

The Oracle Speaks SCE System Selection

My name is Isaac Edwards and I am the National Director of Distribution for a Sporting Goods Retailer. If you remember, the last supply chain business problem I was challenged with was how to fulfill three different sales channels (retail, internet and catalogue) from our Indianapolis Distribution Center. I spoke with Oracle at length about the challenges of order allocation. He actually helped us select a Tier-1 Order Management System that allows our merchant, buying, and allocation teams to define and more importantly to develop their own allocation rules. The OMS solution we selected has a business rule and work flow rule engine that can be configured and customized by a super user without actually touching any software code.

My name is Isaac Edwards and this is my first week with my new company. I was recently recruited to participate in the selection of a new Supply Chain Execution (SCE) application. The new company is a multi-channel specialty retailer seeking to procure and implement a new SCE system this year. Because of my experience in WMS selection and implementation, the company wants me and the Director of Information Technology to lead the system selection.

My last company used a consulting firm to help with a system selection and implementation. Although the project was successful, I thought we spent a lot of money on consultants. That is not to say that I don't think consultants add value, but we could have done a lot of the upfront education and process flow mapping ourselves. My new employer wants me to lead this effort, and my new boss, Mr. Bosswick (The BOSS), has made it clear that I better select the right solution.

I conveyed to The BOSS that first and foremost we need to establish a cross-functional team that is representative of key business users and stake holders. My mentor, The Oracle, advised me to always include the supply chain's stake holders and make them part of the selection and review team. The main stake holder and leader of the selection should be the distribution team in conjunction with information technology, merchandising, buyers, customer service, finance and human resources. This is not to say that we need everyone on the team at once, but they should be part of the review team.

The Oracle told me that the process for completing any software selection starts with internal education. First, the team should educate themselves on the market place by attending trade shows, conducting software demos and company overviews, and visiting distribution companies that have SCE solutions. The Oracle stated that the executive management team needs to



be educated on the solution as well, with the emphasis on customer service. The second step is to perform an internal justification that is owned and developed by the core selection team. My previous employer had the consulting firm complete the ROI. They really overstated the savings, and they did not calculate the total cost of ownership (TCO). The Oracle said if you use a consulting firm then use them for validation. Most consulting firms have developed good templates and models, but they should be used for validation. Ultimately we must take responsibility for the justification and sell our ROI to the executive management team.

The third step is system requirements definition and future functional process flow design. I remember The Oracle telling me to always complete the three actuals in defining current and future process flow design. The three actuals are: (1) talk to the actual people who complete the work, (2) visit the actual place where the task is performed and (3) watch and document the actual process in action.

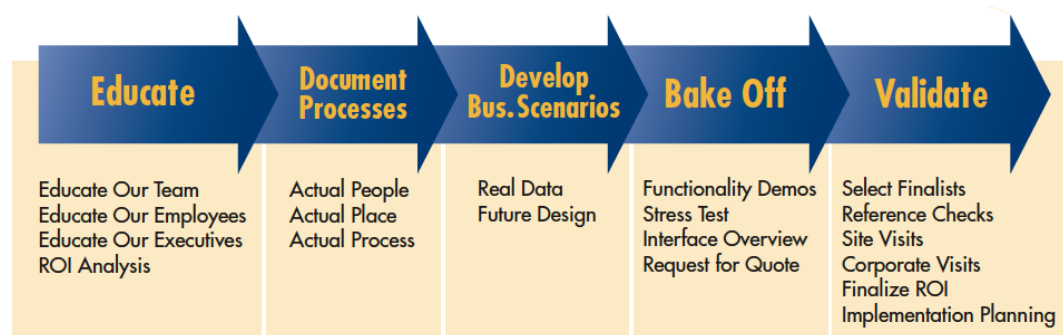
The next step is to develop business scenarios that we want the solution providers to perform. By using real data that is representative of our business (SKUs, Locations, Orders, Receipts and Returns) in conjunction with our future requirements, we can develop business scenarios for each SCE candidate to prove they can execute. The Oracle suggested making this a team effort and delegating this responsibility to each functional manager and supervisor.

I remember from the last selection that we made two critical errors that cost our company time and money. First, our IT team did not map out all the interface touch points and technology we were going to use to interface to the SCE solution. Had we completed this very important step we would have identified the man-power and supporting technology needed to develop our interfaces on time. The second error was not having the vendor perform a stress test on their system. We should have given each vendor one day of orders and receipts to test their technology and database performance. The same database can perform quite differently based upon the underlying software code and database management.

Once we have completed our current and future scenarios and mapped our interfaces, we need to have the SCE bidders demonstrate their solution. At my previous employer the consultants called this process "Scripted Demos," but I think we are going to call it the "Bake Off."

We really want the bidders to show us their solution and not just talk about it. We have crafted our business scenarios to be specific with discrete requirements, but not so restrictive that the solution providers cannot show us their functionality.

I called the Oracle and asked him a few questions about the SCE market place. I wanted to get his perspective and ask about his methodology. He said the number of Tier 1 solution providers is shrinking and there are less than a baker's dozen with truly integrated SCE suites (Transportation Planning, Yard Management, Warehouse Management, Labor Management, Parcel Manifesting, Event Management, and multi-site visibility). He stated that we should not spend a lot of time completing an elaborate Request for Information (RFI) and sending it to fifty candidates. SCE packages are a commodity and it is getting more difficult to differentiate on functionality alone. The Oracle walked me through a process to interview candidates,





narrow that list to four bidders who will perform our “Bake Off,” and then create a finalist list that consists of two providers. Finally, conduct a validation step and then award the contract to a vendor. I like to think of this as an NCAA basketball bracket, where after each elimination round the score is zero/zero.

He mentioned that we should award the contract after we have visited the finalists’ corporate offices and operational warehouses and performed extensive reference checks. I recall that my last employer completed site visits and a few reference checks, but I was not sure that we really learned much from the process. The Oracle was firm about performing reference checks at places where the vendor implemented the exact solution that we are evaluating including technology, software release version and preferably industry (assuming no conflict of interest). He said if you ask the right questions

you would be surprised what references say. I asked him why corporate site visits? He said that a company’s culture, leadership teams and service support can be the deciding factors between two finalists running neck-and-neck. Not to mention that this is a good time

to meet the technical development staff of the finalists and have them give you an overview of their solution. You may be surprised what a technical consultant will tell you that your sales representative did not.

The Oracle summarized our conversation by telling me to negotiate with both finalists. Competition drives value, and part of the SCE solution provider value proposition is based on license fee pricing, implementation service pricing, and maintenance and support pricing. In summary, he said companies that execute a formal system selection process have over an 80% probability of completing their projects on schedule. In addition, the selection process is truly phase 1 and can be considered the preimplementation planning and education prior to starting a conference room pilot (CRP).

My last concern is using consultants to support our team. I believe that they definitely add value, but I want to make sure they add value in the right areas. I am going to recommend that we bring in outside support in the areas of business scenario facilitation, our “Bake Off,” ROI

validation and contract negotiations. My previous employer engaged a few consultants that really knew the marketplace and technology. I think they could add some value, but I believe we should use them to facilitate the process and have our team execute the project. Ultimately we should own this project and the deliverables because we are going to live with our decision for the next five to seven years.

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