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Successful Construction Software Selection
A PRACTICAL GUIDE

The process of evaluating and selecting your next generation of construction software doesn't have to be a painful process. If managed properly, your firm can select a new software suite, and more importantly a new technology partner, that will serve your organization successfully for many years to come. This guide should help you manage the process in an efficient manner, while helping you avoid common pitfalls that many firms encounter. It is broken into several sections that lead you through the process.
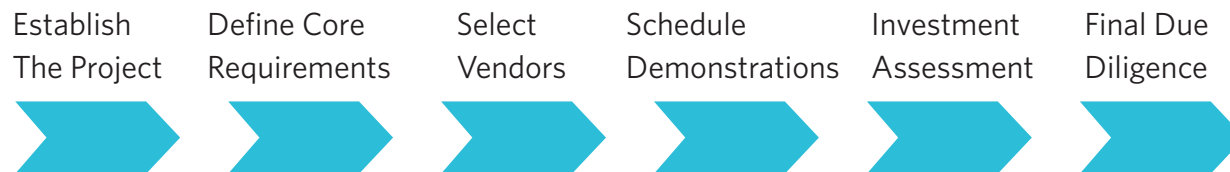
PLANNING THE EVALUATION - THE 5 KEYS TO SUCCESS

» Having a firm foundation to your evaluation is critical. These 5 steps help:

» Ensure your firm knows why a software evaluation is necessary

» Include key stakeholders in the evaluation process.

» Take a project-based approach to the process and stay on schedule

» Develop a sample data set

Look beyond the software features because your firm is investing in more than software

THE EVALUATION PROCESS – KEY STEPS

Now, the evaluation process itself. There are six basic steps:

Establish The Project	Define Core Requirements	Select Vendors	Schedule Demonstrations	Investment Assessment	Final Due Diligence

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STEP 1 – ESTABLISH THE PROJECT

» **Create An Evaluation Team** - The team should consist of key stakeholders from your company. Typical team members include: CFO, Controller, Payroll/HR Manager, VP of Operations, Project Executive, Equipment Manager, Plant Manager, etc. Appoint someone to manage the evaluation.

» **Executive Sponsor** - Make sure that Key Stakeholders buy in to the evaluations.

» **Define High Level Goals For The Project** - Clearly define the benefits you expect to derive from the implementation of contemporary construction software. Ensure that all team members are vested in these goals.

A SAMPLE OF THESE BENEFITS INCLUDE:

Providing automation to departments or sections of your organization that are outside the reach of your current software

» Bringing ad-hoc spreadsheets, independent databases, or paper based processes into a fully integrated system - reducing staff time and creating efficiencies

» Improving and synchronizing Job Cost & Project Management capabilities

» Improving document/e-mail management workflows through your construction cycles

» Providing comprehensive, real-time reporting and true "what if" business Intelligence capabilities

» Improving and streamlining accounting and financial management systems

» Integrating field data capture/reporting

» Incorporating Human Resource automation within the context of your firms day-to-day software

Create Schedule & Assign Resources - It is extremely important to treat this project in the same manner you treat your construction projects. Activities and milestones should be defined and resources should be assigned to every step.

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STEP 2: DEFINE YOUR CORE REQUIREMENTS

You and your team will learn a lot about the new capabilities inherent in contemporary construction technology, so don't start the evaluation process with too many preconceived ideas. Ask each department representative to gather key requirements. Review these requirements as a team, and assemble a document that can be used during vendor presentations. These would include features critical to each department's success - specific processes that are known to be bottlenecks or create company- wide inefficiencies, and desired reports.
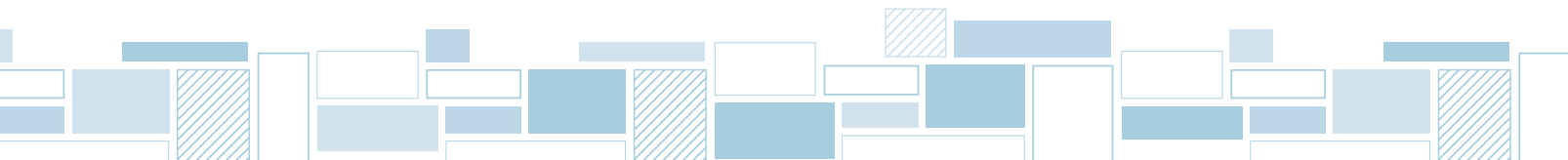
STEP 3: SELECT APPROPRIATE VENDORS

» Construction software firms specialize by market (general building, heavy/civil, specialty/subcontractor). You should be making a software decision with a 7-10 year user life. Software built with contemporary technology components will prevent you from purchasing a solution that has a relatively short technological life.

VENDOR BACKGROUND QUESTIONS:

» **Existing Customer Demographics** – Number of total customers, customers by market (GC, Heavy, Sub), customers by annual revenue.

» **Technology Foundation** – Is the product built on a mainstream technology foundation and database, or is the vendor facing a potential re-write of their software. You want to avoid this at all costs. Examples of mainstream development environments include: Microsoft .Net/SQL Server, Oracle/Java, etc. Try to avoid non-standard technology at all costs.

» **Vendor Success Rating** – How many new customers has the vendor added in each of the last three years? This will give your team a clear idea of the vendor's success in the marketplace – extremely important.

» **CFMA IT Survey** – CFMA (Construction Financial Management Association), provides an excellent survey that shows software vendor market share statistics by contractor size and market. This survey is available at: www.cfma.org.

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STEP 4: SCHEDULE SOFTWARE DEMONSTRATIONS

The demonstration process will provide your team with necessary insight into the features and functionality of the selected software packages. This process is broken down into 2 major steps:

OVERVIEW PRESENTATIONS

Overview presentations provide your team with its first exposure to the initial list of selected vendors. These presentations are typically done on-line with selected vendors and provide a high-level overview of the capabilities of the solutions. Key evaluation points are as follows:

Company Overview - Did the vendor adequately explain the history, background and scope of services offered? Did the company overview fit your specific requirements?

Scope of Software - Does the package align with the high level goals of the project? Does it provide the core requirement features/functions, or are there major requirement gaps?

User Interface/Ease of Navigation - How intuitive and easy-to-use is the software? Was the presenter able to quickly and easily show the features that are important to your team?

Software Fit - Does the software fit your industry? Was the vendor able to show specific functionality that addressed the needs of your market (GC, Heavy, Sub)?

IN-DEPTH DEMONSTRATIONS – KEY POINTS TO REMEMBER ARE:

Remember Who's in Charge - These presentations are an opportunity for your staff to "stress-test" the software. Make sure that your firm is actively involved in establishing the agenda, providing important sample data and scoring each vendor as they show the software.

Establish a Demonstration Agenda - The agenda should show a detailed outline of the demonstration and provide adequate time to demonstrate all core requirements. Each stakeholder should know specifically when they are to attend sessions that are important to them.

Prepare Sample Data (Critical Step) - Prepare a sample job or two, with relevant input/output documents (job set-up info, timesheets, invoices, billings, etc.). Provide any required reports at this stage to make sure the vendor can address these requirements. Have the vendor do some of the file set-up ahead of time, but mandate that they leave data input and processing for the live demonstration. Make sure your staff has adequate "hands-on" time so that they can get a feel for ease-of-use.

Score Card System - Make sure your staff has a scorecard system with each core requirement in their functional area listed. When you enter the evaluation step, the scoring system will provide invaluable info to help recall how each vendor performed during this critical phase.

Schedule the In-depth Demonstrations Closely Together - Schedule the two finalist's presentations in the same week, or no more than one week apart. If the gap is too long between demonstrations, it will be hard for your staff to compare/contrast the packages.

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STEP 5: INVESTMENT ASSESSMENT

When you have received "ball-park" estimates for the project from each vendor, the goal at this stage is to get a total budget for the project. The key budget components are as follows:

Software Licenses - Make sure you fully understand the licensing scheme employed by the finalists. There are significant differences between vendors in how they license. Some vendors use a concurrent license model (users share a license pool) and some vendors use a named license model (users have dedicated licenses). It is very important that the vendor is quoting you the proper number of licenses based on their scheme. Mistakes in this area can be costly.

Implementation/Training - This is a significant component of the overall budget and you need to get a reasonably accurate estimate of the total cost. It is important to ask each vendor to provide references of at least 3 similar implementations so that you can see if the proposed budget aligns with what companies have actually spent.

Data Conversion - Most firms want some level of automated data conversion. This service can range from simple master file uploads, to comprehensive transaction/history file conversions. The range of cost associated with data conversion is directly related to the complexity of the conversion process. Key questions to ask in this area include:

» Experience in migrating data from your existing vendor? How are data conversion costs quoted?

» How are change orders handled?

Software Assurance - Software Assurance is usually a comprehensive program to keep your software current with the latest updates (minor and major) and routine call center support. Important points to understand are:

» Components of the Software Assurance fee -

» Software releases (major & minor)

» Call center support (hours, availability, etc.)

» Tech support (issues with how the software interacts with PC's networks, etc.)

» Tax/regulatory updates

Technical Services - There are several valuable services that many vendors provide. It is important to understand if the following services are available and how they are charged:

» Custom report development

» Server migration/server restore

» Custom program/procedure development

» Company copy/file conversion

» Disaster recovery/business continuity service

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STEP 6: FINAL DUE DILIGENCE

Congratulations! You've reached the final stage of the evaluation process. Careful attention to this phase will bring significant dividends down the road. Key steps in this phase include:

Customer Reference Checking - Prepare a reference questionnaire in preparation for this phase of the project. Reference checking should uncover quantitative as well as qualitative feedback. Ask for specific feedback in the following areas:

- » **Vendor Relationship** - Responsiveness of vendor, willingness to collaborate, etc.

- » **Releases** - Frequency, quality, time to load, and expenses associated with release, etc.

- » **Software** - pros and cons of the software solution. Get specifics.

- » **Expected Costs vs. Actual Costs** - Get specifics concerning the costs of implementation, consulting services, etc. How did the original quotes provided by the vendor compare to the actual costs?

Vendor Review - Since this is a long term relationship, understanding your potential information systems partner is vital. The following due diligence items are important:

- » **Financial position/performance** – Request financial statements to ensure that your vendor is financially stable and can support you over the long term. Are revenues and customer counts growing at the vendor?

- » **Vendor size & resources** – What is the size of each department at the vendor? Is the vendor growing, staying constant or shrinking?

- » **Product roadmap** – Your firm has seen the current version of software during the demonstration process. Have the vendor present the product roadmap for the next three years in order to understand key development initiatives. Do the initiatives in the product roadmap align with your needs?

- » **Technology foundation** – Is the software built upon a mainstream architecture and database? Does the vendor plan any major changes to the development platform in the next two-three years? If so, your firm could be in for some significant expense and hassle. This is extremely important to understand.

Vendor Headquarters Visit -

- » **Overall quality of the organization** - The visit will give you a first-hand look at the facility and the people that make up the headquarters team: invaluable.

- » **Management team/department heads** - Meeting these key individuals will give you a feel for the vendor's culture and management approach. Are there contingency plans in place for key employees? Is morale amongst the staff good? These are important questions to ask first hand, not through a phone conversation.

- » **Commitment to the ongoing needs of the construction market** – Are the resources and strategies in place to provide long term enhancement and support of your new software.

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PROJECT ACTIVITY CHART

						Project Activity Chart
Activity	Description	Duration	Actual Dates	Company Resources	Software Vendors	Comments
1	Establish Project	1-2 days		Core Team		Core Evaluation Team Representing Departments
2	Define Core Requirements	14 days		Core Team + Domain Experts		
3	Select First Cut of Vendors	14 days		Core Team	3-4 Vendors	Shortlist based on track record with similar customers
4	Vendor Discovery Meeting	2 days		Core Team + Domain Experts		Vendors Q&A to prep for demos
5	Overview Demonstration	10 days		Core Team		
6	Select 2 Finalists For In-Depth Review	1 day		Core Team + Domain Experts	2 Vendors	
7	Create Sample Demo Data	5 days		Domain Experts		Sample data set
8	In Depth Product Demonstrations	4 days		Core Team + Domain Experts	2 Vendors	1-2 Day "Deep Dive" Demo
9	Issue Final Proposal Request	5 days		Core Team	2 Vendors	
10	Reference Checking	5 days		Designated Team Members	2 Vendors	Reference Questionairre
11	Visit Headquarters of Finalist(s)	2 days		Designated Team Members	1-2 Vendors	
12	Finalize Agreement	5 days		Designated Team Members	1 Vendor	
13	Implentation Date	tbd				
14	Go Live Date	tbd				

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