

# WHOLESALE AND DISTRIBUTION

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# SOFTWARE BUYING GUIDE

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# INTRODUCTION



This guide serves as a wholesale and distributors ultimate guide to buying software suitable for their business processes. We examine a number of important factors that must be taken into consideration when aiming to transform your business by replacing introductory software such as QuickBooks.

Using this buying guide, you can make sound business decisions regarding the software that is vital to your business. The guide aims to help you find the best solution and avoid the most common pitfalls in the software search.

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# KNOWING WHEN TO TRANSITION SYSTEMS

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Although introductory systems are great for small companies, eventually the limitations of these systems can hinder company growth, requiring replacement with a more advanced solution. Deciding when to make the switch from one solution to another will depend on the system and individual company, but there are several common indicators for doing so.

When you experience an increase in transaction and order volume

When you want to add more features

When data integrity is an issue

When you're performing a lot of manual tasks

When you want to improve your strategic planning



### **When you experience an increase in transaction and order volume.**

Introductory systems typically have limitations on how many transactions they can handle and the volume of data that can be stored – operating above these limits can result in system crashes, corrupt databases and slow run times. Moving to a mid-market ERP system before your company reaches these limitations is important to minimize company down time and keep up with demand. With true ERP solutions you're not limited by number of transactions or file size, allowing your business to continue to grow into the future. To prepare for this transition, it is important to know from the get-go how much data your current system can properly manage and when you estimate that your company will surpass these amounts.

### **When you want to add more features.**

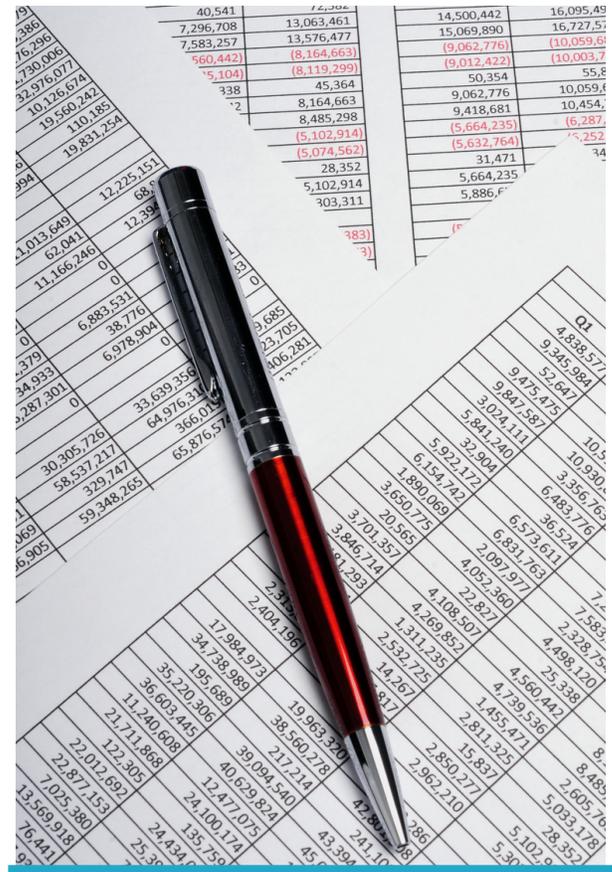
As your company grows, the need for additional software requirements and features will arise. Examples may include the need for better customer relationship management (CRM) and inventory management, or the addition of features like eCommerce integration, multiple warehouse locations and landed cost tracking. Although you can potentially purchase additional systems to integrate with your current software solution, this requires employees to manually re-key data between systems, resulting in extra work and more room for error. This in turn can lead to incorrect business information and data loss – impacting customer satisfaction and hurting your bottom line.

## When you're performing a lot of manual tasks.

Manually performing tasks is fine when dealing with a small number of orders and transactions, but as your company grows, automating these processes can save hours of manual work, even if it's only a few seconds at a time. Consider assembling a "Digitalization" team to lead these initiatives.

Automation opportunities include:

- The ability to receive inventory into your warehouse with barcode scanners
- The ability to convert a sales order into a purchase order without having to go into multiple systems
- The ability to automatically email customers when an invoice has been generated



## When data integrity is an issue.

One of the biggest upsides to introductory software is the ability to manipulate the system when orders change or mistakes are made, with no repercussions. QuickBooks is flexible – too flexible. Lack of audit trails and the ability to erase transactions entirely can severely compromise data integrity. Although for the non-accounting and non-technical staff member this can make it very easy to use the system, in the long term this will ultimately hurt the company. A system that allows transactions to be simply deleted at will without creating a trail of data can cause audit issues and create bad habits among staff members. A proper ERP system will be compliant with all accounting practices and regulations, ensuring data is entered properly and according to these regulations every time. This eliminates the need to retroactively balance numbers and fix issues. An easy-to-use system does not imply that data or reports are accurate – and for this reason simplistic solutions can often give users a false feeling of security.



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## **When you want to improve your strategic planning.**

Although introductory systems will often provide users with specific reporting capabilities, these features are often limited in their sophistication and it can be difficult to extract real-time data from them. This is especially true when dealing with multiple, disparate systems. Frequently, business decisions are made with inaccurate and out-of-date information. A proper ERP system will provide advanced reporting features to allow your team to design custom reports and automatically generate these reports based on certain pre-determined factors. In addition, when all information is stored in a single database, it is easy to quickly gather information from different departments to combine for reporting purposes.

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# GETTING A HEAD START

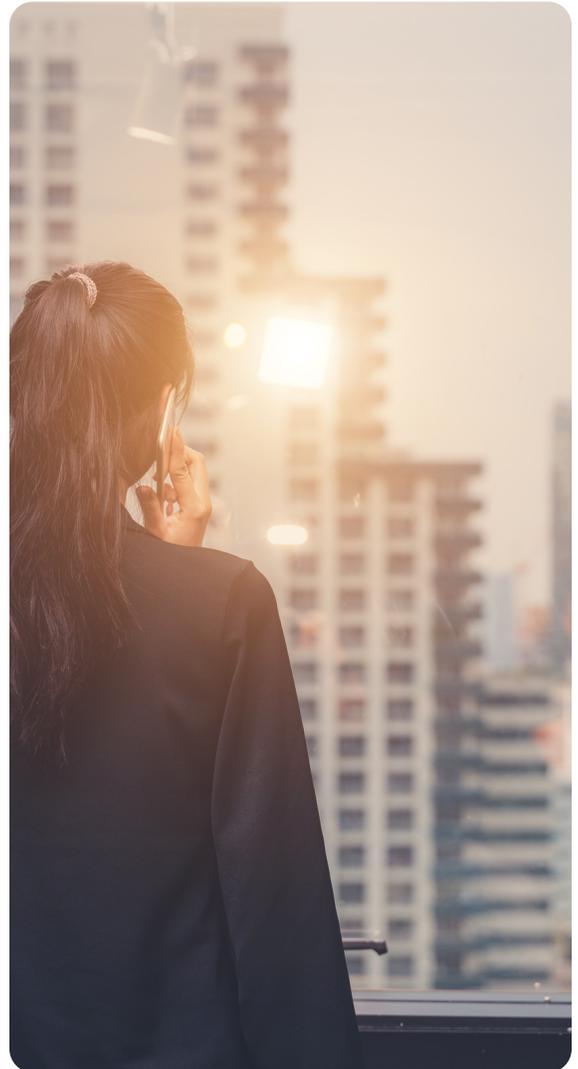
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## Considerations for Budgeting New Software

- How many users will your company have?
- Does your business require any industry-specific functionality?
- Do you need to purchase new hardware or other equipment?
- What about implementation costs?
- Training – are your employees tech savvy?
- Data Migration – how many systems are you migrating data from?

## How to learn new software

- Dedicate time and resources
- Believe in what you're learning
- Be open to changing processes
- Start by learning an overview of the system
- Realize that there will be frustrations
- Commit to additional and ongoing training
- Practice, practice, practice
- Review reference material

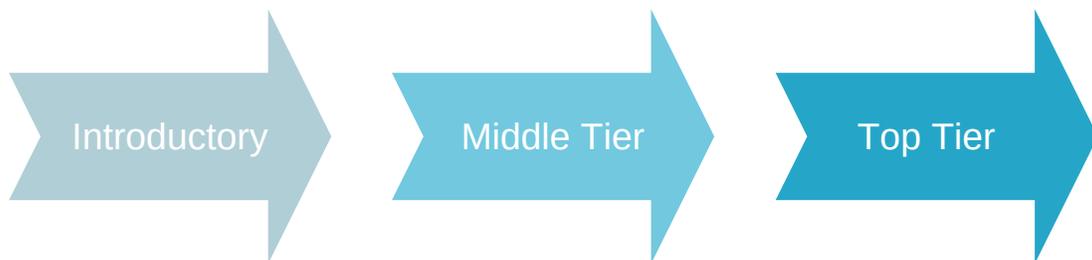




## EXPLORING SOFTWARE TIERS

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As is common with any product, the software market is saturated with many different product offerings. Each software solution in the market differs in its level of functionality, integration and support as well as price range. In order to simplify the software search 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.

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## Introductory Systems

Introductory systems are classified most readily by functionality and price, with some business software packages costing only hundreds of dollars. These systems are very affordable for small businesses and those that have recently begun operations. This software accommodates the basic functionality a business requires to get up and running and start making sales, and the focus is primarily on one piece of functionality and doing it well – such as accounting. This means that your company will require numerous software packages to cover all aspects of business operations, however, on the upper-end of this tier, software solutions may accommodate up to several business processes.

Most introductory software systems are not classified as Enterprise Resource Planning (ERP) software due to their lack of functionality across all 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 - Year 1 License Costs	
<b>Examples</b>	QuickBooks
<b>Price Range</b>	\$1,800 - \$4,200
<b>Installation Timeframe</b>	Days to Weeks
<b>Best Suited For:</b>	<ul style="list-style-type: none"><li>• Small businesses and start-ups</li><li>• Businesses with few complexities</li><li>• Where affordability is more important than functionality</li></ul>

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## 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 system shares a database
- The system shares information between functional areas – inventory, accounting, order entry, purchasing, invoicing, contact management, warehouse management, etc.
- Information is available in real-time
- The system and installation is elaborate

Many ERP solutions also provide specific functionality depending on the type of business and industry. For example, manufacturing vs. wholesale distribution and then industries such as pharmaceutical, consumer packaged goods, food, industrial products, etc. Your business may never see the day a top-tier system is needed, but instead can benefit from a middle-tier system to accommodate your needs for the duration of your business' operations.

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## Top Tier

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.

## Middle Tier - Year 1 License Costs

<b>Examples</b>	Blue Link ERP
<b>Price Range</b>	\$12,000 - \$60,000
<b>Installation Timeframe</b>	Weeks to Months
<b>Best Suited For:</b>	<ul style="list-style-type: none"><li>• Companies that are excited about the opportunity to grow their business and expand into new markets</li><li>• Companies using multiple standalone systems</li><li>• Companies who need additional functionality such as eCommerce and barcode scanning.</li></ul>

## Top Tier - Year 1 License Costs

<b>Examples</b>	Oracle, SAP and Infor
<b>Price Range</b>	\$250,000 to many millions
<b>Installation Timeframe</b>	Months to years
<b>Best Suited For:</b>	<ul style="list-style-type: none"><li>• Global Operations</li><li>• Companies that have many locations and hundreds of employees</li><li>• Businesses with highly complex requirements</li></ul>

# IMPLEMENTATION METHODS & COST CONSIDERATIONS

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Aside from determining what level of functionality/software tier is appropriate, it is also important to determine the deployment method preferred. The two types of implementation methods used by software vendors include On-Premises and Cloud-based.

## On-Premises

On-Premises or “In-House” refers to software applications that are installed on-location on a server owned by you, the customer. With this method, you’re responsible for setting up the appropriate hardware, maintaining back-ups and appropriate security, running the system and handling most IT issues – or outsourcing IT to another 3rd party company.

## Cloud-based/Hosted

Cloud-based or “Hosted” refers to the deployment method where you the customer accesses the system via the internet and pays an on-going subscription fee to the software vendor. Unlike on-premises, hosting the software and maintaining the hardware, back-ups and IT maintenance is the vendor’s responsibility. Cloud-based software also allows businesses to heavily customize the solution.

## Web-based

Web-based software is accessed via an internet browser anywhere, anytime. You simply go to a web-browser, type in a URL and then you’re able to log into your web-based software on any device that has a reliable Wi-Fi connection such as a smartphone, tablet or laptop. All web-based software will have different options when purchasing but often you can choose which modules you want to use and is thus sold using a traditional software licensing model which includes a one-time payment for a specific period of time (per named user or per module). With Web-based software, customization is limited and everyone usually receives maintenance upgrades at the same time.

Web-based software data is stored on the cloud. Similarly to cloud-based software, there is no physical server that you need to manage. Your vendor is in charge of any servers - it is just the way you access the software that is different.

Traditionally, the only deployment method available and sought after was on-premises, however, in recent years cloud-based solutions are now the deployment method of choice. The advantages and disadvantages of each are discussed below:

<b>Cloud-Based Software</b> Installed on the vendor's servers	
<b>Pros</b>	<b>Cons</b>
<ul style="list-style-type: none"> <li>• Reduced upfront cash outlay</li> <li>• Infrastructure costs pushed to vendor</li> <li>• No more worrying about backups</li> <li>• Painless upgrades</li> <li>• Increased access to expert support (in lieu of an IT department)</li> <li>• Improved security and reliability</li> <li>• Immediate or quick access to a broad range of applications</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced control of systems</li> <li>• Data stored outside the organization</li> <li>• Internet connection is required</li> <li>• Client does not own the software</li> </ul>

<b>On-Premises Software</b> Installed on the client's servers	
<b>Pros</b>	<b>Cons</b>
<ul style="list-style-type: none"> <li>• Allows for complete user control of software and data</li> <li>• No subscription fees/internet connection required</li> <li>• Hardware can be shared between other internal systems</li> <li>• Client owned software</li> </ul>	<ul style="list-style-type: none"> <li>• Larger initial investment</li> <li>• Harder upgrades and maintenance required</li> <li>• In-house IT management recommended</li> <li>• Physical space required</li> <li>• Software upgrades must be handled on the client end</li> </ul>



# EVALUATING SOFTWARE VENDORS

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To choose the right software vendor for your business, you must first ensure a level playing field by establishing a consistent set of criteria through which you compare each vendor. Here are 6 ways that you can evaluate the software vendors that pique your interest.

## Customer Satisfaction

To assess customer satisfaction, request references from vendors, preferably 5 to 10. This will test their ability to provide a substantial list of happy customers. Hop on the phone with some of these vendor customers to gain an accurate understanding of their satisfaction level. Conducting a Google search can also uncover useful reviews and information about past customer experiences and the vendor's track record. Understanding current customer satisfaction should not be overlooked.

## Company Size

When evaluating software vendors, consider their company size. Opting for a vendor similar in size to your company has advantages: they understand your resources, business goals, priorities, and budget better. Large brand-name vendors often prioritize larger customers over smaller ones, compromising value.

## Sales Process

No two businesses are exactly alike, so a vendor who claims they can do “everything for everybody” is most likely exaggerating their capabilities. Look for an honest no. They have to be willing to spend time getting to know your business to determine if they are the best fit.

You may get the opportunity to speak with C-Level executives and the owners of the company during the sales process. This helps build the relationship between your business and the vendor and helps to ensure you’re not just a sales statistic.

## Support

Will you need 24-hour support? Do you have offices located in different parts of the world that require support in another language? Larger vendors are usually better at accommodating international and 24-hour support because they tend to outsource their support overseas. On the other hand, if these factors are not important, smaller vendors tend to have more personalized in-house support that results in you getting to speak to the same few representatives each time.

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## Ongoing Dependability

When evaluating software vendors, a crucial concern for decision-makers is the long-term support and sustainability of the software. While working with larger businesses may appear less risky due to their resources and investor backing, there are complexities such as discontinued products. Similarly, certain products offered by large vendors can also come and go. In both cases, it is essential to assess the ongoing support and longevity of the desired product. Verify if the product's source code is secured in escrow and determine if there are any plans to sunset the product in the near future.

## Costs

Although it can be easy to select the least expensive proposal when selecting a software vendor, never should the decision be made on cost alone. Knowing what you’re paying for and evaluating the hidden costs is more important. The most important factor when it comes to evaluating vendor costs is to make sure you are comparing “apples to apples”. It is essential that you understand each proposal cost and compare them across vendors, and determine what the implementation process will look like.

# THE SOFTWARE SEARCH PROCESS

The process of searching for and implementing new software involves a series of essential steps that need to be followed to ensure a successful outcome.

The Steps include:

## 1. Settings Priorities

- Example: Determine who from your company will be a part of the software search

## 2. Evaluating Requirements

- Example: What are the gaps in your current functionality?

## 3. The Search

- Example: Conduct an online search of vendors and review sites

## 4. The Demo

- Example: Did the vendors show the right functions to meet my needs?

## 5. The Proposal

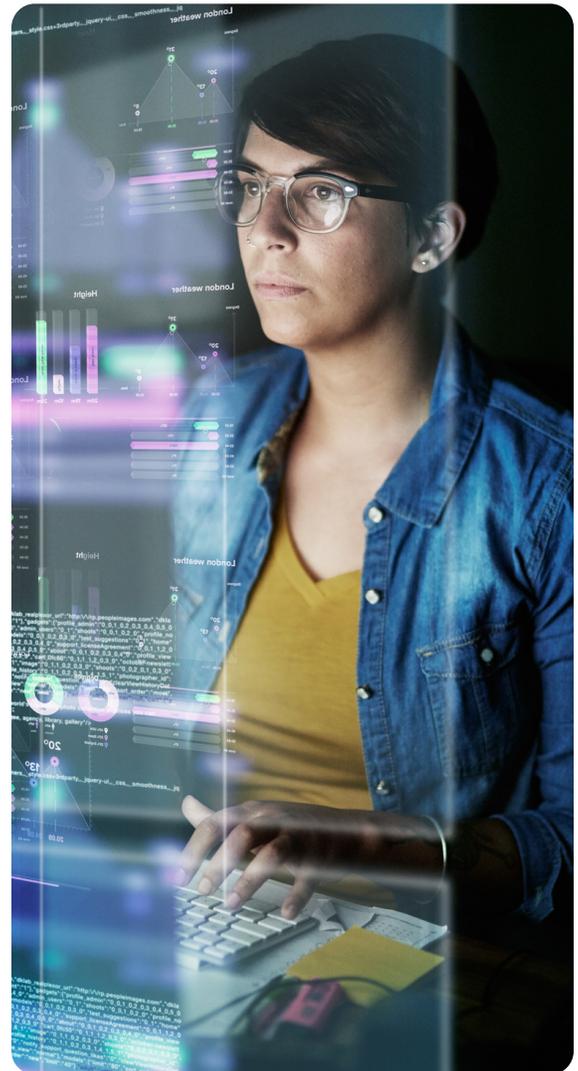
- Example: Talk to vendor's customers

## 6. The Implementation

- Example: Perform a gap analysis with chosen vendor

## 7. Go Live

- Reap the benefits!



[Software Buying Checklist](#)

[Download Now](#)

# MAKING THE SWITCH

## ADDRESSING CONCERNS

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### **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 decide in a timely manner. Ultimately, finding the right software solution to run your business will be one, if not the biggest decision your company makes – and should be treated as such.

During the software evaluation, it is common 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 downfall in the software search process – not deciding at all or remaining on an inadequate system.



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## Focus on the outcome

Yes, time is tight now, but with a new system in place your organization will have more time to dedicate to meaningful tasks and less time spent on manual processes, putting out fires and fixing errors.

- 1) Plan and schedule the transition, considering milestones and timelines.
- 2) Allocate sufficient resources, including staffing, budget, and necessary tools.

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## Enlist staff for help

Assign an individual or team as a project manager with the task of evaluating vendors based on business requirements and keeping on track with the project. Involve final decision makers at a later stage with a short list of vendors.

- 3) Prioritize critical tasks and functionalities for faster implementation.
- 4) Provide comprehensive training and ongoing support for employees.
- 5) Conduct thorough testing and quality assurance before full implementation.

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## Take one step at a time

Trying to evaluate too many vendors all at once and deciding on a solution in a short amount of time is unrealistic. Instead, spread the effort over several weeks focusing on one key task at a time.

- 6) Communicate effectively with stakeholders and implement change management strategies.
- 7) Prepare a contingency plan for unforeseen delays.

## Constraining Budget

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

<p>Be Realistic</p>	<p>There are varying levels of software available based on 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.</p>
<p>Explore Your Options</p>	<p>Most vendors offer flexibility in pricing if budget is of concern. For example, financing may be available or various ways to “ramp-up” the project over time, reducing up-front expenditure. Determine whether you need all the bells and whistles upfront, or if certain features can be turned on later.</p>
<p>Prioritize the Importance of the Investment</p>	<p>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 your business like any other – such as buying a new delivery vehicle, purchasing a piece of equipment, opening a new warehouse, or hiring a new employee. It is also important to consider the costs of NOT making a change.</p>
<p>Avoid Hard Price Ceilings</p>	<p>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 the best fit for your company, not what is cheapest.</p>
<p>Avoid Year 1 Discount Gimmicks</p>	<p>Some vendors will offer a Year 1 License Discount to attract new customers but remember that the original quoted price will be reflected the next year with potential hidden costs and continue until the contract is broken. The software chosen is a company investment and the decision to purchase should not be taken lightly. Don't be afraid to ask questions and consider if a short-term discount is worth it in the long run.</p>

# GETTING EMPLOYEES ON BOARD WITH CHANGE

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Changing software can be a scary move for employees that have been using an existing system for a long time and resistance is normal. There are several ways to deal with this issue:

## **Illustrate the Need to Change**

Sometimes a business suffering from an inadequate system is 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's 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.

## **Prepare for Resistance and Conflict**

Resistance to change is a natural human reaction and being proactive and preparing for any push-back from employees is essential. To address concerns one method is to hold meetings aimed at introducing employees to ERP software, explaining the basics and why it is necessary.

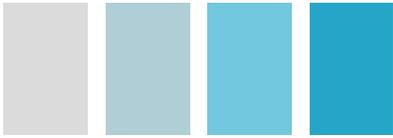
## **Make Incremental Changes**

Trying to implement a new system too quickly can cause many problems. Be sure to start the process early and leave an ample amount of time for planning to ensure the transition is as smooth as possible.

## **Provide Resources to Support Change**

Resources that should be provided to employees includes proper training materials, a channel where employees can directly express concerns and other necessary support materials.

Addressing the issues above will help to make the software search process as smooth as possible. Understanding change, and how to get employees onboard will go a long way in how quickly you see a return on your investment.



Searching for software that runs a business from top to bottom is one of the most important business decisions your company will ever have to make and one of the most significant 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 as closely as possible is the goal. Armed with the knowledge presented in this guide, you should feel confident in starting the search process and understand the importance of deciding on a solution and improving one's business, as well as the harm of not doing so.

Making the transition from introductory software packages does not have to be painful. Although the difference in price and functionality is significant, remember that this is because of the numerous benefits of doing so - 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 your business to brand new opportunities.

# CONCLUSION

# BLUE LINK

Blue Link offers all-in-one accounting and inventory management ERP software, primarily for small-medium size wholesalers and distributors. With Blue Link software you will be able to:

- ✓ Grow Your Business with a fully integrated and automated system
- ✓ Decreases Costs with better inventory management
- ✓ Save Time and Reduce Costs with automated processes across all business operations

[Learn More](#)

