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FEEDBACK

We would appreciate your thoughts and comments about the BASDA RFI method. Please let us know how the BASDA RFI approach could be improved, or let us know what we missed out.

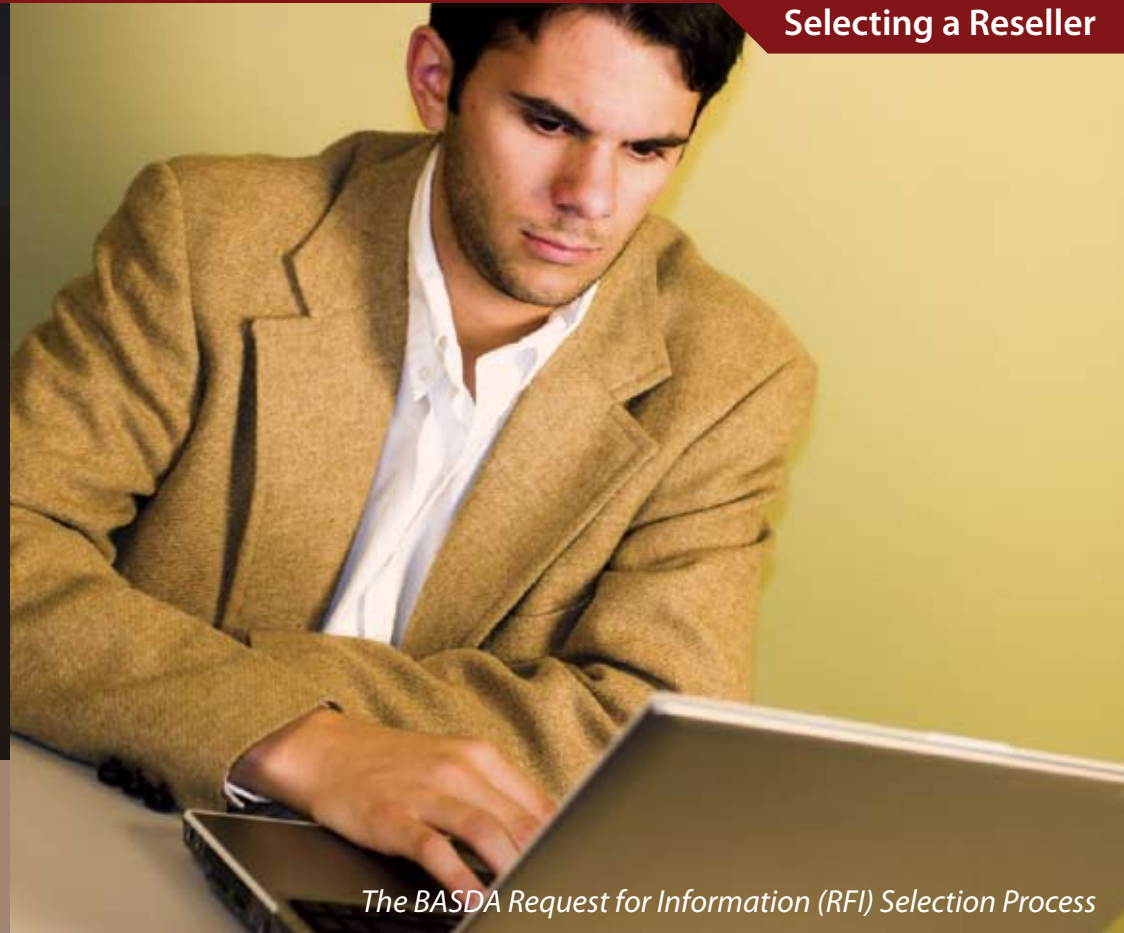
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Selecting a Business System

Selecting a Reseller



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The BASDA Request for Information (RFI) Selection Process

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Appendix 2 - Glossary

Cash Book	A function that controls payments and receipts to the bank account. Very often integrated with the sales, purchase and nominal ledgers.
Client-Server	A means of separating the local presentation of information on the workstation (client), from the main processor (server) to gain performance advantages on a network.
CRM: Customer Relationship Management	An application designed to record all interaction with your prospects and customers.
Distribution Systems	Packaged software that will provide systems for distributors of items, embracing sales order processing, invoicing, purchase order processing, and stock control.
Drill down/Zoom	A technique of exploding summary information into detailed information. Used in the general ledger to drill down to detailed transactions in the sales and purchase ledgers and in some cases to inventory and manufacturing.
Financial Systems	Packaged software that will provide sales, purchase and general ledger functions. In some cases with cash book, and fixed assets modules.
4GL, Fourth Generation Language	The latest generation of programming languages using a structured query language, SQL, and a relational database file structure. This program generator is not as complex to use as third generation programming languages, such as Cobol or C, and is easier, quicker and therefore cheaper to develop in.
GUI, Graphical User Interface	The new form of screen display using graphics, proportionally spaced characters and colour. Microsoft Windows being the most popular.
IFRS International Financial Reporting Standard	IFRS was introduced from 1/1/2005 for publicly quoted companies in the majority of industrialised countries around the world with the exception of the USA. It sets standards for the presentation of year-end information. See BASDA IFRS White Paper.
Manufacturing Systems	Packaged software that will provide the functions of bill of materials, routing, master production scheduling, works order processing, material requirements planning and capacity requirements planning. Linking to stock control, sales and purchase order processing.
Nominal Ledger General Ledger	The basic ledger recording the financial transactions for the company as a whole, for the production of management accounts, profit & loss, and the balance sheet. Links to sales and purchase ledgers, fixed assets, payroll and cash book.
Open Systems	A term relating to the connectivity and portability of systems to international standards. The most common open systems are DOS, Microsoft NT, Novell and Unix.
Proprietary Systems	Operating systems which, in the main, will only operate on a specific manufacturers hardware i.e. HP MPE, IBM AS/400.
Purchase Ledger – AP Accounts Payable	A book of prime entry, a financial ledger, for the recording of purchases and controlling the payment of suppliers. Links to the general ledger. Links from purchase order processing.
POP – Purchase Order Processing	A function to allow purchase orders to be created, with goods received and supplier invoices to be validated against the order. Links directly to the purchase ledger and in some cases, stock control.
Sales Ledger – AR Accounts Receivable	A book of prime entry, a financial ledger, for the recording of sales and the controlling of debtors. Links to the general ledger. Links from sales order processing and invoicing.
SOP – Sales Order Processing	A function to allow sales orders to be entered and progressed to invoicing. Links directly with the sales ledger and stock control.
Stock Control Inventory	A facility to record the movement of stock, from purchasing and manufacturing to sales order processing and sales invoicing. Links to sales and purchase order processing, bill of materials and manufacturing.
XML – Extensible Mark-up Language	A means of identifying data to be sent over the Internet. The most common form of data transfer used in eBusiness today.
XBRL – Financial Reporting Language	A means of identifying financial reporting data sent over the internet – potentially for use by Governments and Banks.

3. Business & Accounting Software has changed

Business and accounting software has changed significantly over the last 10 years. There were over 800 Business & Accounting Systems in the UK 10 years ago, today there are less than 100 that are being constantly updated.

Larger organisations no longer purchase bespoke accounting applications, they use established and proven packaged applications. Smaller companies now prefer to use friendly packaged software rather than keep their 'books of accounts' manually.



Today modern business systems are very flexible and therefore evaluating them against specific functional requirements is a long and cumbersome process. For the main part this is not required; it is a waste of time sending a detailed specification of requirements to modern application developers as the answer to most requirements will be 'yes'. Modern applications are so flexible; they can be configured to meet most requirements. There are however some key elements that need to be specified and these need to be

reviewed in detail. The days of the detailed 'Functionality Check List' are over.

Buyers that have sent out detailed ITTs have complained that they do not receive many responses. In a recent selection, one large publicly known organisation complained that out of 10 ITTs sent out, only two developers had responded and those proved to be inappropriate solutions. One leading European software developer, replying to the ITT, stated that it would cost it over £50,000 to respond to such a complex ITT. It was so busy that it could not allocate those resources into a speculative project where it was not even short-listed. The technique of sending detailed requirement specifications to developers to spend many days evaluating their software against obscure requirements is an outdated concept.

Today organizations are more interested in processes than functionality. Best-of-class processes like purchase-to-pay, make-to-order, that involve a wide range of applications like Customer Relationship Management and Purchase Management. It is therefore important that the time is spent on key specialist requirements rather than common features, provided by the majority of systems.

BASDA and its members have been recommending an alternate route of collecting outline information about the possible replacement systems, at an early stage. Then, later in the procurement cycle, when a preferred supplier has been established, to look into the more detailed requirements and match the software application against those requirements often in a 'conference room pilot' situation.

4. Detailed Requirements

List key functionality that is Mandatory (M) / Desirable (D).

The supplier will tick that they are standard (STD)

i.e. Delete words in table and add your own specific requirements.

REQUIRED	M / D	STD	COMMENT
General Ledger			
Multiple chart of accounts, to facilitate multi-company and multi-division structures	<input type="checkbox"/>	<input type="checkbox"/>	M
Sales & Purchase Ledger			
Update integrated ledgers in real-time, subject to process controls dictated by security rights	<input type="checkbox"/>	<input type="checkbox"/>	M
Purchase to Pay Process	<input type="checkbox"/>	<input type="checkbox"/>	D
Fixed Assets			
Up to ten different cost elements per asset	<input type="checkbox"/>	<input type="checkbox"/>	D
RFID Tags for Assets	<input type="checkbox"/>	<input type="checkbox"/>	D
Etc...			

5. Technology Requirements

List key functionality that is Mandatory (M) / Desirable (D).

The supplier will tick those that are standard (STD)

i.e. Delete words in table and add your own specific requirements.

HARDWARE REQUIRED	M / D	STD	COMMENT
Workstation			
Pentium IV , Microsoft Windows, Office	<input type="checkbox"/>	<input type="checkbox"/>	M
Data access via Network	<input type="checkbox"/>	<input type="checkbox"/>	M
Performance			
Capacity to process XXX transactions /hour, with scalability to process up to YYY transactions/ hour (subject to hardware and memory constraints being met)	<input type="checkbox"/>	<input type="checkbox"/>	M
Capable of 24 hour operation - no system down-time	<input type="checkbox"/>	<input type="checkbox"/>	D

6. Supplier Response

1. Company Background
2. Relevant Experience
3. Reference sites
4. Appendix:
 - Support Options
 - Implementation Methodology
 - Accounts
 - Literature

6. Time Saving

BASDA, in conjunction with several of the leading consultancies, detailed the amount of man hours that were typically required for the selection process for both a medium sized organisation and a large organisation. BASDA has collated the time taken (man days) involved at each stage and the appropriate elapsed time due to re-organisation etc of the project.

It can be clearly seen from the tables illustrated, that the RFI approach has a saving from 34

6.1. Traditional ITT Approach

	Medium Company		Large Organisation	
	Man Days	Elapsed Time	Man Days	Elapsed Time
Requirements	5d	2w	10d	4w
Prepare ITT	3d	1w	5d	3w
Send out ITT		3w		4w
Evaluate ITT	5d	2w	10d	3w
Initial demonstration	5d x 5p	4w	5d x 8p	4w
Short-list demonstration	3s x 5p x 2d	8w	3s x 8p x 2d	10w
Reference visits	3d x 3p	2w	3d x 5p	2w
Detailed evaluation	2e x 2d x 4p	4w	2e x 2d x 6p	6w
Price/Contract	2d x 3p	4w	4d x 3p	6w
To Contract	99 man days / 30 weeks		164 man days / 42 weeks	
Post-contract testing				
Testing - Spec	5d x 2p		10d x 2p	
Testing	5d x 3p	2w	10d x 3p	3w
Project Planning	5d x 2p	2w	5d x 3p	3w
Total Including testing	134 man days / 34 weeks		229 man days / 48 weeks	

Appendix 1

1. Sample Request for Information

a. Introduction

The purpose of this RFI document is to outline the activities of the SAMPLE COMPANY LTD and identify its key requirements for a business system.

b. Confidentiality

All information in this Request for Information is to be treated with complete confidence. The supplier must give written acknowledgement of receipt of this document and by so doing acknowledges and accepts the requirement for complete confidentiality by the SAMPLE COMPANY LTD.

c. Supplier Selection Process

The evaluation of the proposals and selection of the chosen Supplier will be carried out over the following timetable:

Issue of Request for Information	Date
Request for Information responses to be received by	Date
Evaluations of responses - Shortlist prepared	Estimated Date
Preferred supplier appointed	Estimated Date
Final selection	Estimated Date
Implementation completed	Estimated Date

2. The SAMPLE COMPANY LTD

a. Company Background (*buyer of the software*)

Who you are and what you do.
Plans for future growth – international expansion?
The project team, the sponsor.

b. Existing Systems & Applications

What exists now, what they do, how well they perform.

- Existing hardware platform
 - Workstation
 - Network – LAN / WAN / VPN
 - Server
 - Communication infrastructure
- Existing database / file structure
- Number of users in total
 - Number of concurrent users
- Centralised / distributed deployment
- Scope of applications
 - Applications to be replaced
 - Legacy applications to be linked to the new system e.g. feeder systems

c. Business System Objectives

Why you propose replacing your Business System i.e. the limitations of the current system. What are the key operational and business benefits that you wish to achieve. What systems will it need to interface with; what hardware will it be required to work with e.g. printers, bar-code readers etc.

7. Benefits of the RFI Approach

The BASDA RFI approach has key benefits to buyers, they are as follows:

- ⌘ Leading suppliers are more inclined to respond to an RFI than an ITT.
- ⌘ The responses to the RFI are much quicker and easier to evaluate.
- ⌘ The selection and evaluation process has been speeded up considerably compared with the traditional ITT approach.
- ⌘ The RFI approach does not eliminate the use of consultants, rather re-focuses their activities from preparing an ITT to preparing a detailed testing specification.
- ⌘ Inappropriate packages are eliminated early in the evaluation cycle.
- ⌘ Buyer organisations concentrate on evaluating packages likely to fit their requirements.
- ⌘ Following the detailed testing of the preferred supplier's package, buyers have the confidence that the package selected will meet their key criteria.
- ⌘ The risk and uncertainty in package software selection is significantly reduced by the RFI method.

Overall there is a significant change in emphasis from the ITT to the new RFI process. Instead of documenting a watertight contract with an accompanied detailed specification, the RFI enables the buyer organisation to place its resources on the testing of the software prior to its purchase. It is this re-distribution of effort by focusing on three and ultimately one package that gives the greatest benefit in reducing the risk to the Buyer.

Benefits to Software Suppliers

The BASDA RFI approach, whilst focusing on the needs of the buyer has also significant benefits to software developers, which in turn can benefit the buyer. They are as follows:

- ⌘ Software developers are able to focus their limited resources on responding to a wider range of RFIs.
- ⌘ During the preferred supplier stage, the closer working relationship with the buyer organisation allows a better understanding of the requirements.
- ⌘ Whilst the RFI approach reduces the risk as far as the buyer is concerned, it also reduces the risk of the software supplier being involved in an abortive project.
- ⌘ It enables smaller vendors with limited resources to respond to customer requirements, which the ITT process precluded them from.



of requirements is that it can now be used to develop the test specification. Operational testing can practically only last 2-3 weeks, therefore it is impossible to test every specific requirement. Departments are therefore urged to bring together their essential requirements or most unusual requirements and produce test specifications against those requirements, for their period of evaluation. These specifications are then co-ordinated and passed on to the vendor organisation so that they can prepare the necessary resources and facilities to allow these to be undertaken.

Third party consultancies can play a very useful role in not only developing the test specification, but also overseeing the testing phase.

8.4.f. Undertake detailed department on-site testing

The on-site testing phase requires that a demonstration system is installed on the buyer organisation's premises. In order to undertake the testing, the vendor organisation will be required to provide technical expertise and in many cases training expertise so that the buyer's staff may operate the system successfully.

It is not expected that these facilities are supplied free of charge. Usually negotiation takes place over a charge for the use of the computer system and, more importantly, the cost per day of the vendor staff involved. Very often these costs will be included in the overall contract price if the vendor is successful. However, if the vendor proves to be unsuccessful, then these charges will be reimbursed to the vendor organisation by the customer. It is not expected that the hardware, software and support capability for on-site testing will be provided free of charge.

It is essential that in conjunction with the test specification a document is prepared to scope the tests and resources required. All too often the scope of the project can creep and in some cases go out of control. It is essential that resources are available from the supplier and the user departments to ensure that testing is tightly controlled. Both parties need to approve the test specification before testing commences.

Organisations that have undertaken the testing phase usually load their own data on the system in terms of customers, suppliers, general ledger accounts, inventory etc. Each of the departments will evaluate how the software will meet their individual requirements. It is essential that each department undertakes its own testing in conjunction with the vendor, then signs off its requirements specification against the results. There will undoubtedly be areas where the specific requirements have been misinterpreted and workarounds may have to be undertaken. There may also be areas where additional application development or bespoke programming will be required to meet specific requirements, and these can be highlighted and quantified before the system is purchased.

8.4.g. Prepare Evaluation Report

Once the testing is completed all the various test schedules are collated and shortfalls against the specification are then considered. Some of these shortfalls may be significant and may show the product to be unsuitable. Others may need a work-around or bespoke programming and these can be costed as appropriate.

A decision can therefore be made whether to continue to the implementation planning stage or not, with this preferred supplier. If it is decided not to proceed, then one of the other short-list developers can be selected to go through the preferred supplier stages 8.4 again.

This may not mean starting the whole evaluation process again with another vendor. It is recommended that the areas that were not suitable in the preferred-supplier's system are tested in the other vendor's system. If the other vendor cannot resolve those problems then there is no point in taking that evaluation further.

DETAILED EXPLANATIONS

8.1. Preparation Phase

8.1.a. Determine the Business Strategy

Smaller companies may only require single user stand-alone PC, others may want to network PCs together. Some companies may want to link their various subsidiaries together as one system.

Very often larger organisations have a corporate IT strategy. It is this strategy that lays down an architecture based on hardware configuration like Windows-based client-server, with associated operating systems for the client, the network and the server. This architecture will normally have a preferred corporate database requirement, means of communication and links to other systems.

Today it is not so important to accurately pre-define the architecture as most of the leading applications will work on a wide range of platforms and databases. However, when specialist applications are being considered, they may be restricted to specific architectural platforms, which may reduce the numbers of potential systems for selection.

Outside the IT architecture are the organisational requirements. Questions need to be asked such as:

- ⌘ Are all clerical employees going to have access to a computer terminal and therefore to the business system?
- ⌘ Will this be extended to non-clerical employees in other departments in the organisation?
- ⌘ Is it envisaged that the organisation will link to other subsidiaries and international organisations?
- ⌘ What is the scope for expansion through either dynamic growth or acquisition?

These considerations need to be thought through in specifying the requirements to ensure that the solution is scalable to meet the numbers and volume requirements as well as being supported in the countries in which the organisation may potentially expand.

8.1.b. Collation of the Specification of Requirements

The primary requirement, that is often overlooked, is to document the present system and procedures as the starting point for any replacement system. Then follow on with the future requirements and the areas in which the system will be enhanced.

The main topics considered in this planning phase would be:

- ⌘ Management information requirements
- ⌘ Departmental operational requirements
- ⌘ Systems integration requirements

There has been a move from stand alone, or best-of-breed modular systems to a fully integrated enterprise-wide, and in some cases to the ERP (Enterprise Resource Planning) approach. The islands of automation typified in the 90's are in many cases being replaced by systems from one vendor in a fully integrated suite of applications. Whilst this may improve the information retrieval requirements for the organisation as a whole, it does mean that it is a compromise in terms of the best-of-breed systems at a departmental basis. The leading best-of-breed systems provide advanced integration tools that enable these applications to integrate simply and easily with existing legacy systems, therefore mitigating the need to replace all systems when only one needs updating.

Traditionally the specification of requirements was usually put together by the IT department. The pendulum then swung to the other extreme and the requirements were collated by non-technical departmental committees. Today it is a compromise of both, using the technical expertise of the IT department as well as the fundamental requirements of each operational department. In order to

And finally, remember the personal factor - if you are working closely with the people who are implementing a system for you, it is important that you all get on well together. Bad relations make for bad implementations so make sure that they can work with your in-house staff and that they fit into your business culture

8.2 d. Cost

Cost is a vital part of the decision making process. It is not always cost effective to go for the cheapest option but, on the other hand, there is no good business reason to pay for services that you don't need. Make sure, when comparing prices, that the level of service you are being offered is the same and that, in all cases, it is adequate for your business.

Not every organisation will need to have a support team on call 24 hours a day so be aware that the lack of such a service may not necessarily mean that the reseller cannot service all your requirements. On the other hand, if you believe that your organisation will need the highest level of support and someone on call at all times, you must also consider that there will be a cost associated with that level of cover.

8.3. Evaluation Phase

8.3.a. Evaluate responses and determine shortlist of three or four vendors.

BASDA members are prepared to respond in three, at the most four weeks, to a summary RFI of no longer than six pages. Therefore, if the buying organisation has a short timescale for the selection process, by reducing the size of the RFI, it will automatically ensure it can get a much quicker response from the software vendors.

Once the responses have all been received, they should be collated against the requirements laid down in the RFI. It is a relatively straightforward operation to pick three or at the most four vendors for closer examination. The other vendors will be thanked for their response with a short note to explain why they have not been successful.

8.3.b. Undertake initial demonstrations of short-list offerings

The vendors that have been short-listed should be contacted and arrangements made for an executive committee from the buying organisation of three or at the most four members to visit the vendor's premises to have an initial demonstration of the product and an outline of the organisation behind it. It is important at this stage that the buyer gets a feel for the vendor,

probably meet some of its key executives and see how the vendors software meets the requirements that have been set out in the RFI. This is not a detailed demonstration at this stage, more an explanatory meeting to form relationships. As the initial demonstration, it is important that the vendor is required to explain its response to the RFI and how it plans to meet certain of the key requirements, as well as give an overview of its product as a whole.

8.3.c. Provide in-house briefing to short-list vendors

In order that the vendors can understand more closely the complex IT requirements, it is important once the initial demonstration has been undertaken to invite the vendor in-house, to go through the RFI. At that meeting the customer will introduce the vendors to its organisation and its key executives to enable the vendor to get a greater understanding of the operational and functional requirements.

8.3.d. Follow-up references by telephone

Vendors should be asked to provide reference customers for the buyer organisation to follow through. Reference customers should ideally be similar organisations, in a similar industry, with a similar size, in terms of numbers of users and hardware requirements and, a similar system, in terms of the range of modules to be purchased. At this stage, the reference should only be taken up by telephone, detailed reference visits follow at stage 8.4.d

8.3.e. Detailed demonstrations of short-list vendors

Since the vendors have now had the opportunity of understanding the detailed requirements, more detailed demonstrations are provided, this time with teams from the various departments, assessing how the vendor's software will meet their specific RFI requirements. At this stage it is more important that the departments get a feel for the vendor organisation, its software and in broad terms how it will meet the requirements specified in the RFI.

This phase can often take 2-3 months due to logistics and operational pressures in getting the various people together. It is therefore important that staff and facilities are co-ordinated early in the selection process to ensure that facilities are available for the demonstrations to be undertaken at the vendor premises and also that the various key department staff are freed up to attend these demonstrations.

and has a mechanism for easy and straight forward responses.

BASDA recommends a tick-box mechanism with space at the side of each requirement for a short explanation, where required. It is not important at this stage for very long and formal responses to be received. The response mechanism is not a measure of the company's ability to put together an impressive reply; the company and product will be measured during the evaluation and testing phase.

Whilst consultants would no longer be required to pull together a detailed ITT, they can be of considerable help in preparing the specification of requirements and distilling it down to the condensed RFI.

8.2 Send RFI

8.2.a. Choosing your vendors

Once you have identified your requirements and prepared an RFI, you must then select a list of suitable vendors.

One of the most common questions, buyers ask is 'Should we buy the system direct from the Software author or from a reseller?'

If you are implementing a large corporate ERP system, there may be advantages in choosing to buy your software direct from the software author. Some of the software authors operate direct sales departments and provide comprehensive implementation and customer support teams who can travel around the country to assist with installing and setting up their systems. For users who are early adopters of new technology or those who have special requirements, the ability to have direct contact with the development team, is definitely an advantage.

However, in many cases the software authors prefer not to sell their systems direct to the end users. Very often their specialist resellers or partners who operate in vertical markets or who have particular consulting and implementation skills are more suitable as suppliers. There are many excellent resellers in the market who can offer high quality service and users should not assume that dealing directly with the software author is always the best way forward.

Having identified their requirements, the

majority of businesses will purchase their new software through a reseller, so choosing suitable suppliers becomes very important. With hundreds of software packages and resellers to choose from, selecting an initial list can be daunting.

First establish your own requirement. A multi-national conglomerate has entirely different requirements from a corner shop. A multi-national may need a supplier with international resources and a large team of implementors, support staff and business expertise; while a corner shop just needs a local supplier who understands the software and is competent and reliable if things go wrong.

For the majority of SMEs, a supplier should be able to provide high quality service and local support where it will be needed. Whereas, a company with complex requirements e.g. mid-market financial services company, may need to consider specialist vertical market suppliers who have expertise in their business area with referenceable customers in that sector.

Most medium to large implementations will need a supplier with good project management and business consulting skills and an established support relationship with the technology vendors. A strong set of financial results to support long term partnership will also help them to feel comfortable that the supplier can add value to their business.

8.2.b. Choosing resellers

If your software requirements are straightforward, it is worth asking a number of software authors to recommend suitable local resellers or you can consult local directories, national journals, buyers guides or search the Internet giving consideration to the Professional Computing Association's listing of members on its website www.pccassociation.org.

For more specialist suppliers in vertical markets, the software authors are often the best source as they appoint resellers because of their particular specialist expertise. Industry journals, trade exhibitions and the Internet as well as personal recommendations from other users in your industry can provide useful information.

BASDA's website www.basda.org details all of its members' specialist applications with links to their respective websites. The BASDA website

does not quantify the functional specification of the products, but it does work closely with several organisations which provide this information. Other sources like the Softworld exhibitions (physical and online) who provide an excellent directory of software suppliers or the Evaluation Centre website which provides excellent information and allow you to evaluate different software packages as well as suppliers and resellers. Alternatively the Government's Business Link program can be a great help in providing information on suitable suppliers either internationally or locally.

It is important when selecting a list of suppliers to try to target only those who are likely to prove suitable. Just downloading or copying a list of 'computer resellers' and sending them all an RFI is unlikely to achieve a good response. Few suppliers, large or small, are likely to respond if they feel that an enquiry has been sent out willy-nilly to a large number of vendors. If however they feel that the response has been accurately targeted at specific suppliers, they will respond positively and put a significant effort and interest in responding to the RFI.

These are some of the different types of resellers which you can consider, depending on the size and scope of your business and software needs:

8.2.b.i. High Street Computer Store

At one end of the scale are the high street shops which sell single user, small business packages 'off the shelf'. They offer virtually no user support in the store but it may be possible to sign up for online support or training courses from a third party supplier, for a fee. If you know what you want and how to use it, this type of supplier is fine. High Street Computer Stores would not be in a position to respond to a detailed RFI. The sales assistant however may be able to help with the selection if a short requirements specification is produced.

8.2.b.ii. Solus Software reseller

These are usually local suppliers who specialise in one business software package. Their staff are highly trained on that product and very experienced. If you have identified the package, they supply, as one that you would be happy to use, they can usually offer very good local service and often develop their own add-ons which can provide cost effective benefits. However, if you want an opportunity to consider more than one product, then a solus reseller may not be the best option.

8.2.b.iii. Multi package reseller

This is a growing sector of the market. Typically these resellers supply several different business software packages and can offer an opportunity for comparison. There are some excellent multi-package suppliers who have been extremely successful and have well trained staff in all the packages they supply. They may be able to offer advice on the most suitable package in their portfolio to suit your specific requirements. However, the size of the organisation and the number of packages on offer is not always a guide to the level of service and expertise available.

8.2.b.iv Value Added Resellers

Value Added Resellers (VARs) often operate in specialist vertical markets or particular industries. They usually have close links to the software authors of one or more of the mainstream packages. Many develop considerable expertise in the markets that they serve and therefore have a nationwide rather than local user base. Many develop their own specialist industry packages which integrate with those of their mainstream suppliers e.g. a sophisticated Sales Order Processing system linking to a popular accounting system.

8.2.b.v. Implementation Partner

Implementation partners do not normally sell the software they implement, rather they work (often as sub-contractors) with the software authors as specialists in the implementation. For large implementation projects, they can offer an excellent alternative to the software author. This has become the preferred route for smaller implementations of corporate packages.

8.2.c. Next Steps

So, having identified the type of vendor you want to use and collected a long list of names, how do you decide whom to contact?

We have listed some questions to ask. When making the selection you should be aware that some of the smaller and newer companies may have excellent skills and should not be ruled out. The important thing is to select the questions and look at the replies in the light of the needs of your business and your particular requirements. Not every user needs training or add-on applications!

Questions to Ask Resellers

These are the main questions which you may want to ask in assessing the quality of the resellers you approach.

About the Company

What services does it offer?

e.g. Software and hardware supply and implementation, dedicated support, software development, hardware maintenance etc.?

How long has it been in business?

What is its turnover / profitability over the last few years?

How many technical staff are employed?

What facilities does it offer?

e.g. workshops, telephone helplines, demonstration facilities?

What type of customers does it have?

e.g. by industry / specialist sectors, or by size of implementation

Does it subscribe to the BASDA code of practice?

About the Product

How long have they been selling the present software package or packages?

Do they have any certification from their software supplier?

What training have their staff undertaken on the software?

Are they an approved reseller or just an agent?

Do they supply specialist add-ons to the standard business package/s?

Have they written those specialist applications themselves?

How many customers are using them?

Skills, Support, Training & Aftercare

Do they supply a total solution?
e.g. hardware, software, project management, configuration, training, support?

Do they have the necessary skills to complete the project?

What level of warranty do they offer?

Who sorts out the problems if the system goes wrong?

Do they provide the software support or the software author?

Do they offer 24/7 front line support through the web or telephone?

Can they guarantee response times or offer service level agreements?

Is there a user group or development community?

Industry Knowledge

Do they understand your business processes?

Do they have the necessary background in your industry?

What about your business culture?

Do they have reference sites in your business sector?

ensure the project is successful, it is important that all of these departments contribute to the specification to get the buy-in and backing from the organisation as a whole in the replacement system.

8.1.c. Highlighting key requirements for the RFI

Once the specification of requirements has been completed, these requirements can be distilled down into specialist elements. Most business applications are flexible enough to be adapted to meet most functional requirements, however, there are some elements that may not be flexible and these key elements need to be drawn out in the document.

Some of the functions that are not always present in all applications are the following:

- ⌘ International capability – multi-currency, multi-language, country-specific fiscal & legal requirements, and multi-company consolidation (IFRS, US FAS-B)
- ⌘ Workflow – procedural and structural flexibility (Sarbanes-Oxley)
- ⌘ Internet / intranet / e-commerce capability (Web-services)
- ⌘ Integration with external applications (Manufacturing Systems)
- ⌘ Information retrieval and detailed analysis capability
- ⌘ Built-in standard processes – Purchase-to-pay; Make-to-order, Back-to-Back Order Processing

In some cases expert help may be required from analysts or consultants that specialise in this field, to review the detailed requirement specification and flush out unusual requirements which may not normally be met in popular application software. It is important that the specification of requirements is distilled down to a three or four page document, showing the specialist requirements that are unusual in that organisation.

It is important that these requirements are realistic – there is no point in computerising some tasks that are better performed manually. Packaged software has its limitations; it is not recommended that unnecessary specialist changes are undertaken; these can delay the implementation, increase the costs considerably and usually carry a high risk of failure. Most systems have developed

flexible business processes; some have developed 'best-practice' solutions. It may be feasible to update traditional internal processes to take advantage of improvements in business processes pre-configured in the software.

If non-standard changes are required to the functions already provided by the software packages, then this work needs to be documented fully with a detailed specification. Beware; extensive specialist development may preclude standard upgrades to the software – locking you into an old version. This is really outside the scope of the RFI approach – which is aimed at packaged solutions.

8.1.d. Prepare the RFI

We have included a mock-up of an RFI as an appendix at the end of this booklet. The suggested format of an RFI is as follows:

- ⌘ Background information on the buyer organisation
- ⌘ Hardware requirements
 - Operating platform - client / network / server
 - Database
 - Communication infrastructure – LAN / WAN / VPN
- ⌘ Summary of application requirements
 - Range of application modules required – AP, AR, GL
 - Key application requirements
 - Specialist business process requirements
- ⌘ Scalability
 - Transaction volumes – Invoices, GL Accounts
 - Number of casual and concurrent users
- ⌘ Scope
 - International requirements
 - Countries, languages etc
- ⌘ Project timescales and selected milestones
- ⌘ Outline budget

It is essential that the RFI is not a long and complex document. If detailed requirements need to be signed-off, they can be signed-off later at the preferred-supplier stage. It is not important that they are signed off at the initial selection stage. In order to gain the support of the leading vendors to respond quickly to requests for information, it is essential that the RFI is kept to a reasonable size

8.4 Preferred Supplier Phase

8.4.a. Select a Preferred Supplier

Once the initial demonstrations have been undertaken, it is quite clear which of the three or four short-listed software developers is the most suitable, either based on the functional, operational or the attitude of the vendor organisation to the buyer organisation. The BASDA approach is to recommend that a preferred supplier is singled out at this stage and the other short-listed suppliers put on hold; not eliminated, as it is possible that they will be brought back into the selection process again later. The experience of the leading consultants involved in the BASDA Working Party show that in 80% of cases the preferred supplier is usually the one finally selected.

It is therefore important, in shortening the selection cycle, that evaluation efforts are concentrated on the preferred supplier rather than two or three alternative suppliers that may not be ideal solutions. The big advantage of the preferred supplier route is that once a vendor organisation knows it is a preferred supplier there is a greater co-operation and understanding, as well as access to confidential information on both sides. This may require a non-disclosure agreement with the buyer organisation, but this is an important step and is essential for the detailed demonstration and evaluation phases that will follow.

The preferred supplier concept implies that if after the evaluation the supplier meets all of the criteria, then it will be selected as the supplier of the system. It is not a contractual commitment, because at this stage the contract and the final costings have not been fully negotiated, but it is an intent, which can reassure both sides and gain closer co-operation.

8.4.b. Put other short-list suppliers on hold

The other short-list suppliers are notified that a preferred supplier has been selected and during the evaluation phase their application

will be put on hold. If at the end of the evaluation phase the preferred supplier solution is not suitable, they are likely to be contacted again for more detailed evaluation. This is preferable to rejecting the supplier outright and does leave the door open to further evaluation if required.

There may be some obvious drawbacks that have meant that a vendor has not been selected as the preferred supplier. It is worth detailing these at this stage as the vendor may be able to make changes to overcome this objection whilst the other evaluation is under-way.

8.4.c. Detailed departmental evaluations

Detailed preferred supplier demonstrations can now be undertaken against the specification of requirements. This will mean a significant amount of time spent on demonstrations with each department, understanding how the software will meet their functional and operational requirements. Very often this work is undertaken at the Buyer organisation's premises as a pre-cursor to the next stage, which is the testing.

8.4.d. Reference Site Visits

It is embarrassing for the vendors if the reference site visit turns into a software demonstration - that is not the intention. The intention of the reference site visit is to understand how the reference company has implemented the product; the problems it may have had in that implementation; how upgrades were managed; how support issues were resolved; and its on-going relationship with the vendor organisation. It is not to have another detailed demonstration of that product.

8.4.e. Develop test specification

The benefit of initially detailing the specification

8. The BASDA RFI Steps

The essential steps of the new approach are as follows:

8.1. Preparation Phase

- ⌘ Determine the business strategy for the buyer organisation requiring the system.
- ⌘ Collate the specification of requirements.
- ⌘ Highlight the key specialist requirements for the RFI.
- ⌘ Prepare the RFI.

8.2. Send out the RFI to a selection of up to ten vendors - ideally only six.

- ⌘ Choosing your vendors / resellers
- ⌘ Next Steps
- ⌘ Cost

8.3. Evaluation Phase

- ⌘ Evaluate the responses to the RFI and prepare a short-list of three or, at the most, four vendors.
- ⌘ Attend initial demonstrations of the short-list offerings, reject unsuccessful vendors.
- ⌘ Provide in-house briefings to short-listed vendors to explain the key requirements.
- ⌘ Follow-up telephone calls to reference customers where provided.
- ⌘ Develop evaluation criteria and brief staff on assessment of demonstrations.
- ⌘ Attend detailed demonstrations to evaluate the short-list against the RFI specification.

8.4. Preferred Supplier Phase

- ⌘ Select a preferred supplier, possibly entering into a non-disclosure agreement.
- ⌘ Place other short-list suppliers on hold, pending a detailed evaluation of the preferred supplier.
- ⌘ Undertake detailed demonstrations to each department.
- ⌘ Undertake reference site visits.
- ⌘ Undertake detailed department testing on site.
- ⌘ Prepare evaluation report and decide to continue negotiations with preferred supplier or not.
- ⌘ Or alternatively go back to stage 8.3 and re-evaluate one of the other short-listed solutions.

8.5. Implementation Planning Phase

- ⌘ Prepare implementation and project plan.
- ⌘ Review vendor's contract and finalise system requirements and associated costs.
- ⌘ Place contract with preferred supplier.

8.5 Implementation Planning

8.5.a. Prepare implementation project plan

The benefit of undertaking on-site testing enables the ideal configuration of the software to be determined prior to purchase. Associated with that, the work involved in implementing the various stages can now be accurately quantified - where a straightforward implementation can be used; or where specialist add-ons or bespoke programming is needed. Therefore a detailed project plan can be prepared for the implementation of the system.

It is BASDA's recommendation that the project plan should have key milestones for achievement. These project milestones, in our experience, should be as short as possible and certainly not longer than a year. Therefore project teams can get a sense of achievement against these milestones rather than go for long and protracted implementations. Therefore a project may be split up into several individual projects, each lasting less than a year, but with specific milestones against them. Some projects may run in parallel with other projects using different teams and facilities. It is important that projects are tightly controlled and BASDA recommends the use of project control software to keep these in line and to provide quick and accurate feedback during the implementation process.

8.5.b. Review contract and finalise system requirements and cost

Often the biggest delay in the procurement cycle is when the vendor and buyer organisations solicitors get together to negotiate the contract. In our experience, it is far better for the organisations to spend time sorting out the essence of contract prior to consulting with their solicitors. Solicitors are required to ensure that no legal problems exist, but the basic concepts should have already been agreed beforehand.

In the case of very large organisations the contracts may be long and complex on both sides, and in some cases the Chartered Institute of Purchasing and Supply's model contracts have been used as an intermediate route, which benefits both sides equally.

Whilst an estimate of costs will have been requested in the initial RFI, it will now be quite clear which application modules will be required, the phasing of the implementation, as well as the scope of the consultancy, implementation and training for the project. Therefore system costs can be finalised.

8.5.c. Place contract with preferred supplier

Once all of this has been undertaken, and the supplier and the vendor are happy that the contract is realistic and the timescales achievable, the contract can be placed for early implementation.

weeks elapsed time to 21 weeks elapsed time for a medium sized company.

A saving from 48 weeks elapsed time to 26 weeks, for the larger organisation, that is a 46% reduction in the elapsed time, using the RFI approach.

In terms of man days there is a reduction from 134 to 94 days in the medium sized company and from 229 to 154 days for the large company, which is a 33% reduction in the effort required.

6.2. Preferred - RFI Approach

	Medium Company		Large Organisation	
	Man Days	Elapsed Time	Man Days	Elapsed Time
Requirements	3d	2w	5d	3w
Prepare RFI	3d	1w	3d	1w
Send out RFI		2w		3w
Evaluate responses	2d	1w	3d	1w
Pre-demo briefing	3 x 2p	2w	3 x 2p	2w
Initial demo	3 x 5p	2w	3 x 8p	2w
Follow-up demo	3 x 5p	2w	3 x 8p	2w
Reference visits	3 x 3p	2w	3 x 5p	2w
Evaluation of S/L	2d	1w	3d	1w
Pre-test spec	5 x 2p		10 x 2p	
Detailed demonstration/test	5 x 3p	2w	10 x 3p	3w
Meetings/Project plan	5 x 2p	2w	5 x 3p	3w
Price/contract	2 x 2p	2w	3 x 2p	3w
Total including testing	94 man days / 21 weeks		154 man days / 26 weeks	

(d = days, e = evaluations, p = people, s = suppliers, w = weeks)

3. Key Requirements

Tailor the list of modules by adding or deleting.
Tick those required. The supplier will tick those available.

a. Software Modules	REQUIRED	AVAILABLE	NOTES
Financial Management			
Management Reporting	<input type="checkbox"/>	<input type="checkbox"/>	_____
General Ledger	<input type="checkbox"/>	<input type="checkbox"/>	_____
Accounts Payable	<input type="checkbox"/>	<input type="checkbox"/>	_____
Accounts Receivable	<input type="checkbox"/>	<input type="checkbox"/>	_____
Cash book	<input type="checkbox"/>	<input type="checkbox"/>	_____
Treasury Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
Fixed Assets	<input type="checkbox"/>	<input type="checkbox"/>	_____
Vote/Cash Accounting	<input type="checkbox"/>	<input type="checkbox"/>	_____
Commitment Accounting	<input type="checkbox"/>	<input type="checkbox"/>	_____
Budgeting	<input type="checkbox"/>	<input type="checkbox"/>	_____
Order Processing / Distribution			
Sales Order Processing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Sales & Marketing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Purchase Order Processing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Inventory Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
Warehousing / Logistics	<input type="checkbox"/>	<input type="checkbox"/>	_____
Document Imaging	<input type="checkbox"/>	<input type="checkbox"/>	_____
Contract Administration	<input type="checkbox"/>	<input type="checkbox"/>	_____
Project Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
Human Resources			
Customer Relations Mgt	<input type="checkbox"/>	<input type="checkbox"/>	_____
Time Sheet & Billing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Payroll	<input type="checkbox"/>	<input type="checkbox"/>	_____
Personnel	<input type="checkbox"/>	<input type="checkbox"/>	_____
Manufacturing			
Bill of Materials BOM	<input type="checkbox"/>	<input type="checkbox"/>	_____
Works Order Processing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Production Control	<input type="checkbox"/>	<input type="checkbox"/>	_____
Master Production Planning	<input type="checkbox"/>	<input type="checkbox"/>	_____
Routing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Material Reqm'ts Planning	<input type="checkbox"/>	<input type="checkbox"/>	_____
Field Service Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
Capacity Reqm'ts Planning	<input type="checkbox"/>	<input type="checkbox"/>	_____
Formula Control	<input type="checkbox"/>	<input type="checkbox"/>	_____
Recipe Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
System / utilities			
Report Generator	<input type="checkbox"/>	<input type="checkbox"/>	_____
Document Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
XML Interface	<input type="checkbox"/>	<input type="checkbox"/>	_____

b. Hardware Requirements / System Specification

- Client configuration
- Network Operating System - LAN / WAN / Intranet
- Server type and operating system
- Communications
- Database
- Number of named logins
- Number of concurrent users
- Number of peripheral devices - printers, scanners etc.

4. The BASDA Request for Information (RFI) Approach

The BASDA approach was to suggest to buyer organisations that after collecting all of the detailed requirements from the various departments, these are distilled down to a shortened 'summary of specialist requirements'. Using the summary as the basis of a RFI, it is sent to a selection of up to 10 suppliers (but ideally only 6) to see if their software fits the broad requirements before embarking on detailed investigations. Once the responses have been evaluated and a short-list established, a more detailed investigation into the requirements can be undertaken.

After the initial review, a preferred supplier is established and a detailed evaluation is undertaken of the product, including testing of the product on the customer's premises. The initial work in establishing the detailed specification of requirements is now converted into a testing schedule and over a series of weeks the product is tested against that specification to determine how accurately it fits the customer's specific requirements.

The process not only shortens the procurement cycle, it also allows more time with the suppliers that can meet the requirements and, more importantly, it takes a significant amount of risk out of the selection process by undertaking the on-site testing of the product before purchase. In our experience the heavier the document, the less likely developers will respond. It is better to start with a light document summarising the key specialist requirements initially, and then home-in on the detailed requirements with the suitable short-listed candidates later.

5. Principles of the RFI Approach

The two basic principles of the BASDA RFI approach that differentiates it from traditional procurement processes are:

- ⌘ The replacement of the Invitation to Tender with a shortened RFI
- ⌘ Bringing forward the detailed product testing to the evaluation phase prior to purchase rather than after the system has been installed.

The effect of these two basic principles is to reduce the procurement process and to make it significantly more reliable than the traditional ITT approach. BASDA is able to show that using this approach a reduction of 45% in the elapsed time can be achieved.

7. Schedule of Estimated Costs

THE SAMPLE Company Limited

MODULES	NO. OF CONCURRENT USERS	PRICE
General Ledger	<input type="text"/>	£
Accounts Payable	<input type="text"/>	£
(...etc... list modules and number)	<input type="text"/>	£
Preferred Database e.g. MS SQL Server, etc.		£
Preferred Client Hardware e.g. PC's etc.		£
Preferred Server Hardware e.g. Unix, Windows etc.		£
Total Software Licence Charges		£
Total Hardware (where applicable)		£
Service		
Project Definition		£
Training		£
Installation		£
Project Management		£
Implementation		£
Consultancy		£
Data Conversion		£
Interfacing		£
Total Services		£
Estimated Annual Maintenance Cost		£
Total Implementation & Maintenance costs		£



1. Introduction

This booklet has been designed for organisations involved in the selection of a business software system and an appropriate supplier. The booklet has been designed to provide a fast-track approach to selecting a business and accounting system in a reliable and proven manner. Whilst this booklet was originally intended for medium-large multi-user systems, it has been updated to also cater for the smaller business user.

A Working Party was set up between BASDA, the Business Application Software Developers' Association, external consultancies and user organisations to develop a fast-track and sound method of selection. The techniques outlined in this booklet are not new and in some cases have been used for many years. They are therefore proven and well established.

2. Background

The traditional method of selecting a mid-range business and accounting system was to prepare a detailed requirement specification and then include this alongside other operational requirements in a huge document known as the Invitation To Tender (ITT). Packaged software was not always available, and the specification had to be comprehensive enough to be used for the selection of specialist developed or bespoke systems as well as packaged solutions. The emphasis of the ITT approach was for the buyer organisation to accurately define their requirements and the vendor to accurately match its applications or development capability against those requirements.

In order to protect the customer's position, comprehensive legal contracts were entered into with the supplier to ensure that it delivered exactly as stated in the ITT. Unfortunately IT requirements can often be interpreted in different ways and there are many examples where projects have failed due to misinterpretation of the requirements. Even when disputes were taken to court, the courts found it very difficult to interpret the requirements.