

# The Technology is Great, Not Sure about the Vendor

How to Assess a Software Vendor as a  
Business Partner  
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## INTRODUCTION

Most often, the task of evaluating software solutions starts out as an assessment of architecture, features and functionality, business processes and IT fit. This makes perfect sense – until business stakeholders express an interest in assessing the vendor as a potential business partner. These executives are far more focused on the business risk of entering into an agreement with a particular vendor, and whether the vendor will deliver solution that in turn will deliver the expected results.

This white paper discusses business requirements in the software selection process. It assumes that the following technical considerations have already been found to meet your needs:

- The application meets a previously established list of functional requirements.
- The application delivers these functional requirements in a manner that complements your most frequently repeated business processes.
- The application is compatible with your IT architecture and security requirements.
- Whether delivered behind the firewall or as a service, application data can be readily distributed to other applications in the enterprise as needed.
- Application delivery fits your business model and scales appropriately with both users and geography.

## VENDOR AS A BUSINESS PARTNER

*Who is this vendor?* A proliferation of vendors in every category, combined with recent economic upheaval, makes qualifying the vendor at least as important as qualifying their offering. By becoming familiar with how your vendor operates, you learn the boundaries of the relationship and whether it will be a good fit, while also reducing risk in the eyes of your business stakeholders. It's not that every answer needs to be perfect, it's about knowing what you are getting into so that there are no surprises later on. This in itself defines risk mitigation.

Insist on straight-forward answers to the following questions. Be diligent, as vendors are great at dodging certain questions if they think you won't like their answers!

1. Established vendor, with stable management and financial history.

Much of this information can be gathered from the company web site, but it's good for the vendor to know of your interest. A challenging economic environment causes many companies to develop new business strategies, so find out how long the company has been in the business in which it is currently engaged. Look for varied tenures among the executives; entire staff turnover within a couple of years is a red flag that deserves additional questioning. Asking about their financial solvency and/or investors is perfectly acceptable after you have established credible interest in their solution.

2. Vendor has an established market presence.

You want to be sure that any vendor you're interested in is a serious player. A serious vendor can articulate its strategic position in its marketplace, has awareness of its competitors, can name several clients, and has multiple product releases under its belt. These actions typically result in some amount of name recognition for the vendor in its market.

3. Vendor has released at least two revisions of its product.

The vendor can describe their software development and release process. They can also demonstrate that this process is repeatable and reliable, with a track record of at least two stable product releases without significant bugs.

4. Sales team is consistently responsive to needs and requests.

If you are getting questionable service from this vendor before the sale, know without a doubt that this will not improve after the sale. You want to choose a vendor for whom you are a client worthy of their attention.

5. Vendor relationship extends beyond the sales rep.

The sales rep's behavior may or may not be indicative of what you can expect from other contacts at the company. Call the Customer or Tech Support line with a few questions to test their knowledge and responsiveness. And except for the smallest

online purchases, your vendor's executives should be more than happy to meet with your business stakeholders and executives.

6. Multiple support channels available.

Global market reach makes varied support channels and 24/7 response a requirement these days, but ask rather than assume. For instance, end users are far less inclined to sort through the knowledge bases and discussion blogs that systems administrators love. How will these end users get the quick answers they need?

7. Back and front door references available.

Vendor-provided references have tremendous value as a resource for implementation strategies, but don't count on them for much else. Instead, turn to social media: post a question on LinkedIn, search Twitter conversations, or find an unsponsored blog or discussion for the unfiltered word on the street.

8. Vendor as a business partner.

If you feel like you know, like and trust the vendor contacts you will be dealing with, then you are entering into business engagement on solid footing. Never settle for less.

## DEMONSTRATING VALUE

Everyone wants a good deal. In this case, a good deal is less about cost and more about the return on investment. Can you demonstrate to key business stakeholders that this investment is going to increase sales, reduce operational costs or improve brand reputation to a degree that justifies its expense?

9. Product roadmap is aligned with your company's future.

Your vendor's plans to improve its product must be aligned with your company's future over the next 3-5 years. As an example, if the Unix-based solution you're looking at is perfect except you'd like to see more social media enhancements, but your vendor is planning to spend its resources on migrating to .NET, this may not be the right solution for you.

10. Shows value quickly.

Your implementation strategy needs to be able to deliver some quick successes in order to demonstrate value and promote adoption. Plan to implement low-hanging fruit along with some longer term yields with each iteration, so that you can demonstrate successes to your business stakeholders early on.

11. Affordable pricing model.

The popularity of SaaS, open source, and supported open source, in addition to traditional behind-the-firewall leasing, ensures a solution for any budget. Contract

duration, how user numbers are counted, and support services can also positively impact pricing structure. On the other hand, implementation services can easily exceed four times the product cost, even more for open source frameworks. A Total Cost of Ownership (TCO) financial model outlines the true, full cost of ownership, not just the product cost. If your business stakeholders want to see a TCO, by all means prepare one. Nothing kills a project faster than grossly underestimating project cost and having to repeatedly ask for more money.

12. Maintenance fees that support valued services.

We tend to think of maintenance fees as the cost of having technical support available to answer our questions, but maintenance fees primarily support software development of new features and bug fixes. Maintenance fees are a very small price to pay for a software development team working to enhance a product on your behalf, *provided you plan to install the upgrades they develop.*

## DEMONSTRATING ADOPTION = SUCCESS

Long after the implementation is forgotten and the bills are paid, driving adoption and acceptance is what you live with day-to-day. If you did your homework well, then you chose a solution that dramatically increases the efficiency of your company's most frequently repeated business processes and its value is apparent to everyone.

13. Dead easy to use.

Nothing drives adoption like usability. If your solution is dead easy to use, employees will be motivated by the success of their learning curve, which will drive even greater adoption rates. Training has its place, but usability is a far more sustainable adoption strategy over the long term.

14. Benefit to end users is self-evident.

When an application makes employees' jobs easier, these users develop a deeper interest in discovering how the solution can further benefit them. Dead easy to use + obvious benefit to users = buzz. Choose a solution that can create buzz and your business executives will have increased confidence that the project can have a profound, positive impact on the business.

15. Multi-channel support is readily available.

Whether it's formal classroom training, popular on-demand, online training, or simply contextual help, you want your users to have access to a variety of learning options to suit their different learning styles. Your goal is to enable your users to operate as independently as possible through self-help. Think about it this way: all of these learning options are far less expensive than adding staff to the IT Help Desk.

## CONCLUSION

It's easy to fall in love with a solution at a technical level if it meets your business needs, synergizes with your business processes, and offers a few unexpected cool extra features in the process. But *who is this vendor?* By asking the right questions, you can find out if the vendor's vision, business style, personal integrity, service levels and ability to perform will make them a good business partner as well.

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