10 Tips
to Successfully Select a
Retail Software Package

Selecting a software solution that meets the unique needs of your business, your customers and your team is one of the most important projects a retailer can initiate. Because of the time, expense and risk involved with even the best implementations, selection decisions will impact the business for years.

All too often, the package chosen at the end of the selection process is not the best solution for the retailer's needs. Sometimes the ideal solution never makes the initial vendor list. Other times the selection process does not reward the solution with the best fit for the retailer. In either case, the process failed to select the software most appropriate to address the retailer's needs and bottom-line benefit potential is reduced.

Following ten recommended tips will improve chances of success when initiating a software package search project.

rpe

Integrating people, process and IT

1 Seek Professional Assistance

Partnering with an independent consultant brings several benefits to the software selection team and process. External consultants can focus exclusively on the selection effort and are not taxed with juggling other job responsibilities. They also bring experience in the selection process.

Select a consultant or firm with specific knowledge of your industry and the potential vendor set. This is often the best way to create the initial set of vendors from which to start the selection process. Having an external partner to lead the effort provides a neutral viewpoint that is extremely useful when mediating between internal opinions that may be in conflict.

2 Define Objectives and Requirements

The first step is to define the strategic goals and objectives of the software search. Start with a few high-level questions to clarify the initial need for new software:

Why do you need new software?

What business problems should the software solve?

How are these problems addressed today?

What issues limit you with the existing solution?

The next step is to conduct a Business Process Analysis (BPA) for the functions to be supported by the new software. Interview key personnel, the user community and the IT team that will implement and support the software, as well as the senior executives who are expecting specific benefits from the investment.

Prepare a formal requirements document as a deliverable from this effort. Prioritize the requirements to assist in decision making later in the process. Clarify if each requirement is mandatory for the solution or if it can be addressed as an enhancement in later releases or supported through other means such as custom code, third party software or services.

3 Identify the Vendor List

Once internal requirements driving the selection are documented it is time to begin looking for vendors who can meet the requirements and solve the targeted business issues. Create the initial list with several vendor options to ensure that this step does not unintentionally exclude a vendor with the best solution. Criteria for selecting a vendor should include stability of the vendor, proven track record within the retail industry and how closely the vendor's software package meets the documented requirements. Avoid creating an initial list with too many vendors as it will create unnecessary work for the selection team. Develop an initial list of five to seven vendors.

4 Evaluate Through a Request for Information (RFI)

Invite the initial list of five to seven vendors to participate in the software selection process through completion of an RFI (Request For Information). The RFI questionnaire provided to the vendor should include the necessary information about the retailer for the vendor to respond accurately and on time. Be sure to thank them for their time and participation. Important information to communicate in the RFI includes:

Overview of the retail company

Description of the desired software solution

Explanation of the selection process and timeline

Clarification of the deadline for submitting the completed RFI

Contact information for questions and RFI submittal

Use the RFI to narrow down the list of potential vendors to a short list that receives a more detailed review. Score each response on the RFI with how well the vendor meets the requirement listed. Use predetermined question weighting to combine responses into an overall score. Keep the short list to 2 to 4 vendors when possible. This step weeds out the initial vendors who do not meet the more basic needs listed in the RFI.

5 Narrow the Selection with the Request for Proposal Process

The vendor short list should receive a Request for Proposal (RFP). The RFP is a comprehensive questionnaire that covers all aspects of the proposed software solution. Standard sections in an RFP include:

Vendor profile

Vendor experience

Product information
(# of users, # of installations, market share)

Product features

Product requirements (include the unique
challenges identified in the BPA)

Platform requirements (operating system,
network, architecture, security)

Integration requirements

Functional and technical support processes

Implementation services and sample project plan

Documentation

Training

Consulting services

References

Pricing
(initial license fee, maintenance, upgrades)
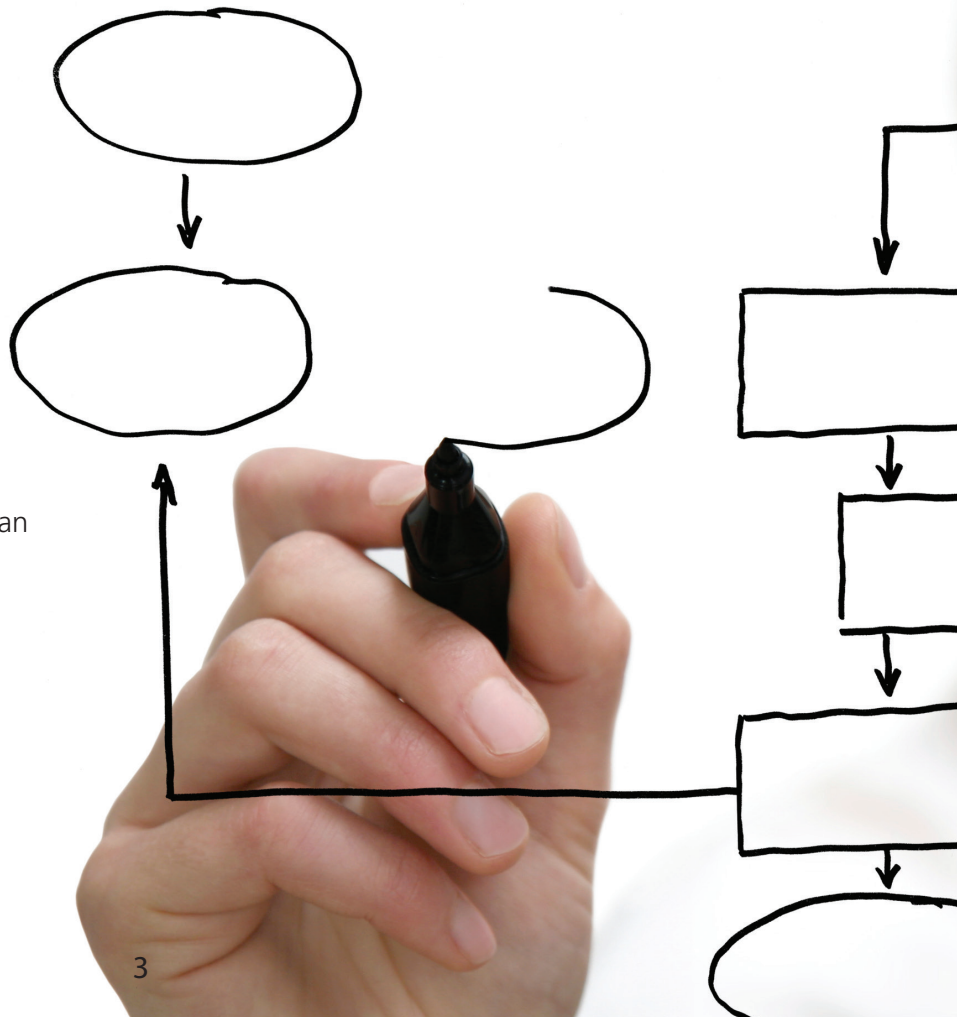
Often the answer to a "can your software do this" question is not a simple yes or no. The RFP should provide a mechanism for vendors to accurately respond to the questions in the requirements section. For example, the following choices may be a way to respond to the question "Your software supports the requirement:"

Out of the box

With additional modules (list module)

With third party software (list software)

With services (provide estimate)

With customization (provide estimate)

With a planned future enhancement (provide release and timing)

We do not support that function

Clearly state when the completed RFP is needed and where it should be sent. Allow enough time for the vendor to prepare a professional response to your detailed request. Provide contact information for the inevitable clarifying questions from vendors trying to understand the intent of your questions.

6   Trust but Verify Vendor Responses

Software vendors want your business. The sales team is hoping to close the deal by emphasizing their strengths and minimizing the shortcomings of the software. Because the goal of the software search process is to find the best software solution – not the best software sales team – focus on collecting and confirming facts.

Invite the vendor finalists to conduct a software demo that illustrates the functionality listed in the RFP. Be sure to focus on unique functionality not offered by other vendors and high priority requirements. PowerPoint slides and screenshots do not qualify as a software demonstration.

In addition to confirming functionality through the demo process, check with the references provided to insure the solution functions as expected in a production environment when processing windows and large transaction volumes test software limits.

7   Plan for the Future

Finding a software solution that meets the needs of today's omnichannel challenges is good. Finding a solution and vendor partner that will meet your needs today and into the future should be the goal of the search team.

Include factors such as vendor stability, planned enhancements and support procedures when evaluating a vendor's ability to grow with you. Ask for details on how requested enhancements are prioritized and how your company can get involved in the process. Request examples of how past version upgrades were handled and how the vendor feels about custom code.

8   Use Your Best Negotiator

When it is time to discuss pricing with the top one or two vendors, use your best negotiator. Understand the value you bring as a customer to the vendor when negotiating pricing. If providing quotes for marketing, acting as a reference or testing new functionality is part of the deal, ask the vendor to reflect that value in reducing the initial license fee (ILF). Remember, the size of the ILF impacts the maintenance expense for years to come.

If there are any high priority enhancements, ask to have them placed in a specific future release and get that agreement in writing. As a retail customer, you will never have more leverage with a software vendor than when negotiating the ILF for the base software.

9   Make a Balanced Decision

Now that you have collected RFP responses, demo results, reference comments, future plans and pricing details, the team has enough information to select the best software solution and move forward with implementation and benefit realization. Use the requirement priority ratings collected earlier in the process to create a single rating number for each vendor. Work to gain a team consensus amongst IT, user group representatives and senior executives when making the final decision.

10   Enjoy the Fruits of Your Labor

Investing in functionally-rich, configurable and integrated software increases sales from all channels, improves efficiencies and produces tangible results that boost the bottom line. A successful vendor selection process and implementation of a software solutions will help you gain process excellence, improve profitable decision making and increase the speed of benefit realization for years to come.