



**HyperOffice**  
Collaboration Made Simple

Presents

**WHITE PAPER**

**SELECTING SOFTWARE**  
**A Systematic Approach**  
**to Buying Software**

© HyperOffice, Jan 2008

*Each marketer professes to be the sole champion of our consumer rights and pummels us with enticing advertising messages, about how their wares are “the best”.*

It is important to keep our wits about and develop a systematic approach to the buying decision.

### More HyperOffice White Paper

- [HyperOffice's Security Infrastructure](#)
- [The New vs. The Old - HyperOffice compared with MS Exchange](#)
- [SharePoint or HyperOffice? A Small Business' Perspective](#)

## Introduction

### What to Buy – That is the Question

Buying decisions are the essence of life in the commerce-driven 21<sup>st</sup> century. From everyday decisions like selecting lunch from a restaurant menu, to getting a new car, to major company acquisitions, much of our time is spent “buying”.

And these choices are anything but simple. Each marketer professes to be the sole champion of our consumer rights and pummels us with enticing advertising messages, about how their wares are “the best”. Seductive as these messages are, no product or service is quite the same. The difference may be glaring – that of “better vs. worse”, or a subtle tradeoff between price, quality, feature set, customer service, or durability.

It is therefore important to keep our wits about & develop a systematic approach to the buying decision. Our view should be broad & farsighted, rather than buying based only on what immediately meets the eye. Hasty decisions leave us with flashy features never used, or hefty repair bills of products that came cheap.

A good example of a systematic approach is when you buy a car. A myriad of factors are considered & weighed, which impact the owner for the next decade. This includes brand, performance vs. style, price, safety, terms of finance, mileage, maintenance, resale value & so many other factors.

Software purchase is a grey zone; an under developed arena.

Unlike products & services, it is not so intuitively evident that most software has “life cycles” & needs to be “maintained”, “updated”, & “repaired”.

## Selecting Software

In our new “wired” modern reality, software is no less important than products & services in our everyday lives. Whether it’s a personal email program, chat software for instant connection, collaborative software to organize scattered employees, or an ERP implementation to manage company processes – there’s no surviving without them!

But we’re somewhat more used to buying products & services than software, which is a relatively recent phenomenon. In many ways, selecting software is no different from selecting a product or service. Although intangible, software, also address a very real need, on which personal & professional success often depends. Naturally, some of the same purchase factors apply – brand, service, & maintenance costs.

In spite of the patronizing obviousness of the above, software purchase is a grey zone; an underdeveloped arena. This accounts for the high incidence of “shelfware” – software that are bought with grand intentions, but end up on dusty shelves. This is because unlike products & services, it is not so intuitively evident that software have “life cycles” & need to be “maintained”, “updated”, & “repaired”.

Therefore, purchases are made based on what immediately meets the eye – technical features. This mistake is understandable, because technical features are well documented & advertised, & easy for the buyer to use as decision criteria. But with this approach, factors that are just as pertinent, but not so immediately obvious, get left out. Some research & serious thinking is needed to gauge these “hidden” factors.

**KEY FACTORS**

- Company Background
- Technical Factors
- Cost
- Ease of Use
- Familiarity
- Security

**Key Factors for Buying Software**

To reiterate, technical features are important, but not the sole criteria. A comprehensive list of factors to be considered for buying software is listed below. This simple checklist goes a long way to separate the pros from the rookies.

**Software Buyer's Checklist**

- ✓ *How long has the company been around? Has it delivered its promises?*
- ✓ *What is the price?*
- ✓ *How steep is the learning curve? How easily can the software be integrated with existing systems?*
- ✓ *Is its navigation & interface familiar with other software used?*
- ✓ *Is my data safe?*

## Background Checklist

- ? How long have they been in business?
- ? In this particular segment?
- ? What is their niche?
- ? What do their customers say?

## Key Factors in Detail

### 1) Company History & Experience

The vendor needs to be sized up before we even go on to consider the software itself. Background is essential because, unlike traditional companies, software companies are often small, & often beyond national boundaries. Since these companies would likely be handling our sensitive data, we need to do a background check. Some related questions are:

#### How Long Have They Been Around?

As in most cases, we can reasonably assume that past record is a good indicator of future performance. Important questions are - How long have they been around? How long have they been in the field? If they're offering business communication software, have they been in this industry long enough? Even if the software is new, do they have experience developing related software?

#### What is Their Niche?

Does the company know your niche well enough to know your needs? If you are a small/mid sized business, a company mainly serving the Fortune 500 is not for you. If you work from home, it is unlikely a solution serving large offices will meet your needs.

#### The Ultimate Testament – The Customer

The ultimate judge of software is its users. To get a true picture, it is important to look at how customers are using the software & what their comments are. Does their site include a client's list or page? Check out what customers say under testimonials, or you could even get in touch with the customers yourself for comments.

## **The Cost Factor**

### ***Features vs. Price*** ***Needs vs. Price***

*A cost-benefit analysis makes sense, and costs need to be compared with the software's range of functionalities.*

***Costs should be seen in a broad perspective, because low entry costs may well result in higher total costs along the product's life.***

### **Dangers**

There are certain things about the software industry that a buyer should be wary of. Software startups have shorter life spans than traditional companies & ride high on a success wave, but go "pop" when the industry bubble bursts. This was exemplified by the "dot com burst" of 2000. Whether the current spate of "Web 2.0" companies constitutes another expanding bubble which will inevitably burst is debatable, but it makes sense to be wary & bet your money on dependable companies with proven track records.

### **2) Cost**

There's no denying the importance of cost in buying decisions across the board. Yet costs should be seen in a broad perspective, because low entry costs may well result in higher total costs along the product's life.

#### **Features vs. Price**

A cost-benefit analysis makes sense, & costs need to be compared with the software's range of features & functionalities. A document management system may not be the cheapest, but it may allow you to also set up a virtual office. Going for loads of features also constitutes a trap, because users never get around to using half of them.

#### **Needs vs. Price**

Another question is whether there is an overlap between features & needs at all. Many features may not relate to needs sought to be addressed. You should clearly define your needs, & classify features as "needed features" & "features not needed". Another possible scheme of classifying features could be "must have", "nice to have", & "future requirements".

### Integration Factors

- ✓ Ease of Use
- ✓ Adoption
- ✓ Support
- ✓ Training
- ✓ Maintenance

### 3) Ease of Use/Adoption

A learning & adoption curve is involved with every new software purchase. It needs to be integrated with current systems & software, & the end users have to be brought up to speed using it. If the software is chunky & too complex, adoption resistance can occur.

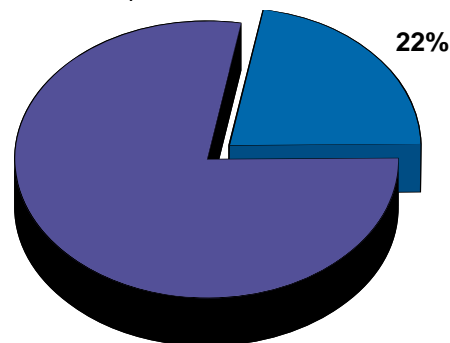
#### Ease of Use

The software should have an intuitive interface, & use of features should be pretty much self evident. The shorter the learning curve training a new user, the better. The software should also have the ability to easily fit into the existing systems with which it will have to communicate. For example, a collaboration software might allow you to use some features from your Outlook itself.

#### Adoption

To get a measure of “shelfware”, i.e., software that is purchased but never used, some studies peg the number of shelved content management solutions at 20-25%. At a million dollars per implementation, that’s pretty expensive shelfware! According to another study in the US, 22% of purchased ERP licenses are never used.

No doubt, “Shelfware” is a result of ill thought out purchase decisions. These studies clearly underline the importance of making an educated purchase. One possible way to protect against shelfware is the new concept of “pay as you go” hosted solutions. The software is hosted by its developer, & buyers have to pay a monthly subscription, which they can opt out of anytime.



According to a study, 22% of purchased ERP licenses are never used.

**Good Support Practices**

- Availability of human help
- Quality of execs' support
- Well documented help engine
- Free training sessions

**Low Maintenance, High Performance**

- ? Needs special support staff?
- ? How reliable is it?
- ? Is it updated regularly?
- ? Are bugs fixed?

**Support**

No matter how good a software is, there are bound to be times when one can't find out how to work a particular feature or a glitch crops up. Some software solutions may require you to hire dedicated support staff of your own, while with others company support suffices. The cost of hiring support staff needs to be factored into the buying decision.

Provider support may be in the form of human help, or automated help engines. In case of human help, the quality of solutions, availability & conduct of support executives matter. Support can also be in the form of an extensively documented help engine, or extensive help information on the company site. This form of support is often more prompt & efficient than human help.

**Training**

Training is another form of support which deserves special mention. Free training seminars greatly help in getting up to speed with the software at no extra cost. In some cases the company might offer paid training, which may be essential, & hence this cost needs to be factored into the purchase decision.

**Maintenance**

Maintenance costs & efforts have a major impact on the performance & adoptability of software, & hence form important criteria of the buying decision. In case the software is hosted at the company's end, it is of utmost importance that the software be available online at all times, or the "uptime". Uptimes are covered under the "service level agreement" & range from 98% to 99.99%. A minimum uptime of 99% is what one must look for.

The company's upkeep is also important. Efforts to constantly improve upon the software underline a commitment to providing quality service. Are bugs fixed promptly & on an ongoing basis? Are they just releasing software & not updating it? One should develop a habit of keeping up with the company newsletter, release notes or the "what's new" section on their site. Periodic newsletters & a "what's new" section are indicative of a dynamic



*“Security is a top consideration because in many cases the software company will be handling information critical to us – business, financial or personal data.”*

### **Better Safe than Sorry**

- ? What encryption standard is used?
- ? Is the data regularly backed up?
- ? What is their past record like?
- ? Is their server system modern?

## **4) Familiarity**

The “feel” of the software is another important criterion. The software should keep with the basic layout & navigation schemes we are used to. This makes for quicker transition.

One good way is to compare with the OS in which we would use the software. Does it have the same basic schema as the OS environment? A software with Mac schema on Windows wouldn't sit that well. Or we could compare it with other software which we are used to. If you are switching from expensive software to a cheaper one, choosing software with a similar “feel” would make sense. Does it retain most of the main features you are used to?

## **5) Security**

Security is a top consideration because the software company will likely be handling information critical to us – business, financial or personal. We need to be well assured that our data is safe & there are no risks of it being compromised. This needs research, & the extensiveness of which depends on the sensitivity of our data.

### **What safety features does the provider have?**

Encryption, or coding of information, is used by most companies to protect the integrity of their clients' information. There are different types of encryption, each of which is associated with a different level of security. DAS is one, once popular but now known to have loopholes. SSL 128-bit encryption is associated with top notch security. Password protection is another important facet. Is the software equipped to withstand manual & automated attempts to hack your password? The ability of the system to detect a hacking attempt & lock up in time is important.

*Stay focused during the trial period. Follow systematic planning – set objectives, develop a plan, lay out timelines, designate people and set responsibilities and goals.*

### Data Backup

In extreme cases of system breakdown caused by a facility fire, natural disaster or technical glitch etc, it is important that your data is frequently & adequately backed up.

Certain factors are to be considered in backup practices. The first is the frequency of backups. If there is a long gap, there is a possibility of data being lost in intermittent periods. Secondly, what are the security arrangements at the facilities where your data resides? Is it manned & guarded by security personnel? What other safeguards are in place? Is there a good firewall? What is the protection against virus attacks? What procedures are in place for disaster management?

### Track Record

As with company background, a little research on the security track record makes sense. Has the company ever been vulnerable to attacks before? What were the losses? How did the company react? How many years has the company had a good record? New companies will have a clean record, but that isn't necessarily indicative of good security.

### The Server System

The server system where the sensitive data actually lies is very important. Is it state-of-the-art? The server infrastructure could be owned by the software provider themselves or outsourced to a dedicated company providing hosting solutions. Outsourced hosting is a good thing because hosting companies have extensive expertise & infrastructure for security, & this frees up the software provider to concentrate on the software itself. The company might not have an elaborate setup at all, running the software & processing data through computers set up in the garage somewhere acting as servers. This should get your alarm bells ringing!

We hope this article gave you deeper insights into the software selection process. Even if you don't follow the entire process step by step, a broad understanding of relevant factors will keep you wary, & help you make a more informed & educated choice. Happy computing!

Please read more from

### **The HyperOffice Series**

- [HyperOffice's Security Infrastructure](#)
- [The New vs. The Old - HyperOffice compared with MS Exchange](#)
- [SharePoint or HyperOffice? A Small Business'](#)

## **Conclusion - A Systematic Selection Approach**

Now that we have discussed all the relevant factors in detail & have a better perspective of the subject, it is important to develop a systematic approach to analyzing these factors.

### **What factors are important to me?**

Although all of the above factors are relevant, their relative importance may differ from customer to customer. For a company with deep pockets, price comes lower in the list. For a company using collaboration software to process business information, security is high priority. Again if a solution forms an important part of a company's business, it is important that it integrates well with existing systems. For dynamic industries like real estate, short training times are important.

### **Know Thy Software**

By this step you would have selected software. But that is still not the end. For all our theorizing & researching, the software still has to pass its toughest test. Most software allows you a free trial period. It would be a good idea to seriously use this period to analyze the software.

It is important to stay focused during this testing period because the impact is going to be long lasting. Follow systematic planning. Identify objectives & needs, develop a testing plan, lay out the timelines and designate people from different departments to try out different features. Set responsibilities & goals so that testers take their job seriously.

### **THE DECISION!**

Don't hesitate to put the burden onto the company to prove itself. Let the company prove to you the features that seem important to you. For example, if security is of prime importance, ask the company to display how their solution scores high on security. Don't hesitate to call them if you have questions.

Test their service levels to see if it lives up to their promises. If you submit a ticket, is it promptly responded to? Is a good solution provided? If the problem requires live help, do you get it fast enough? When you call in with a problem, is it a live person or an automated message you converse with?

This is as extensively as you can analyze software. You're educated enough to make a choice which will most likely not fail you. You shall surely not be disappointed in your decision.

**WHITE PAPER | Shopping for Software**

As a practical tool for the reader, a model for comparing different software is provided below. Do the following:

<b>Step 1</b>	Rate the key factors on a scale of 10 according to their importance for you.
<b>Step 2</b>	For each software under consideration, put a check against factors it rates highly on
<b>Step 3</b>	Aggregate the corresponding factor weights to find software score.
<b>Step 4</b>	Compare scores and choose!

<b>EXAMPLE</b>			<b>Company</b>		
	<b>Category</b>	<b>Weight</b>	<b>A</b>	<b>B</b>	<b>HyperOffice</b>
	Cost	4	✓		✓
	Familiarity	1	✓	✓	
	Ease of Use	5		✓	✓
	Security	6			✓
	Background	3	✓		✓
	Tech Features	7	✓	✓	
	Support	2	✓		
	<b>Total</b>		<b>17</b>	<b>13</b>	<b>18</b>
		<b>Selection</b>			✓

<b>YOU TRY</b>			<b>Company</b>		
	<b>Category</b>	<b>Weight</b>	<b>A</b>	<b>B</b>	<b>HyperOffice</b>
	Cost				
	Familiarity				
	Ease of Use				
	Security				
	Background				
	Tech Features				
	Support				
	<b>Total</b>				
		<b>Selection</b>			