



So, you've got a large task in front of you and you're wondering how we might be able to make it easier for you. You might also be wondering what the big deal is and what makes the acquisition of Enterprise Software (ES) so special that a book has been written about it.

Well, first of all, let us make no bones about it—this is no easy task that you are about to undertake. What's more, this may well be one of the toughest projects your organization has ever gone through. So, if you think buying ES is going to be a “walk in the park,” think again. It's very serious business. As you will see, there is so much that goes into it, so many details that need to be considered and attended to—perhaps even more than you might have imagined—that you will be surprised at how such a seemingly simple and straightforward task is, in actual fact, rather complex and arduous.

Second, there is a lot riding on the outcome of this buying task. Don't think for a minute that you will be able to go out and buy an ES package and have it work wonders for your organization—PRESTO!—just like that. Or that, if there are glitches, they can all be fixed during the implementation. Just one look at the headlines of any of the major newspapers or magazines in recent years should tell you that such an approach doesn't work. The headlines recount the horror stories that have been told by several large companies of their troubled attempts, delays, and the millions of dollars in cost overruns that they have spent trying to implement Enterprise Resource Planning (ERP) software. If anything, these stories should be warnings of how high the stakes really are for these types of projects. In some instances, the very existence of those companies has been jeopardized. But, that's not the end of it. More organizations will also suffer the same fate if a better way is not found. What we propose is that better way.

1.1 *WHY ENTERPRISE SOFTWARE?*

In today's intensely competitive international marketplace, information delivery is critical to successful business operations and management. For this, organizations require numerous applications to satisfy their information needs. They are also seeking, more and more, to integrate these numerous applications into one comprehensive, enterprise-wide information system. However, the platform incompatibility between many or all of their systems and the inability of many software applications to integrate or exchange information greatly impede this effort. Organizations are, therefore, turning to packaged enterprise-wide applications such as Enterprise Resource Planning (ERP) software in response to their needs.

Coined in the early to mid-1990s, the term "ERP" originally referred to a suite of integrated software applications that connected back-office operations such as manufacturing, financials, and human resources into one system. Today, however, ERP software consists of applications that link not only back-office operations, but also front-office operations and internal and external supply chains. As such, ERP software has evolved to a much broader scope of applicability in the organization and has literally become the center of the organization's application architecture, or what some have referred to as "the enterprise backbone," linking its functional areas and its business processes.

It is probably for this reason that ERPs, now more commonly referred to as Enterprise Software (ES), have become a viable alternative to in-house development. This may also explain why it has become one of the fastest growing segments of the information technology (IT) industry, with growth rates averaging 30 to 40% per year. While 1999 was the exception (owing to Y2K issues), it is estimated that by the year 2001, worldwide sales of ES will exceed 22 billion dollars (PricewaterhouseCoopers, 1998; Yankee Group, 1998). It is further estimated that by the year 2002, packaged applications will represent a significant portion of most IT portfolios. As it is, overall IT expenditures already represent a significant portion of ongoing capital expenditures for many organizations and will continue to increase. Since the mid to late 1990s, many organizations have concluded that it is more efficient and less costly to replace their aging systems with new packaged software applications. With the goal of imparting new functionality to the organization and solving other issues (one issue being Europe's conversion to a single currency), the acquisition of new packaged ES applications is being looked to as a way to decrease internal development costs.

For organizations both inside and outside of Europe that must deal with the European Monetary Union (EMU), the EMU issue may prove to be more lengthy and hence more costly than Y2K retrofitting was (PricewaterhouseCoopers, 1998). With the conversion by countries in the European Union to a

common currency called the “Euro” beginning in 1999 with a mandatory December 31, 2001 deadline, European organizations currently have to calculate in two different currencies (the Euro and the currency of the country in which they are located; PricewaterhouseCoopers, 1998). Meanwhile, for organizations with subsidiaries in Europe, their situations are further complicated with having to calculate in at least three different currencies (the Euro, the currency of the country in which the subsidiary is located, and the currency of the country in which the home office resides).

Other factors that will stimulate the growth of the ES market include the expansion of ES into the front-office area (e.g., sales force automation, customer relationship management) as well as into the areas of supply-chain management and electronic commerce (e-commerce), electronic business (e-business), and the diminishing ES life-cycle from 15 to 8 or fewer years (Yankee Group, 1998). Deeper penetration within existing ERP (ES) accounts and continued penetration and servicing of the high-end market will also impact the continued growth of the ES market, not to mention the entire IT industry.

Further growth of the ES market will be stimulated by the expansion by ES vendors into the middle market. Only now are these vendors beginning to target the middle market with full-featured ES solutions that they are tailoring to specific industry business processes. Besides the tailoring that will be done to suit the industry-specific process needs of these mid-sized organizations, the strategy for this market will encompass several other approaches, one of which will be “componentizing” the application implementations so as to reduce complexity, costs, time, and effort (PricewaterhouseCoopers, 1998; Yankee Group, 1998).

The expansion of the ES market, while providing unprecedented opportunities for organizations, also opens them to some potentially significant problems. Among the problems, how to acquire this type of software? Although more and more organizations are turning to ES packages to meet their needs, most have little knowledge about what is involved in acquiring this type of software, let alone the best way of doing so. Since ES packages can cost several thousands, hundreds of thousands, and even millions of dollars, a lack of knowledge about the best or optimum way of acquiring these packages only adds to the already sizable risk involved with choosing ES. It just makes sense then to find out what the best way is for acquiring ES applications.

For organizations, the purchase of ES packages is a high-expenditure activity that consumes a significant portion of their capital budgets. It is also an activity that is fraught with a high level of risk and uncertainty. Why? First of all, if a wrong purchase is made, it can adversely affect the organization as a whole, in several different areas and on several different levels, even to the point of jeopardizing the very existence of the organization. This highlights the obvious need for making the right choice of software. It also brings to light the need for find-

ing the best possible way for acquiring this type of software so that the right choice can be made. The second reason that this activity has a high level of risk and uncertainty is because of the implementation and the risk of it going awry. This risk can be reduced, however, and the chances of a successful implementation increased if the proper foundation is laid beforehand. The Acquisition process set forth in this book will guide organizations in doing just that.

1.2 ***THE IMPLEMENTATION OF ENTERPRISE SOFTWARE SOLUTIONS***

ES implementations are said to be the single business initiative most likely to go wrong. Since a successful implementation is dependent on several factors, exclusion of any one or more of them could increase the risk of a less-than-optimal outcome. Several factors, many of which are typically regarded as standard project management guidelines, are critical for the successful implementation of ES, including:

- upper management commitment
- incumbent need for process reengineering or redesign
- appropriately and highly skilled project team
- availability of full-time staffing resources
- in-house project manager
- clearly defined method for tracking and resolving issues
- well-defined project management structure
- application of limits to the project's scope
- recognition of the ES system's limitations
- ability to find experienced implementation partners
- adequate investment in change management (i.e., training programs, process design work, issue resolution, communication to end-users, and post-implementation support)
- a "fit-gap" analysis
- recognition of the two-fold nature of an ES project—that it is as much about people as it is about the technology
- communication
- user buy-in

Necessarily, then, the implementation of ES requires much careful and well-thought-out planning.

1.2.1 ES Implementation Horror Stories

However, waiting until the implementation to consider these issues is, in effect, waiting until it is too late. Consider the following example. An organization approves the purchase of an ES system for financial management, budgeting, human resources, and payroll systems. The technology is purchased. Then, when the organization is in its implementation preparation phase, it proceeds to define its business requirements, determine its business strategy, perform some business process redesign, and define the project scope. Within the same time frame, the project team conducts an analysis of the organization's "as is" and "to be" states by extrapolating from the results of data identified during the preparation phase. Other major activities during the analysis phase include defining current and future functions and processes. Then later, the project team begins its design phase during which the future business functions and processes (defined in the analysis phase) are mapped to the ES's functions. This results in a fit-gap analysis that shows the discrepancies between the organization's needs and the software's capabilities. The average fit-gap, as it turns out, is 40%, meaning that an average of only 60% of the organization's business functions match the ES's functions. Unfortunately, this organization invested a considerable amount of money in an ES product that only marginally fits its needs.

Clearly, there is something wrong with the logic and sequence of how this project was carried out. Wouldn't it have been more logical for the organization to have conducted its "implementation preparation phase" and its "analysis phase" prior to purchasing the software rather than afterwards? In so keeping, shouldn't the fit-gap issue also have been addressed before the ES was purchased?

As the above example and other similar horror stories in the media demonstrate, many implementations are doomed from the start because organizations simply choose the wrong ES solution for their business needs. In some instances, these buying choices were based solely on the "bandwagon effect" or "because so and so bought it" or the answers to "Which ES vendor is #1?" or "What is the best ES solution out there?" Then, in trying to implement the ES, these organizations experienced significant cost overruns and major delays—delays to the point where the systems were still not up and running after 2 years. It seems apparent, then, that while these implementations may not have been "doomed" to fail, they were undoubtedly doomed to experience delays and cost overruns from the modifications that were needed to retrofit the software to their needs.

Certainly, there are many potential benefits to having these systems. The drawbacks, however, are that there can also be numerous costs and risks associated with their implementation. In a study conducted by the Harvard Business

School, 65% of executives believe that ES systems have at least a moderate chance of hurting their business because of potential implementation problems. While it would seem that there are already enough things that can go wrong during an implementation, why would anyone want to further encumber it with the added burden of trying to make right an ill-suited choice?

As previously stated, if the organization waits until the implementation to consider its needs, the fit of the software, etc., it is quite simply waiting until it is too late and inviting trouble. The cause and effect relationship between the acquisition and the implementation is such that if you pick the wrong system, you can expect problems during the implementation. There is no way around it. While the system may be the best in its class, it may not be the best for your organization's needs.

The way to avoid such a situation, though, is as follows. Conduct a careful study prior to the implementation, as we advocate, during which many of the issues that give rise to the risks and additional costs can be addressed. This is one way of reducing and potentially avoiding the delays that could arise, for example, from the need to retrofit technology to the organization during the implementation process. Since many of the issues that should be addressed for the acquisition are also critical to the implementation of the software, attention to these issues at the time of the acquisition could subsequently help to minimize or, perhaps even, avoid delays and cost overruns during the software's implementation, or worse still, noncompletion of the implementation.

1.2.2 Corporate Case Studies

Examples of the type of careful study that should be undertaken for the acquisition of an ES solution are included in this book. These are in the form of four corporate case studies of organizations that went through an extensive Acquisition process to buy packaged ES solutions. The organizations (pseudonymously named, with the exception of Keller) were:

- International Air: a large, international airline corporation that purchased PeopleSoft's ES solution for the sum of US\$86 million. The ES Acquisition Process that International Air went through took approximately 9 months and was completed by the summer of 1996. Its subsequent implementation was completed in the scheduled time frame and was regarded a success.
- ESC: a holding company (gas and utilities) that completed the purchase of Oracle's ES solution at a cost of US\$6.5 million in March of 1997. Its ES Acquisition Process took approximately 6 months from

start to finish. This case is especially significant because it highlights the need to verify sources of information.

- Telecom International: an international telecommunications organization that began but did not complete the purchase of a proposed US\$10 million packaged ES solution. As a result of the strategic nature of the intended purchase, an impasse on the issues of code ownership and cost brought the business negotiations to a halt. The ES Acquisition Process that the organization went through was, nevertheless, quite rigorous and presents some interesting insights and lessons that would be of value to other organizations, including the influence of new management on the overall process.
- Keller Manufacturing Company Inc.: a mid-sized furniture manufacturer that purchased an ES solution from Effective Management Systems (EMS) Inc. for approximately US\$1 million. Keller's ES Acquisition Process took approximately 11 months and was completed in August of 1996. Regarded as a great success, the implementation of EMS' software was completed within the scheduled time frame with only a few minor problems.

Many, if not all, of the issues and factors that have already been presented here should be considered during the Acquisition process. These factors, which are deemed as "critical" to the implementation, are equally important and pertinent to the acquisition. There are, however, several other factors that are also critical to the successful acquisition of ES solutions, including:

- Planning—an absolute must if the acquisition is to be a success
- Cross-over of Acquisition Team members to the Implementation project, which provides:
 - continuity,
 - rationale and background,
 - and makes use of the information that was gathered during the Acquisition process and eliminates trying to "re-invent the wheel"
- Careful selection of the Acquisition Team members,
 - including a representative from the Purchasing department
- Interdisciplinary/cross-functional skills of the Acquisition Team's members
- Formality in the structure of the Acquisition process
- Rigor
- Leadership
- Clear and unambiguous authority

- Strong management commitment
- Definition of the requirements—an absolute must prior to even beginning to look at vendors/solutions
- Establishing selection and evaluation criteria—another absolute must prior to looking at vendors/solutions
- Thorough vendor, functional, and technical evaluations
- Scripted vendor demonstrations
- User involvement in the ES Acquisition Process itself
- User involvement in the vendor demonstrations
- User buy-in of the final choice

As will be seen throughout this book, these and numerous other factors need to be addressed and incorporated into the Acquisition process, and for each of the four organizations, these factors played important roles.

One of the objectives, then, for organizations to go through an extensive ES Acquisition Process is to avoid being the casualty of an enterprise project that spins out of control, grows considerably beyond its originally intended scope, and consumes vast amounts of money, time, and effort. Unfortunately, for many companies that have already been down that path and that have fallen victim to such out of control ES projects, if they had known of a better way to approach such projects, one that would have helped them to minimize the risks during implementation, they would most likely have followed it. Instead, though, they had to walk away from their ES projects poorer by tens or even hundreds of millions of dollars with nothing to show for them.

1.2.3 A New Way to Look at Implementation Projects

It is understandable then, with the multitude of organizations that have experienced major delays and significant cost overruns, that organizations embarking on this type of project should be concerned about the ramifications of implementing an integrated ES solution. We believe, however, that these problems arise in part from how these projects are looked at.

Typically, organizations refer to this type of project as an “implementation project” and lump all activities of the project under this general label. In so doing, the major part of the focus and attention is given to the actual implementation of the software and the other activities of the project are considered of secondary or lesser importance. This limited focus, in effect, isolates the implementation into a sort of “vacuum” and has those involved (whether directly or indirectly) in the implementation believing that it is the “end all and be all.” Is it any wonder then, with the standard approach being to focus on the implementation, that organizations are experiencing significant cost overruns and delays?

We believe that this singular focus on the end result may be responsible, at least in part, for some of the problems being faced by organizations during ES implementations. This standard approach, it would seem, no longer works. Why?

While many find the actual implementation to be the only interesting and important part of the ES project, we contend:

- First, there is more to an ES project than just the implementation of the software
- Second, the acquisition constitutes the first principal piece of the ES project puzzle
- Third, the process for acquiring the right ES is equally as important and interesting, not to mention challenging, as the implementation

Hence, we believe that by segregating the acquisition for the packaged software from the implementation and looking at these as two separate yet related phases or processes, the attention that has been sorely needed for choosing and buying the software solution could at last be given to the Acquisition process. These two processes, together, provide a more comprehensive view of the whole ES project. Also, instead of thinking of projects solely as “implementation projects,” we argue that it would be more accurate and appropriate, at least for Enterprise Software, to refer to them as “ES projects,” with the understanding that they consist of two principal and distinct yet related phases: the acquisition phase and the implementation phase.

1.3 THE ENTERPRISE SOFTWARE ACQUISITION PROCESS

The ES Acquisition Process is quite broad and complex. Its scope is not limited to regular buying-task-related activities (e.g., issue RFP, review responses, choose the least expensive system, sign contract, issue P.O.); it also involves:

- numerous people
- addressing a broad and varied range of enterprise-wide issues
- depending on several key factors
- the process itself laying the foundation upon which the ES’s subsequent implementation rests

While some evidence of the success of the process is apparent by the end of the acquisition, final judgement on the success or failure of the process cannot truly be rendered until the ES is in the midst of implementation and subsequent to that, rolled out into production. With the weight, then, of these consequences and their far-reaching effects, it is easy to see that a great deal depends on the quality and rigor with which the ES Acquisition Process is carried out.

We present our ES Acquisition Process as a guide or at least a starting point for those organizations that do not know where to begin their journey into ES territory. Unfortunately, we cannot guarantee 100% that your organization will decide to buy the right ES solution for its needs. However, we do know that if the guidelines and recommendations set forth here are closely followed, the organization will stand a much greater chance of arriving at the right choice of ES and of having fewer problems with both the acquisition and the implementation.

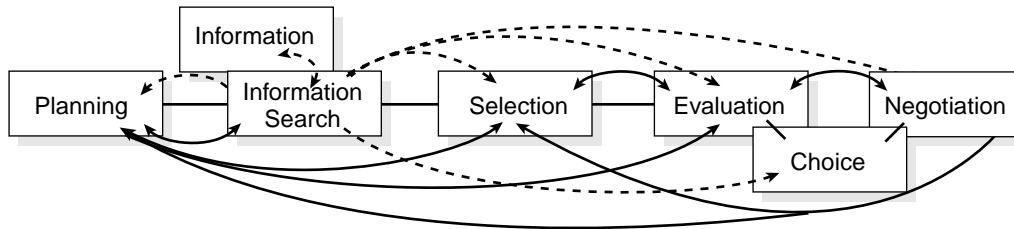
For each organization that goes through the Acquisition process, a unique combination of factors (such as the type of technology being sought), participants (individuals and departments involved), CSFs, and influences will conspire to form the overall character of the process. As such, no two acquisition processes will ever be exactly the same. The difference stems more from the dynamics involved in the overall Acquisition process rather than the mechanics of the process itself. What do we mean by this? Well, since each acquisition is different, the Acquisition process (and hence the evaluation processes) will necessarily take on slightly different twists depending on the technological solution that is desired, the internal customers, the culture of the organization, and sometimes even the approval process that needs to be followed to get funding. What does this mean to your organization? It means two things:

1. The structure of the ES Acquisition Process will remain the same for most, if not all, of your ES acquisitions.
2. The constituent details or “nuts ’n bolts” that go into each major component of each process will vary, as will some of the “intangible” elements that influence the process.

The acquisition of ES software involves several major processes. Figure 1–1 shows the inter-related and iterative nature of each of the individual processes.

The ES Acquisition Process (see Figure 1–1) has the following characteristics:

1. Begins with planning
2. Ends with negotiations
3. Some of the processes are done concurrently
4. Each process results in deliverables that are used by another process



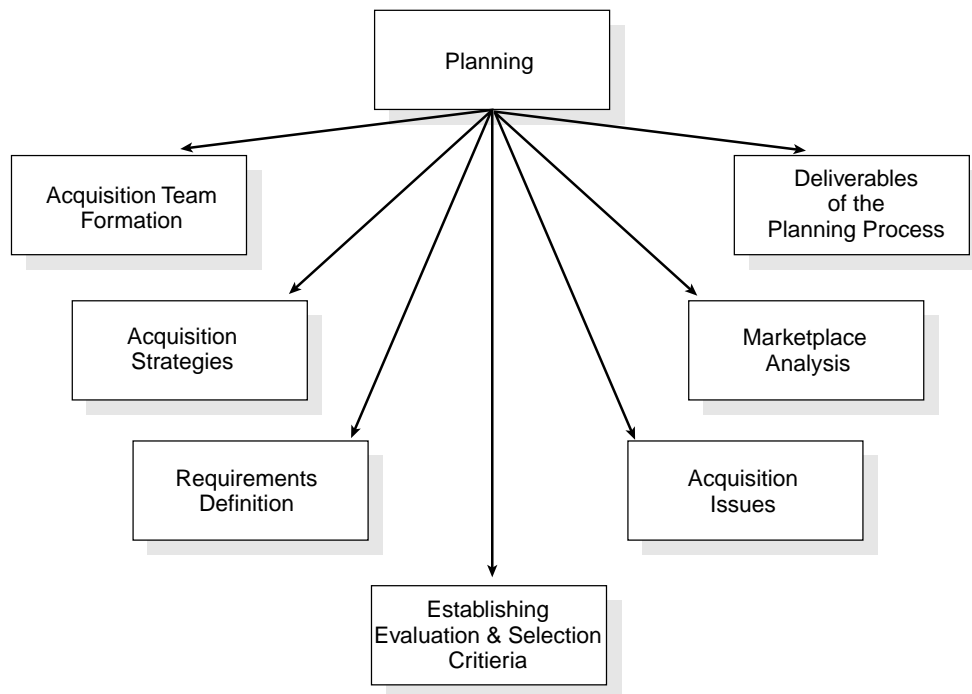
► **Figure 1-1** The Enterprise Software Acquisition Process

1.3.1 The Planning Process

The majority of the time spent during the ES Acquisition Process is in the Planning process with planning and preparations being done for the other parts of the process. This is as it should be.

Planning begins very shortly after the decision is made to purchase an ES. Then, a short time after that (once some initial meetings have occurred to get things underway and the Acquisition Team has been formed and met to do some planning, etc.), the search for information begins. As described in Chapter 8, the search for information would include the gathering of information on the organization's requirements and following that, the establishment of selection and evaluation criteria. At the same time, the Acquisition Team would be developing its acquisition strategies, setting its acquisition project time frame, and looking at issues that are pertinent to the acquisition. Then, a little further into the process, with the organizational and systems requirements defined and various criteria established, the Marketplace Analysis would occur. Information on vendors and their solutions would be screened using high-level vendor, functional, and technical criteria, with the end result being a long-list of vendors/solutions. Beyond this, the Team would be putting together the RFP and sending it to the vendors on its long-list.

The Planning Process contains seven categories that reflect the principal activities that should occur during this phase of the Acquisition process (see Figure 1-2).



► Figure 1-2 Planning

Acquisition Team Formation

This first element plays an important role in the success of the acquisition project. In the formation of the Acquisition Team, it will be necessary to:

- Select a project leader. The project leader may or may not be from IT department.
- Identify the skills that will be required for the Acquisition Team. Each individual team member needs to have skills that enable him or her to assume a specific set of tasks or responsibilities within the project.
- Build a cross-functional/multidisciplinary team.
- Define each of the roles of the individuals that would be on the Team. Each individual team member will need to perform a functional and/or advisory role based on his or her abilities or past experiences. Each team member also needs to understand each role as it belongs to each team member, as well as those roles shared among members.

- Assess whether outside experts or consultants are needed to complement the Acquisition Team members' skills.
- Include both users and IT staff. Members of the Acquisition Team can be drawn from the various departments that would be impacted by the ES. User participation is crucial to establishing the buy-in that will improve the chances of a successful implementation later on.
- Include a representative from the Purchasing Department on the Acquisition Team and have him or her involved right from the earliest stages of the acquisition process. This can help the deal and save the company both a lot of time and money.
- Consider the long-term availability of individuals when recruiting them for the Acquisition Team.
- Consider the "cross-over" participation of many of the Acquisition Team's members from the acquisition project to the implementation project.

Acquisition Strategies

The strategies that the Team develops for the ES acquisition should help reduce some of the uncertainty associated with this decision process. Strategies might be developed regarding such things as the scope of the acquisition, and the types of vendors to consider. For example, as a strategy for conducting the Marketplace Analysis (Chapter 4), will the Acquisition Team use the services of a professional research group such as Gartner Group or will the Team conduct its own search? Either way, what criteria do you have for identifying the vendors/products that you will deal with? Where will you look for information? The strategy that your Team decides upon will have an impact on how you conduct the Marketplace Analysis as well as the Information Search process (Chapter 8). It will also start you thinking about the different types and levels of criteria that you will need to establish for your search, more of which is discussed in Chapter 12. Other strategies for the acquisition that will be discussed include:

- Vendor awareness session
- Scripted vendor demonstrations
- Videotaped presentations

Requirements Definition

The Acquisition Team will need to define the organization's requirements for the ES solution. To do so, the Team will have to analyze and/or define:

- Organization's current technological environment
- Functional requirements

- Technical requirements
- Organizational (business, procedural, policy) requirements
- Different user areas and functions
- Existing processes in the areas that will be affected by the new software
- As many problems and opportunities as possible

This information will be used to construct the RFP and will also provide the basis from which selection and evaluation criteria can be established.

Establish Selection and Evaluation Criteria

The Team will also need to establish its selection and evaluation criteria prior to contacting any vendor or looking at ES solutions. These criteria should be based on information that has been gathered from the users and other sources. Once established, these will be used in the RFP that will be sent to potential ES vendors. In addition, these will also be used, in part, for the Marketplace Analysis, the Selection process, and for the three different areas/types of evaluation that will need to be performed during the Acquisition process. These may also be used to create questionnaires and grids/matrices that could be useful during the Evaluation process.

Acquisition Issues

The Acquisition Team will benefit by considering as many issues, factors, and concerns as possible that might affect the acquisition at hand. In doing so, the Team could plan for how to handle potential problems that might arise later in the Acquisition process. Since these issues might also affect the implementation of the ES, the Acquisition Team should approach these issues with an eye toward the implementation. One such acquisition issue is Business Process Reengineering (BPR) and its ramifications. A major implication of buying an ES solution is that it will require the redesign of existing processes in the areas in which the software will be applied. Some common acquisition issues are BPR and management commitment.

Marketplace Analysis

During this analysis, the Acquisition Team is able to determine who the major players are in the marketplace for the ES that they are seeking. This analysis is conducted using high-level criteria to evaluate both the vendors and the functional and technical features of the software and results in a short long-list of potential vendors and solutions.

Deliverables

Various deliverables result from the execution of each of the foregoing elements. A few examples of the deliverables from the Planning process include the construction of the RFP (the primary deliverable), the formation of the Acquisition Team, and the creation of a short long-list of vendors.

1.3.2 The Information Search Process

One of the stages that occurs concurrently to the Planning process is the Information Search process. As one can discern, information feeds the Acquisition process. As information is obtained, certain issues, activities, and even entire stages are developed by the Acquisition Teams for all parts of the Acquisition process. One might also deduce, therefore, that the quality of the information that is obtained would have a significant impact on the results of the Acquisition process. Hence, both the sources and types of information that are gathered require due consideration during the Information Search process of the Acquisition process, and both will be discussed later in Chapter 8.

Since information is always feeding the Acquisition process, the Information Search process is an iterative one. It consists of two principal elements: information screening and information sources.

Information sources, both internal and external, provide the Acquisition process with differing types of information. This information is screened in accordance with the level of scrutiny warranted by the stage at which the Acquisition Team is in the Acquisition process. Put another way, initial searches only require high-level screenings of information based on fairly general (high-level) criteria; subsequent searches and reviews require increasingly intensive levels of scrutiny against more detailed criteria. Several key factors regarding information come into play during this process and among them are:

- Type or nature of the information gathered
- Credibility and reliability of the sources, whether internal or external
- Credibility and reliability of the information obtained
- Outside references including client referrals from the vendors
- Possibility of information overload and confusion

1.3.3 The Selection Process

The Selection process is the intermediate stage between the Planning process and the Evaluation process. It consists of only two principal elements: evaluate RFP/RFQs and create a short-list of vendors and technologies.

The Selection process begins following the return of the RFPs from the vendors. A review of the RFP responses (using lower level criteria to evaluate the vendors and the ES's functionalities and technical dimensions) would occur and the vendors deemed most likely to meet the organization's needs would be retained. A more intense evaluation of the vendors might also occur at this point using Dunn & Bradstreet (D&B) reports, among others.

1.3.4 The Evaluation Process

The Evaluation process consists of three distinct areas of evaluation: Vendor, Functional, and Technical. The criteria and strategies that are established during the Planning process are used to implement all three types of evaluations.

The Vendor Evaluation process is carried out in part during the Planning process and the Marketplace Analysis. Vendor Evaluation is also ongoing throughout the rest of the process during the Selection process's review of the RFPs, the Evaluation process (with client referrals and input from other sources), and the Business Negotiations process (on-going dealings with the vendors). Functional and Technical Evaluations are carried out partially during the Selection process and then more intensively during the Functional and Technical Evaluation processes. Since the evaluation of the software (using scripted demonstrations) takes center stage at this point in the Acquisition process, somewhat lesser attention is given to the Vendor Evaluation process.

1.3.5 The Choice Process

Choice follows as a natural result of the preceding processes. For the most part, the Choice process stands on its own and typically involves the conveyance of a final recommendation to an outside group (Steering Committee or Board of Directors) for authorization of the final choice.

1.3.6 The Negotiations Process

The Negotiation process is divided into two types of negotiations: Business and Legal. The Business Negotiation process is an informal but continuous subtone throughout most of the ES Acquisition Process. As many issues as possible should be addressed during the Business Negotiation phase. Then, once tentative agreements are reached and the choice is made, Legal Negotiations can proceed leading to the completion and sign-off of the final contract. Although the majority of the issues that need to be included in the final negotiations should have been covered during the Business Negotiations, the Legal Negotiations process will undoubtedly require new information as the final details are worked out for the contract.

1.4 INFLUENCES AND CRITICAL SUCCESS FACTORS

Several different influences will affect the ES Acquisition Process. While some of these have an impact on the Acquisition process, others have more of an impact on the Acquisition Team or the final choice of ES solution. While the subtlety of their impacts may seem negligible, a disregard of these may lead to potentially undesirable consequences. Such influences that are discussed here include:

- Organizational culture
- User buy-in
- Strong management commitment
- Leadership
- Acquisition Team composition
- Past experience

As with the influences, there are numerous factors (as previously noted) that are critical to the successful outcome of this process, including:

- Planning
- Cross-over of Acquisition Team members to the Implementation project
- Interdisciplinary nature of the Acquisition Team
- Clear and unambiguous authority
- Definition of the requirements
- Evaluations—Vendor, Functional, and Technical
- Structured process
- Rigorous
- User participation

1.5 REFERENCES

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