirement categories that align to your original key areas of importance. These are ones that shine as being truly great fits.*

If you don't tie your vendor selection analysis back to organizational goals, you risk selecting a vendor that can't get you there.

If you complete all five steps of this vendor selection framework, adjusting to include demos, you will successfully avoid common pitfalls of software vendor selection. You will have traceable requirements, developed with assistance from the right stakeholders engaged at the right time. Your short list of possible vendors will be selected based on a methodical assessment of key criteria. By the time you reach out to vendors and coordinate demos to evaluate the nuances of their capabilities, you will have all the documentation you need for a fruitful evaluation. When you analyze demo evaluations against all of your

Selection Decisions

Determining top contenders and making choices on next steps

Common Pitfall	Risk	Vendor Selection Framework Solution
If you do not pull together an executive presentation, summarizing all of the work you have done thus far …	… your organizational leaders making the final selection decision will be left choosing based on spoken generalities. Neither you nor they will be confident that the vendor is the right one for your organization.	*Based on careful data analysis completed in the previous phase, pulling together a final read-out presentation on the evaluation results will be easy. You have all of the background to explain the nuanced pros and cons of each short-listed vendor, based on metrics that correspond to organizational fit.*
If you let your vendor know they are your top choice …	… your contract negotiations will be less fruitful.	*Help your contract team maintain its leverage by letting it communicate how many vendors your firm will negotiate with.*
If you do not make a final decision based on the previous four steps in the vendor framework …	… your organization will have to scramble to alter processes to fit the chosen software's parameters. Hidden integration gaps will become apparent, which require workarounds and eventually replacement software. When the question arises as to how and why the tool was picked, your leadership will have limited information about your decision-making analysis to fall back on.	*Make a final decision based on the recommendations presented in the executive readout, complemented by any findings during negotiation. With all of the supporting analysis to fall back on, your decision will be difficult to question.* *If you have any doubt remaining, use a short software trial period to learn more about the tool(s), revaluating the vendor(s) at the end of the period to confirm best fit.*

requirements, you will be able to see alignment of the pros and cons of each shortlisted vendor against weighted goals. Recommending top contenders will be straightforward. And with all of the data to support your case, you can be confident in your decision.

LYDIA LICHTENBERGER
lydia.lichtenberger@jabian.com

Lydia is a Consultant at Jabian and an expert in strategic vendor selection methodology

REFERENCES:

1 As outlined by Tom Osborn in The Key Tenents of Business and Process Analysis, from the Spring Jabian Journal 2014: "A key tenent of business and process analysis is casting a wide net, but determining when to bring in stakeholders" … "There is a balance of frustration on churn vs early involvement giving context / why to decisions on requirements."

2 Antonia Ciccolo and Fred Jewell, Fall 2013 Jabian Journal, Alignment: Five Things You Need to Get Right Before You Start (Anything)

3 As discussed in the article Process Analysis: The Foundation of Business Analysis, by Brian Betkowski in the Spring 2013 Jabian Journal, originating requirements with process flows helps with "completeness, planning accuracy, predictability and repeatability, speed, reduced variability, reduced template dependency, fewer changes and defects, minimized missed expectations."