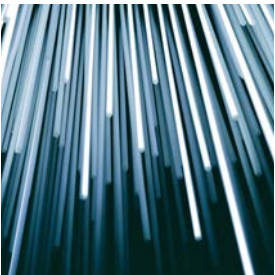# BEST PRACTICES

FOR SELECTING SUPPLY CHAIN PLANNING SOFTWARE

DemandCaster

IS THIS EBOOK FOR YOU?

YOU'RE LOOKING TO IMPROVE YOUR SUPPLY CHAIN PLANNING CAPABILITIES

Maybe your reliance on spreadsheets has hit a wall. Or your business has simply outgrown your existing solution.

YOU KNOW YOU NEED NEW SOFTWARE

You want to make sure that the system you select will improve the accuracy and timeliness of your forecasts and plans, all while keeping pace as your business scales. This eBook provides a host of considerations and guidance to help ensure that your software selection process isn't littered with roadblocks and costly complications that delay your purchase—or even worse—derail the project entirely.

TOPICS COVERED
IN THIS EBOOK

> THE FUNDAMENTALS

> BEST PRACTICE 1:
 UNDERSTAND YOUR INTERNAL BUYING PROCESS

> BEST PRACTICE 2:
 GATHER STAKEHOLDER INPUT

> BEST PRACTICE 3:
 ASSESS DATA READINESS

> BEST PRACTICE 4:
 BE AWARE OF TIMING

> BEST PRACTICE 5:
 DEVELOP YOUR QUESTIONS BEFORE ENGAGING
 VENDORS

> BEST PRACTICE 6:
 FOCUS ON THE BIG PICTURE

> WHY THIS MATTERS

LET'S START WITH THE FUNDAMENTALS...

FUNDAMENTALS FOR SELECTING SUPPLY CHAIN PLANNING SOFTWARE

Selecting software can be challenging. It takes time and will involve multiple people from your company. But the effort is worth it because the right planning software will provide big returns.

To begin your process, be sure this first set of recommendations are on your radar. Future success is often grounded in getting the fundamentals right, so let's kick things off with some basics and then we'll outline six best practices that will help ensure your journey results in getting the software you need exactly when you need it.

A REVIEW OF THE FUNDAMENTALS

**CONSIDER PEOPLE &
PROCESSES IN EVERY PHASE
OF YOUR SELECTION PROCESS**

How will your software choice affect those who will use it or support it? Will the software be easy to learn and use? How will it impact business and IT processes?

**EXAMINE YOUR EXISTING
PROCESSES TO DETERMINE
YOUR NEEDS & CHALLENGES**

What are your biggest obstacles? Too reliant on manual processes and spreadsheets? Unable to plan far enough out? Lacking trust in your data or forecasts? Experiencing frequent stock outs and/or the need to expedite shipments?

**DETERMINE YOUR GOALS
& REQUIREMENTS**

What do you want to achieve with your new software? Reduced inventory costs? Improved on-time and in-full delivery? A boost in customer satisfaction? What software capabilities do you need to achieve those goals? Forecasting flexibility (e.g., by customer, location, item, etc.)? Sales and operations planning (S&OP)? Multi-location planning?

**COMPARE VENDOR FEATURES,
BENEFITS & PRICING**

Conduct a preliminary review of vendor websites, brochures, and case studies to get a sense of the features and functionality available in the market. Taking this step early on will help you hone your lists of challenges, goals, and needed capabilities.

6 BEST PRACTICES

These steps are every bit as important as the fundamentals, but they're often neglected, undervalued, or misunderstood. Adopting these best practices will take your software selection process from good to great.
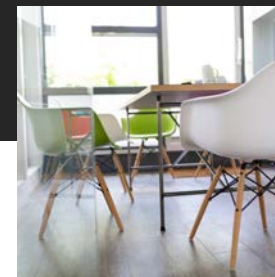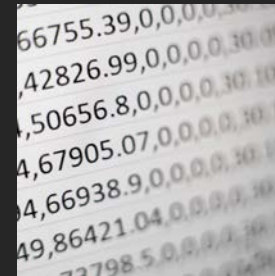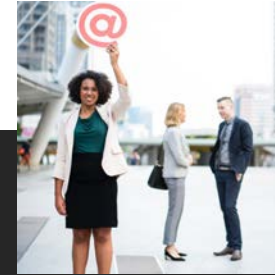
BEST PRACTICE #1

UNDERSTAND YOUR BUSINESS' INTERNAL BUYING PROCESS

DON'T LET YOUR PURCHASE DECISION BE DISRUPTED BY A FAILURE TO ANTICIPATE YOUR INTERNAL BUYING PROCESS

With everything else involved in making a wise software decision, it's easy to neglect this step. But failure to anticipate your internal buying process can completely derail your software acquisition.

Avoid delays and complications by starting off with an understanding of how software acquisitions are handled at your company. Determine who will need to sign off on your purchase. It's also helpful to begin the project with an approved preliminary budget. Securing budget and/or final project approval may require you to present a business case or justification. If so, gather details on the scope, timing, and reviewers. Seek examples from colleagues, if needed.

FLEXIBLE BUDGETING IS KEY

Make sure the budget figure you have to work with is realistic and flexible. Does your organization have a ballpark figure for purchases of this nature? Do you have the financial numbers to back up the projected cost of the selected solution? What are the ongoing costs and risks of sticking with the status quo? You won't know exact pricing until you've researched and actively engaged with vendors, and you may experience a wide spectrum of pricing.

DETERMINE WHO WILL REVIEW AND SIGN THE CONTRACT

One more item you'll want to square away—identify the contract signer and find out what that person will need to know about your purchase in order to sign off. For example, will there need to be a legal review of the contract terms and conditions? And lastly, don't neglect the most important piece—make sure the designated signer actually signs the contract. It sounds simple enough, but it's harder than it seems, especially when you are relying on busy executives with packed schedules.

GATHER STAKEHOLDER INPUT

ENGAGING STAKEHOLDERS DURING—AND ESPECIALLY AT THE BEGINNING OF—YOUR PROJECT WILL HELP REDUCE RISKS AND INCREASE "BUY-IN"

Different stakeholders will play different roles throughout the software selection process. For example, at the outset, you may want to have only a small core of participants to vet your lists of challenges, goals, and requirements before sending them out for broader review.

How and when you go about securing stakeholder input will vary depending on factors like the size of your business, whether your planning efforts are performed by an individual wearing multiple hats or by an entire team, and the complexity of your supply chain and manufacturing processes.

TIPS FOR GATHERING INPUT

IDENTIFY AND INVOLVE YOUR EXECUTIVE SPONSOR EARLY ON AND GET BUY-IN FROM THE OUTSET

Who will advocate for you at the executive level? Getting this individual on board early in the process is essential. He or she can help you navigate organizational buy-in as you progress. And one of the most critical stages happens right at the outset. Is your organization in agreement that you need a supply chain planning solution? If so, what's your time frame for implementing the solution? Do you have an appropriate budget? Getting consensus on these basic questions upfront will help you navigate issues later on.

ASSEMBLE YOUR REVIEW TEAM WITH A BROAD SCOPE IN MIND

Remember, forecasting and planning extend beyond your immediate department. Seek out input from stakeholders who will be affected by your software choice and who might be called on to assist you in the selection process and the use of, and support for, your software during and after implementation.

In addition to the supply chain team, the list of reviewers might include key personnel from manufacturing and operations, sales and marketing, legal, finance, procurement, and IT.

IDENTIFY WHO WILL PROVIDE TECHNICAL/IT SUPPORT FOR SYSTEM/DATA INTEGRATION

Forecasting and planning solutions need data from other systems, so you'll be ahead of the game if you include those from IT who can advise on issues related to data integration as part of your software review process.

SEE THE WORLD THROUGH THEIR EYES

To ensure consensus, you'll want to gain an understanding of your stakeholders' needs and perspectives and incorporate those in your software assessments. Also, and this is crucial, avoid making assumptions about what stakeholders might say or believe. Your colleagues are undoubtedly very busy, and it can be tempting to not even bother to ask for input from some stakeholders at various stages. But heed this advice: Take the time to get their responses. Your software choice will be better for it.

BEST PRACTICE #3

ASSESS DATA READINESS

ASSESS THE READINESS OF THE DATA THAT FUELS YOUR PLANNING

DATA IS THE LIFEBLOOD OF SUCCESSFUL PLANNING

Data automation is key to improving forecast accuracy and the execution of timely, data-driven inventory strategies that balance your service goals with financial objectives. Thus, to enhance your planning capabilities, you must assess the state of the systems and data that influence your supply chain plans.

Here are some important questions to answer ...
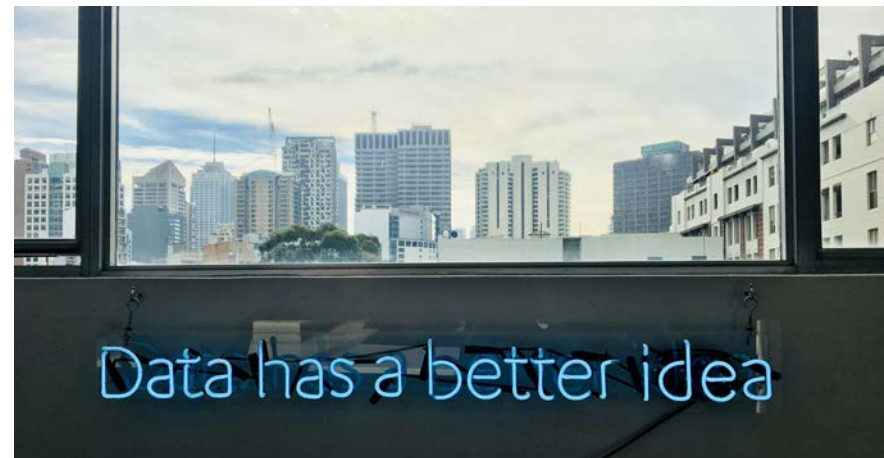
ASSESSING YOUR PLANNING DATA

WHERE WILL YOUR DATA COME FROM?

What types of data will your new solution use? Typical sources include data warehouses and enterprise resource planning (ERP) systems. Depending on your business model or industry, there may be other relevant sources as well.

IS IT READILY ACCESSIBLE?

Determine how easy (or difficult) it would be for your new solution to pull and push data from your existing systems. This issue is why it's a good idea to have someone from IT on your review team.

IS IT ACCURATE AND TRUSTWORTHY?

Remember, a new planning solution is only as good as the data that goes into it. It's not uncommon for solution implementations to grind to a halt during the deployment process because an organization discovers that the data needed for planning is simply not ready, available, or of high enough quality.

HOW WILL DATA BE MOVED TO/FROM YOUR ERP SYSTEM?

In an ideal world, your planning solution will support a two-way, fully automated integration with your ERP systems, but all is not lost if that level of integration isn't possible. There are multiple methods to move data from one system to another. During your evaluation, find out which integration options are available in the planning system and what your ERP systems will support.

HOW CONSISTENT IS IT?

Assess to what degree your new solution will need to rapidly accommodate data updates, changes in data frequency, and fluctuating volumes.

BEST PRACTICE #4

BE AWARE OF TIMING

THEY SAY TIMING IS EVERYTHING

And that's certainly the case when it comes to selecting software. Having key stakeholders unavailable to participate in the process at critical moments due to scheduling conflicts is among the many complications that can disrupt your purchasing plans.

Just as top-notch planning software can help your business plan ahead and prepare for the unexpected, you need to do both as part of the selection process itself.

VIEW THE STEPS IN YOUR PROCESS IN CONTEXT WITH YOUR BUSINESS OPERATION AND CORPORATE CALENDAR.

GET THE TIMING RIGHT

BY GETTING ANSWERS TO THESE QUESTIONS

When does your fiscal year begin?

When is budget allocated?

What are your busy seasons?

What times of the month or the quarter are key participants and other resources available to you?

What other IT solutions will your company be deploying in the same time frame?

What impact might those other projects have on your selection process and deployment timing?

ADDITIONAL TIMING CONSIDERATIONS

BE A REALIST

Be realistic in your estimates. Keep in mind that planning software is not like a smartphone app you can download and start using instantly. Even solutions that are relatively easy to activate involve some degree of integration with your existing systems, as well as training. It might surprise you to learn that with enterprise-class planning software, a three-month deployment is considered very fast and that implementation cycles of six months to a year are common.

CONSIDER POTENTIAL DELAYS

When it comes to assessing potential delays, consider how long it will take to implement the new solution and train personnel to use it. The implementation process and timelines can vary widely among vendors. Determine how important deployment timing will be in your selection criteria as you compare vendors.

HOW IMPORTANT IS TIMING?

If timing is a top priority, consider software that ranks high for intuitiveness and thus will come with a shorter learning curve. Responsive support and online documentation are other factors to consider when time is a key driver.

DETERMINE THE COST OF THE STATUS QUO

In addition to making sure your software selection activities dovetail with other business activities, you'll want to have a solid sense of how soon your business will need your new planning solution in place. Reach out to your colleagues in supply chain, sales, finance, and/or operations to determine the cost of maintaining the status quo. How much will a delay in implementing a new solution cost you? What is at risk if your planning capabilities don't improve?

BEST PRACTICE #5

DEVELOP YOUR QUESTIONS BEFORE ENGAGING VENDORS

PLAN YOUR QUESTIONS IN ADVANCE

Once you've determined the criteria for a new solution and reached consensus with review participants, it's time to start your search. Ideally, at this point you've created a short list of possible vendors and are ready to engage in conversations with them.

Before you do, you'll need a set of carefully crafted questions to ask them.

THERE ARE MANY THINGS YOU'LL WANT TO KNOW FROM THE CHOSEN VENDORS

Potential topics include everything from capabilities and features to assistance with data integration, usability, training, and documentation.

For the sake of consistency, it's a good idea to line up the questions you want to ask all vendors ahead of time. That will allow you to do one-to-one comparisons among vendors to better determine your ultimate choice.

GIVE VENDORS FREE REIN TO ANSWER

When you approach vendors, don't be afraid to let them give you their spiel. Remember, vendors sell software for a living; as such, they are well versed in the process of buying software. They will very likely have knowledge that can be valuable to you as you navigate your own software selection process. In addition, the more you allow them to share, the more you will learn about whether they would make a good partner for you.

While your vendor questions will be specific to your particular circumstances and business goals, here are a few that are worth adding to your list ...

QUESTIONS TO CONSIDER

ARE CONTRACTS INVOLVED?

Software licenses/subscription agreements (aka terms of use) will vary among vendors. Some will have terms that are broader in scope than others. To avoid surprises late in your process, start your internal review of the terms and conditions earlier rather than later.

HOW IS THE SOFTWARE PRICED?

Vendors' pricing and packaging can be highly individualized. For example, do they support unlimited users? Do they offer subscription-based SaaS pricing? Do you have to pay for upgrades or enhancements? Get a variety of quotes so you know what's available. Also, avoid comparing by price alone. It's never apples to apples. Instead, focus on the price-to-value ratio.

HOW LONG WILL THE SOLUTION TAKE TO IMPLEMENT?

This might seem like a basic question. But it can reveal a lot more about potential vendors than simple time to value. Do they have a well-planned deployment methodology? Do they ask you lots of questions about your environment and systems in formulating their answer? *(Be wary of those who don't.)* Will your implementation require the system to be customized or is the system configurable? *(Caution: System customizations often result in issues down the road when your "version" of the software isn't compatible with new features being offered by the vendor.)*


WHAT SUPPORT SERVICES ARE AVAILABLE AND WHAT DO THEY COST?

Does the vendor offer training? If so, for who and at what cost? How are services, training, and support delivered? Will your staff need to travel or can the engagement be handled online? Are extra fees charged for support? Is there a limit to the amount of support provided? Are the services strictly technical or will business processes also be examined? In addition to supplying specifics, these questions can also offer clues about what sort of partner a vendor will be after the sale.

IS IT MODULAR AND SCALABLE?

You will likely depend on your new forecasting and planning solution for many years. So it's critical that you evaluate vendors in terms of how well their software can evolve with your business. Some solutions might have capabilities you may not require any time soon. Will you be paying for those capabilities now, or does the vendor offer ways for you to pay only for what you need today, with a clear path for adding functionality later? Will the solution be able to scale with your business and planning needs?
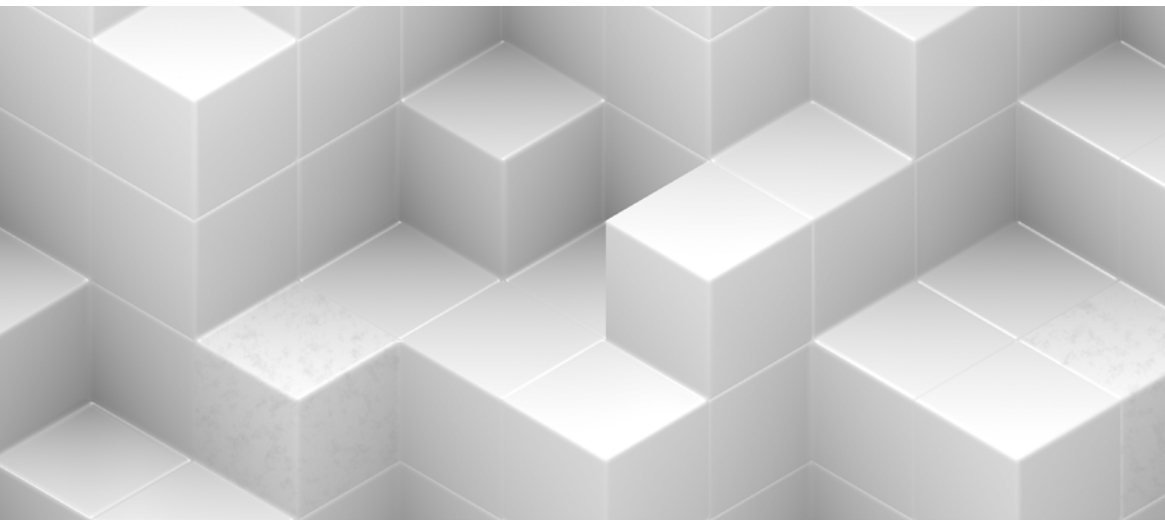
HOW WELL WILL IT INTEGRATE WITH OUR EXISTING SYSTEMS?

A lack of integration between the planning solution and the relevant ERP systems is a notorious bottleneck to efficient supply chain planning. Be sure to ask your vendors about their methods for integrating with your ERP systems, and explore their ability to support forecasting and planning, as well as automating the execution of your plans.

BEST PRACTICE #6

FOCUS ON THE BIG PICTURE

PRIORITIZE YOUR NEEDS AND GOALS

Be sure you have a clear idea of the big picture—strategy and company goals—before you begin debating the merits of a specific solution over another.

For example, you may be eager to solve a particular business challenge, such as high safety stock levels. As a consequence, you might seek out a solution focused exclusively on inventory planning. And yet, in the larger scheme of things, your high safety stock levels might stem from inadequate demand planning or lack of a connection between demand forecasting and supply planning.

Ensure success by prioritizing the capabilities and factors that matter most to the overall health of your business. Solution agility? Scope of capabilities? Degree of automation and integration? Ease of use? Solution cost? Only you can determine your specific criteria. Focus on the top three to five as you move through the various stages of software selection.

THINK LONG TERM

It's also helpful to avoid simply assembling a list of requirements your business needs in the here and now. Think strategically about where you want your business to be a year out or five years out. Yes, the solution you choose should be able to scale as your business expands. But you also want to assess how well it can handle increased complexity. Talk to vendors about your challenges and explore solutions that will enable you to address your near-term and future needs.

TEAM WITH A LONG-TERM PARTNER

To ensure the best results from your software purchase, choose a vendor who:

—Takes the time to understand your business, one who applies a consultative approach to helping ensure you achieve the objectives you want from your software.

—Is the best fit for your needs, based on your particular goals, business realities, timelines, and budget.

—Demonstrates through engagement with you and by responses that it is willing to be a long-term partner who will go the extra mile for you after the sale and as your business grows and evolves.

LEARN MORE ABOUT SUPPLY CHAIN PLANNING SOFTWARE

www.demandcaster.com

WHY THIS MATTERS

Choosing the right supply chain planning software is not a snap decision. These are extremely powerful tools that deserve careful consideration. After all, agile planning capabilities are key to an agile supply chain that enables your business to operate efficiently and effectively.

The right planning solution can literally mean the difference between profit and loss—next quarter, next year, and for years to come. Being smart about the selection process will maximize your success in the near term and as your business grows.

DemandCaster