



Essential Guide to Cloud Software Evaluation

A four stage checklist to finding
the right business solution



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True genius resides
in the capacity
for evaluation of
uncertain, hazardous,
and conflicting
information. ””

Winston Churchill

Finding the right solutions

As companies emerge from the pandemic into challenging economic times, they are needing to reconsider the business strategies that support their plans for growth. Digital transformation is the name of the game, and companies are increasingly looking to deploy cloud based solutions to help automate and digitise their businesses. These applications offer a better user experience, greater scalability, more operational flexibility and a higher return on investment. In addition they provide a slew of other benefits from real-time financial analysis, to enterprise wide collaboration, to a common master customer record that underpins the entire business.

The potential for improvement is enormous, hence the desire for change, however cloud based solutions are not the same as traditional legacy systems. This is primarily because customers sign up for an ongoing service, typically over a three-year term, rather than making a one off software purchase. Agreeing a service contract is fundamentally different from buying a product so, as a consequence, acquiring a new cloud solution requires an alternative approach to vendor evaluation that reflects these different priorities.

Finding the right cloud software best suited to delivering your key business requirements can be tricky. Selecting new software systems or replacing old ones aren't decisions to be taken lightly. They require careful planning and consideration of many factors, such as your business model(s) and strategies, growth targets and key stakeholders, to name just a few.

This evaluation guide is designed to assist as you undertake any cloud software procurement activity — large or small. It covers the four stages involved in the process:

1

Laying the groundwork

2

Information gathering

3

Initial selection

4

Evaluation and negotiation

At each of these four stages, you will need to ask a series of important questions and consider the answers as they apply to your unique business. Whatever your reasons for initiating a change, whether you are developing new business models, acquiring other companies, dealing with compliance issues, or just wanting to improve operational efficiency by automating more, this guide is here to help.

1

Laying the groundwork

This is where you get organised, start to mobilise, and consider what you actually want to achieve and why. Not only should your evaluation team be commensurate with the size and complexity of your organisation, it should include senior executives from each department impacted, led by a committed business sponsor.

Together you should examine the existing solution and shortcomings — in terms of cost, time, and alignment to your business and IT strategies. If it's a new solution you're looking at, then determine the most critical things it needs to accomplish. In short, you'll need to answer this key question: Are we using the best solutions to get the job done for our key stakeholders?

Key questions

1. Do you have a clear business strategy that the system needs to support?
2. Is there a compelling reason (or multiple reasons) why you need to change from your existing system, and what are they?
3. Do you have a realistic budget in place?
4. Have you developed a compelling business case for ROI?
5. Do you have any established constraints such as a legacy technology strategy?
6. Do you have a clear deployment strategy (e.g., big bang or phased rollout)?
7. Has the project scope been clarified (e.g., geographies, business units, processes, stakeholders)?
8. Do you have the right skills already in place or will you need external support?
9. Do you have an evaluation plan in place?
10. Do you have an evaluation and governance team in place including executive sponsor, project manager, subject matter experts, IT, finance, legal, procurement and user representatives?

2

Information gathering

Now it's time to define your requirements in preparation for going out to market. You will only source the best solution if you can provide potential vendors with the best information. This will include your business objectives, your existing systems landscape and your desired future state. It is easy to spend time documenting your current state and 'as is' processes, but it is much better to focus effort on your 'to be' processes. After all, you are unlikely to want to just replicate what you are doing at the moment. It is worth noting that many SaaS vendors provide preconfigured business processes out of the box to make implementations easier, quicker, and less costly. Embrace the opportunity to rethink your business and how it operates.

Many find value in building out their requirements in a MOSCOW list: the Musthave, Should-have, Could-have, Would-like-to-have criteria. With those in place, you can set some agreed upon expectations and priorities of your ideal cloud application before the evaluation process kicks off.

You will want to ensure your future solution maps to hot market opportunities, growth plans, competitive factors, etc. Your core information gathering should be based on the answers and results from the next questions.

Key questions

1. Have you evaluated the key industry trends and opportunities?
2. Have you considered what initiatives your current and future competitors are undertaking?
3. Have you established what market changes are likely to happen (e.g., mergers and acquisitions, economy shifts)?
4. Have you mapped out your current and future landscapes in terms of systems, user numbers, and interfaces?
5. Is your security strategy documented and understood?
6. Have your existing 'as is' processes been reviewed and evaluated?
7. Have your 'to be' processes been prepared?
8. Have your business requirements been evaluated on a MOSCOW basis?
9. Have your business focus areas been defined (e.g., priorities across geographies and business units)?
10. Have you considered your future business requirements that reflect both organic and transformational change?

3

Initial selection

Now that you have mapped out your business and IT requirements, it is time to see what is available in the market, do your homework, and understand your options. Today, there are so many resources like G2, Gartner Magic Quadrants, Forrester Waves, industry analyst reports, Appexchange, etc. that are all designed to help guide you.

You need to talk to your peers, download relevant papers, and attend webinars. You need to know what's going on with your market, what solution providers are able to offer, and more. To summarise, go through the following questions and answers with your evaluation team.

Key questions

1. Have you conducted research on software evaluation sites?
2. Have you reviewed what is said by industry analysts (such as G2, SPI, TSIA, and Gartner)?
3. Have you visited any trade shows?
4. Have you been to any vendor events, recorded webinars, or online software demonstrations?
5. Have you established what systems your competitors are using?
6. Do you have an initial qualification template to assess basic vendor data (such as size, financial position, supported geographies, resources etc.)?
7. Have you reviewed case studies, testimonials and references to ensure that vendors have suitable experience?
8. Does the vendor have a number of successful implementation partners to choose from with appropriate industry knowledge?
9. Does the vendor candidate have a future roadmap that demonstrates commitment to the products and the industry?
10. Have you met the whole vendor team to ensure that there is a cultural fit with your business?

4

Evaluation and negotiation

The traditional approach to software selection invariably involved an RFP with hundreds of questions followed by a series of structured demonstrations. With the cloud this detailed 'product evaluation' model doesn't really work because it can't truly reflect the needs of a service contract. Many organisations are now taking smarter, more creative approaches to evaluation such as requesting vendors to respond to multiple business scenarios.

One important thing to consider is that during the evaluation process there will inevitably be tensions between different parties. For example, end users may be swayed by an attractive user interface, whereas for the executive team more strategic issues, such as the future product roadmap, would be more important. Having a clearly defined set of evaluation criteria and weightings that reflect business priorities is essential.

When it comes to the final decision the Total Cost of Ownership (TCO) is obviously a key criterion, but many other factors need to be taken into consideration such as service level agreements, future product roadmap, exit strategies, liability issues, performance requirements and more. This makes the relationship between the buyer and seller even more important today than it ever has been.

Key questions

1. Have you agreed the best approach to vendor evaluation (RFP/scripts/scenarios)?
2. Have you documented your evaluation criteria with priorities and weightings (see Appendix)?
3. Have you established how to assess the needs for business flexibility to support ongoing business change and growth?
4. Who will undertake the technology 'deep dive' and what role will it have?
5. How will you manage user involvement and reconcile competing views on strategic vs tactical solutions, systems usability and functionality vs. technology?
6. How will you manage access to your executives / subject matter experts in order to enable more detailed vendor discovery?
7. How will you provide the opportunity for vendors to ask questions and seek clarifications?
8. Have you considered how to handle non-conformant bids/presentations?
9. Have you reviewed the Master/Cloud Services Agreement (MSA/CSA)?
10. Have you established your strategy for negotiation (e.g., financial options, phasing, alternate supply, BATNA)?

Appendix: Typical evaluation criteria

Any structured solution evaluation should be made against a clearly defined set of criteria. These will act as a framework for the exercise, enable a fair and consistent basis for the evaluation of different solutions and ensure that the organisation maintains focus on its objectives and priorities.

Some criteria may entail a binary decision that results in immediate disqualification. Other criteria will involve relative weighting in line with the demands of the business.

The evaluation criteria will be specific to your organisation and need to be constructed and agreed by the executive/project steering group at the outset of the process.

The following is a non-exhaustive list of things to consider:

Vendor fundamentals

Financial stability, resources, industry commitment, geographic coverage

Business strategy

Ability to support the long term needs of the business

Functional fit

Completeness and fit of the solution based on scope, priorities etc. both to address short term tactical and longer term strategic needs

Process fit

Best practices, simplification, degree of customisation/configuration required, degree of flexibility to deliver specific requirements

Architectural fit

Congruence with business IT strategy, e.g., use of the Salesforce platform

Security

Certifications, data safeguards, encryption, access controls, disaster recovery

Usability

Ease of adoption including role based access, personalisation, mobile enablement etc.

Industry credibility

Independent analysts, market views, press coverage

References and case studies

Customer experiences, testimonials, advice and recommendations

Flexibility

To reflect key business/industry needs, support organic and acquisitive growth plans, ongoing business change

Future roadmap

Level of product development resources, commitment to ongoing development, delivery of new functionality and adoption of advanced technologies such as social collaboration, mobile, AI, etc.

Implementation services

Approach, timings and experience

Support

Range and quality of services, fixes and updates, customer communities, customer advisory boards for product development etc.

Vendor team

Cultural fit with the vendor, suitability for a long term partnership

Commercial factors

Phasing, payment terms, price holds, etc.

Contractual considerations

SLA/performance levels, exit strategies, liabilities etc.

Return on Investment

Impact of the solution on key business drivers and metrics

Total Cost of Ownership over 3-5 years.

This should include all costs of personnel and associated overheads:

- Initial software licenses
- Additional environments (e.g., sandboxes)
- Infrastructure (e.g., hardware/equipment)
- Annual support (if applicable)
- Implementation fees — external resources (e.g., functional, technical and other consulting services)
- Internal resource costs (e.g., integrations, data conversion, training, change management)
- Ongoing support — external (e.g., managed services)
- Ongoing support costs (internal e.g. service operations, systems maintenance, developments and enhancements, regression testing for regular upgrades, etc.)



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