

An Executive's Guide to
Buying Enterprise Marketing Software

Overview

This document contains information that can help marketing executives successfully navigate the enterprise software purchasing process.

Analysis

- Marketing departments are experts at purchasing marketing services, not information technology; procuring information technology is different.
- A better understanding of the process and its key players can make the process smoother and faster.

Action

- Marketing Executives must develop an understanding of how their organization buys enterprise software.
- The marketing executive must “own” the process, anticipate obstacles, and guide the process to completion.
- Strong buy-in is required – from users and from the IT department.
- Marketing must embrace the IT organization and forge a strong relationship with key IT personnel.

In an effort to become more productive and effective, marketing organizations are increasingly purchasing advanced software for marketing automation, and customer relationship management (CRM). Other marketing organizations are implementing integrated marketing information systems to replace their failing legacy, paper or Microsoft Office-based administrative systems. These products represent the future for companies that need to streamline their marketing processes and improve the sharing of information in order to compete in the rapidly evolving business world. Yet implementing marketing software is not a process to be taken lightly, and this critical change can represent a significant investment of time and resources. Most Marketing Executives setting out to purchase marketing software are not experienced information technology buyers, and there is very little information available to guide them through this process.

Making the Decision to Acquire Enterprise Software

The idea of acquiring enterprise software usually comes from a desire to adopt new marketing approaches or to find a more efficient way to run the marketing function. In most organizations the marketing department won't have a budget for capital acquisitions (no matter how small), and is unlikely to have a budget for acquiring information technology, outside of small purchases for software package or peripheral device.

The First Gate: The Boss

The first step involves getting buy-in from the CEO, or the individual who has “to sign the check” for the purchase. Marketing software usually falls in the category of capital acquisition, so a discussion with the CFO is usually in order.

Assessing the Costs and the Benefits

It's worthwhile to perform some feasibility analysis to quantify the costs and benefits of the proposed software. The analysis can be used as a vehicle for briefing senior management and for getting a commitment from them. Both the CEO and CFO are typically going to be looking for the return on investment (ROI) of the acquisition. A common approach is to assign the project to a small group with members from key constituencies, whose initial mission is to collect requirements, and to try to establish the benefit of addressing each requirement. The list of requirements is helpful in determining the scope of the project and making an assessment of the software's ROI. How will the company benefit from the new software? In general, new marketing software will:

- Reduce the cost of existing systems and processes.
- Reduce marketing's dependence on the IT department.
- Provide tools to enhance decision making.
- Improve marketing results.
- Make the marketing organization able to be more responsive to changes.
- Help the company gain a competitive advantage.

Obtaining Everyone's Commitment

The decision to acquire marketing software requires the support of management and key users, in and outside of the marketing organization. It is critical to identify the key constituents and gain their commitment to the process. Unfortunately, the impetus to acquire new software isn't shared by everyone in the organization. As a result it becomes necessary to take actions to overcome resistance. Some key initiatives can help:

- Demonstrating the commitment of senior management to change.
- Explaining to employees the importance of modernizing internal processes.
- Identifying the problems and costs of the current processes and systems (duplication of work, difficulties in obtaining information, overtime, excessive dependence upon information technology (IT) staff, etc.)
- Making apparent the benefits of the new software to all parties.
- Visits/discussions with other companies that have already employed similar solutions.

The overall objective must be to communicate that the implementation may be difficult, that it requires dedication and perseverance, and problems will occur, but that the results are worth it because the right software can create a better work environment and greater opportunities for the company and its employees.

Selecting the Most Appropriate Software

Experience dictates that there is no perfect package; the idea is to find software that meets the needs of the organization and that offers flexibility and power to handle some of the future needs that may have been identified. It is important to develop a set of criteria that enable you to evaluate potential solutions. You can simplify the selection process by establishing criteria that reduce the number of alternatives to a reasonable number. In most cases, organizations cannot effectively evaluate in detail more than four or five alternatives. A few working sessions with the future users of the software and IT

should enable you to generate the absolute requirements that the software must have. Common preliminary requirements include:

- Compatibility with the existing technological environment. For example, if your organization doesn't use Apple Macintosh computers, you might want to rule out any potential solutions that are Macintosh-based.
- The size of the install base of the software.
- The cost of the software.

Often a preliminary group may elect to see software demonstrations at this point, which can be useful to see if the software's overall approach seems compatible with the other software in use and with the objectives. A preliminary demonstration can also be helpful in further identifying and refining the selection criteria. At this point you will have gathered a considerable amount of information and generated a lot of opinions about the alternatives and the course of action to take. The challenge is arriving at a consensus on the "short list" of products that you will evaluate in greater detail. Once you have narrowed the list down it's time to gather detailed information about the software. The key is separating the "must have" from the "nice to have" functions. It's also beneficial at this point to interview current users of the software and, if possible, to have the vendor prepare a demonstration of the product using some of the information that you currently use. A customized demonstration can help you gain a better understanding of the ease with which the software will accommodate your current processes and information needs.

The Role of The Information Technology Organization

Often the role of the IT organization is misunderstood, resulting in interdepartmental tension, or the adoption of a less than optimal solution. In most organizations the role of IT is to implement, operate and support the information systems needed by the operating units. As such, IT has a key role to play in the process of acquiring marketing software. First, IT must be brought into the process at its earliest stages to ensure their support and to leverage their expertise. Second, it is important for IT to understand the benefits and value of the new software to the organization. Third, as IT resources will be required, IT must understand the impact on the alternatives on their resources. If executive sponsorship has been obtained, the roles of the departments should be clear. Marketing has responsibility for choosing the software with IT's assistance. It is an indication of something gone wrong, or of a lack of sponsorship, if the IT department has the role of approving or rejecting the purchase of the software.

The Role of Consultants and Analyst Firms

Consultants and Technology or Industry Analysts can be very helpful during the buying process. You may be able to find a consultant who has helped other organizations implement the same or similar software. There is no better counsel than experience. Analyst firms may be able to provide you with a list of software vendors to consider and may have written analyses or recommendations that can be an excellent starting point for your software search.

Build or Buy?

Some organizations may be faced with making a choice between building and buying marketing software. For the marketing executive seeking new marketing software, the decision to build or to buy is critical, and has enormous ramifications. Ideally, the decision to build or to buy should be made early in the acquisition process. Most organizations are unwilling to build enterprise marketing applications because of their significant initial and on-going cost, and a combination of inadequate software development resources and an already large application backlog. That said, there are many pros and cons that will need to be weighed.

- Cost: Depending upon the needs of the marketing organization, the cost advantage may lie on either side, build or buy.
- Approach: Companies typically design applications that support the way they currently do business; software companies typically design to the “best practices” approach based upon their R&D.
- Terminology: the terminology used in in-house developed software is that of the user; purchased software may use different and sometimes confusing terminology.
- Time: The length of the development process; typically it will take an organization longer to build software than to buy it.
- IT Effort. Companies often underestimate the effort required to design high quality, easy to use, reliable software. Designing marketing software is time-consuming process, with heavy involvement by the marketing organization.
- Testing effort. The marketing department will have a significant involvement in the testing of the software.
- Updates. Purchased software is updated more frequently, but updates may provide unwanted or unneeded functionality.
- Flexibility. Small modifications often are more costly for purchased than internally developed software.

Getting Help with the Implementation of the Software

Marketing can choose to implement the software alone, or to get help from the vendor or consultants. The cost of implementation should be considered in the overall decision to purchase software. Implementation costs can vary widely depending upon the complexity and design of the software.

Contracts and Licensing

Most software is licensed, not sold. A license gives the buyer a right to use the software; the developer retains ownership of the software so that they can sell it again to other customers. Getting the contract approved by the legal department can become a major headache and cause significant delays. One difficulty is that most companies’ legal departments are unwilling to review contracts during the software evaluation phase. A few actions can help facilitate the contract approval process:

- Separate the negotiation of the price and payment terms from the legal and contractual term negotiation.

- Get the legal department in the loop early; identify which attorney will be responsible for the contract review and find out if the organization has any standard terms that are required for all vendors. If these exist, compliance with them should be included as a gating factor during the selection process.
- Make sure that the legal department understands the business impact of a protracted delay in the implementation.
- Ensure that the contract review and negotiation are performed using a “win – win” approach; the goal is to end up with an agreement that is fair for both parties, and passes a “reasonable” test.

Organizing the Implementation Project

Things really start happening once the software has been selected. A team needs to be formed to manage the implementation process. It’s critical that the team consist of key users of the software and IT. The number of people who should be assigned to the implementation team can vary widely from organization to organization, and from software to software. The software developer and IT can help you determine what is typical or necessary.

Should You Take Advantage of the Situation and Engage in Reengineering?

This is a subject of great debate. Some experts argue that a company can’t improve its processes just by installing new software. Is implementing major new software without examining existing processes, eliminating inefficiencies and waste, a dubious proposition? Others argue that there is software that is based upon best practices, and that the software embodies the best ways of conducting marketing functions. In this case implementing the software guarantees a natural revision of the company’s processes. Clearly, there is no right or wrong approach; it’s more a matter of how much reengineering is required to achieve the desired objectives.

Training Users

Training is an important part of any new software implementation. Lack of training is one of the most common complaints of users of new software. It’s also one of the common causes cited in cases of failure of new software implementations. Training can be performed by the developer, outside consultants or by internal staff. Typically training is held shortly before users begin working with the software. The software developer and IT can help you determine what is typical or necessary.

Planning for the Conversion of the Initial Data

It’s important to include plans for moving existing data into the new software as part of the overall implementation effort. A keen eye to the cost and benefit is important in making the decision to convert data into the new software. Often, historical data can be left in existing software, or only a subset of the data needs to be converted. Here again, data conversion can be performed by the developer, outside consultants or by internal staff. A realistic evaluation of the effort should be done to assess the cost and resources needed, and to ensure that conversion doesn’t impact the overall implementation process.

Dear Software Vendor: We're Counting on You

Now that the software is working what should you expect? Services from software vendors fall into the following categories:

- Support: support refers to providing help to users when there is something that appears to be inoperative, or when the users can't determine how to use a function of the software.
 - Maintenance: Maintenance refers to fixing software that is broken.
 - Upgrades: Upgrades refer to providing additional enhancements to the software.
 - Added services: these typically include training and other consulting services.
- Most marketing software vendors provide support, maintenance and upgrade services for additional fees.

Some Additional Ideas

Here are some ideas we've learned from implementing countless software applications for our own use and for customers:

- Create an environment for the software vendor to setup the software early in the implementation process in a prototyping environment. This activity, while adding some cost and effort can help avoid problems and save time and money later.
- Evaluate the documentation and online help. The quality and availability of both can make a big difference.
- Set up an internal support structure for the software to enable novice users to get help from more expert ones.
- Get a sense of the responsiveness of the vendor to input and suggestions about new functions. Are they open to user input? What drives the development of new features?
- Get a sense of the attitude of the vendor towards support and service.

And again, don't under estimate the importance of managing the project.

Conclusion

Successfully buying marketing software is a process that starts with identifying the needs of the marketing organization, and opportunities for increased results or productivity, followed by making a strong business case for software. The process necessitates effective marshalling of marketing and IT resources to identify the best software, and finally to implement it. Ultimately, it's the human factor is the engine that drives a successful software implementation.

Good luck!