



# Software Research and Listing Process

# Enterprise/Business Software Research and Software Candidate Listing Process

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The SoftSelect business unit of Engleman Associates, Inc. maintains specific information on various software product categories (such as ERP) and through day-to-day operations continually tunes qualitative insight on (1) software vendors, (2) software offerings, and (3) the general business software market conditions. All of this information is accessed and used as appropriate when advising firms that are seeking new business software. Since 1996 over 1900 enterprise software selection projects have influenced these processes.

## How Enterprise Software Data is Collected and Maintained

For Software Product Categories (SPCs) regularly monitored (e.g. ERP, PLM, WMS), SoftSelect:

1. Establishes a definition for the SPC so the included solutions are reasonably consistent
2. Develops a comprehensive and consistent list of solution offerings for the SPC (see next section for detail)
3. Collects and maintains specific information on listed solutions to facilitate building a confident candidate list for a specific company seeking an offering in the SPC

**Developing a List of Solution Offerings for the Software Product Category (SPC):** The following are key points about SoftSelect's process to develop a comprehensive and consistent SPC total list:

- SoftSelect mainly utilizes public information to develop lists of candidate solutions for an SPC. To detect the list is substantially complete the search process observes a reduction in new candidate offerings located considering the incremental effort to locate new candidates.
- The SPC list is a comprehensive group that meets a specific definition for the SPC and is constrained for software packages offered in a particular geography (e.g. solution candidates used in the US and Canada)
- When seeking candidate solutions for an SPC, legitimate solutions may not take the form of a packaged software offering. For this reason, the terms *solution offering* or *solution strategy* is used in many places in this document instead of *software package*.

**Developing Appropriate Software Package/Solution Offering Information:** Important design attributes of our software product research process are:

- A manageable research collection/maintenance activity that has no dependence on software vendor's/solution provider's responsiveness or accuracy
- No barriers to a solution provider's listing—such as a fee to the vendor
- The resultant data collected enable developing a confident software candidate list for a specific company

High-level indicators of suitability: In the mid to late 1990s SoftSelect's research process mainly focused on software functionality and pricing information and ironically today these criteria are directly avoided for developing a candidate listing (the reasons are in following sections of this document on

functionality and cost of software). Instead SoftSelect moved to a research model that monitors the types of companies that have most often used the vendor's software or solution in the last 3 to 5 years. The major assumption in this approach is that software solutions that are most often used by a particular type of company have functionality, technical attributes, and pricing models that are suitable to that type of company. This assumption is increasingly accurate when a software vendor has approximately 50 or more implementations (threshold of users to make data more relevant) and has proven to be a solid listing mechanism. In the eyes of companies acquiring new enterprise/business software these measures are called *High-level indicators of Suitability* (HLIS). Specifically these measures show the percent of vendor's sales (for a specific software product/solution offering) to:

- Company size ranges (approximately six ranges defined by company yearly gross sales)
- Industries (approximately 40 total and 26 related to manufacturing)
- Manufacturing environment (approximately seven and used for *Software Product Categories* for which this measure is material)

The raw percentages for the three measures above are a good start, but are not obvious for users to interpret and may not properly highlight the full strengths of software offerings that are more broadly used. For example, a software/solution offering has very broad functionality and therefore has sales in more industries than typical software offerings. This will reduce the product/solution offering's percent penetration into each industry making it appear less industry focused than other vendors. To adjust for this and other factors not immediately visible in the raw percentage we convert the percentages into one of the following *Focus Level* codes (definitions worded in terms of a company seeking software):

- Level -1: Very high predicted correlation to needs
- Level -2: High predicted correlation to needs
- Level -3: Reasonable predicted correlation to needs
- Level -4: Correlation to needs is not predicted to be competitive when compared to other software packages/solutions in this software product category

Addendum A shows examples of this HLIS data and resultant *Focus Level* codes for a sample software solution.

Important note: If a software/solution strategy does not have a *Focus Level* of 1, 2, or 3 (for a particular HLIS criteria) it does not mean that the solution provider's offering is emphatically not suitable. The *Focus Level* measures of 1 through 3 show solution strategies that are more likely better candidates to pursue, but other factors such as vendor viability or total cost of ownership can legitimately promote another candidate solution. For this reason the SoftSelect selection process is flexible to equally test any solution strategies that any selection team member believes has merit.

Vendor Viability: SoftSelect makes a judgment on software vendor general viability based on factors such as:

- Status of their public image (website, advertising, PR, etc.)
- Quantity of new customers in recent years
- Ability of their solution offering to adapt to modern collaborative business processes

- Investment being made in their product offering(s)
- Public information about a software vendor's viability/stability issues
- If there is a known potential sale of the company or product line in the works

The viability factor is discussed more in the section of this document on how SoftSelect develops a list of candidate software packages for a particular company.

## Software Research Maintenance

Once entered into the SoftSelect enterprise software research database, all solutions are reviewed at least once every two months. In addition to direct contact with software vendors, we use other sources of information to keep abreast of changes, software product mergers/acquisitions, and new product offerings. These include software reviews in industry publications and feedback from users of SoftSelect enterprise software management process.

## How Enterprise/Business Software Lists are Developed for a Particular Firm

Listed below are important attributes of SoftSelect's process and philosophy for developing a client specific list of candidate software packages/solution strategies:

- Establish/confirm the correct software product strategy: The SoftSelect methodology first focuses on processes in the business areas under review and what aspects of these processes should be facilitated/controlled by software or other process facilitation strategies. Only after this can the software strategy be established/confirmed and candidate list(s) built. For example:
  - An original ERP selection can turn to a search for ERP and an APS solution (advanced planning and scheduling) as more workflow detail is established.
  - An original ERP selection could turn to identifying the upgrade to the existing ERP is the best approach and the balance of the functional objectives are best achieved augmenting ERP with a SRM (supplier relationship management) solution.
  - An original SCM (supply chain management) software selection could expose the fundamental weaknesses of backbone ERP and turn to an ERP selection with a more modern ERP that includes the SCM components.
- Listing process has no dependence on existing SoftSelect data: When lists are developed, the software candidate listing process does not depend on SoftSelect maintaining information on the type of software being sought. Our methodology documentation contains agile techniques for building a long list of candidate solutions for any commercially available software product category. SoftSelect or the selection team can perform these procedures. SoftSelect candidate lists take about two days to produce from existing data and about two weeks for custom research. Generally, a typical long list contains 4 to 8 candidates.
- SoftSelect listing process designed to force objectivity: For a particular company seeking software, SoftSelect only seeks to list broadly viable software vendors based on the factors discussed below. No software vendors are favored or disfavored for any reason other than they appropriately meet the criteria that SoftSelect has determined will develop a solid list of candidate solutions for a specific company. Full selection procedures have selection teams further test any software solution against company specific broad priorities.

- Listing process to reduce ambiguity: SoftSelect does not want clients wondering about why a particular package was not listed. In the candidate listing process we ask the consultant facilitator/selection team if there are specific packages they believe have merit to pursue and/or determine if other software vendors have been pursuing them. If any software packages are reported to us, and they are in the SoftSelect database, we will present our data and comments about whether we suggest the package(s) should be moved to selection phase-2 testing or not. Further we want to avoid software vendors (who had been presenting products/services) contacting the company and hearing 'SoftSelect did not list you and therefore you are out'. Instead the selection team can provide the vendor with a more useful feedback. It is advantageous to all participants to minimize doubt and ambiguity in business software selection initiatives.
- Quality control/legal protection: The software listing process is designed to improve project quality and insulate SoftSelect and consultant partners from problems caused by companies that do not follow advocated procedures to choose a solution strategy and prepare to implement. Safeguards built into our listing process are:
  - Detailed internal procedures and multiple staff member's involvement control the overall listing process.
  - SoftSelect interviews a company (or lead consultant facilitator) about specific items before carefully choosing solutions for listing.
  - A specific presentation process of the list to the full selection team is conducted to better ensure everyone understands the list and the process moving ahead. SoftSelect's selection phase-2 process enables easily and consistently testing other candidate solutions that were not on the original SoftSelect list, against company specific priorities.
  - The correct process moving ahead to appropriately test all candidate solutions is emphasized in training standards for consultant partner/company selection team members and written procedures that are again included in a listing report.
  - The listing report makes no judgment on which candidate is better, but says here are candidates that can only be more fully understood by testing them against company specific priorities.

Details on the Listing Process: For software product categories (e.g. ERP, PLM, WMS) SoftSelect maintains data; the software candidate listing process for a particular company follows these major steps:

1. Interview the selection team: Company specific factors are important to understand before software candidate lists are developed.
  - a. Based on the business process areas under review, confirm/establish the software product category to review. Usually there is an assumption by the client as to the type of software they are seeking, and therefore what processes should be studied. Selection projects using SoftSelect tools and methods first focus on business processes for which clients want better control with enterprise/business software and then help them be clear about the software product categories (e.g. ERP, PLM, etc.) that will likely meet the need. Depending on the breadth and depth of the business process review, more than one

software product class may be investigated to best meet business process automation objectives.

- b. Determine if the selection team wants to see data on particular software packages or if any software vendor solution provider has been pursuing them. If SoftSelect has data on these packages, the data is typically provided to enable confident promotion or dismissal of the software packages.

2. Select candidate solutions from SoftSelect software product data and other related insight:

- a. This process is first based on candidate solutions with the best overall correlation to high-level indicators of suitability data that matches the selecting company. In the company interview, SoftSelect research staff carefully establish the company's projected size (measured in gross yearly sales), if as relevant the industry, and the manufacturing environment. This information is compared to similar data on software vendor's packages for which SoftSelect maintains data. Depending on a number of factors the three high-level indicators of suitability measures may have different influence. After all factors are weighed, a long-list of software candidates is hand picked by two or more SoftSelect team members.
- b. Secondly further screening is conducted based on general vendor viability. SoftSelect monitors software vendors (at least every two months) and based on our observation of their investment in technology architecture, the progressiveness and currentness of their website, and other qualitative factors, we categorize some to have questionable viability and therefore not reasonable (relative to stronger vendors) to include on client lists. We don't openly publicize vendors we have in this category—we just don't select them for client software lists. Also we monitor these vendor's website and other information sources to detect changes that might justify removal from this 'questionable viability' category. SoftSelect's objective is to deliver the probable 'best list' of software candidates. As mentioned above, the subsequent selection process enables clients to introduce other software candidates and consistently review them with the SoftSelect provided candidates toward the goal of developing a short list and finally a selection.

3. Multiple lists: As needed we present candidate software solutions in two or more lists. Typically we have a main list that has the highest merit for pursuit. Then potentially other lists are included of candidates that are nearly as close to the HLISs as the first list and/or a list of requested packages that did not match closely enough to be included in the first list.

## Addendum A: Sample HLIS data (fictitious vendor):

### Software Product Suitability and Specification Information

Research conducted by SoftSelect business unit of Engleman Associates, Inc.

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**Vendor:** IMega  
**Web Site:** www.imega.com  
**Product:** IMega ERP

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Focus level values show an estimated strength (relative to other software vendors) of the vendor's product to serve specific companies, industries, and, when relevant, manufacturing environments based on the percentage of the software product's past and planned installations in various types and sizes of companies. The definition of the focus levels are:

1 = Very high predicted correlation to needs

2 = High predicted correlation to needs

3 = Reasonable predicted correlation to needs

4 = No significant predicted correlation to needs when compared to leading vendors.

These estimated strength measures can be used to identify candidate vendors with track records in specific size types of companies, which directly relate to estimated suitability. Software vendors with lower correlation may still provide solid solutions, specific company especially if their qualitative strengths are high.

<b>% of Business</b>	<b>Company Size Zone</b>	<b>Focus Level</b>
	Zone 1 - \$500MM US Plus	
5%	Zone 2 - \$150 - 500MM US	3
15%	Zone 3 - \$70 - \$150MM US	3
45%	Zone 4 - \$30 - \$70MM US	1
25%	Zone 5 - \$10 - \$30MM US	2
10%	Zone 6 - Less than \$10MM US	3

<b>% of Business</b>	<b>Industry Type</b>	<b>Focus Level</b>
16%	Metals: Fabricated Products	2
15%	Electronic: Components Mfg.	2
14%	Machinery/Complex Mfg.	2
14%	Medical/Laboratory Devices/Equipment Mfg.	2
13%	Automotive Supplier Mfg.	2
10%	Consumer Products Mfg.	3
8%	Electronic: Equipment Manufacturer	3
7%	Plastic: Fabricated Products	3
3%	Electronic: Semi-conductor Mfg.	4

<b>% of Business</b>	<b>Manufacturing Type</b>	<b>Focus Level</b>
65%	Work Order Driven	1
30%	Job Shop	2
5%	Repetitive	4

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