THESCON

WHITEPAPER SELECTION PROJECT

HOW TO MANAGE A SELECTION PROJECT

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Content

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Summary

Selection procedures ensure the documentation of testable system requirements, address input of future users and provide a solid footing for reliable contracts.

Further, they also establish comparability between suppliers and the variety of costs and licence models.

A standardized approach facilitates the narrowing down the number of potential suppliers in the early project phase by obtaining information about the suppliers. It further guides you through the creation of a meaningful request for proposal (RfP) and the solicitation of comparable total cost information.

After the supplier presentations and receipt of the final offer, the selection project concludes with your well-considered decision.

Objectives of Selection Projects

The decision to seek a new computer system is not an easy one to make.

Systems automate your processes (at least partly), facilitate its management and ensure GxP compliant documentation. Their scope of action might be as complex as their interaction with the surrounding system infrastructure and there is often a wide range of user requirements as defined by each affected department.

A standardized selection procedure is recommended to ensure that this potentially significant investment is worth your time and effort.

Objectives of the selection procedures are:

- To collect input from all affected departments that will create comprehensive specification requirements.
- To find a supplier that most effectively meets all requirements.
- To receive all pertinent information on system interactions prior to implementation.
- To provide comparable functionality overviews and statements of costs over the complete system lifecycle.
- To establish objective criteria that enable you to make well-considered decisions (see figure 1).

You have recognized the need to implement a new system. Preliminary internet research shows that several suppliers exist. You have also assessed system requirements through input from your users, the relevant regulatory bodies, your IT department and your quality manager(s).

You want to address these questions at the beginning of the selection procedure:

- What kind of system do I need?
- How will this new system affect the surrounding system landscape?
- Which regulations must the system meet?
- Does this system need to adapt to my processes or to offer opportunities for upgrading my processes?

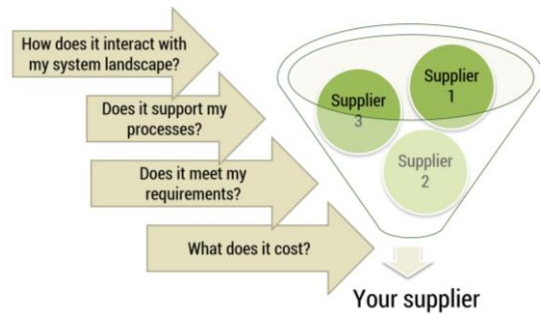The answers to these questions form the basis of your selection process.

Figure 1: Objective criteria in the selection process.

The Selection Process

You can separate the selection process into seven steps illustrated in figure 2. Descriptions of these steps are summarized in the following paragraphs.

Results of each step build on one another. This process enables you to narrow down both the number of potential suppliers and your range of requirements until you find the best supplier for your project. This whitepaper will help you define clearly your systems requirements for your new supplier.

Concept

Your first step is the inventory: What are the framework conditions for this system selection? Is there a pre-existing process documentation available that can serve as the basis for new system requirements?

Define the quantity structure of your system: How often will how many users access which parts of the system?

Both your IT department and your quality department will define overarching requirements. Use this project phase to consult your project team and to plan subsequent activities. Successful selection processes involve the active participation of your colleagues sharing their knowledge with the team in order to define the functionality of the new system.

Define the major project roles such as project lead, key users and your process owner(s) early in the project and plan the resources of your colleagues in accordance with the project and operational requests.
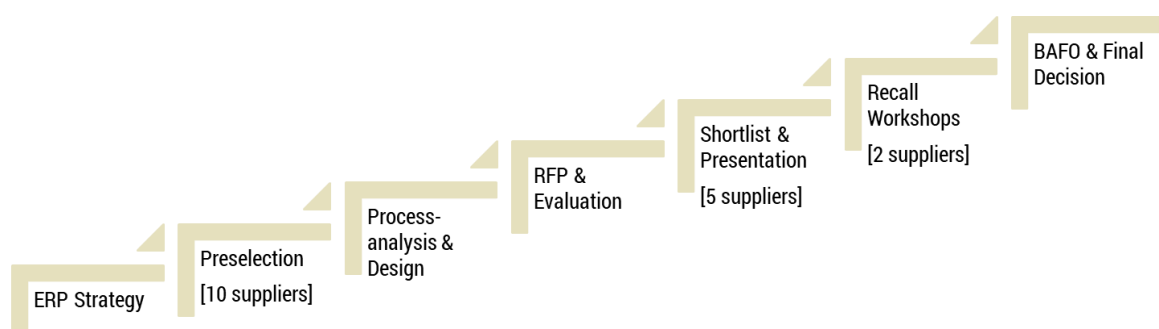

Figure 2: Overview of the supplier selection procedure steps.

Narrowing Down the Choice of Suppliers

It would be inefficient to solicit a proposal from every possible supplier during your selection process. The final number of candidates will vary from project to project, but you can shorten what might be a very long list by sending out a questionnaire that addresses your requirements.

The following factors may impact your choice of candidates:

- References within your industry
- Company size
- Age of the company
- Company structure (family-run business or publicly traded cooperation)
- Place of jurisdiction
- Language and location of support

Using your questionnaire, you can remove from consideration suppliers that do not meet your concept or project goals.

Definitions of Processes and Requirements

After defining the general technical, economic and regulatory requirements in the concept phase of your project, you can then determine the functionality of the system in this step.

If there is a pre-existing process documentation available, you may use this as a basis to define your system requirements.

Key users should participate in the drafting of the requirements in assigning the corresponding process step.

Since this project phase requires the active participation of several project members, time management and organization are essential. Still, the step of defining processes and requirements is crucial for evaluating the supplier solutions, for determining the degree of coverage and for defining contract and specification documentation.

You should anticipate spending considerable time and carefully working through the process because the documents you define in this project phase will greatly impact on your eventual decisions.

Your specifications define the required functionality, but not the implementation of this functionality! Poorly phrased requirements might remove suitable systems from consideration or increase your costs by requiring unnecessary configurations.

In this context, it is important to define which business processes the system needs to incorporate and which not. Therefore, you must make a key decision in this early project phase, which will impact future outlays and expenditures:

- In which cases do I adapt my processes and in which cases does the system need to adapt to my processes?

System adjustments take implementation, documentation and test efforts which is why you should decide carefully at this juncture.

Request for Proposal and Evaluation

You have now defined your processes and requirements. As you contact suppliers, you will receive varied offers that are just as confusing and complex as the market itself.

Therefore, you should formulate a specific request for proposal (RfP) that includes your organizational requirements. This RfP includes a project description and benchmark information on your timeframe. You should also provide templates with blanks that must be filled in by your candidates to ensure comparability. Provide sufficient time for your candidates to review the documents, to ask questions and to create a matching offer.

You have taken the time to define your processes and requirements, now you need to provide respondents a specific time frame for answering your RfP appropriately. As experience teaches, suppliers tend to follow up with their own questions. Most of their questions will involve technical and process details. To ensure transparency, provide the same information to all potential suppliers.

After all offers have been received, you may start with the evaluation. Your templates from the RfP will make this step easier. The following aspects should also be considered:

- How do one-time implementation costs and running costs differ among your candidates?
- Which licence models are offered and which costs do these models generate according to your user base?
- How are future releases and updates handled?
- How does the degree of coverage stack up against the costs?
- Are configurations required to cover essential requirements?

Final results of your evaluation should include a total cost of ownership (TCO) analysis that considers the system costs over several years. Depending on the system complexity, different scenarios on how your organization may develop over time can be factored in to calculate total cost models.

Shortlist and Presentation

After evaluation of the RfPs, the number of suitable candidates that provides an apt solution for your organization at an acceptable price should be reduced to a minimum.

Workshops are conducted in this project phase with candidates, key users and process owners taking a closer look at the systems. Depending on the complexity of the system, these workshops may take a whole day and do require good organization.

To avoid long sales presentations, you should set the agenda. Usually, you cannot present the whole system within one workshop. Ensure that all processes and functions, which are relevant for your

organization, will be presented. Plan enough time for question-and-answer sessions and make sure that all candidates receive the same agenda to guarantee comparability and fairness.

If suppliers refuse to agree to your agenda without giving factual reasons, it may reflect a future lack of cooperation.

You should moderate the supplier workshop to guarantee that all topics are discussed as planned and that no department is excluded. To conclude the workshop, all participants in your organization should give their feedback on the system. Define your feedback criteria in advance and use central analysis for the evaluation.

Recall Workshops

Only one or two suppliers should remain in your selection process after the conducting of these initial workshops. It is with these two suppliers with whom you will want to conduct concrete negotiations.

After given the chance to gain greater insight into your requirements, suppliers often adjust their initial offer. It also happens that some aspects or processes require further discussion. Therefore, follow-up workshops with fewer participants are necessary. These workshops do not aim for the evaluation of the system, but for detailed discussions and coordination of specific functions.

This cycle of offer – workshop – rectification may repeat several times, depending on the system's complexity (see figure 3), whereby two or three rounds are usually sufficient to reach your final decision. Your firms internal decision-

making processes will guide you, but a structural selection approach may help you to avoid unnecessary repetitions of this cycle and any redundancies.

Figure 3: Complexity dependent cycle

Best and Final Offer – BAFO

Finally, your candidates will provide a final, binding offer, also referred to as BAFO. This offer should not present any inaccuracies when it comes to costs and the degree of coverage, which have been discussed throughout the selection process.

Check if all commitments and obligations, on which you agreed during the selection process, are recorded in the final offer. Accordingly, you should compare the offer with all documents that have been created during the process.

The offer now runs through your routine release process. The importance of including all relevant departments of your organization in the selection process is shown in this step. It would be inefficient and labourious to go through an early phase

of the selection process again because an essential requirement from the purchasing department, the IT department or legal department has been overlooked.

Risks

Selection processes underlie general and project specific risks:

- "Make a wish"
- Competing project goals
- Incorrect project resources
- Instable project environment
- Poor communication
- Lack of availability
- Permanent changes in scope
- Unknown expectations
- Lack of transparency
- Undefined roles/responsibilities

Active risk management precludes these contingencies. Such management includes a clear definition of roles and responsibilities, project goals and the commitment to stay with these definitions. Consulting steering committees as well as transparent, coherent and coordinated communication among all project members also reduces these risks.

Benefits of External Support Provided by Thescon

These pages have given you initial insights into selection processes. Due to the project's complexity and individual requirements of each customer, it is not possible to provide an entire review here. Nevertheless, it is crucial to know that these projects do cost time and resources; one should deploy both effectively and in a structured manner to successfully implement a new system.

Thescon is a leading consultant company, when it comes to selection processes from computerized systems (such as ERP, MES, DMS, FMD, PIM, PLM etc.) in regulated industry. We do have the expertise and process know-how to successfully conduct your selection process.

Thescon is completely **neutral** and does not have any agreement with system suppliers nor does it receive any referral fee.

We support your project by enabling you to make a well-considered decision based on transparent and objective selection criteria.

You reach the final decision about your supplier!