

# BASDA OFFERS ADVICE TO LARGE CORPORATES

**BASDA, the Business Application Software Developers Association, represents over 350 of the world's leading applications software developers. It publishes a guide for medium-to-large businesses on how to purchase financial software. This booklet, which is continually updated online, is summarised below.**

## Background

The traditional method of selecting a business and accounting system was to prepare a detailed requirement specification in a huge document known as the Invitation to Tender (ITT). Packaged software was not always available and the specification had to be comprehensive enough to be used for the selection of custom-developed or bespoke systems as well as packaged solutions. The emphasis of the ITT approach was on the user organisation to define the requirements and then on the vendor to accurately match its products to them.

Modern business systems are very flexible and therefore evaluating them against specific functional requirements is a long and cumbersome process. There are, however, some key elements that need to be specified, as they are not always available. These need to be reviewed in detail, but BASDA says it's a waste of time sending a detailed specification of requirements to modern application developers as the answer to most requirements will

be 'yes'. Modern applications are so flexible they can be configured to meet most requirements.

## BASDA's recommendations

BASDA has developed a best practice for large companies tendering for finance and accounting systems called a Request for Information (RFI) approach.

This suggests that after collecting all of their requirements from the various departments, user-organisations distil them down to a summary of requirements. Using this as the basis of an RFI, it's sent to a selection of up to ten suppliers to see if their software fits the requirements before embarking on detailed investigations. Once the responses have been evaluated a short-list should be established of just three or four suppliers.

After a thorough investigation a preferred supplier is established and often, under a non-disclosure basis, a detailed evaluation is undertaken of the product, including testing on the customer's premises. Other shortlisted suppliers should be put on hold while the evaluation is taking place.

The work in establishing the specification of requirements is now converted into a testing schedule, and over a series of weeks the product is tested against that schedule to uncover how accurately it fits the customers specific requirements.

It is recommended that a reference site visit should be included in the evaluation. This should not be a software demonstration but an opportunity to meet

senior finance executives who have implemented the chosen system in their own company and so benefit from their advice and experience.

Operational testing usually lasts two-to-three weeks, so it is impossible to test every specific requirement. Finance departments are therefore urged to bring together their essential or most unusual requirements and produce test specifications against these for their period of evaluation. The specifications are then co-ordinated and passed on to the vendor so it can prepare the necessary resources and facilities. BASDA recommends that third-party consultancies can play a very useful role in not only developing the test specification, but also overseeing the testing phase.

Once testing is completed, and prior to finalising contracts, BASDA recommends that companies and vendors work together to set key milestones for the project with detailed deliverables. Milestones, however, should not be set for periods greater than a year in advance. BASDA recommends the use of project control software to keep these deliverables in check and to flag up any problems early.

## Key benefits

BASDA claims its RFI process not only shortens the procurement cycle, but it also allows more time with those suppliers that can meet the requirements. More importantly, it takes a significant amount of risk out of the selection process by the on-site testing of the product before purchase.

In BASDA's experience the heavier the document, the less likely developers are able to respond. It's better to start with a light document that initially summarises the key requirements, and then focus on the detailed requirements only with the suitable short-listed candidates.

BASDA claims its approach delivers key benefits to medium and large business including:

- leading suppliers are more inclined to respond to RFI than an ITT
- responses to RFI are quicker and easier to evaluate
- the selection and evaluation process is speeded up
- the RFI approach does not eliminate the need for consultants but does refocus their activities onto detailed testing specification
- inappropriate packages are eliminated early in the cycle
- the risk of choosing an inappropriate package is reduced.

## Time savings

BASDA, in conjunction with several consultancies, detailed the amount of man hours needed to go through a typical selection process for a finance and accounting package in a medium and a large company. It collated the days involved at each stage and the appropriate elapsed time due to re-organisation of the project. BASDA's RFI approach saved 13 weeks with the evaluation and selection process taking 21 weeks, rather than an average 34 weeks for a ITT-based approach for a medium company.

For the large company, RFI cut the project time from 48 weeks to 26 weeks.

*Tom Berry.*

[www.financialdirector.co.uk/briefing](http://www.financialdirector.co.uk/briefing)

## Useful links

- For a PDF copy of the booklet go to [www.basda.org/pub\\_img/uploads/RFI.pdf](http://www.basda.org/pub_img/uploads/RFI.pdf). It includes key research findings and a step-by-step guide to the complete RFI process.