The hidden 'best step' in selecting planning software

The evaluation step successful companies insist on when choosing planning software

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Overview

"The most effective step in our selection process was proving that the solution will work in our environment. Solving our critical business issues using proof steps in a workshop environment gave us the clarity to select the right solution for us."

– Maurice Sklar,
Senior Manager Planning and Development, Halliburton

Industry analysts and successful customers agree on the value of using proof steps in your software selection process. In the typical software selection process, potential vendors demonstrate their technologies using your data to address a business problem you have. Go one step further by crafting proof steps-questions, sudden changes to the scenario, problems-to model real business activity.

See how the vendor and the software respond. Ensure your people can get hands-on with these *scenario-based workshops* to truly understand what is happening. In this way, you will learn more about the flexibility, usability, and value of your potential solutions and share a deeper consensus and commitment to the selection within your company.

Steps in choosing software

Companies may follow a variety of steps when evaluating a solution for planning, budgeting, and forecasting, including:

1. **RFI/RFP –** The list of features for the solution to see how vendors map to those features.

2. **Vendor demo –** An overview of the solution with an out-of-the-box demonstration from the vendor.

3. **Scripted demonstration –** The vendor solution is demonstrated, typically using your data and business structures.

4. **Reference checks –** Your chance to validate vendor claims with existing customers.

While there may be other parts in this process (for example, negotiations or analyst research), some or all of the four steps are typically seen in an evaluation process. But what are best practices with these steps, and the overall software acquisition process?

"The absence of application software acquisition best practices leads to several problems, including cost overruns, missed deadlines, a lack of key functionality in software and the failure to realize expected business benefits," says Brian Zrimsek, Vice President at Gartner. "The key to avoiding these hazards is devoting more time and resources to selection and contracting."

But where should you focus your time and effort? What are the best practices? What are the next practices leading companies do? What is a critical proof point when choosing a planning solution?

One of the priorities of The IBM Cognos Innovation Center for Performance Management is helping organizations adopt innovative, next-generation practices. Based on analyst and customer research, we will examine issues surrounding steps in the standard software selection process. Taking a fresh, critical eye on some of these standard steps will point out ways to make each step — and the entire process — more effective for you. It also demonstrates the importance of an interactive and business-focused scenario-based workshop.

Issue: Is spending considerable time defining RFPs a good investment?
While an RFP is valuable to gather information about vendors, it should not be the primary process in evaluating features to discern if a product's capabilities meet your business needs. Most vendors' responses will look favorable; most hesitate to answer any question in a bad light.

"RFPs typically require considerable effort to develop, yet most vendors have their matrix factories respond routinely that they are capable of meeting more than 95 percent of the features listed," says Gartner's Brian Zrimsek. "The small remainder of often-obscure requirements can skew the selection process significantly."

RFPs provide a feeling of objectivity. Much like reading car specifications, where it is easy to compare miles per gallon and horsepower. However, nobody buys a car unless they have at least done a test drive.

Issue: Is a vendor demonstration all I require?
While an RFP is usually based on existing limitations that the prospect has with their current technology and process, a standard vendor demonstration does allow you to gain "wide vision" of possibilities.

However, a vendor demonstration is not designed to help you map the solution to your business. It should be considered as an educational experience since the demonstration itself does not prove that the solution is the right fit for your organization. They are designed to demonstrate features and functions for a broad audience. They are not designed to help you make a clear decision on how to solve your pressing planning and budgeting issues. Nor do they crystallize for your internal teams the personal value that is so important to sustaining commitment to the initiative.

"Traditional product demos highlight what the vendor chooses to show, rather than what the client really needs to see. Furthermore, they usually involve generic data and process scenarios, making it difficult to ascertain the actual fit for the business," Zrimsek says.

Issue: Is a scripted demonstration worth the time and effort?
Even when a company performs a scripted demonstration, it may miss the important proof steps that validate exactly how the solution will solve your specific business issues.

Companies often settle for seeing a demo using their data and structures. It is not enough to see that a solution can perform a business scenario, but also how the solution was configured to perform that scenario. One of the critical differentiators in any software solution is the efficiency gain that the solution will provide. Since scripted demonstrations can be performed by the vendor using unlimited time and resources, companies need to understand how the solution was configured to perform a scenario in order test efficiency gains that can be expected with the solution.

Scripted demonstration: Vendor receives business structures and data in order to provide a custom demonstration for particular business scenarios. Helps to prove if a solution can solve the business scenario.

Proof steps: The steps taken to configure the solution to perform the demonstration for business scenario. Helps to show how the solution can be configured to solve the business scenario.

Scenario-based workshops: An interactive "day-in-the-life" hands-on session with the vendor to understand how the solution actually works in context of solving business scenarios.

With a small amount of additional effort, you can replace your scripted demonstration with a scenario-based workshop. In addition to giving the vendor data and the business problem, make the scripted demonstration more interactive with proof points or questions you develop to "stress" the presentation.

This makes the scripted demonstration more of an actual "day in the life" business scenario; and makes the presentation more of an interactive experience. Replacing the scripted demonstration with a scenario-based workshop can help you better understand what the vendor is delivering, how they deliver it, and why that addresses your business problems. After all, how the vendor works with you to get a solution that exactly fits your needs is a sample of how they will help you solve your problems.

The important step successful companies require

Scripted demonstrations by the vendor that use your data and are accompanied by proof steps carefully determined by you can drive a confident and effective purchasing decision. It minimizes the risk of lack of consensus, which can compromise your initiative.

By replacing the scripted demonstration with a scenario-based workshop that includes concrete proof steps, you can validate that the solution maps to your business and ensures that efficiency gains will be realized. The scenario-based workshop may actually save time over the course of the entire selection process, as the right vendor can be easily recognized using criteria that define success.

This part of the selection process deepens the partnership between the vendor and the company, to ensure:

- The vendor understands your business pains.

- You and your company can see and touch the product in the context of your business.

- Your key stakeholders are vested in the decision and become ambassadors to the balance of your company.

This step puts a reality check back in the software selection process. It ensures that feature/function discussions do not overshadow the need to solve the business problem at hand. Scenario-based workshops including proof steps determined by you help connect the features and functions listed in the RFP with your business problem. This may also prove to be an opportunity to review your existing planning and performance management practices versus the proven best practices in the industry.

The value of scenario-based workshop evaluation

Companies gain these values when they use a scenario-based workshop that includes proof points:

1. It goes beyond feature-function to show how the software package can solve the business problem. "It enables vendors to demonstrate broader business processes, rather than functional threads that are hard to evaluate in the broader context of business requirements," Zrimsek says. A scenario-based workshop lets you create, configure, and maintain the solution to clearly understand all aspects of the solution rather than just the end result of a standard or scripted demonstration.

2. Get a better sense of the total cost of ownership (TCO) of the software. TCO can be directly related to the flexibility of the solution. The five most important criteria when selecting a planning solution, according to a Fortune 100 financial services firm, are: "Flexibility, flexibility, flexibility, flexibility, and integration." Since a scenario-based workshop is a hands-experience, the level of effort to create, modify, and maintain the solution becomes clear…along with its flexibility.

3. It helps galvanize your internal team around the solution. It is an interactive session that involves participation between the vendor and your team rather that a standard demonstration. By having all team members touch the software, you reduce their fears and minimize surprises after the solution is selected.

How to conduct a scenario-based evaluation

To take the scripted demonstration further into a scenario-based workshop, consider the following steps:

1. Structure the workshop as a mini-implementation that has defined objectives, duration and outputs.

2. Consider several critical "day-in-the-life" scenarios from multiple points of view such as end users, model builders, and administrators. Use an existing business process and have it configured and modified to demonstrate how the solution performs within your environment. This will demonstrate how easy the solution can be deployed during implementation, as well as gauge the maintenance effort.

3. Reduce the number of vendors to a manageable number of two to three vendors.

4. Involve all significant decision-making parties in the scenario-based workshop. The same people should review all the vendors. This ensures that you can receive the necessary feedback before selecting a solution. "Critical to the success of the solution is involving all stakeholders throughout the selection process," says Halliburton's Maurice Sklar.

5. Make it hands-on for your team. Hands-on evaluations let you weigh relative claims such as easy, robust, and powerful. "Give each vendor the same amount of time to build the customizations, but have someone from your team shadow them as they make the changes. Make sure there are no smoke and mirrors in

play, and gauge how much configuration versus actual programming is necessary to meet your requirements," says Datamation.

a. For example, when a vendor says business users can build the planning models, you need to get business users involved in the building of models using your data matched with the real-life complexity of your business needs.

b. Many vendors claim to model financial and operational planning applications. You need to try it out to see how the solution can model both.

"The successful vendor built the models in front of the entire team in real time. This made a clear impact on our key criteria of flexibility and ease-of-use," said Heather Starling, Head of Business Support UK, Aventis.

6. You should have scripted and off-scripted proof steps. Design a script that will stress-test the solution's flexibility.

7. Consider preceding the scenario-based workshop with a one-day tutorial to familiarize key stakeholders with the basics.

Conclusion

Given the potential value of choosing the right planning and budgeting solution, companies invest considerable time and effort in making this decision. Elements in this decision process may include RFPs, vendor demos, scripted demonstrations, and reference checks. You should consider optimizing your software selection steps to ensure they align with your key business requirements.

Best practices, determined by input from successful customers and industry analysts recommend going beyond a scripted demonstration. The vendor should use your data to address one or more of the business problems that prompted you to seek a new software solution.

A vendor should demonstrate the end result and the creation, configuration, and maintenance of the end solution, so you can get an accurate gauge of the total value of the solution. Scenario-based workshops let you look under the hood and get hands-on to understand not just if, but how the solution can solve your business requirements.

Put stress on the solution; add something unpredictable to see how the software and vendor respond. It is in these moments that you will likely learn more than in all of the other selection elements together. Your evaluation will be sharper; your team more committed' your momentum in this important initiative greater; and you will have greater confidence in your vendor selection and the success you expect to realize.

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