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Great choice!

Picking the right technology for your business

Selecting and implementing business technology, whether software applications or IT infrastructure, often leads to unexpected complications ranging from budget blow-outs to a failure to meet business needs.

Issues are often the result of poor planning and ineffective communication in the early stages of a project, resulting in vendors failing to meet ambiguous or unstated requirements and shortfalls becoming apparent when it's too late.

To have the best chance of project success, business leaders need a structured approach to IT procurement. This starts with assessing business requirements and agreeing on a coordinated plan before purchase.

Grant Thornton's methodology provides a straightforward way to do just that. This paper covers four key steps that business leaders can follow to ensure they invest in technologies that meet their specific needs, for when the system is up and running.

Start with business strategy

Many launch a procurement process without first considering their overall business strategy or how their business needs might be addressed in the use of a new system in sufficient detail.

"The fact is, technology alone doesn't drive profitable outcomes – business strategy does," says Alex Gelman, Lead Technology Partner at Grant Thornton. "To make the best choice for your business, align your technology strategy with your business objectives."

By planning upfront within the context of an overall strategy, businesses will be better placed to make informed purchases.

Before commencing the procurement process, businesses need to set up effective change and project management. This means appointing a team to steer the procurement and ultimately the project, keep it on track and ensure the people affected by it have the support and training they need.

Technology selection process

Step one: Define and assess requirements

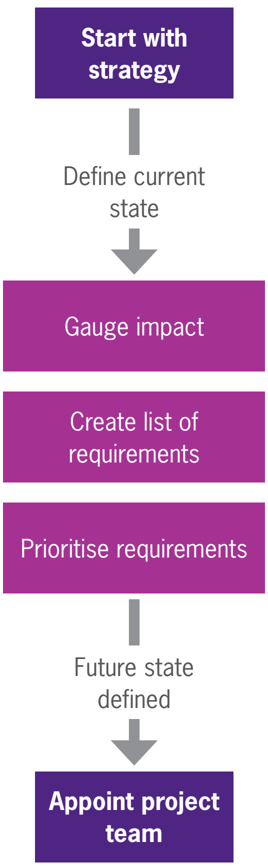
Having considered their long-term strategy, decision-makers are ready to list, prioritise and agree on business requirements, including any specific technology needs. The best way to do this is to assess where the business is now (the current state or status quo), where it wants to be (the future state), and then create a roadmap to guide the business through this process.

The creation of a 'current state' business document provides an invaluable reference point when gauging the potential impact of a new technology on clients and end-users. The document also highlights potential areas of improvement.

The next step is to create a detailed list of requirements which then form the criteria by which to evaluate new products. Structured workshops involving key people from different operational areas can help ensure that all relevant requirements are included.

The requirements should then be prioritised as mandatory, desirable or optional – this classification is critical to the selection phase. With the prioritised requirements agreed upon by stakeholders, the future state of your business technology is now defined.

Now it's time to move on to selecting the right product and vendor.



Step two: Select the right product and vendor

When it comes to product selection, businesses that are unsure of their exact requirements are at a distinct disadvantage; it's easy to be swayed by charismatic sales people and dazzling presentations. In stark contrast, *businesses that define and prioritise requirements are in a much stronger position to select a product that meets their short and medium-term goals*. Empirical evidence points to the correlation between long-term cost blowouts and the lack of clearly defined project requirements.

The selection process starts with identifying and shortlisting vendors and software solutions based on the requirement list. Selected vendors are then asked to complete a request for proposal, a request for information or a request for quote (RFX). All requests should include detailed requirements, including information about current technology, as well as any relevant legal, commercial and procurement data. This process can be fast-tracked by using the 'vendor informed procurement' approach, which involves a shortlist of vendors demonstrating their ability to meet requirements on agreed scenarios of relevance for the business.

It is particularly important that requirements are presented in a clear and unambiguous way, so vendors are obliged to address them directly. We recommend the inclusion of an itemised business requirements statement that lists your technology needs. For example:

Template – Business Requirements Statement

	Compliance	Comments	Requirement
1.0 Section			
1.1 Subsection			
a. requirement 1			
b. requirement 2			

F = Fully Complies
P = Partially Complies
N = Does not Comply
M = Modification Required

Allow the vendor to respond with suitable explanatory comments

Flag requirements as either:
Mandatory
Desirable
Optional

Example

	Compliance	Comments	Requirement
1.0 Payroll Requirements **1.1 Payroll run**			
a. Ability to set and vary pay cycles, cut-off times and pay days.			Mandatory
b. Ability to process pay runs with different pay schedules.			Mandatory
c. Ability to run separate fortnightly pays on alternate weeks, selectively including individual employees, ABNs, locations.			Desirable
1.2 Allowances:			
a. Ability to create both ongoing and *ad hoc* allowances including:			
(i) Set different calculation methods;			Mandatory
(ii) Set rules that provide for minimum payment periods;			Mandatory

Itemised business requirements statement

A good business requirements statement includes a compliance column requiring vendors to state whether or not their products meet your requirements. "The RFX should emphasise at this point that any promises made in this response phase may form part of the final contract, should the vendor be successful," says Alex Gelman.

One of the most important pieces in the product and vendor selection process is undertaking structured reference checks. This involves asking existing clients of the vendors to review their experience both during and after implementation. Questions should align to your business requirements. For example, if capturing time spent on a project on a mobile device is a key requirement, check how it is working in the field. It's critical to bear in mind that such checks aren't only about the technology – they're also an important way to gain an insight into what it will be like to work with each vendor on a day-to-day basis.

Step three: Establish project scope and implementation plan

The goal of the scoping or implementation planning phase is to take the outcomes of the previous two steps and include them in a proposed project plan. This has three main components:

1. **Solution scope** – this clearly defines what the solution is, which problems it will address and the chosen approach to implementation.
2. **Resources** – this document outlines the staffing, financial and technology resources required to complete the project.
3. **Project timeline** – it's important to agree upon deadlines for each implementation milestone, thus increasing the likelihood that products will be installed in time.

Decision-makers should bear in mind that the scoping phase is intended to be fairly general – an outline of the project, as opposed to a comprehensive plan, which comes later.

According to Robert Samuel, Technology Partner at Grant Thornton "the scoping phase allows businesses to eliminate any ambiguity around the solution and the implementation timeline. This combined with detailed requirements dramatically reduces the chances of any unpleasant surprises later on.'

Scoping the project and setting an implementation timeline dramatically reduces the chances of unpleasant surprises later on.

Step four: Justify the project

The justification phase might just be the most important step in the process. It involves producing a formal business case outlining the costs and benefits of the proposed solution and demonstrates how it will support the business' strategic goals.

The document begins with a business case summary. This should be clear and concise, and include a description of the relevant financial, technological and business points supporting the case.

The recommendation section follows, comprising a short passage that clearly identifies what the solution is, steps for its implementation, who the key stakeholders are and why the proposed solution is more appealing than the available alternatives.

The financial section's main objective is to provide any necessary information without overcomplicating the document by going into too much detail. It is, after all, a financial summary – the minutiae of your financial considerations should be detailed in the project investment section.

At the core of the business case is a benefits analysis that demonstrates exactly why the proposed solution will help your business. The benefits fall into three categories: ongoing tangible benefits, one-off tangible benefits, and intangible benefits. The intangible benefits are those without clear monetary value – for example, improvements in your business' social and reputational outcomes. The benefits section is also a good opportunity to demonstrate a comparison between newer models (such as cloud) and more traditional business technologies.

"We recommend that our clients present the completed proposal to their management team or board to give them an opportunity to assess the project benefits and ask any relevant questions," says Samuel. "We're confident that by following each step of the process, our clients will be equipped to answer their board's questions convincingly and push the project towards final approval."

HOW TO STRUCTURE A BUSINESS CASE:

- Decision summary: sponsor, purpose, and recommendations
- Financial summary: capital cost, annual maintenance fees, total cost/benefit over 5 years
- Project objectives
- Project investment
- Investment analysis
- Evaluation process and recommendations

Measure twice, cut once

When it comes to investing in new technology, you can't be too careful. The market is saturated with business technology options for businesses of all sizes, and it's important for companies to go beyond the technical specifics and discounts to focus on aligning their chosen IT solutions to their business objectives.

"The truth is that it's often difficult for business leaders, who might not be intimately familiar with technology, to make informed decisions," says Grant Thornton's Gelman. "That's why our approach emphasises collaboration and business-led design."

So whether you're choosing a new system for your whole business or solving a specific problem, make sure you're in a position to ask the right questions, get the right answers, and, ultimately, make a great choice. By following Grant Thornton's methodology, you'll be able to do just that, bringing maximum benefits to your business and taking a confident step towards achieving the business' strategic vision.

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