

Ten things you should know before choosing software for your business

Selecting business software is one of the most important decisions you face as a business manager. Software that fits your organization well will help you operate more efficiently and effectively while software that fits poorly will result in wasted time and money.

To choose the right software for your business, you need a clear understanding of your requirements. What do you intend to accomplish by using the software? How will you determine whether the software has met your goals? Who will be using the software? Why? What are the most important features of the software for your organization? How will it fit with your existing computer hardware and software?

When you're evaluating software products, it's very easy to get sidetracked by features and functions that aren't really relevant to your needs. And licensing software based on your anticipated needs is usually not cost effective. That's why it's important to define your software requirements as precisely as possible and to focus on them throughout the evaluation process.

In addition to clearly understanding your requirements, it's helpful to understand some basic facts of business software. This information will help you avoid costly mistakes. The following list contains ten basic facts about business software.

- 1. Licensing software is much less costly than building your own**
Software product licenses are expensive – often very expensive. But licensing a software product is almost always less expensive than building your own application. Designing, coding and testing even a simple application require considerable knowledge and experience. And once the application is built, it must be supported and maintained for as long as you use it. You're usually dependent on the original developers for this ongoing maintenance and support, and this dependence represents a major business risk. Most businesses simply cannot afford either the risks or additional expenses of implementing custom applications. Think very carefully, and then think again, before you authorize custom software development.
- 2. Software products cost more than the licensing fees**
Initial licensing fees are the most visible and, over time, the least significant costs of business software. Yet because of their visibility, licensing fees are frequently the only costs considered in the selection process. The total cost of software ownership includes the costs associated with: acquiring the prerequisite hardware and software, user and administrative training, customization, data conversion or data entry into the new system, deployment to your users, ongoing administration, and ongoing maintenance and support. When comparing and selecting software packages, it's important to consider and estimate all elements of cost, not just the initial license fees.

3. **Software lasts a long time**

While computer technology changes at a dizzying pace, business applications persist, usually much longer than anticipated. Once you've incurred the costs of evaluating competing products, installing the selected product, converting your data, training your staff, and integrating the product into your business; changing direction and going through this costly process again with a new product is usually not feasible. The persistence of business software is the key reason why it's so important to take care in selecting the software that you use.

4. **A whole software product is more than the licensed software**

A whole software product consists of not just the software itself, but the collection of prerequisites, tools, documentation, training, and support that you need to get full value from the software. With established, successful software products, third-parties supply many of these additional components and compete with one another to deliver better value. For example: You can get documentation, training and administrative support for Microsoft, Apple, or Adobe products, through a vast network of publishers, trainers, and engineers. The whole software product concept is important to you because widely available information and expertise can significantly lower the costs of owning a software product.

[Note: The whole product concept was first introduced by Theodore Levitt in his book, *The Marketing Imagination*. It was later popularized in *Crossing the Chasm*, the handbook of computer technology marketing by Geoffrey Moore.]

5. **The data you get out of a system is the same data you put in**

Data for a new application usually comes from files kept on paper or files maintained by the application that's being replaced. It's vital for you to verify the accuracy of the data before you enter it into a new application and to verify again that it was entered correctly into the new system. When considering the cost of implementing a new software application, be sure to include the costs of these data validation steps. Without them, you run the risk of both propagating existing errors and creating new ones.

6. **Bigger isn't always better**

Small and medium businesses are the fastest growing segments of today's economy. For that reason, enterprise software vendors are targeting small businesses with versions their products. But the software that works well in large organizations with well-staffed information technology departments doesn't work as well in businesses with limited technical resources. In fact, the additional functionality provided by these enterprise products often confuses users more than it helps them. It's not unusual to see small organizations add staff to support software that's too sophisticated for the organization. In the process they negate much of the value the software was intended to provide. It's important to focus on your actual business needs and find the software that best satisfies them.

7. Consider the source

Business software products last a long time, often longer than the software companies that created them. When you're considering a business application, it's wise to evaluate the company of origin along with the product. Is the company profitable? How long has it been in business? Does the company have a good track record in dealing with its customers?

Struggling software companies seldom just go out of business. Instead, they often merge with more established software companies. In the process, the products often lose their separate identity and get combined with the acquiring company's products. Sometimes this transition can benefit customers, but often it results in higher costs and less relevant functionality. While it's impossible to anticipate all mergers and acquisitions in the software industry, to minimize risk it's best to license software from companies that have an established track record with businesses like yours and are on firm financial footing.

8. Software doesn't fix process problems

A business process (or workflow) is simply the way you accomplish a particular task. For purchasing office supplies, the process might include: initiating a purchase request, placing an order with a supplier, delivering the supplies to the requester, paying the supplier, and the various approvals required along the way. Automating the purchase process with software can help you eliminate errors and expedite the flow of information, but it doesn't fundamentally alter the process. If the manual process is slowed awaiting a required approval, the automated process will also have this bottleneck.

Before automating a process, it's important to analyze it and insure that it's achieving the desired results. If there are problems in the process, it's usually easier to fix them before automation. The improved process may expose new requirements for automation, or perhaps eliminate the need for it altogether.

9. It always takes longer than expected

Software vendors, like vendors of other products, are incurable optimists. Their estimates about the time it will take for you to become productive and proficient with their products are invariably shorter than the time that will actually be required. This applies equally to their estimates of data conversion time, training requirements, and administration requirements. Regard vendor estimates as the best case scenario and take a realistic look at the worst case when scheduling the conversion to a new business system.

10. Planning is critical.

Evaluating and selecting software for your business is not an isolated activity. Each software product that you install adds to and changes your "computer ecosystem". Like our biological ecosystem, each part of your computer ecosystem both depends on and influences the other parts. The whole is always greater than the sum of the parts. Selecting software without regard to your existing and anticipated computer ecosystem results in both additional costs and inefficiency. When you operate based on a technology plan, you insure that the software that you select for your business works harmoniously with the computer ecosystem to help you achieve your business goals.

By focusing relentlessly on your real business requirements and remembering these ten points, you'll improve the odds of selecting software that fits your business and will help you attain your business goals. You can further limit your risks and improve your success rate by working with a consultant who understands both computer software and business processes.

John Roberts has been managing and developing software products for more than twenty years. He can help you:

- Identify your real business requirements.
- Find the software products that satisfy your requirements.
- Evaluate the products and find the best fit for your organization.
- Find or negotiate the most favorable licensing terms.
- Plan and manage the transition.

Get started today by sending an email to: jwr@jwr-strategictechnology.com or visiting www.jwr-strategictechnology.com.