

**Transitioning from
Introductory Software:
A Software Buying Guide**

BLUE  LINK



Introduction

This whitepaper serves as a software buying guide by examining a number of important factors that must be taken into consideration when aiming to transform a business by replacing introductory software such as QuickBooks, Simply Accounting or Peachtree.

Using this buying guide, managers can make sound business decisions regarding the software vital to their business. The guide aims to help managers avoid the most common pitfalls in the software search.

Table of Contents

- Introduction 2
- Transition Options: Exploring Software Tiers (Segments) 3
 - Introductory Systems..... 3
 - Middle Tier 4
 - Top-Tier (Blue Chip) 5
- Implementation Methods & Costs to Consider..... 5
 - On-Premises 5
 - Hosted..... 5
- Software Search/Replacement Process..... 6
 - Set Priorities 6
 - Evaluate Requirements..... 6
 - Research Software Vendors 6
 - Contact & Engage with Software Vendors 6
 - Shortlist Vendors 6
 - Select Vendor 6
 - “Pull the Trigger” 6
- Making the Switch – Addressing Concerns..... 7
 - Lack of Time Commitment 7
 - Constraining Budget 7
 - Getting Employees Onboard for Change 8
- Conclusion..... 9

Transition Options: Exploring Software Tiers (Segments)

As is common with any product, the market is saturated with offerings, with a number of variations of software available. Each software offering differs in their level of functionality, integration and support as well as price range. Although the software landscape resembles a scatter plot far more closely than a bar chart (see **Figure 1**), patterns do emerge around functionality and price.

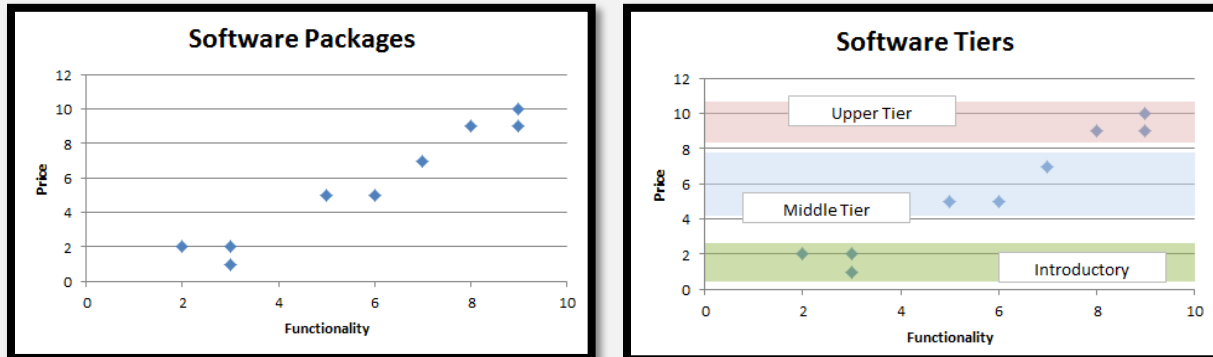


Figure 1 - Software Tiers Illustrated

In order to simplify the software transition process, it is first important to know what software range – or tier – you are looking to transition to. Many business owners embark on their software search expecting to find significant functionality, such as that found in the “middle tier”, at “introductory tier” prices. There is always a trade-off between functionality and price, and as such, it is important to know what tier, or balance, you are looking for.

Introductory Systems

Introductory systems are classified most readily by price, with some business software packages costing only hundreds of dollars. These systems are very affordable for small businesses that have recently begun operations. This software accommodates the basic functionality a business requires to get up and running and start making sales. Their focus is primarily on one task and doing it well – necessitating numerous software package to cover all aspects of a business. On the upper-end of their tier, they may accommodate up to several business processes well.

Most introductory software systems are not classified as Enterprise Resource Planning (ERP) systems due to their lack of functionality across a variety of business areas. For example, while a system may accommodate accounting and some inventory management functions, it may lack customer relationship management and advanced reporting capabilities.

Introductory Systems	
Examples	Quickbooks, Fishbowl, Simply Accounting & Peachtree
Price Range	\$100-\$10,000
Installation Timeframe	Days to weeks
Well-suited for	<ul style="list-style-type: none"> • Small start-ups • Business with few complexities • Where affordability is more important than functionality

Middle Tier

The middle tier is a software segment that covers a lot of ground. These systems are often adopted when smaller companies are in a high-growth stage and are designed to allow for significant growth. The middle tier is a significant step up from the previous tier in functionality, sophistication, integration and price. Due to the significant gap between these two software tiers, business owners are often hesitant about upgrading, often as a result of misperception between increased price and functionality.

Software packages classified in the middle-tier are designated Enterprise Resource Planning (ERP) because of the variety of business functions they accommodate. ERP software is characterized as follows:

- The systems share a database
- The systems share information amongst each other
- Information is available in real-time
- The system and installation is elaborate

Common components of an ERP system include: order processing, accounting, inventory management, and contact management/customer relationship management. A business may never see the day a top-tier system is needed – requiring middle-tier systems to accommodate their needs for the duration of the business' operations.

Middle-tier	
Examples	Blue Link Elite
Price Range	\$10,000-\$100,000
Installation Timeframe	Weeks to months
Well-suited for	<ul style="list-style-type: none"> • Businesses in a growth stage • Those that desire a full-integrated software solution • Removing restrictions with introductory software

Top-Tier (Blue Chip)

Top-tier systems offer advanced ERP functionality on a global scale. These systems are often deployed by companies with many hundreds or thousands of employees with truly global operations. The number of business locations, users and complexity of operations requires significant capital expenditure.

This software segment is reserved primarily for Fortune 500 level companies, as the cost is prohibitive for all but the largest firms.

Top-tier	
Examples	Oracle, SAP and Infor
Price Range	\$250,000 to many millions
Installation Timeframe	Months to years
Well-suited for	<ul style="list-style-type: none"> • Global operations/products • Many locations and employees • Highly complex business requirements

Implementation Methods & Costs to Consider

Aside from determining what level of functionality/software tier is appropriate, it is also important to determine the deployment method preferred. Traditionally, the only deployment method available and sought after was *on-premises*, however, in recent years *hosted solutions* have become extremely popular. The differences are discussed below:

On-Premises	Hosted
<ul style="list-style-type: none"> • Software installed on customer's servers • Servers maintained by customer • Allows for complete user control of software and data • Requires in-house or contracted IT services 	<ul style="list-style-type: none"> • Software installed on vendor's servers • Accessed over the internet • Eliminates the need for server purchases and maintenance • Data secured in data centre – usually far more secure than a typical business can provide for themselves
Costs <ul style="list-style-type: none"> • Installation • Data migration/transfer • Employee training • Servers & service licenses • Software licenses • Software Maintenance fees 	Costs <ul style="list-style-type: none"> • Installation • Data migration/transfer • Employee training • Monthly software fee

Software Search/Replacement Process

An overview of a typical software search process

Stage	Process	Duration
Set Priorities	<ul style="list-style-type: none"> Set aside the time required to make an important decision like software replacement Establish and stick to a timeline to accomplish tasks in manageable stages 	Immediate
Evaluate Requirements	<ul style="list-style-type: none"> Perform analysis on business processes Determine what works well with current software and where gaps exist in functionality Establish outline of functionality requirements from a business process perspective (not software function) Determine the required software tier (segment) 	1 Month
Research Software Vendors	<ul style="list-style-type: none"> Search industry and software sites to find appropriate software vendors Avoid the use of consultants that are pricey and often biased Select an appropriate number of software vendors to evaluate (typically 6 or more is too many) 	1 week
Contact & Engage with Software Vendors	<ul style="list-style-type: none"> Most software vendors will expect time from you to discuss business processes and requirements Demos should not be expected or offered at this stage – vendors would not know your business well enough to perform a demo catered to you 	2 weeks
Shortlist Vendors	<ul style="list-style-type: none"> After preliminary discussions with vendors, demos should be performed Shortlist vendors based on what can be shown, not on what is promised Narrow down vendors to a maximum of 3 	2 weeks
Select Vendor	<ul style="list-style-type: none"> Compare vendor demos and discussions with business requirements Consider “soft” criteria such as comfort level with vendor, honesty, personalization etc. Should be completed 2-3 months before desired implementation date at a minimum 	1 week
“Pull the Trigger”	<ul style="list-style-type: none"> Once a vendor has been chosen as the winner, immediately begin the implementation process to avoid delays Anxiety at this stage is common but largely misplaced – a vendor that has been selected with due diligence is the right choice 	Immediate

Making the Switch – Addressing Concerns

Lack of Time Commitment

It is frequently the case that businesses are running on systems that they have long outgrown and have been hung onto for the safety of familiarity. However, it is important to understand the benefits of replacing a system with something that properly suits one's business processes and dedicating the appropriate resources for such a search.

Properly replacing a software system is a delicate balance between due diligence and effectively moving forward. Due to the importance of these systems to a business' operations, decision makers must expect to make the software search a priority, allocating the time necessary to make a decision in a timely manner.

It is fairly common, but rarely acceptable, for business owners to become paralyzed in their decision process. By creating a plan and following through on it, it is possible to avoid the biggest downfalls in the software search process: not making a decision at all, or remaining on an inadequate system. The following can be used to eliminate this issue:

- **Focus on the outcome** – yes, time is tight now but with a new system in place the organization as a whole will have more time
- **Take One step at a time** – trying to evaluate many vendors all at once and make a decision in a short amount of time is unrealistic. Instead, spread the effort over a number of weeks focusing on one key task at a time
- **Enlist staff for help** – assign an individual or team with the task of evaluating vendors based on business requirements and become involved at a later stage with a short list of vendors

Constraining Budget

Dealing with budgetary constraints can be the most difficult problem to address but there are several ways to reduce this issue.

Be Realistic

As defined above, there are varying levels of software in regards to functionality and price. Setting expectations that are realistic for the level of software being sought after is step number one. A fully integrated robust ERP system, for example, cannot be found for \$5,000.

Explore Your Options

Most vendors offer flexibility in pricing if budget is of particular concern. For example, financing may be available or various ways to “ramp-up” the project over time, reducing up-front expenditure.

Prioritize the Importance of the Investment

It is common to undervalue software and its impact on business operations but a robust software system can solve enormous problems. Consider software an investment purchase to aid the business like any other – a truck, machine, or full-time employee, for example.

Avoid Hard Price Ceilings

It is great practice to have a detailed understanding of what to invest in a software system. However, underestimations can be made and the final decision should always come down to what is best, not what is cheapest.

Getting Employees Onboard for Change

Changing software can be a scary move for employees that have been using an existing system for a long time. It is common for those that use the current software most often to resist the idea of changing to a new system. There are several ways to deal with this issue:

Illustrate the Need to Change

Sometimes a business suffering from an inadequate system is very obvious, while other times it is more subtle. Helping employees understand why a new system is needed can help sway them in the right direction. Resistance is less likely when it is clear that the integrity of the business relies on new software.

Involve Employees in the Process

Increasing employee participation in the search/decision process helps them better understand the benefits of new software and reduces their anxiety of switching.

With the issues addressed above, the software search process should be very smooth and straightforward.

Conclusion

Searching for software that runs a business from top to bottom is one of the most important processes a manager can become involved in. As such, it is important to prioritize the search. Although it is very important to choose the right system, no system is perfect. Therefore, choosing a system that accommodates your business processes closely is the end goal. Armed with the knowledge presented in this guide, one should ascertain the importance of making a decision and improving one's business, and the harm of not doing so.

Making the transition from introductory software packages does not have to be painful. Although the process can be involved, one should always remember that a new system will reap numerous rewards including freeing up significant time currently tied-up in mundane tasks. It may seem hard to find time today, but in dedicating the time now, a new system will free up time in the future and open up the business to brand new opportunities.

As daunting as making the switch may be, moving up a tier when searching for a software system will yield functionality far and above anything experienced a tier below. Embark on the software search with the knowledge that the grass is greener on the other side.

Blue Link Associates
1-877-BLU-LINK
www.BlueLinkERP.com

