ERP Vendor Selection Process Template

Selecting an ERP vendor is a critical first step in implementing software that can dynamically change and influence the future of your business. Unfortunately, many businesses apply practices to their ERP vendor selection process resulting in: unclear intentions, confusion, lost time, and undefined goals and system criteria. To ensure that project goals are effectively met, the selection plan should be diligently defined and based in best practices.

When entering this process, it’s important to realize this is the first step. Dedicating proper time and energy in this initial stage will ensure that nothing slips through the cracks, and mitigates future project risk as things move forward.

This process doesn't have to be difficult. At Datix, we’ve seen hundreds of businesses navigate this process. Those that apply industry best practices to their selection process are more successful. Below you will find a step-by-step template that outlines these best practices in a simple, easy to follow road map.

Step 1. Understand Requirements and Deficiencies

Work with executives and stakeholders to understand, validate and define key business processes and system requirements. The documentation and clarification of these requirements will help define how the system will be used, who will be using it, and what the system will need to be able to ultimately accomplish. These processes and requirements should be used to determine key evaluation criteria to measure potential an ERP vendors' ability to meet the needs of your business.

Sample evaluation questions may include:

- Who will be using the system?
- What departments will use it?
- What are the tactical goals of the system?

Step 2. Explore the Marketplace To Evaluate Potential Systems

This can be conducted through multiple channels. Often, searching web resources and conducting initial due diligence can provide general direction. The most important thing to consider in this process is the fit of potential vendors relative to the requirements established and defined in Step 1. In fact, Step 1 should help save time and energy in this consequent vendor search.
The purpose of this secondary assessment is to evaluate the potential strengths, weaknesses, capabilities, and costs associated with potential solutions available on the marketplace.

**Examples of search activities checklist:**

- Initial internet search with requirement considerations
- Touch base with consultants that specialize in these areas
- Read reviews of businesses that have implemented similar software

**Step 3.) Contact Qualified Vendors To Perform Demo’s**

Evaluate the vendors from your search that best fit the functional and technical requirements from Step 1. Consider things like: technical needs, overall publisher viability (what’s the long-term future of the software?), industry standing, and reputation. Consider any 3rd party data available or lean on any suggestions that you may have received from a consultant or partner. Contact these vendors and setup initial general system demonstration. Your vendor contact list should not exceed more than 5-7 vendors (if your list is longer, consider spending more time in Step 2).

If your requirements are well defined, you can offer suggestions around important system elements that you would like to see demonstrated.

**Examples of considerations for stability, needs, and reputation checklist:**

- Company, product stability
- Potential of acquisition or major software innovations
- How well does vendor match technical and functional requirements? (1-10)
- Were the reviews of this software generally positive? (1-10)

**Step 4. Narrow Selection**

After the demos are completed, immediately eliminate any initial losers. Then, match what each vendor provides against your initial functional and technical requirement list. Eliminate any vendors that clearly do not match as well as others. Your list should be narrowed to no more than 2-3 vendors.

**Examples of fit questions**

- How well does vendor fit technical aspects of desired system?
- How well does vendor match functional aspects of desired system?
- How did you feel about system interface and usability?
- Were there any personal preferences by the selection team?
  - What were they?
- Are there other quantifiable benefits of any particular system?
- How well does functionality match-up with initial cost research and project budget?
Step 5. Script Final Selection Demos

After finalizing your list of final vendors, deliver your list of technical and functional requirements along with ultimate system goals to those that were selected. Provide a script of modules, software, functions, and tasks that you would like to see in a final demo. By providing a uniform demo to all, your organization can scorecard how well each vendor performs in each of the important areas.

Prior to these final demonstrations, we suggest inviting the vendors for a visit to conduct a practice discovery meeting. This gives them a chance to gather sample data, ask questions, and meet the team in charge of the project. This will help them best align their offering to your organization allowing your business the best picture as to what the system will actually look like.

Example of items to deliver to final vendors checklist:

- List of functional requirements
- List of technical requirements
- Script for final demo
- Sample data that can be used in the demo
- Invitation to conduct practice discovery meeting

Step 6. Conduct and Scorecard Final Demo’s

Conduct the scripted demos with the selected vendors. Equip each member of your evaluation team with a custom designed scorecard that considers aspects of the functional and technical requirements that are most vital to the system. The scoring method doesn’t need to be complex, but should require some intelligent thought regarding how different requirements are weighted.

Scorecard Considerations:

- What requirements are most important to score?
- How should different aspects of the system be scored?
- Consider flexibility
  - How much did the system change after discovery, script, and sample data were added?

Step 7. Execute Final Elimination Process

Collect final quotes and proposals from the remaining vendors. Then, tally the scores of each vendor from final demos. Realize that not all comparisons are apples to apples, and have an organic conversation around how different systems may stack up against each other during practical application.

Take in to account all the external factors that are not included in the scorecarding process. Check the references that each vendor has provided and take those results in to consideration as well. Consider the people that will support your project and how well they mesh with your project team.

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Example checklist for final selection process:

- Collect final proposals
- Tally scorecards
- Check references
- Consider vendor team (people)

Step 8. Elect a Winner

Ultimately, all the criteria should now be compared against inescapable truths like project budget, how well the vendor meshes with company culture, and how the project team felt about the vendor and the people that would be involved in implementation.

If your organization finds itself unable to decide, revisit Steps 1 and 2 to further define the exact criteria needed to make this final decision. If it remains difficult, it is often considered a good idea to consult with a partner that may be able to provide neutral input.

Final election criteria:

- How well did each candidate score in step 7?
- How does each match with the project budget?
- How well does the vendor and its people match your business culture?

For more information about ERP vendor selection; contact info@DatixInc.com. Our experts have helped hundreds of businesses find the right ERP solution for their businesses.