



# A Triple Crown Event

DISTRIBUTION, TECHNOLOGY & SUPPLY CHAIN



## The Foodservice Distribution CONFERENCE & EXPO





# Ten Things to Know About

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- **Software Evaluation**
- **Buying**
- **Implementing Software Systems**

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# Introduction

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Improper decision processes before making software purchases can create headaches that last for years.

From licensing to deployment to backup and recovery plans – learn what you should be aware of as you take this journey.



# Introduction

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- **Most organizations will consider the following factors when selecting software solutions:**
  - Cost.
  - High level requirements (the needs or the desires).
- **In this session we will focus on:**
  - The many other considerations that need to be factored into the selection process.
  - The selection and evaluation of the product must be done in a consistent, quantifiable manner to be effective.
  - The selection process is the beginning of any software development life cycle and needs to tie in with the overall software implementation process.



# #1 – Why new solution?

- **You must understand the value proposition and the business case for your proposed solution. Answers to the following questions will help the team understand the target and the expected results:**
  - What is the business problem we are trying to solve?
  - What are the key deliverables and objectives?
  - What is driving the project? (e.g. end-of-life replacement, cost recapture, benefit capture, etc.)
  - What is the success criteria?
  - What assumptions does the sponsor hold?
  - Does this fit within the overall business strategy?
- **Based on these answers, additional analysis might be required before software selection starts:**
  - Does any of the existing systems within the enterprise fulfill any or all of these business objectives?
  - Are existing systems needs, either in part or entire, to be retired as of this project?
- **Creating a project charter and definition prior to selection is a good practice.**

**AVOID:** Analyzing technology/vendor options without clear business objectives.



## #2 – Does the evaluation team represent the stakeholders?

- **Make sure to have a strong business sponsor.**
  - Your sponsor's level of commitment and support can have the greatest impact on the delivery of a new system. Your sponsor can also serve as the champion for the project when conducting status briefings and training across the enterprise.
- **The CORE evaluation team must represent the major stakeholders affected by this project:**
  - All business units impacted.
  - All regions impacted.
  - Software Application Teams.
  - Infrastructure Teams.
  - Security.
  - Quality Assurance (food safety), legal, etc.
- **Extended evaluation team may be required for review/input of requirements and business process flows.**
- **Another critical aspect of the team is strong partnership between IT and the business.**

**REMEMBER:** Are all major stakeholders represented in the process?



# #3 – Are all the requirements defined?

- **What are the business requirements?**
  - Expected improvements (benefits) & Metrics.
    - E.g. improved productivity (CPMH).
  - Functional requirements.
    - Detail listing of all functional requirements that are expected of the tool (e.g. Ability to have .....”)
  - Other business requirements (Usability, Availability, Performance, etc.)
  - Compliance (SOX, HIPAA, CoO, Bio-T, privacy, etc.)
- **What are the IT requirements?**
  - Architectural requirements.
    - Does the proposed solution fit within the enterprise architecture?
    - What is the integration model being proposed?
    - What impact does it have on the existing architecture?
  - Security Requirements.
  - Is this application deemed to be business critical application? Is failover required? What are the disaster recovery requirements?
- **Assign priority / weight to each of the requirements.**
- **Define the business process flow.**
  - With more complex implementation, the business process flow should be defined on a high level. This will help with evaluation of potential solution and could be used to better frame the scope.

**REMEMBER:** Successful software implementations starts with well defined requirements.



## #4 – Have we selected the correct prospects?

- **You must select initial candidates that could potentially meet the required objectives. This can be done in several ways:**
  - Vendor surveys
    - RFP/RFI; designed to provide information about vendors themselves and their proposed solution for your needs.
    - RFP/RFI are usually very time consuming and costly.
  - Vendor white papers
    - Many vendors provide white papers about their products, as well as case studies.
  - Using industry surveys/research
    - Subscribe to established technology research firms (e.g. Butler Group, AMR, Gartner, etc.). They have software selection guides for selected areas.
  - Using industry conferences (e.g. IFDA).
  - Using the institutional knowledge.
- **Ensure that at least 3-5 candidates are considered in the initial selection process.**

**AVOID:** Pre-selecting the vendor before going through this process.



# #5 – Do we need to conduct a “Buy vs Build” analysis?

	Build	Buy			
<ul style="list-style-type: none"> <li>Can the business objectives be met with either existing internal systems or enhancements to the current systems?</li> </ul>	<ul style="list-style-type: none"> <li>Benefit = \$XXM – realization of benefits begins y years after kick off</li> <li>Cost \$XXM</li> <li>IRR = Y%</li> <li>11 – 12 month months with some customization</li> <li>100% functionality on implementation</li> </ul>	<ul style="list-style-type: none"> <li>Benefit = \$YYM – realization of full benefits begins x years after kick off</li> <li>Cost \$YYM</li> <li>IRR = Y%</li> <li>18 – 24 months to build all functionality that can be bought in a vendor package</li> <li>Incremental functionality</li> </ul>			
<ul style="list-style-type: none"> <li>What is the cost benefit analysis?</li> </ul>	<ul style="list-style-type: none"> <li>X years</li> <li>Site 1 – MM/YYYY, Site 2 – 48 MM/YYYY</li> </ul>	<ul style="list-style-type: none"> <li>Y years</li> <li>Site 1 – MM/YYYY, Site 2 – 48 MM/YYYY</li> </ul>			
<ul style="list-style-type: none"> <li>Can an “internal” vendor provide the desired capabilities?</li> </ul>	<ul style="list-style-type: none"> <li>Will create an additional system and require roll out until YYYY</li> <li>Not built specifically for focus area require customization down the road</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to invest in legacy environment</li> <li>Etc.</li> </ul>			
<ul style="list-style-type: none"> <li>Risks</li> </ul>	<ul style="list-style-type: none"> <li>New enhancements at discretion of vendor</li> <li>Different instances of system challenge to roll out</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>May take longer to achieve full functionality</li> <li>Quicker reaction to business needs</li> <li>Etc.</li> </ul>			
	Excellent	Good	Satisfactory	Poor	Very poor

EXAMPLE



## #6 – Are we considering all intangible factors?

Factor	Considerations
Are you going to change?	Are your organization's business processes/requirements subject to a large amount of change? Remember, most projects do not fail because of technology. CHANGE = SUCCESS
What is in the scope?	Is the scope well defined? Are we trying to change the scope to fit the proposed solution?
Is it overkill?	Are you buying more "bells and whistles" than you really need? You may be paying for many features that can't be used or that could have detrimental effect on the architecture.
Remember the end user.	Is the system user friendly? Will it require additional manual effort to operate the system? Is the system so cumbersome that it will not be used?



## #6 – Are we considering all intangible factors?

Factor	Considerations
What is the additional cost?	<p>Additional cost must be considered:</p> <ul style="list-style-type: none"> <li>• Integration cost</li> <li>• Hardware and 3<sup>rd</sup> party software cost</li> <li>• Installation Cost</li> <li>• Data migration Cost</li> <li>• Configuration/Customization Cost</li> <li>• Deployment cost</li> </ul>
How well does it integrate to the enterprise?	<p>If the software doesn't integrate well into your enterprise, it might require changes to the architecture, which is costly.</p>
What kind of documentation and support is available?	<p>If there is a lack of documentation and support, the integration may be difficult and your organization may need a significant amount of time to understand how the software works.</p>



## #6 – Are we considering all intangible factors?

Factor	Considerations
Are all the costs known up front?	In some case companies purchase a software solution, only to find out that large consulting firms are required to customize the application.
Do you have or will you have the correct mix of skill sets for the aggregate product?	Each piece of the system may be covered, but when the prices are aggregated (integrated), will you need additional skill sets to operate and maintain the end product?
Time to Market	How long does it take to deploy the solution to the entire enterprise? What impact will it have on the benefits? Does complex deployment drive up the cost?
IT Architecture / IT Roadmaps	Does the proposed solution align with the IT strategy? Does it align with the IT Architecture?
IT Compliance	Does the proposed solution meet all IT compliance requirements (e.g. backup/recover, data retention, security, etc.)?



## #7 – Have we assessed the risks with the vendor?

- **Remember, we are not only selecting software, we are also selecting a long term partner in the vendor.**
- **Some of the vendor considerations:**
  - Is the company well established? How many support personnel do they have? How many developers?
  - What is the longevity of the company?
  - What kind of support is offered?
  - What is their knowledge of the foodservice industry (or your company's industry)?
  - Is your vendor flexible to meet your needs?
  - Is the vendor financially stable?
  - How much are they spending in R&D?
  - What is their product road map? Is that well understood? What impact will it have on your IT/Business strategy?
  - What is their product release strategy?



## #8 – Execute Vendor Evaluation Pilots

- **Down-select to two (max three) potential vendors. Invite them to demonstrate their solution in a conference room pilot setting.**
- **Using the business process flows defined in the requirement analysis, have the vendors demonstrate how their solution executes the flows.**
  - Invite your core and extended team members to evaluate the proposed solution.
  - Ensure your evaluation criteria is completed and agreed to.
- **Invite your infrastructure team to the pilot.**
  - Provide the hardware.
  - Installing the software.
  - Discussing backup/disaster recovery requirements, and other infrastructure requirements.
- **Allow the vendor a couple of weeks to prepare for the pilot. Provide the requirements, business process flows, and your data (if possible) to the vendor.**
- **Executing Evaluation Pilot should take 1 – 2 days, based on the scope and complexity.**

**REMEMBER: Don't allow the vendor to manage the evaluation pilot. Stay in control.**

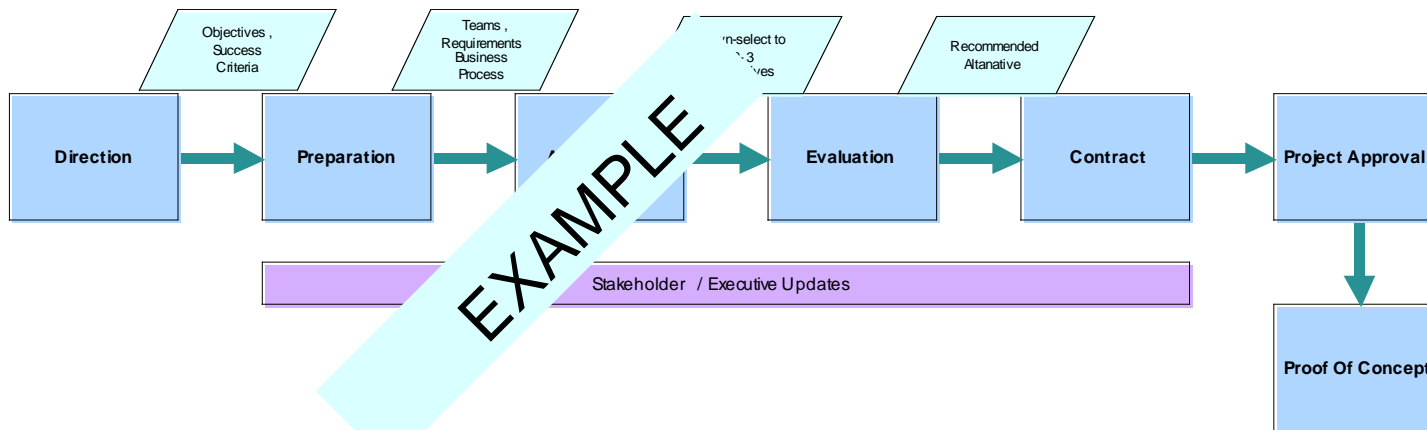


## #9 – Considered internal risks?

- **The potential vendors will always over-promise. You must consider the internal risks.**
  - Internal skills; Do you need to consider training cost and time?
  - Resource Availabilities; Does this conflict with other higher priorities?
  - Change management issues.
  - Integration challenges.
  - Continuous maintenance and support:: Are resources available for that? Additional resource considered in the business case?
  - Has your internal development processes been updated to accommodate the vendor product release strategy. Is the cost considered?
- **Can the proposed solution be supported with existing support groups? Does the necessary skill exist within the organization?**
  - If your internal IT group is a UNIX shop, how are you planning to support the proposed AS400 solution? What is the cost?



# #10 – Do we have an evaluation / selection methodology ?



- Direction – Business objectives, success criteria, focus on the why?
- Preparation – Establish the evaluation team, requirements and business process documentation, establish the selection criteria
- Assessment – Identify potential solutions, conduct demos
- Evaluation – Conference room pilots
- Contract – Contract negotiation, finalizing the business case
- Project Approval – Formal project approval

**REMEMBER:** Ensure to have a formal process that is part of the overall SDLC methodology.



# #10 – Do we have an evaluation / selection methodology ?

Item	Requirement	Weight	Solution A		Solution B	
			Score	Weighted Score	Score	Weighted Score
R1	Useability	30%	1	30%	1	30%
R2	Management Reporting	10%	0.5	5%	0.5	5%
R3	.....					
	Subtotal	100%				65%
I1	Ease of integration	40%	1	40%	1	40%
I2	SOA	30%	-0.5	-15%	1	30%
I3	.....					
	Subtotal	100%		65%		95%
V1	Vendor Support	10%	0.5	5%	0.5	5%
V2	Industry knowledge	40%	0.5	20%	1	40%
V3	Cost	40%	0	0%	0	0%
V3	.....					
	Subtotal	100%		95%		85%

EXAMPLE

- Scoring matrix is a great tool to compare alternatives in a quantifiable way
- Scoring can be done on the scale of 1-5, 1-10 (increment of 1) or 1.0 - -1.0 (increment of 0.5)



# Conclusion

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- The successful selection software solution plays a large role in the overall success of any initiative.
- The selection and evaluation of the product must be done in a consistent, quantifiable manner to be effective, based on a formal process. It must be part of the overall software development life cycle methodology.



# Thank You!

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