



Adaptive Approach to Software Selection



INSTITUTE OF CONSULTING



INSPIRING FINANCIAL LEADERSHIP

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Introduction

Charities, in common with organisations in the public and private sectors, depend increasingly on information systems. In the drive for more efficiency and greater impact, good technology can bring enormous benefits but the choices – and the risks – are also huge. Finding the right software – and supplier – for your charity can be one of the greatest challenges your organisation will face. However, with the right approach to software selection, you can avoid the pitfalls and make sure you get the most from your investment in IT.

The key to successful software selection is to realise that the software itself – what it can do and how it works – is often less important than the choice of supplier. Of course functionality, performance, scalability and many other technical considerations are important and you will need to take them all into account when you are looking at the options. However, your choice of supplier will be at least as important because, in the end, it will be the quality of your relationship with that supplier that determines the success or failure of the implementation. In fact, the best way to view the process of software selection is not so much as a conventional exercise in procurement but more like a test of a supplier's approach and ability to work with your organisation effectively, as you carry out your due diligence and confirm that the software itself is suitable and has the functionality you need.

This guide describes an adaptive approach to procurement – whether this is for a new customer relationship management or fundraising system or a website. It sets out the key steps in choosing the right software for your organisation – and finding the right supplier.

The adaptive approach to software selection

The adaptive approach to software procurement is a technique that Adapta has developed as an alternative to the traditional and well-known tender process. It is becoming recognised as good practice for acquiring strategically important software that has a user base spanning several departments or the entire organisation, and is particularly beneficial in situations where the organisation is required to proactively manage the complex situations presented by today's rapidly-changing business environment.

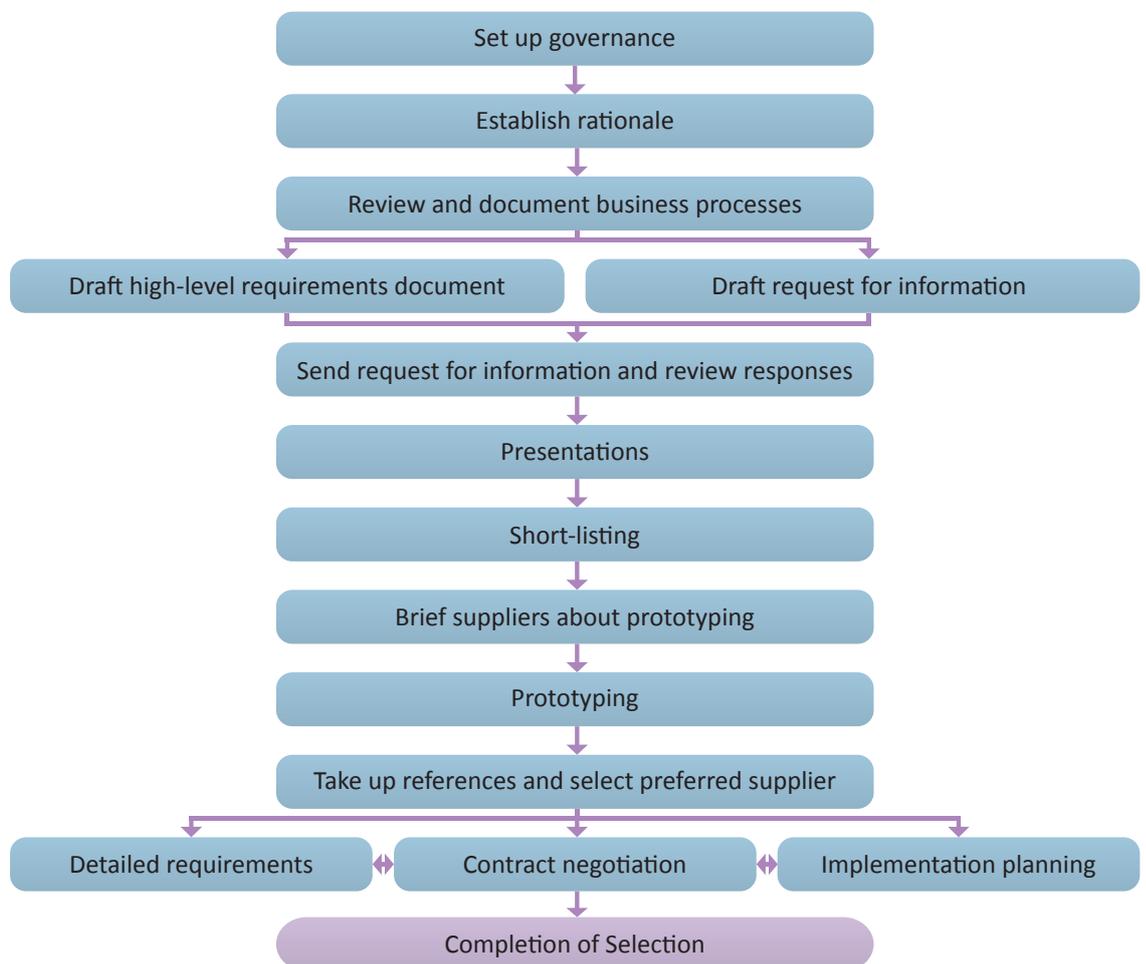
The adaptive approach recognises that:

- Organisations often don't really know exactly what new software they need until they've seen it. They may have an overall idea of what the software needs to help them achieve, but limiting their options by preparing a lengthy specification of requirements can be counterproductive and close off opportunities for suppliers to draw on their expertise to propose ways that processes could be improved or objectives better achieved; the adaptive approach is more flexible, involving suppliers in the discussion (in a controlled way, of course) and being open to their ideas and suggestions for achieving your objectives.
- Attitudes towards business relationships have changed. While "the customer is king" may still ring true, a tender process that involves lengthy, prescriptive specifications and an arms-length transaction may not be the best way of starting out on a relationship with a potential long-term business partner.
- In most organisations, different teams and individuals use information in different ways, which means that implementing a system across departments – or organisation-wide – can be a complex challenge. It is often the case that it is only once the system is actually in use that it is clear what is needed; if that varies greatly from the specification included in the tender, it is unlikely to be delivered. An adaptive approach allows the specification of requirements to be developed throughout the selection process and in sufficient detail for both parties to commit to delivering during the implementation.

The adaptive approach to software selection

- Your overall objectives and the reason for needing the system are understood (i.e. the business case has been made), but the exact detail of how the various software options can most effectively support your organisation and processes is less clear
- You require a complex and/or strategic system, possibly requiring integration with other systems and forming part of larger programme to improve processes and organisational outcomes
- The system will be part of an overall “solution” and a productive, long-term relationship with the supplier (“partner”) is desirable
- You are prepared to be flexible in your approach, particularly as you learn more about the software’s capabilities
- You value suppliers’ expertise recognising that involving prospective suppliers in planning and defining the project is likely to improve outcomes

The following diagram shows the main stages of an adaptive approach. The key steps are described in more detail on the following pages.



Step 1 Setting up the selection governance and process

The process of selecting software counts as a project in its own right and will need to be managed accordingly. The right management framework will depend on the size of your charity as well as the significance of the investment. In most cases, though, you will want to set up a selection group to co-ordinate the activities and choose the best combination of software and supplier.

Organisations often have specific target dates for implementation – you might need new software to support a new strategic initiative or to manage a new campaign. The selection process should plan key dates, ensuring sufficient time has been allowed for activities, discussions and feedback.

Selection management

Typical management activities will include:

- Briefing the selection group
- Communicating with senior management and other staff
- Liaising with suppliers

Selection group

The selection group should include representatives of the main areas likely to be affected by the purchase of the proposed software. You should also consider involving others who could add information or other value to the process – e.g. members of your charity's senior management team, trustees, volunteers, or members.

Stakeholder engagement

Your chances of a successful implementation improve if you can actively engage the stakeholders through, for example:

- Workshops to discuss and agree your needs
- Meetings and discussions with suppliers when the suppliers are developing their prototypes
- Participation in supplier meetings
- Visits to other organisations using similar software

Admin support

The software selection process also requires a significant amount of co-ordination and documentation and you will need to identify appropriate admin support. Typical admin support activities include:

- Arranging meetings
- Collating and distributing information
- Taking meeting notes
- Setting up and maintaining filing systems

Checklist



- Who are the key decision-makers for the project?
- Who will be affected by the change?
- Are all the departments and teams affected by the change represented in the selection group?
- What are the key dates in the evaluation process?
- Has the selection group agreed the process?

Step 2 Establishing the rationale

It is important to start with a clear understanding of the aims and priorities of the organisation and of how the change will help to achieve them. The rationale for the change needs to be appreciated and supported by your charity's stakeholders and so you will need to make sure that you:

- Can explain the reasons for the investment in new software and can show why it will be worthwhile
- Have identified the selection criteria for the new software
- Are clear about the scope and impact of the subsequent implementation
- Are confident that the staff (and any members, volunteers or supporters involved) will be able to manage the change
- Have the informed commitment of the senior managers in your charity

The best way to articulate this is in a business case; it should be reviewed as the selection proceeds and revised in the light of more realistic information about either side of the rationale.

At this stage, you may find it useful to carry out some initial research about the different software packages available and services offered. You could do this by attending exhibitions, asking other organisations about the systems they use, and obtaining general information from software suppliers.

Checklist



- Will the proposed project help your organisation meet its objectives?
- Is there sufficient information to take an informed decision about the change and investment required?
- Is the change worth the time and cost involved?
- Is the analysis objective?
- Have you identified and agreed the selection criteria?

Step 3 Reviewing the business processes

The main objective of implementing the new software is to support the processes that deliver your organisation's objectives. You need to document those processes to an appropriate level of detail in order to help suppliers understand how their proposed software might be able to help. By identifying and focusing on a small number of key processes that makes your organisation different from other charities, you can avoid the need to prepare a lengthy specification of functional requirements.

There are many approaches to mapping and identifying improvements to business processes, but the end result should clearly and unambiguously describe the key tasks in the relevant areas of activity. The process maps should describe what it is that you need the software to support and can encourage suppliers to draw on their experience to propose ways in which their software can help make your organisation more efficient and effective.



Checklist

- Are the process maps clear and logical?
- Have the staff who will be affected by the process improvements been consulted for their ideas and input?
- Have you clearly identified the key areas where you believe there is scope for improving the processes?
- Have you identified which processes could be most easily changed to make best use of the software?

Step 4 Preparing a requirements document and request for info

Assuming the business case has been made, the next step is to identify which suppliers to approach. You should first prepare a document that outlines your requirements. This key document is developed and used throughout a software project:

- During the selection phase: to record the processes and high-level requirements; to analyse the ability of software systems to support the processes
- During the implementation phase: to monitor delivery of new processes and software to support the processes; to record any changes in requirements

The purpose of the requirements document is to capture and prioritise the requirements; it will typically include:

- A background section, which explains the background to your procurement, the benefits you are seeking and key success criteria
- The criteria by which you will evaluate suppliers
- A list of the project deliverables and responsibilities
- A section which lists the key benefits required from the system
- A list of the key functions (say, 10-20) that the solution will be required to support, together with the process workflows
- A section which summarises your organisation's current IT systems

For larger software projects, you may need to ask your IT staff to include preliminary technical elements to satisfy themselves that the software and the supplier's approach will fit with your organisation's standards.

You should also prepare a request for information (RFI) to help you reach a short-list of suppliers; it will typically contain:

- An introduction, which outlines the process for responding to the RFI and key dates, together with the format for responding
- A summary of the selection process
- Background to your project and the reasons for asking the suppliers to respond to the RFI
- Details of the information that you are asking the supplier to provide at this stage, including:
 - Their background, structure of the company, and teams
 - Their assessment of the capability of the software to meet functional requirements
 - Reasons why the supplier and their software should be chosen
 - Approach to implementation
 - Supplier's technical strategy and development standards
 - Template for indicative costs

Checklist



- Does the requirements document include all the relevant information?
- Will the RFI response and format help the selection group evaluate the responses objectively?
- Has the selection group signed off the requirements document and RFI?

Step 5 Shortlisting suppliers

When the selection group has approved the requirements document and RFI, you are ready to send them to a long-list of suppliers. You may have had preliminary discussions with some suppliers and can identify suitable suppliers by drawing on contributions from a number of trusted sources:

- Experts within the organisation
- Recommended specialists from outside the organisation (e.g. consultants)
- Colleagues from similar organisations
- Independent research – e.g. website reviews, articles, research gathered from trade exhibitions

When you send suppliers the RFI, they will want to ask questions and you should be clear how you will deal with these.

Questions from the suppliers

These questions below come up regularly; there are no right or wrong answers but it will help if you have thought about them beforehand:

- Do you have a budget for this project?
- When do you expect to make your choice of software/supplier?
- Who will be involved in making the choice of software/supplier?
- When do you expect to start implementing the new system?
- Which other suppliers are you talking to at this stage?
- Are you using a consultant?

It is helpful to record your engagement with suppliers with their responses to the RFI. The overall aim is to reach a short-list of 2-3 suppliers that will be asked to participate in the subsequent prototyping activities. If you are unable to short-list to 2-3 suppliers then you should consider inviting a number of suppliers (say, 4-6) to meet with you for short presentations and discussion before agreeing which suppliers will be short-listed to take part in the prototyping.

Checklist



- Has the selection group collectively agreed the list of potential suppliers?
- Have you agreed the process for responding to questions?
- Would you like suppliers to give short presentations before agreeing the short-list? If so, what are the purpose and agenda for the presentations, and who needs to attend?

Step 6 Prototyping

Prototyping is a key stage in the adaptive approach to software selection. It enables you to test how the supplier will work with you to configure and set up the software, and to experience how the supplier and software will support a significant change in the way people work. It also provides reassurance that the system is likely to meet your operational requirements. Prototyping is a small-scale version of the process you will go through when you fully implement the chosen system with the supplier.

You need to:

- Focus the prototyping exercise on the key business processes that you have identified as being critical to your charity
- Describe these processes to the short-listed suppliers through meetings and workshops
- Allow time for the suppliers to meet with you and representative staff to understand the business processes, and to develop their prototypes
- Organise for the prototypes to be demonstrated – you could consider having different groups for this, such as the selection group and a wider group of stakeholders

Developing the prototyping brief

A prototyping brief will be required in order to clearly and unambiguously communicate to suppliers exactly how you wish to engage with them to develop a prototype, and how you will evaluate the end results and the experience of working with them. The brief also forms the basis for staff engagement in the process.

Building on the information already provided in the RFI (step 4), the brief should include:

- Timescales for developing the prototyping
- Details of the staff that will be involved in working with the supplier to develop the prototypes
- A section which sets out any key technical or contractual requirements
- A description of the key business processes that the system will be required to support, possibly also including diagrammatic process maps

Holding the prototyping event

You should allow time – usually ½-1 day for each supplier – for the prototyping to be demonstrated to staff. After the event it is useful to gather feedback from all participants – either via feedback forms or through informal discussion at the end of the event. This is useful for the selection group both for identifying the preferred supplier and for highlighting any areas that need follow-up with the suppliers.

Checklist



- Which processes do you need to see demonstrated in a prototype, in order to convince you that the software is able to support your key operational requirements?
- Who needs to be involved in the prototyping development activities?
- Have you explained the process clearly to staff involved in the prototyping process, to ensure that they participate fully and to manage their expectations?
- Have you made it clear who will bear the prospective suppliers' costs of developing the prototypes (often, they are happy to do this as part of their pre-sales work)?
- Has the selection group approved the shortlisted suppliers that will develop the prototypes?

Step 7 Selecting the preferred supplier

Towards the end of the prototyping activities, you should collate and summarise all the documentation from the different activities to so far. Before the choice is made, you should visit a small number of organisations to take up more detailed references. These visits can cover:

- Functional areas, for example, to see how the organisation is using the software
- Implementation, for example, to learn from the organisation how they managed their implementation and what helped make it successful
- Relationship with the supplier, for example, on-going support arrangements and managing upgrades and developments

In parallel, you should make technical visits to the suppliers to have a clearer understanding of their ability to deliver the chosen system and provide on-going support. These visits can cover:

- Hardware and other third party software requirements, so that you understand what additional hardware and software you need to procure, additional work that is needed to set this up and the costs
- System performance, so you can be sure that the system will support the number of users in carrying out their tasks, including those that will access it remotely
- Security and data protection, so that you can clarify system security
- Hosting, so you understand the arrangements and any third-party involvement
- Upgrades, so you know what work will be required from you and other staff in carrying out upgrades to the software and the frequency
- Approach to training, so that you understand the options and can choose the approach that will best fit your organisation's needs

Performance tests

System performance should always be a consideration. For larger projects, you may need to ask the short-listed suppliers to prove that their proposed system will be capable of supporting the number of users you expect and of carrying out the tasks at a reasonable speed. You may need to reimburse the (unsuccessful) supplier for the cost of setting up the tests, although not all suppliers will insist on that. The results will provide you with reassurance that the proposed system will perform adequately and you should try to incorporate them into your final contract; you can use the benchmarks later on as part of your acceptance testing.

User training

User training will be a key element in the implementation of your new software. There are three main ways you can approach this:

- Supplier training – i.e. suppliers provide their own trainers to train your users. This is often the most effective form of training but can be expensive if you have a large number staff
- Train the trainer – i.e. the supplier trains a small number of your staff, who then roll the training out to others. This approach can be very cost-effective but only works well if your staff have the necessary training skills
- Third party training – i.e. either you or the supplier sub-contracts the training to a third-party trainer or training company. This approach can be an attractive middle option but depends on finding a reliable third-party who can be reasonably flexible if your implementation timetable has to change

Senior management and trustees will want reassurance that the supplier is financially viable, so a member of your finance team should review the suppliers' accounts from a due diligence perspective.



Checklist

- Have the selection activities been completed satisfactorily?
- Are the summaries complete?
- Are the supplier and system a good fit with your organisation?
- Has the selection group approved the preferred supplier?

Step 8 Finalising the contract and supporting documents

When you have selected your chosen supplier, you will need to finalise contractual terms. This includes:

- Confirming the requirements document
- Developing the implementation plans
- Negotiating the contract

Requirements document

The requirements document should be updated to reflect any clarifications or new requirements that were identified during the selection, and to reflect potential changes to priorities. This should be discussed with your preferred supplier so that both parties have a clear understanding of the outcomes and work involved.

Implementation plan

Discussion and confirmation of the requirements document will help you to agree an implementation plan that is realistic and fits with other organisational priorities. You should consider:

- Timescale for the implementation
- Key activities and deliverables, their expected duration and dependencies
- Resourcing requirements including roles and responsibilities of the supplier and your organisation
- Approach to user and technical training

Contracts

A good contract lays the foundation for a successful implementation and, as such, it needs to be balanced and fair to all parties; a reasonably complete representation of the roles and obligations on all sides; and realistic. For most software purchases you will need to sign at least two contracts:

- The software licence sets out your entitlement to use the software and the supplier's terms and conditions, general warranties and detailed obligations; it will also set out your obligations.
- The support agreement explains the supplier's arrangements for providing help to users and upgrades to the software; it should also set out the supplier's promised levels of service, including the maximum time they will take to respond to problems and resolve them.

When discussing contracts with suppliers, there are three golden rules to follow:

- Be clear about your own priorities before you begin
- Make sure you understand all the sections of all the contracts (or ask someone to help you)
- Pay as much attention to the commitments on scope, timescale and resourcing as to the sections that deal with cost

Contract Priorities

Just like you, software suppliers have pressures and have to prioritise their resources. When you are discussing contracts with your preferred supplier, it will help if you are clear about your own priorities for implementation. Typically, there are three factors to consider: timescale; cost; and the scope (or the range of functionality) of the software.

It is very likely that, during the implementation, at least one of those factors will be at risk and, quite possibly, all three. During contract discussions with suppliers, you can take steps to protect the factors that will be most important to your charity, for example:

- Do you want to fix the price for the implementation, even if that means you have to settle for less functionality than you originally expected?
- Do you want to fix the deadline for completion, even if that means you have to spend more money to get the necessary resources?
- Do you want to be sure that the software will do everything you want, even if that means you have to take longer than planned and possibly pay more as well?

Checklist



- Are the requirements finalised and understood by both parties?
- Is the implementation plan feasible?
- What are the contractual points for negotiation?
- Who will be responsible for negotiating the contract?

Conclusion

Finding the right software – and the right supplier – for your project can be one of the greatest challenges your organisation will ever face. However, with the right approach to selection, you can avoid the pitfalls and make sure you get the most from your investment in IT. The key is to realise that the software itself – what it can do and how it works – will always be less important than the right partner to implement the changes the software will bring.

Structure and rigour is still important in a selection process – but involving suppliers in the discussions, drawing on their experience and ideas, working collaboratively to experience the working relationship at an early stage, and seeing real prototypes before making an expensive and long-term contractual commitment, can provide all of the benefits of a traditional tender process without any of the drawbacks.

Benefits of the adaptive approach to procurement

- The focus of the selection is on finding the right supplier to work with rather than on finding the best software to use. Ideally, the prototyping stage involves sessions between the potential supplier(s) and the organisation's staff to discuss and refine the processes from which both parties gain a better understanding of how the implementation would be likely to work.
- The final requirements are arrived at collaboratively between the organisation and the preferred supplier (thereby minimising the risk of misunderstanding while maximising the opportunity for the supplier to contribute their knowledge and experience).

Further information

Chartered Institute of Purchasing & Supply (CIPS)

CIPS promotes procurement best practice including qualifications and professionalism in procurement

www.cips.org

The CIPS Charities Sector Procurement Group promotes the importance and relevance of procurement in the charities and not-for-profit sector

<http://www.cips.org/en/Community/Groups-listing/charitiessectorprocurementgroupcspg/>

CRM Implementation

Articles and case-studies from the charity sector

Charity Finance Directors' Group, ACEVO and Institute of Fundraising, 2011

ISBN: 978-0-9567860-0-5

IT Procurement Handbook for SMEs

David Nickson

Published by British Computer Society, 2008

ISBN: 978-1-902505-98-5

Procurement

Best practice guidance published by the OGC (Office of Government Commerce), archived in 2010

http://webarchive.nationalarchives.gov.uk/20100503135839/http://ogc.gov.uk/procurement_documents_best_practice_guidance_.asp

Procurement, Principles and Management

Peter Baily et al

Published by Pearson Education Limited, 2008 (Tenth edition)

ISBN: 978-0-273-71379-1

Procurement step by step: a short guide to buying

BIS (Department for Business Innovation & Skills)

<http://webarchive.nationalarchives.gov.uk/+/berr.gov.uk/aboutus/procurement/buyers-guides/page21626.html>

About Adapta

At Adapta Consulting, we help you meet the challenges of change: processes, people and technology. We work exclusively with not-for-profit organisations, where our consultants bring a combination of deep systems knowledge and wide experience, gained over many years working at senior levels in the sector. We are completely independent and, in all our work, we set the highest professional standards to ensure we provide an objective service, adapted to your needs.

What makes us different?

Our team

Our team consists only of highly experienced consultants, each one a recognised expert in their particular field and all of whom have all worked in and/or are trustees of not-for-profit organisations.

Understanding our clients

Our experience in the not-for-profit sector means we have extensive knowledge of what is realistic and practical in different situations for the organisations we work with.

Supplier independence

We are totally independent of any supplier. We do not receive commissions from any source, and that means we provide unbiased, independent and objective advice that is in your best interests.

Tailored advice and support

All of our advice and support is tailored specifically to you and to your organisation. We assign an appropriately qualified partner to every engagement and their role is to ensure we are always helping you meet your objectives in the most cost-effective way.

Communication

We always keep you informed of progress so you know exactly where, when and how your requirements are being met.

Transparent fees

We know how important it is that our clients get the best value for money. We agree all our fees with you before we start so you always know the cost of the help we provide.

How we can help?

We only offer practical advice – adapted specifically to your needs:

Developing strategies for IT and web

Producing business cases

Improving processes

Selecting package software

Implementing CRM

Managing projects and programmes

Reviewing information security

Coaching and mentoring

Carrying out IT health checks

Contact Us

Speak to our team to find out how we can help you take your organisation forward.

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