

# Software Selection

To Support Your Future Business Growth

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# Speaker



**David Malmberg, Principal with CGR Management Consultants**, has over 30 years experience in Information Technology, Purchasing, Inventory Management and Supply Chain Management. Prior to joining CGR, he was VP of Systems Development for several multi-billion companies including McKesson Corp. and FMC Corporation. He is co-author of Squeeze Profits Out of Your Supply Chain and a recent textbook on Supply Chain Management. He has a BA from Claremont McKenna College and BS and MS degrees from Stanford University. Dave is based in Lake Arrowhead.

CGR is a 20 year old organization. Principals do the consulting work. All have significant consulting experience with emphasis on IT and Supply Chain Management. Core group are graduates of Stanford. Located throughout US, but most on West Coast.

# Before We Start

- Introductions
- Your basic business
- Current Information System
  - Frustrations and challenges
- What you are looking for in your future system
  - Key capabilities

# Topics For Discussion

- The Software Package Selection Process
- “Tips” For Successful Software Package Selection
- A Comparison of Some Typical Software Packages
- Q & A

# Some Observations on Packages

- Packages, like cars, can be divided into classes
- Prices vary widely and are no indication of functionality or quality
- Most vendors will negotiate a discount from their list price, but will try to recover it from other services
- Many vendors make their money from modifications and support services for their packages

# Some More Observations

- Expect to make modifications to packages for systems which can give your business a competitive advantage, usually the customer service systems
- The better packages are highly parameterized and/or modular, which reduces the extent and cost of modifications
- ***On-going support is often much more important than the package itself***

# A Key Observation/Issue



## **Integrated Systems**

- All the applications work in harmony
  - Data is automatically in synch
- Minimal duplication of data entry
- May sacrifice power and comprehensiveness

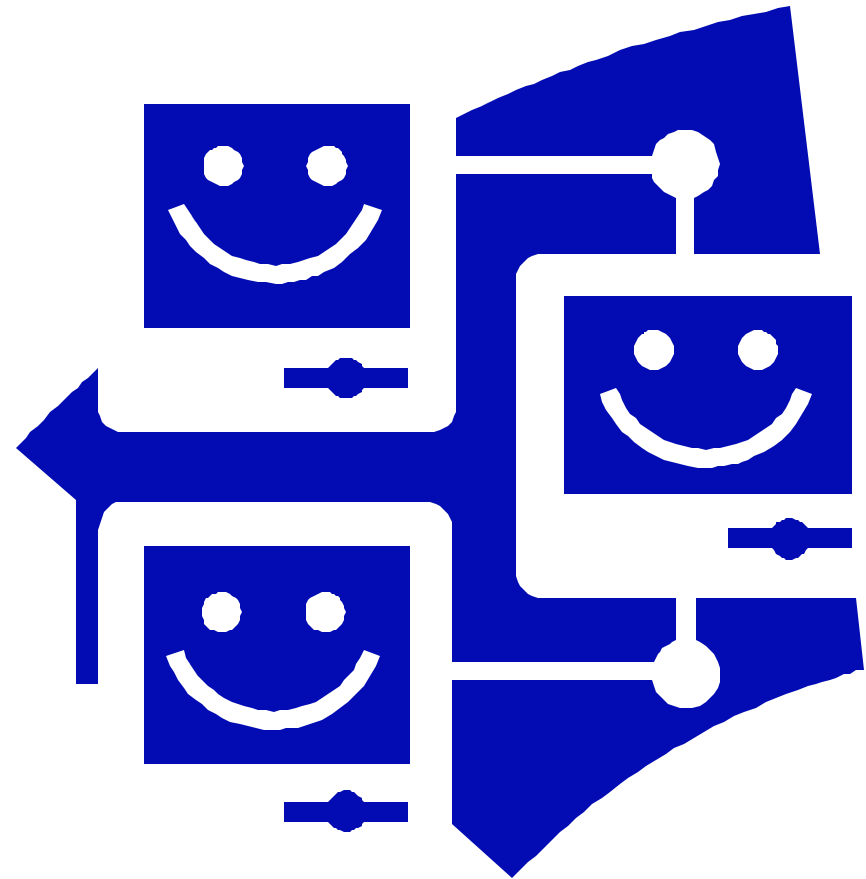
## **“Best-of-Breed”**

- The best of each specific application
  - Typically most powerful
  - Greatest potential for growth
- Best performance for each
- May sacrifice ease-of-use
  - Multiple data entry may be required

# ASP\* – An Attractive Alternative to Ownership

\* Application Service Provider

- Capital outlay is smaller
- Monthly subscription fee (based on volume), rather than up-front installation charges
- Upgrades and maintenance done by ASP
- Installation and startup is quicker and less painful (weeks rather than months)
- Payback/benefits can be achieved in a fraction of the time
- ASPs often get favorable treatment from software providers





# Software Selection Process Should:

- Reduce the risk of buying an unsuitable package
- Increase the credibility of the Information Systems Department
- Minimize the time and cost of selection
- Negotiate the lowest price from a vendor
- Set up the implementation project correctly
- Provide a sound basis for resolving future problems with the vendor

# Process Should Include These Steps:



# Set The Ground Rules

- **Tip 1:** Plan your business and MIS strategies first
- **Tip 2:** Prioritize your financial and technical constraints at the start
- **Tip 3:** Control the vendors - buy the steak not the sizzle
- **Tip 4:** Control all contact with vendors through your negotiators

# Specify The Functional Requirements

- **Tip 5:** Prepare a *short* specification of functional requirements, listing only the future functions which are:
  - Critical to the business
  - Unique to your systems
  - Helpful in differentiating packages
- **Tip 6:** In the specification, list *WHAT* functions are required not *HOW* to do them

# Decide The Evaluation Criteria

- **Tip 7:** Make your key success factors your criteria for selection, including:
  - Package documentation
  - Package is unproven or obsolete
  - Users have to cope with two different systems
  - Ease of use
  - Flexibility to change with business and technical requirements
  - Hardware and system software required
  - Language and development tools available
  - Compatibility with current systems
  - Ease of conversion
  - Vendor support and training
  - Audit trail
  - Security and recovery
  - Contractual terms
  - Total cost over 3 or 5 years

# Evaluate Vendors And The Packages

- **Tip 8:** Through desk research, telephone calls and meetings with vendors, short-list the vendors who are worth evaluating in detail
  - Check vendor references thoroughly
  - Involve the users of the systems in the evaluation process via reviews of vendor material and attending vendor presentations
- **Tip 9:** Make it clear to the vendors that the packages must meet your needs, cost is a later consideration
- **Tip 10:** Stick to the specification when evaluating package functions
- **Tip 11:** Identify all potential modifications and then weigh the costs against the benefits

# Request Proposals

- **Tip 12:** Have the best vendors put their proposals in writing according to *your* specifications
- **Tip 13:** Compare *total* cost
- **Tip 14:** Find two vendors who rate equally, except for cost

# Negotiate The Contract And Price

- **Tip 15:** Negotiate a large reduction in the initial license fee, less for the on-going work
  - Negotiate only with an executive from the vendor who has the power to make decisions during the negotiations
  - Use your budget, the competitors, or any other negotiating tactic that you prefer, to convince the vendors that they should reduce the price to less than you think they will accept
- **Tip 16:** As the final vendors are rated equal, award the order to the one with the lowest price



# Comparison of 10 “Top” Packages

	QuickBooks ES	ACCPAC Advantage	Macola Progression	MAS 90 & 200	Navision Attain	Platinum for Windows	MS/GP eEnterprise	Epicor e	Traverse	Solomon IV
<b>Price for 10 Seats</b>	<b>\$3,500</b>	<b>\$28,500</b>	<b>\$15,960</b>	<b>\$20,000</b>	<b>\$28,000</b>	<b>\$19,950</b>	<b>\$26,500</b>	<b>\$84,500</b>	<b>\$11,200</b>	<b>\$27,000</b>
<b>Accounting</b>	X	X	X	X	X	X	X	X	X	X
General Ledger	X	X	X	X	X	X	X	X	X	X
Accounts Payable	X	X	X	X	X	X	X	X	X	X
Invoicing/Accounts Receivable	X	X	X	X	X	X	X	X	X	X
Banking/Cash Management	X		X	X	X	X	X	X	X	X
<b>Payroll</b>	X	X	X		X				X	X
<b>Fixed Assets</b>			X		X		X		X	
<b>Multiple Currencies</b>			X		X		X	X		X
<b>Order Entry/Point-of-Sale</b>			X				X	X		
<b>Purchasing</b>	X	X	X	X	X	X	X	X	X	X
<b>Inventory Control</b>	X	X	X	X	X	X	X	X	X	X
<b>Inventory Allocation</b>					X					
<b>Manufacturing</b>			X	X	X		X	X		X
Bill of Materials			X	X	X		X			X
Job Costing/Estimating			X	X	X				X	
Work Orders			X	X						X
<b>Advanced Manufacturing</b>			X	X				X		
Bar Coding				X						
Forecasting/Demand Planning								X		
Master Scheduling			X					X		
MRP			X	X				X		
Shop Floor Control			X					X		
Capacity Planning										
Advanced Planning & Scheduling								X		
Service Dispatching										X
<b>E-commerce/Cataloging</b>			X	X	X			X		X

# QuickBooks Strengths & Weaknesses

## Strengths

1. Lower price and ease of setup
2. User friendly look & feel
3. Many third-party solutions now available
4. Easily implemented electronic banking
5. Quality reporting with drill down features throughout
6. Import credit card information from your credit card company
7. Easily scales upward from Basic to Professional to Premier versions
8. Synchronize contacts with Microsoft Outlook and Act!
9. Accept credit card payments
10. Credit Reports with QuickBooks Credit Check Services

 **Red = Most Important**

## Weaknesses

1. Does not handle large volume of transactions due to database constraints
2. While a good report writer is included, it is not as strong as many would like
3. Inventory is much weaker than competition. Not generally recommended for heavy inventory needs
4. Multi-user version has limitations and usually not recommended beyond five active users
5. No automatic reversing entries
6. Cannot post in summary to the general ledger
7. Users must periodically maintain files or system becomes very sluggish and performance suffers

# Macola Strengths & Weaknesses

## Strengths

1. Strong manufacturing solution
2. Strong distribution solution
3. Highly customizable
4. Strong interface with Microsoft Excel
5. Excellent reporting tool
6. Extensive testing procedures now in place
7. Attach notes to fields
8. Full treasury management functions
9. Supports effective dates for new pricing
10. Forecast demand based on user defined formulas

## Weaknesses

1. Macola does not consolidate companies with different fiscal year ends
2. The process of entering cash receipts is not very intuitive
3. Aging reports are not sorted by collection representatives
4. Payroll does not provide for voided checks with auto-reversing entries
5. Does not support time and billing
6. Does not provide strong support for workflow management

# MAS90/MAS200 Strengths & Weaknesses

## Strengths

1. Number 1 selling accounting package in this price range
2. Very powerful and proven product with lots of features
3. Lots of modules to choose from
4. All reports developed in Crystal Reports – very editable
5. Strong Distribution Solution
6. Strong Bill of Materials Processing for light manufacturing
7. Widely deployed and well-proven
8. Highly customizable
9. E-commerce solutions
10. Well established third-party master developer program

## Weaknesses

1. Field lengths of customer and vendor names, inventory item name are limited
2. GL's 9 character, 3 segment account number
3. Allocations are a little weak
4. Does not store UPS Zone codes
5. Payroll does not support piece rates
6. Does not support weighted-average costing

# Navision Attain Strengths & Weaknesses

## Strengths

1. Very fast
2. Highly customizable
3. Good manufacturing solution
4. Good Internet modules
5. Very stable database
6. Good job cost, especially good with resource management
7. Good track record avoiding bugs

## Weaknesses

1. Lack of third party modules
2. Weak link to industry standard report writers
3. Does not automatically calculate sales commissions
4. Does not support blanket or recurring orders
5. Freight charges are not calculated automatically
6. Does not offer balancing entry when entering transactions
7. No ratio reports
8. Does not print a deposit slip
9. Limited number of dealers in the US
10. Does not produce a certified payroll

# Soloman IV Strengths & Weaknesses

## Strengths

1. Official member of Microsoft family
2. Highly customizable
3. Wide range of modules
4. Good distribution solution
5. Strong project management capabilities
6. Good for light manufacturing
7. Strong multi-company capabilities
8. Crystal Report Writer for all production reports
9. Good non-profit solution
10. Strong foreign currency, including the Euro
11. Scales high with workflow features

## Weaknesses

1. Does not support total dollar discounts
2. Does not support the cash basis of accounting
3. Only one database option – Microsoft SQL



**THE END**

**Any Comments or Questions?**