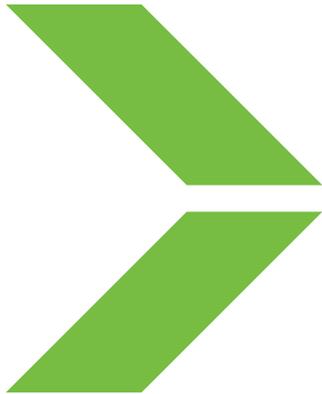




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Is Leveraging an RFP to Select an ERP Solution Useful?

When deciding on enterprise software to help run your business, such as an ERP solution, you'll find that most vendors cover the basic capabilities that you'll need, such as accounting, order processing and inventory management. The key differences between the vendors, however, are usually harder to determine. How can you find the objective differences among them and truly make an informed decision about which is the right fit, both functionally and culturally, for your organization?

Using a Request for Proposal

One common method to accomplish this is by using an RFP – a Request for Proposal. The goal of this document is to help you objectively grade or rank prospective ERP solution vendors, their capabilities and industry knowledge and how they could help positively impact your operations.

In this white paper, we'll examine the value of an RFP and when it may be helpful to your organization – and when it might not be. Completing an RFP isn't something every company should set out to do, so taking the time to figure out whether an RFP is applicable to your situation is a valuable exercise. Let's take a look at the considerations around whether an RFP may or may not be right for your organization.

Why an RFP?

An RFP is ultimately a communications tool. It helps articulate your business and technology requirements to the vendor while clearly sharing your company culture and process. There are several efficiencies and benefits that a well-crafted RFP can add to your organization's decision-making process. The process itself can be very informative regarding your company's current operations.

COMPARE APPLES TO APPLES

One of the biggest benefits of an RFP is that it can give you a better understanding of the ERP solution landscape. By helping to guide the selection process and outlining the right questions to ask, an RFP can illuminate a provider's capabilities against your key requirements more clearly than if you had examined them on your own. In short, an RFP can manage the selection process in an efficient and targeted manner.

NARROW THE LIST OF POTENTIAL VENDORS

There seems to be an endless supply of ERP software vendors, all with seemingly similar capabilities and promising to meet whatever needs you have. By using an RFP, you can more clearly and concisely communicate your requirements and, in turn, require the information from vendors that will help you confidently narrow down the list to those that can truly meet your needs and budget.

A COMPLEMENT TO THE DISCOVERY PROCESS

The details in your RFP should outline and emphasize what you want to see in a provider's demo, but it shouldn't take the place of a discovery process by the ERP vendor. If an RFP isn't written properly or isn't relevant to a company's needs, then it may differ drastically from what is actually uncovered during discovery. The key is ensuring the accuracy and practicality of the information in the RFP. If the RFP doesn't line up with what you require and what you expect in a demo, it can hinder the project by causing confusion regarding your requirements versus your wish list items.

Do You Really Need an RFP?

Not every search for an ERP solution provider may require an RFP, so take a moment to decide whether one will add value or not. Before you start, make an honest assessment as to whether you will make the time to...

- Find and develop an RFP specific to your organization and its needs
- Fully complete the RFP (including eliminating what does not fit or isn't critical)
- Leverage the RFP throughout the selection process and when making your final decision

Although an RFP can hold real value for a company that is comparing vendors, we sometimes see companies put a lot of time and effort into one and then never use it to fruition. Figuring out whether you will use the document may seem like an easy or quick decision, but it's often not!

There are several scenarios in which an RFP may not be helpful or may even complicate the ERP vendor selection process. If any of the descriptions below illustrate your organization's mindset or situation, consider carefully about whether an RFP is worth the time and effort.

- Think about how your company typically makes important decisions. Is leadership analytical in their decision-making, or does the group tend to make more emotional decisions based on how they feel about a service or vendor? An RFP can be a valuable tool in an analytical organization, but less so if qualitative factors play a disproportionate role.
- An RFP may not be valuable if you're only looking at one provider or if the providers have defined sales and discovery processes. In that case, the information covered in an RFP will be re-addressed during the discovery, potentially saving you the work of putting together the RFP.
- Understanding any biases that may exist is critical. If a member of your leadership team is predisposed to a particular ERP vendor, seek to understand why they have formed a bias and target your RFP and demo criteria to ensure differentiation is achieved among the ERP vendors in the key areas. Often in cases of bias, it's the demonstration that proves to be most valuable and a full-fledged RFP is largely ignored. This also speaks to the emotional versus analytical decision-making culture of your ERP team.

The more tailored the RFP is to your organization, the better your potential vendors can understand your requirements and demonstrate how they can best serve you.

Building an RFP

An RFP should be tailored to your own organization, but there are several key areas and recommendations for structuring the document that can make the process go more smoothly and enhance its value during the ERP solution vendor process.

RELEVANCY

Using a complex RFP with lots of questions and information is only helpful if it is directly relevant to your company's situation, critical needs, and processes. Avoid generic RFP templates, as they are usually not specific enough to your technical requirements and desired software functionalities. At best, they can waste your time. At worst, they can confuse your requests with the ERP solution vendor and cause delays and extra costs.

For example, an RFP template created for general ERP selection that is not specific to your industry or tier can create confusion and unrealistic expectations regarding your expected feature needs and price range. Ensure the RFP template and your business requirements are on par: for instance, future needs and nice-to-have features may be important, but should not represent more than 25 percent of your RFP criteria. Qualifying the questions and information ahead of time will help keep the process focused and set realistic expectations for your team and the vendors.

If you're set on beginning with an RFP template or you're working with a consulting firm that presents you with an RFP, take the time to customize it and eliminate what isn't directly relevant. This will make it specific to what you are looking for in a provider, and it will help the provider get a clearer picture of your software needs.

KEY INFORMATION

Getting user input is key; from front-line ERP solution users, department heads and mid-managers, upper management and others. Document the criteria for your ERP software and provider by identifying and analyzing the strengths, competencies and deficiencies of your operation. What functionalities do you need and how will they benefit your organization? What technical or training challenges do you expect? As you gather information from key stakeholders, you should be asking each respondent to categorize the specific needs into three buckets: critical, nice-to-have and future needs.

- Critical: What is absolutely essential for your business now? What do you immediately need to stay competitive and grow?
- Nice-to-have: What capabilities would be extra helpful or beneficial, but not necessarily critical to the operations or success of your company?
- Future: Which capabilities will be needed down the road? For instance, perhaps your company would like e-commerce capabilities, but your operations aren't set up for them yet. This would make e-commerce a future need.

All of your initial discovery information should be contained in a list of technical requirements, a chart or a visual representation of the processes and activities operating throughout the company. The better focused and relatable the RFP is to your business, the more value it has throughout the process, helping to elevate your ERP selection team's credibility within the organization and providing direction and focus in an already complex process.

An RFP is Helpful if...

An RFP document can have real value by helping you confidently and efficiently narrow the list of ERP solution vendors and choose the one that is right for your needs. But an RFP is only helpful if it is specific to your company. If you or your team wants to rely on a template document, or you believe the vendor selection is pre-determined, or for some other reason you are not convinced that it will add value, then instead seek out and rely on a vendor's thorough discovery process instead of drafting your own RFP.

On the other hand, if you do your research and move forward with a bespoke RFP that truly reflects your company's culture, needs and expectations, you'll have a powerful tool for selecting an ERP solution vendor. Between you and the potential vendor, an RFP can spark in-depth conversations that dive deeper into your respective cultures and philosophies, develop mutual trust and ultimately help you select the right ERP solution!



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