

Service:	System selection online
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Document:	Important facts about the system selection process (READ) Pr.2 SS
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Description:	Important facts about the system selection process you should know
Objective:	<ul style="list-style-type: none">• User context for conducting a system selection

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1. Important facts about system selection

1.1 A robust system selection is important:

Selecting new enterprise systems for an organization is a **strategic decision**

New enterprise systems will:

- work across functions and processes;
- impact on customers;
- impact on suppliers;
- impact on employees;
- provide challenges to senior management.

Enterprise systems generally remain in place for a number of years, usually between three to five years, and according to recent comments by Bain & Company, less than 30% of IT projects are successful. The results of the selection are a long-term project that will not be easy.

Poorly selected and implemented systems can affect profitability and ultimately the survival of the organization. In addition, poorly conducted system selections generally attract unwanted attention in the form of auditors, post implementation reviews and uncomfortable questions from senior management or the Board. Showing due process and governance is thus important in any system selection. The amount of due process will depend on the organization type and the attention to governance type process.

1.2 Set clear objectives for the project

The real objective of selecting and implementing an enterprise system is to ultimately add value to the organization, not implement a new system.

Setting clear objectives and boundaries for the system selection project is important upfront for a number of reasons. These include:

- Managing the **scope to these objectives**;
- Being able to **articulate these objectives** to stakeholders;
- Revisiting these objectives throughout the project to ensure they are still valid.

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1.3 Consider the business case

Enterprise systems are by their nature expensive and complex, and thus should be considered as an investment by the organization. As with any investment, the expectation is usually that there will be a return on the investment.

Return on investment for new systems can be measured in a number of ways. Some examples below include:

- **Improved customer service** resulting in increased revenues;
- **Ability to handle more customers** resulting in increased revenues;
- **Ability to sell more product** to customers resulting in increased revenues;
- **Process efficiencies** resulting in reduced time and effort for staff;
- **Staff development** resulting in retention of staff and reduced recruiting effort and cost;
- Reduced cost through efficiencies resulting from reduced staffing requirements and the associated cost;
- **Access to better reporting** resulting in improved decision making and performance;
- **Improved cash flow management**, resulting in reduced working capital requirements;
- **Compliance** with reporting or other regulatory requirements resulting in reduced compliance risk and the related penalties
- **Remaining competitive**, giving the organization the right to stay in business.

It is important to understand how the organization will be impacted by the new system and how the new system will achieve benefits for the organization resulting in an acceptable return on investment. Generally, this exercise is referred to as the business case and will be discussed in a little more detail later.

If you are unable to identify any benefits or return on investment, which could result from the new system, then the initial reasons for considering the purchase of a system should be considered and whether those reasons remain valid.

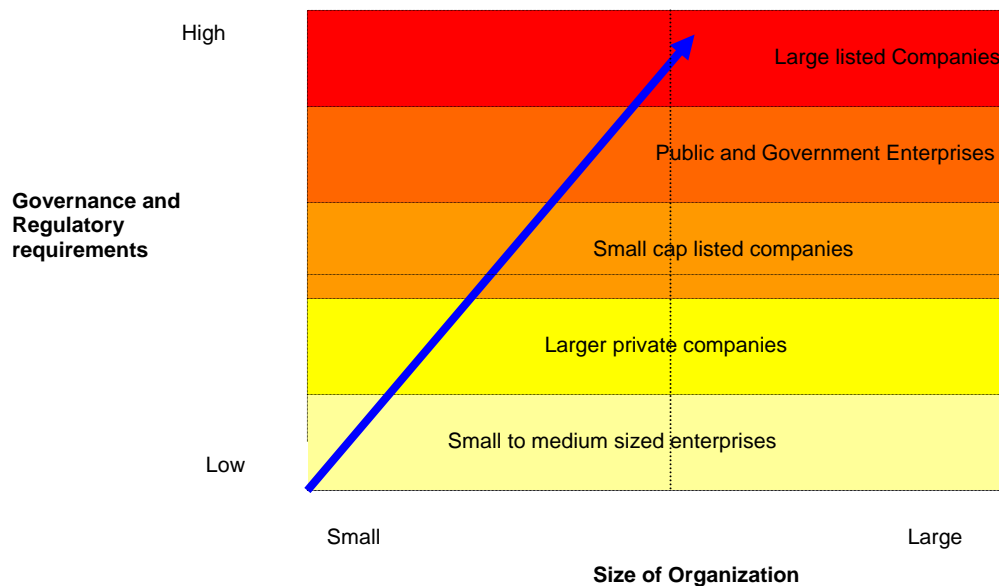
Selecting the right system for the organization and adding value is what this system selection online service focuses on.

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1.4 Consider corporate governance requirements

Organizations will differ in terms of their governance requirements.

The insert below gives some indication as to the drivers of governance requirements from a macro perspective. Which quadrant does your organization may fit on his chart, as well as past and future potential governance requirements:



Consider the following in your organization and how these will impact on the system selection project:

- Formality of **decision making processes** in the organization;
- How **past similar projects or activities have been approved and managed**;
- Organizational **management structure**;
- **Relevant policies and procedures** for approval and signoff.

1.5 Consider what stakeholder involvement is required

Consider the various stakeholders in your organization and their respective potential involvement in this project. These stakeholders may include:

- The Board of Directors

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- The Executive team
- Various committees in existence
- Business unit managers
- Department managers
- Staff across the organization
- Your own direct reports
- Customers (external)
- Suppliers (external)
- Financial institutions (external)
- Business partners (external)
- Unions (external)

The objective with respect to stakeholders is to ensure their buy-in to the project and to manage their expectations, for both the system selection and ultimately the system implementation.

Depending on the nature of the systems being selected, involvement might vary from being actively involved on the project team, to ensuring there is adequate communication of project status to no involvement at all.

Finally, because there may be very informal decision-making processes and governance requirements in an organization, does not mean that these should be ignored. Remember, governance is usually called upon, when things go wrong.

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