Five Key Factors for Enterprise Technology Buying Decisions

RAY EMIRZIAN, Vice President of Operations & Product Management, docSTAR

Anyone in manufacturing knows that a main part of driving your business today relies on embracing and integrating technology throughout your organization. In a world that's changing faster and faster every day, finding and adopting the right technologies often can make the difference between business success and failure.

Whether it be choosing a new enterprise resource planning (ERP), customer relationship management (CRM) or inventory management system, these decisions are crucial to your business and making the right decision is huge. When evaluating a large-scale or enterprise-wide technology purchasing decision, there are five key factors to consider:

1.) What Is the Projected TCO?

Total cost of ownership (TCO) is possibly the most important factor to consider up front. If the TCO is greater than the budget assigned to it, you will have obvious financial challenges. This is especially true when the return on investment (ROI) is not measured in real dollars saved or increased sales dollars, but rather in more intangible benefits. TCO takes into consideration all up front, as well as ongoing costs (such as maintenance, upgrades, training and so on), for the period of time for which you are measuring the ROI.

2.) What Is the Projected ROI?

While the ROI may not be measured in actual dollars, it is important to have a specific measure of what is to be gained by the acquisition of the technology and over what period of time will you achieve specific milestone goals. This will allow you to understand and accurately adapt the technology if it is not adequately meeting the stated ROI.

Keep in mind that ROI may not always be immediately quantifiable. For example, the cost associated with a failed audit might depend on the magnitude of the abuse. In some instances, this may result in bankruptcy or simply a small fine. In addition, no one can predict or measure the impact of a natural disaster.

The smart approach is to plan for the worst-case scenario and protect your assets. While many factors affect ROI, measuring and adjusting along the way helps ensure that the appropriate benefits are achieved with the selected technology.

2.) What Is the Cultural Fit of the Technology?

It is often vital that all key stakeholders in actual use of the technology be involved

in the demonstration and decision-making process to ensure that there will not be a major cultural issue with using the technology, such as technical skill level required to use the technology, ease of use and the actual time involved to perform functions the old way vs. the proposed new way.

4.) What Is the Cultural Fit & Track Record of the Vendor?

Is the vendor a fit for your organization? Have the company worked with organizations of your size and in your industry successfully in the past? Will it be attentive to your needs? Does it have the resources to address your organization's implementation plan? What is its level of commitment in the project, merely installing a product or helping to ensure success of the technology in your environment?

5.) How Does the Technology Scale with your Organization's Projected Needs Three to Five Years from Now?

Are you addressing the needs of your organization only for the present, or are you building a relationship with a vendor that can grow with you and help you evolve your use of the technology as your needs evolve? What does this look like? What options will be available for you to upgrade, add onto and expand use of the technology within your organization?

Now that you've measured the TCO and ROI, and determined that the technology acquisition is culturally acceptable, you're now ready to execute the purchase. No doubt there are plenty of choices, and making the right choice may seem daunting.

Here are a few recommendations that may make the buying decision a bit easier:

1. If you're a member of a regional or state association, take advantage of your membership. Consult with an IT representative and educate yourself. Oftentimes the association has negotiated a "preferred vendor" relationship which several technology firms.
2. Reach out to your industry peers. If the technology investment has delivered the desired ROI for them, chances are it will deliver a similar ROI for your organization.
3. Many technology manufactures belong to national associations. For example, if you're investigating document management software, it's recommended that you thoroughly review the options and alternatives that may be available at Aiim, www.aiim.org [1]. Similar options exist for other technology platforms.
4. Determine if a user's group exists for the technology or technology manufacturer. There's always plenty of useful information and software reviews to evaluate.

For more information, please visit www.docstar.com *[2] or follow them on Twitter via @docstarsoftware* [3].

Source URL (retrieved on *03/27/2015 - 4:58am*):
http://www.chem.info/articles/2012/08/five-key-factors-enterprise-technology-buying-decisions?qt-most_popular=0&qt-recent_content=0

Links:
[1] http://www.aiim.org/
[2] http://www.docstar.com/
[3] https://twitter.com/#!/docstarsoftware