

Advanced User Guide

Choosing eBusiness vendors and software

This guide is one of a series of "How To" Guides" produced by Enterprise Ireland to meet the needs of Irish companies, particularly our client base, the majority of whom are small to medium enterprises (SMEs) in manufacturing or internationally traded services.

They are designed for non-IT professionals charged with developing and/or implementing eBusiness/IT strategy in their companies. Hopefully they may also be of use to IT professionals.

These guides are only one of a range of eBusiness resources provided by Enterprise Ireland. Most of the other resources, can be accessed through our eBusiness webpages

www.openup.ie

Here you can access more guides and cases about eBusiness and related topics, details of solution providers, access to our free eBusiness e-zine and discussion forum, eBusiness events guide and links to interesting reports etc.

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1. Introduction

This guide addresses both the selection of eBusiness vendors and of eBusiness software. Both terms are rather broad, so in the context of the guide a definition is appropriate.

eBusiness vendors include:

- Website development/hosting companies - companies who develop, maintain and in some cases host websites; there are also specialist hosting companies who do not develop sites but merely provide the infrastructure to host them
- Application Service Providers (ASPs) - companies that offer individuals or enterprises access over the Internet to applications and related services that would otherwise have to be located in their own personal or enterprise computers
- Infrastructure support companies - companies who supply, install, maintain and support local and wide area networks and related software and hardware
- Software development companies - companies who provide software development services, often based around a proprietary core of standard software, which they will enhance based on user requirements

eBusiness software refers to off-the-shelf business applications software such as Enterprise Resource Planning (ERP) or financial software. Of course, such software also has an associated eBusiness vendor, but in this case they are primarily selling a product, with some associated support services. The other eBusiness vendors described above are primarily selling a service, although in the case of the infrastructure support and software development companies, this differentiation is not always clear cut.

To further confuse matters, some of the larger companies offer products and services in more than one category e.g. leading ERP vendors also offer ASP services.

We assume here that you have already undertaken the development of an eBusiness strategy (see associated guide Formulating an IT/eBusiness Strategy), which should address the fundamental decisions about whether you should develop or buy-off-the-shelf software, develop or enhance your website, outsource business applications to an ASP or keep them in-house, enhance your networking capability etc. The guide picks up the process from this point by outlining how you should choose appropriate eBusiness vendors and/or software help you implement the strategy.

Not every part of what follows is relevant to every class of eBusiness vendor, but there should be enough commonality to allow you to pick and choose the bits that are most relevant to your situation. A [1] separate guide in this series deals with the selection of ISP's (Internet Service Providers) and telephone connections.

2. Selecting an eBusiness Vendor

The starting point for any vendor selection exercise is drawing up a detailed "Definition of Requirements". This document will be sent out to prospective vendors who will use it as the basis of their proposal. All the stakeholders in your project should get the opportunity to contribute to the definition of requirements - no detail should be considered too trivial for discussion. Once the Definition of Requirements is finalised it should be sent to appropriate vendors for consideration.

>From the responses received it will be possible to draw up a list of preferred vendors who should be invited to present their proposal to an evaluation team representing the stakeholders in your project. It is a useful exercise to draw-up an evaluation matrix outlining the criteria, with relevant weightings, you will use to select a vendor. This will serve as a "cheat sheet[PC2]" during the evaluation meeting, and as an important "reminder" document when making a decision later among multiple candidates.

Tied or Independent?

When choosing between vendors it is important to know if they are tied to a particular technology or parent technology company. All eBusiness vendors are not created equal. Many customise and resell software developed by other companies (value-added resellers (VARs)). These vendors are expert in creating solutions based on specific

software but may do nothing else. As such there is a natural motivation for these companies to try and shoehorn your project into a form that suits their software. The “when all you have is a hammer, everything begins to look like a nail” syndrome. VAR’s are excellent solution providers when the solution required is a natural fit for their underlying technology, but the suitability of their technology should be examined closely. Also, some vendors act as representatives of particular larger technology companies and are limited to providing solutions based on the larger company’s technology. Again, there is nothing wrong with this if the technology fits, but it is something to be aware of nonetheless. The prior two points do not imply that independent vendors are necessarily better - they may not have sufficient specific expertise to provide the best solution. Each project and vendor needs to be evaluated separately.

Single or Multiple Vendors?

It is at this stage that you have to determine whether your project is best performed by a single vendor (a turnkey solution) or a number of specialist vendors working in collaboration (a best-of-breed solution). A number of factors need to be considered. If the project is small and non-strategic (it may allow you perform a new function but it does not fundamentally change the way you do business) it usually makes sense to go for a single established vendor whose generic offering is likely meet your needs. This approach should be faster and cheaper than trying to manage multiple vendors. And since the project is not mission-critical you and your staff need not be overly distracted during implementation. An example of this kind of project would be providing an email system for your organisation.

If however you are undertaking a major strategic change through technology, it may be worthwhile considering the possible benefits of employing specialist vendors for each piece of the project. A generic solution may not be flexible or innovative enough to bet-your-business on. In this case you are committing to significantly greater expense (price and use of internal resources) and implementation time. It is important to have on staff someone who is sophisticated in IT to help select the vendors who can, in combination, deliver the best result. Having this IT person is also vital for resolving the inter-vendors disputes that frequently arise in collaborative projects. If your organisation does not have such an IT expert it may signal that the best-of-breed approach may not be the correct approach for you, or alternatively that you need to bring in outside expertise for the duration of the project in the form of a project manager.

Risk of Dependency

It is also important to appreciate what level of dependency your organisation will come to have on the software and resulting solution provided by the eBusiness vendor. If the solution is based on software that is readily available from other sources and the solution is reasonably straightforward you are unlikely to develop a serious dependency. It is still important that someone in your organisation is familiar with the software and is able to update information and perform routine maintenance. In the above example, if your solution provider goes bust you should be able to find a suitable replacement reasonably easily. If however your solution is highly customised and/or based on proprietary software (software invented by the provider and known only to them) you need to take greater care. Firstly, before entering into an agreement you should try to determine the likelihood of the vendor going bust or changing its business materially (see following section on due diligence). You need to be confident that the vendor is committed to the software your solution is based on and that the company is financially secure. You may be betting your business on this vendor’s success/survival. As such you might be best served avoiding smaller start-up type organisations in favour of larger, well established ones. Even after selecting a stable vendor you should insist that the workings of your solution are well documented so that some other organisation can take over if the need arises. In this second scenario it is important that people in your organisation are familiar with the application and can perform minor trouble shooting in addition to regular updates and routine maintenance.

Shortlisting

On deciding upon your desired vendors, you should rank and advise the top several (maybe 3-4) that they have been shortlisted. As a courtesy rejected vendors should be contacted immediately. It is important to keep multiple vendors under consideration at this stage; both for the negotiating leverage this affords, and to protect from the possibility that one or more may remove themselves from consideration.

It may be worthwhile employing an independent consultant to help identify which vendor(s) are best suited to your project, and to assist in setting up the arrangement. Qualified individuals may be found within successful related technology or management consulting companies that are not connected to the vendors. A once-off arrangement or retainer payment may be appropriate depending on the scale of your project and your likely ongoing appetite for advancement through technology.

At this stage it is important to perform rigorous due diligence. Due diligence is the process investors use to check out the business and financial prospects of a potential investment. You should employ the same process to identifying the best eBusiness vendor for your company.

2.01 Due Diligence

The following is a list of the main issues that should be covered.

1. Talk to Current Clients.

How has the service been? How does the company respond to questions, problems and complaints? Any reluctance to provide an opportunity to speak to existing customers should be viewed negatively. Former clients can be a great source of information. Conversations with former employees can also be illuminating. It is important to note that no company will receive a glowing recommendation from everybody. You are merely trying to get a balanced perspective.

2. Identify the Key People.

Use your customer conversations to find out which people are particularly good/bad in the vendors organisation. Aim to have the pick of the litter committed to your project. You should identify these people by name and insist that you meet them prior to any negotiations. You need to be sure that these people will be available to you and that they will not be over-stretched with other projects. Personalities are important; be confident that you can work together effectively. . Clarify contingency cover arrangements in the event of staff absence through illness, for example.

3. Access Customer Base.

Has the company done work in your industry or target geography? Have they worked with start-ups before? Have they worked with any blue-chip clients? Are they working with any of your competitors? If so, how will they prevent cross-contamination? Are they working with any complementary companies? If so, can they facilitate cross-pollination?

4. Examine Relative size.

Is your business going to be important to the vendor? Is it big enough for them to make money on? Is it too big for them to handle? Is it in an area in which they are strategically interested? Will it command the attention of the best people in their organisation?

5. Check Financial/Operational Stability.

Look for publicly available financial accounts. Ask about the financial situation - profitability, cash flow, and liquidity. Look particularly for requirements for future funds. Also check whether the company has any legal claims pending or has gone through recent layoffs.

6. Examine Strategic Goals of the Vendor.

Are these consistent with what the vendor is doing for you? Some vendors have hidden agendas that can take on a life of their own as a project moves ahead. It is important to understand what you really want to do and not get sucked into what they want to do.

7. Check the Vendor's Vendors.

You should also check behind the vendor. Many eBusiness vendors in Ireland are agents, partners or re-sellers for larger international organisations. Check the financial and operational stability of these companies by looking at the Investor Relations sections of their websites if they are public companies, or by demanding the information from the local vendor with whom you are dealing if they are private.

2.02 The eBusiness Vendors' Perspective

It is important to appreciate some of the difficulties vendors have doing business with SME's. It is often not possible for vendors to give a fixed price on contracts when dealing with SME's. This is because the cost of implementing the project can depend hugely on the degree of problems within the customer's back office system, the level of inaccurate data, the degree to which the customers staff respond to requests for information, and the level of

assistance the vendor can realistically expect to receive during the implementation process. In addition, SME's often lack the experience or expertise to properly specify the solution they require - such contingencies are impossible to budget for up-front. Also working for SME's often involves project delays and postponements as other business items need to be dealt with in time previously scheduled for advancing the IT project.

2.03 Structuring the Agreement

Many eBusiness vendors will have a standard contract, or a series of standard contracts, which outline their responsibilities to their clients. These contracts will vary hugely between vendors and should be studied carefully before closing. While standard terms may suit your eBusiness vendor, your unique situation may require significant reworking of the vendors contact. Your ability to negotiate terms with a potential provider will depend largely on your relative size. For example, if you are looking for hosting services from a large multinational company you will have little or no ability to negotiate special terms or rates[PC3]. Even if you are negotiating with a smaller Irish company this company may be acting as an agent of a larger organisation and have no authority to alter its standard terms. You are only likely to have any negotiating leverage when you are dealing with a smaller organisation. Of course there are exceptions so do try to negotiate at the outset. It may be possible to tailor your relationship. And it is important to remember that negotiating a straight price discount may not be to your best advantage. You should look carefully at the items that comprise the competitive bids you receive. Are they all offering a similar service, are upgrades and renewals covered in one bid but not another, how much of your company's resources are required to complete the project in each of the bids, what is the vendors understanding of your company's current IT infrastructure and internal expertise. It is important to remember that the cost of software may only represent a small portion of the total project cost, and that a large amount of your staff's time may be "baked-into" a vendors bid. Finally, try to avoid getting into a situation where re-negotiation of a contract involves protracted and expensive legal advice. If this happens, a significant portion of the cost savings made on the contract may end up going in legal fees.

2.04 General eBusiness relationships

The following points represent a few items that should be kept in mind in your eBusiness agreement. A later section will provide information on specific questions to be asked with regard to web development, and will also touch on service level agreements (SLA's) which are more technical vendor agreements.

1. *Go for shorter contract periods*, with options to renew. This brings invaluable flexibility to the equation. Vendors can be replaced, terms reworked, new elements added. Renewal dates also serve as a strong motivating force.
2. Define the number and specific skills of the vendor's employees who will be available to support your project and where they will be located. Ideally, you should *name the key people* you want to work on your project.
3. List the names and numbers of senior officials to call when problems escalate. It's ideal to have the vendor CEO's home phone number to call in case of dire emergence.
4. Determine exactly what will be measured, precisely how it will be measured, who will measure it, and over what time period. The business maxim "*that which is measured gets managed*" holds very true in vendor relationships. It is important to correctly identify what should be measured as an indicator of performance. It needs to be under the control of the vendor, it needs to be objectively quantifiable, and most importantly it needs to reflect the objective of the project. In some situations it may make sense to measure both a commercial metric (increased sales volume) and a technical metric (calls answered within 120 seconds).
5. It is important to set reasonable *performance levels* - minimum and target levels should be agreed. Penalties and bonuses should follow under/over-performance. Performance levels should not be written in stone - acceptable performance changes with customer demands and technological advances. It may

make sense to base performance levels on an outside measure of acceptable or achievable performance. Or perhaps the vendor's performance should ramp-up based on your actual performance - you do not want your vendor's performance to limit your potential. Finally, it is worth remembering that performance comes at a cost. For example, if your business model does not require 5 nine performance (99.999% uptime) - agree a lower level at a lower cost.

6. Try to *anticipate problems* up front and create a timetable for the vendor to fix them. In this respect it is important not to confuse problem response time with problem resolution time. Create a backup plan for outages - technical, physical, or personnel.
7. As with any contract, it is vital to *clearly define what gets paid*, on what deliverables, over what timeframe. When a series of dates and numbers are described in contract it is useful to list out exactly what amount is due on each date. What this method lacks in brevity and articulation it more than recoups in clarity.
8. Clearly enumerate and describe all *conditions for termination* of the contract. In addition, have a *transition clause* and process in place in case you need to switch to another provider. The level of assistance the vendor must provide at no additional cost will often depend on the reason for the termination — whether by cause, for convenience, or for other reasons. A special issue arises in the event the vendor has been using proprietary software on your behalf, and you have become dependent on such software. Provisions should be made for a license from the vendor to your new vendor of services, or some other form of assistance from the vendor to “wean” you from its proprietary software.
9. Any contract should include all *normal legal protections* (warranties, indemnities, and limitation of liability[PC4]). Your software vendor should be able to clarify this for you. For any bespoke development, address the issue of copyright with the Vendor, as you will not own this automatically. Your legal advisor should ensure that you are covered in these areas.
10. Conduct regular (at least monthly) vendor meetings to review performance and make sure you're both on the same page. A separate discussion on *monitoring* the vendor relationship follows.
11. Determine fines, reimbursements or other natural consequences if the provider doesn't meet service levels.

2.05 Contract Penalties

In general users seek *performance not compensation* from their vendors. When a major problem occurs, the loss of data or business opportunity can't be compensated by an amount of money. However, a good vendor agreement does outline exactly what sort of penalty should be paid in the event of underperformance. This sanction should have enough teeth to make the vendor live up to its responsibility.

Penalties are often broken into minor and major categories, with a description of each being clearly articulated in the agreement. Often, a certain number of minor infractions will account for a major infraction. The agreement should also outline how many major infractions would be cause to allow you to *terminate the contract*.

Often, penalties are designed to be a percentage of the monthly contract; the specific percentage being based on the severity of the problem. In technical situations users could look for a *proactive penalty approach* in which the vendor uses sophisticated monitoring tools to spot any problems and voluntarily pays for any time that a metric is missed. A reactive policy, on the other hand, requires that the customer spot the problem and offer proof that remuneration is needed.

Service level credits are an increasingly common approach to performance problem resolution in technical situations. Here a service level credit is granted to the customer after a service level failure. The supplier may be required to write a cheque to the customer or the customer may simply have the right to apply the credit to future service. The total service level credits for a measurement period might be capped at, say, 10% or 15% of the total monthly bill. This means that, although poor performance could reduce the supplier's profit margin, it would not

create a loss for the supplier. There are many variations on this theme. Some agreements impose credits only for repeatedly missing required service levels. Some allow the supplier to earn back service level credits for subsequent good performance, or to use superior performance to get "Get Out of Jail Free" cards to avoid future service level credits.

Compensation for *consequential* loss is a more complicated issue. Getting a service provider to agree to cover you for consequential loss, such as loss of sales revenue due to non-availability of a website, is not easy. Vendors are not likely to take on a liability greater than the value of the contract. If your eBusiness vendor does offer to cover for consequential loss it will have to buy the insurance cover from a third party. That cost will be passed on to you, as will the administrative cost for having supplied it. Users might just as well take out their own insurance against consequential loss as expect the vendor to provide it.

2.06 Specific Questions for Web Development Vendors

1. Do you provide the functionality and training to help us maintain our site?

Be prepared to work closely with the developer or assign a person in your organisation to learn the details of your site. The developer or designer should not be indispensable. You should be able to perform simple updates internally. Price lists, occasional specials, tips on how to get the most from your products or services are some of the files that you may want to update regularly. If you do not have the skills or the time to do this, a maintenance agreement should be negotiated that includes this service.

2. Do you have the right mix of skills?

A web development company should be able to address issues concerning your target audience, the content of your site, marketability of your products and services and the method in which you currently do business off line. Web development is first and foremost an extension of your marketing effort, rather than a technical initiative. Ideally three sets of skills will be applied to the development of your site; marketing, graphic design and technical programming (usually HTML). While two people may be sufficient, it is unlikely that a single person will effectively cover all three skills.

3. How/Where will my site be promoted?

You will probably want to promote your website as well as create it. There are both technical and marketing aspects to effective site promotion. The web developer must be aware of the important information that will drive traffic to your site. Text layout, keywords, website descriptions, image placement and embedded META tag information (information on your web page that only search engines can see) are all issues that web developers must address during the creation of a website. However for the vast majority of Irish SME's, search engine results form a small part of the marketing of their website. Other online tools include opt-in email, affiliate marketing and banner advertising. Conventional advertising is also effective; put your website and email address on all your business literature e.g.. business cards, letterhead, brochures, product labels and packaging, promotional items, exhibition posters etc. Also incorporate it into national and trade press advertising, radio and tv adverts , voice mail system, etc. Check out our How To Guide on Promoting Your Business Online.

4. How will hosting be handled?

If hosting is not going to be performed by a specialist third party, it is important to gain comfort that your web developer offers a solid, secure solution. While many systems may be easy to install and get running, they are not secure straight out of the box. Default settings often leave systems open to well-publicised hacker attacks. It's also important to remember that security isn't complete in a single hit. It is a continuous process and you need to be sure that the web developers will keep on top of it.

5. What is your security policy?

It is vital that you ask questions about the security policy when you have a website developed. A security policy will lay out the steps to take in the event of a security breach.

6. What's the physical security like?

The local physical set-up needs to be taken into account, especially if you're storing important data. You need to make sure that the web developer takes this seriously. Find out where your server and data will be stored. Make sure it's in a locked, air-conditioned room. Only a select group of people should have physical access to any servers. It's no good if everyone can walk up to the machine.

7. What's the backup strategy?

Find out what the backup schedule is. If you're storing critical data, then you'll want to make sure that it's backed up daily. The backup schedule should also include information on the type of backup being made, such as how often incremental backups are made, and how often full backups are made. It's vital not to store backups locally. They should be stored at secure off-site locations. Remember, if there's a fire, your backups will also go up in smoke if they're on-site.

8. How are transactions processed?

For a lot of websites, the whole point is to sell goods and services to customers. While this is all well and good in theory, sensitive data, such as credit card details, needs to be kept secure. Find out from the developer how the site will handle credit card requests. Ideally, it's best if the website can perform real-time transactions, as this solves the problem of having to store credit card numbers. If card details do need to be stored, perhaps for return customer visits, then make sure that the data is stored securely.

2.07 Service Level Agreements

A service level agreement (SLA) outlines the rights and obligations of both the customer and the service provider in measurable terms, and it states the consequences if the eBusiness vendor fails to deliver on its guarantees.

An SLA should clearly define the responsibilities of the vendor and specify the required quality of service - in measurable terms. But defining those terms can be difficult. For example, a provider may guarantee uptime of 99.999% (the much ballyhooed 5 nines), but they may not count planned downtime from maintenance or short outages, such as the 10 minutes it takes to reboot a machine. It is important to make sure that an SLA guarantees the uptime for the entire infrastructure involved in the application - hardware, software and network - and even the parts that the provider gets from subcontractors.

SLA terms vary according to the type of agreement you have. There are at least four distinct types of SLA.

1. Network SLAs

Network SLAs cover the network connection between the customer and the eBusiness Vendor. The network service provider agrees upon a suitable service level for the delivery of IP services. Possible metrics include availability, network latency, or low packet loss.

2. Hosting SLAs

Hosting SLAs cover the hosting services provided to the eBusiness Vendor. An eBusiness Vendor uses this type of agreement when hardware is hosted or collocated with a third party. Metrics vary, depending upon the type of service performance, service-order acknowledgment, and mean time to respond. As a customer, you should also see this document to ensure that the eBusiness Vendor will be able to deliver as promised.

3. Application SLAs

Application SLAs measure application performance. The eBusiness Vendor agrees to a certain level of responsibility, different classes of service, performance parameters, and a manner of calculating both the demanded performance levels and penalties that result if the eBusiness Vendor doesn't perform its services as planned.

4. Customer care/help desk SLAs

Help desk SLAs refer to the point of contact for the customer with the eBusiness Vendor. These SLAs may specify how quickly a problem will be reported to the customers after it has been identified and how quickly an identified problem will be resolved.

2.08 Monitoring the Relationship

Good contracts do not run themselves; they require a contract management team that keeps the relationship in good working order. This team should ideally represent a cross section of the people in your organisation who are working on, and affected by, the vendors work. It is important to include business and technical people on the monitoring team even when the nature of the project would seem to suggest that it was either technical or commercial.

The contract management team should meet at regular intervals - probably at least monthly - and should *have a performance, rather than control, remit*. The sessions should be structured and conducted in a manner than facilitates development and improvement. In addition to periodic meetings, more frequent basic reporting may be required - for example, a weekly run of key performance statistics.

It is important not to rely exclusively on the formal monitoring structures you put in place; vendor relationship management should be a continuous personal process. A single overall point of contact should be established between the organisations and information and ideas should flow freely and informally through this channel. In addition, specific people within each organisation should be identified for specific problem resolution - for example, for network outages "Mary" should contact "Bob". This fosters ownership of particular functions and avoids multiple complaints to multiple inappropriate people - a relationship wrecker.

Finally, contracts have an end-point, as well as a run-time, and some terminate early. Careful consideration should be given to transition arrangements such as data transfers and the preservation of historical data.

3. Selecting eBusiness Software

Much of what has been described previously with respect to selection of an eBusiness vendor also applies when choosing eBusiness software, since in this case there is also a vendor. However, selection of software adds some extra factors, which need to be taken into account.

When choosing eBusiness software, many companies fall into one of two camps. The Procrastinator camp spends inordinate amounts of time looking at options and soul searching, fearful of making the wrong decision. The Reactionary camp on the other hand, tends to spend a minimal amount of time assessing what's available, and jumps into implementation as soon as possible. Not surprisingly, the same company can be in both camps simultaneously, with a definite tendency to procrastinate, the higher the projected capital outlay.

There are dangers in both approaches. The Procrastinators often spend so much time deciding what to do, that significant improvement opportunities are lost (presumably the driving force behind the decision to buy in the first place), not to mention the management time lost in the selection process itself. The Reactionaries run a significant risk of ending up with a software application that does not adequately meet all of their needs, resulting in user dissatisfaction, lost productivity and in some cases, costly modifications.

There are five simple steps to follow, which should ensure that the best elements of both approaches are brought to bear.

1. **Clearly define the expected improvements that will result from implementation of the software.**

It may seem an obvious point to make, but sooner or later in the selection process a company is going to have to spend money. The amount that can be afforded should be determined by the return on investment that is expected from the new software. Hard questions should be asked about this as early as possible in the selection process. Sometimes improvements are difficult to measure in direct financial terms (e.g. improved customer service), but all improvements can be quantified in some way (to use the same example of customer service, the measures might be orders delivered on time and in full, or response time to customer queries, etc.) Once measurable improvement objectives have been defined, these should be discussed by the management team and a budget agreed for the proposed new investment. Many companies waste a lot of time by postponing discussions on this aspect of the process until they have looked at software, only to find that they can't afford the applications they have reviewed, or that there is disagreement within the management team as to the need for the software in the first place.

2. **Write down the requirements before looking at any prospective software application.**

Astonishingly, many companies buy software without ever establishing in detail what it is they want the application to do. It is not enough to say, for example, that a system must generate a sales forecast. Extending the same example, you must be clear where the data will come from to generate the forecast, what format it will be in, the level of detail at which it must be generated, trends which might adversely affect it, who will be involved in generating it, where it will go, in what format it must be sent, etc. It is the lack of features at this level that will cause a system to be difficult to use in practice. Writing down requirements takes time at the beginning but will save much time later in the process.

3. Comprehensively review what is available in the marketplace.

If you are going to spend money on a new system, you should at least make sure that you get the best system possible within your financial constraints. Finding what is available can be done by using the Internet, looking at advertisements in trade magazines, finding out what other companies are using or using consultants. If you do use consultants, make absolutely sure that they can offer independent advice. Many consultants have implementation or re-seller agreements with software companies, and despite their protestations to the contrary, can never really be objective in a review of competitor products. Also, don't forget to look in detail at the applications you already use - more than one company has been surprised to find that when they decided to buy an inventory control application for example, it already existed unused within their suite of financial software.

It is important, for example, that you familiarise yourself with the licence terms for any software that is installed on your equipment because it sets the legal parameters for the use[PC5] of this software within your enterprise. Remember different software applications within your enterprise could have different licence structures.

4. Review prospective systems against the requirements.

Having gone to the trouble of writing down the requirements, once it comes to physically looking at shortlisted systems prior to a purchasing decision, companies often ignore them. The sales demonstration of the product takes control, and references to the requirements tend to be arbitrary at best. Don't be seduced by the sales demonstration; check what you are being shown rigorously against the requirements and ask to see functionality contained in the requirements, but not shown as part of the standard demonstration.

5. Look for reference sites before finalising on a new system and vendor

Once you have selected a preferred system, make sure that you visit, or at the very least talk to, one or more reference sites (this step is very similar to the Due Diligence step described in Selecting an eBusiness Vendor). Ideally these should be as similar as possible to your own business. Many people feel that reference site checking is not worthwhile, since a vendor is unlikely to recommend a site that is not a good one from their point of view. This is a mistake, since much useful information can be gleaned from talking to most sites, for example, depth of /lack of system functionality in key areas, maintenance charges, vendor performance in terms of providing support and fee rates and consultants used during the implementation. As with other stages of the selection process, it pays to prepare properly beforehand, in this case by establishing a list of key areas where information is required. If the level of feedback from the site is not satisfactory, tell the vendor this and request another site. Finally, if the feedback you do receive is in any way worrying or at odds with what the vendor told you, discuss this with the vendor, and don't be afraid to walk away and look at another option. Companies often get carried away in the momentum of the selection process and are slow to take a backward step. Remember that a backward step now is better than committing to something that may cause heartache for years to come.

The level of detail and the length of time spent at each of the steps will obviously depend on the importance of the purchasing decision to the business. Following each step will ensure that the most effective use is made of management time and that the system with the best fit for the business is the one that is purchased.

Once a final decision has been made on the preferred system and vendor, most of the same principles apply to negotiating a contract as those described previously for negotiating an eBusiness Vendor contract.

Irish Office Network

Office Telephone	Fax	Address	
Enterprise Ireland			
Cork	+(353 21) 800 200	+(353 21) 800 201	Rossa Avenue, Bishopstown, Cork.
Donegal	+(353 74) 69800	+(353 74) 69801	Portland House, Port Road, Letterkenny, Co. Donegal.
Dublin	+(353 1) 857 0000/808 2000	+(353 1) 808 2020	Glasnevin, Dublin 9.
	+(353 1) 857 0000/206 6000	+(353 1) 206 6400	Merrion Hall, Strand Road, Sandymount, Dublin 4.
	+(353 1) 857 0000/808 2000	+(353 1) 808 2802	Wilton Park House, Wilton Place, Dublin 2.
	+(353 1) 609 2150	+(353 1) 609 2151	35-39 Shelbourne Road, Dublin 4.
Galway	+(353 91) 735 900	+(353 91) 735 901/2	Mervue Business Park, Galway.
Kerry	+(353 64) 34133	(353 64) 34135	57 High Street, Killarney, Co. Kerry.
Louth	+(353 42) 935 4400	+(353 42) 935 4401	Finnabair Industrial Park, Dundalk, Co. Louth.
Sligo	+(353 71) 59700	+(353 71) 59701	Finisklin Industrial Estate, Sligo.
Waterford	+(353 51) 333500	+(353 51) 333501	Industrial Estate, Cork Road, Waterford.
Westmeath	+(353 902) 87100	+(353 902) 87101	Auburn, Dublin Road, Athlone, Co. Westmeath.

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