



# How to Successfully Evaluate and Select an ERP Software System

## Vendor Software Demonstrations

The vendor software demonstration is a critical part of the ERP software selection process, according to Rick Cook of erpsearch.<sup>1</sup> A properly handled software demonstration will provide vital information that will allow you to compare and contrast different ERP software systems, ultimately leading you to the best ERP software choice for your company. An improperly handled ERP software demonstration could lack the information that would be most useful to you, but would showcase the software vendor's favorite features, or features that are easy to demonstrate. The danger in allowing the vendor to drive the demonstration content is that you may not be seeing the features of the ERP software that would be most useful to you.

Another aspect of the ERP demonstration process that you must be aware of is that while many ERP systems claim to handle every aspect of the manufacturing process, they are not all created equal. Using the ERP demonstration process will help ensure that you choose the best ERP software for your company, reducing additional labor, expense, frustrations, and user adoption challenges that could result from a misguided decision. Utilizing the software demonstration process will also reduce the need to heavily customize and develop workaround processes for ERP software that was a less than ideal fit for your business.



## Achieve Selection & Implementation Success

- ✓ Understand The Process
- ✓ Set Up The Demos
- ✓ Analyze The Results
- ✓ Post-Demo Follow-Ups
- ✓ Making The Right Decision For Your Business

Here are some tips to assist you with the ERP software demonstration process:

### 1. Creating the Best ERP Vendor Short List

Scheduling and attending too many ERP software demos often creates confusion and can be overwhelming for the ERP selection committee. The best way to approach ERP software demonstrations is by creating a short list of ERP vendors whose product is designed for your company size, includes features that you need, and is within your budget. Using these guidelines will narrow down the number of potential ERP vendors. Ideally, you should extend demonstration invitations to your top three vendor choices.

## 2. Clearly Communicate Your Requirements

In order to gain the most benefit from ERP software demonstrations, it is imperative to clearly state your needs to your top three vendor choices. This communication can be done with a “Request For Proposal” (RFP), custom demonstration scripts, or informally via a memo. When stating your ERP needs to your top vendor choices, make sure you communicate to them exactly what you would like to see in the demo, what your ERP goals are, and your expectations of how the ERP software should meet those goals. Another item to include in your request is any particular set of features or functionality you would like to see demonstrated.

Putting your demonstration expectations in writing will eliminate any misinterpretation by the ERP software vendor. If you rely solely on verbal communication for your ERP software demonstration, it may not meet your expectations. Supplying the ERP software vendor with a list of requirements, functionality, and ERP goals will allow the vendor to customize the demonstration for your company and will create the best possible demonstration experience. By communicating your ERP needs in writing, you can expect presentations that are aligned to your goals and can be objectively scored.

## 3. Schedule Site Visits

Another step in the demonstration process is to schedule site visits with your top ERP software vendor choices. These site visits should include a tour of your facility, and an opportunity to consult with the vendor about your needs and expectations. A vital part of the site visit is to have each vendor meet with the ERP software selection team and the ERP project champion or management team. This is an opportunity for you to dialogue face-to-face with the vendor about your needs.

## 4. Identify Potential Gaps

The ERP software vendor is not the only one who needs to prepare for the demonstration. Prior to the scheduled demonstration, the ERP selection team should meet and create a list of questions that address functionality that is important to the business. Take the time to look for “gaps” in what the ERP software says it can do, and what you actually need it to do. This “gap analysis” will provide an opportunity for you to get your questions answered during the software demonstration.

## 5. Scheduling

Preparing for an ERP software demonstration takes time and effort. Not only will the ERP selection team need ample time to prepare for the demonstration, so will the ERP software vendor. Being realistic about when to schedule the demonstration after providing your ERP software vendors with your list of requirements will allow the vendor to prepare the demonstration that you need. It is also an opportunity for the selection team to prepare questions, create scoring models, and provide data sets (if needed). Proper ERP software demonstrations can take up to two days to complete, so make sure that each member of the selection team can attend. The team should expect a demonstration, debriefing and consensus time.

## 6. Allow Enough Time

An ERP demonstration that covers all the bases will take some time. The ERP software vendor may be able to give you an estimated amount of time their demonstration will take, but this is generally just a starting point. It is highly likely that you will have questions and will want to get more specific about features that are important to your business. There are also the questions that you have prepared prior to the demonstration to consider when scheduling the right amount of time for the demonstration. Prepare to have the vendor present an overview demonstration and then move into the part of the demonstration that has been more customized for your needs. The key principal here is to not limit yourself. Allow yourself the time for a thorough review of the software and follow-up questions. Many questions can be answered verbally, and many will be answered and reviewed within the software. Ask for demonstrations on very specific points, and definitely be prepared to take a lot of notes!

## 7. Let the Vendor Lead, But Remember You Are Still In Control

It is natural to let the ERP Software vendor lead the demonstration; however, you are still in control. Make sure the vendor addresses your list of requirements, and adheres to your time frame and the specific points you would like to see addressed. Remember to note any questions that arise during the vendor's demonstration. While some questions can be addressed during the demonstration, some will need to be addressed later.

The vendor demonstration is an opportunity to have a guided tour of the ERP system and how it performs business processes, feature sets, software automation, and reporting. These are key items that directly correlate with your business objectives and your ability to achieve those objectives. Try not to get distracted by simple items, but instead focus on the critical areas that most directly affect your goals.

ERP software demos can be prepared with the software vendor's data or with your data set. It is preferable to use your data in the demonstration, as it will more effectively show the functions that you are most interested, as well as, producing results that are more familiar and easily understood. If it is more practical to use the ERP software vendor's data, keep in mind, it is their data, and they are very familiar with it. It is used to highlight the best features of their software, and can distract from the features that are most critical to you.

## Post-Demo Meeting and Vendor Follow Ups

Once the ERP Software vendor completes their demonstration and the vendor meeting has concluded, you should have a meeting that consists of all the demonstration attendees. You should have this meeting immediately, as you want the demonstration

points to be fresh in everyone's mind. It is important to develop a consensus on each vendor, and to consider what the software did well or did not do well. Decide if there are things that it cannot do, or if there are gaps that will require customizations or a workaround.

Record your conclusions in a paper that reflects individual team members, as well as the group's consensus regarding the software. If there are concerns about the software, then be sure to address these within the paper too. Make every effort to create a clear message regarding the software, as this document will be utilized in your final selection process.

Next, you should take the opportunity to share any gaps with each software vendor candidate. Sharing these gaps with the vendor will help determine if a workaround can be achieved, or if software modification is required. Ask the software vendor to document their responses, and request detailed estimates be included with their responses. It is also permissible to ask the software vendor to provide a demonstration of the workaround process.

While this step requires a lot of work, it will keep you focused on what your business objectives are, and organized with clear, concise information that will ultimately assist you in making a critical business decision. Choosing the right ERP software is the first step in a successful ERP implementation. Demonstrations are not the only thing that you rely on when choosing an ERP software, but they are very influential in the process.

## Mitigating Your Greatest Risk – *The Implementation Project*

While selecting the right ERP software is critical, the implementation project is just as critical. At some point, before (suggested), or immediately after the software demonstrations are completed, you should invest significant time discussing the implementation project with your top ERP software vendor choices. Implementation is perhaps the greatest risk factor in the ERP Software project and it should be paid special attention.

Panorama Consulting, a leading analyst firm in the industry, reports that 80% or more of ERP implementations are considered failures.<sup>2</sup> One of their key findings is that most ERP projects take longer than expected, cost more than expected, and fail to deliver expected business benefits. These statistics were compelling enough for Panorama to begin offering an ERP Expert Witness Testimony<sup>3</sup> service to assist companies, like yours, to take an ERP vendor to court for implementation failures.

Successful implementations begin with conversations regarding vendor implementation methodology, how respective teams will define desired benefits, the outlining of the roles and responsibilities of the project teams, and targeted implementation project milestones. The purpose of this step is to clearly detail, define, and plan the project so there are no surprises.

## Apples to Apples

Creating an “apples to apples” comparison between ERP software vendors can be more challenging than expected. Instead of creating your own comparison spreadsheet, provide each ERP vendor with each other’s proposed software functionality, minus the pricing. Ask the Software vendor to create a spreadsheet that will tell you where any software functionality differences may lie. This will save you a significant amount of time and effort, while providing necessary information.

This process should also be completed with the ERP software vendor’s implementation proposal. Remove any daily / hourly pricing and provide each vendor with the detailed task list, and proposed time durations in hours and / or days. If a vendor does not readily provide a detailed implementation proposal, then request it from them. Keep in mind that this proposal represents 60-70% of your total ERP investment, and is a critical area of investigation.

## In Conclusion

Be wary of any ERP software vendor that hesitates or does not want to participate in any of the above mention ERP selection steps. Transparency is required, surprises are to be avoided, and vendors should have nothing to hide.

## References:

<sup>1</sup> [Rick Cook quote](#)

<sup>2</sup> [Panorama Consulting Article](#)

<sup>3</sup> [ERP Expert Witness Testimony](#)

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