Purchasing an EPM Tool

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Overview

There are so many Enterprise Project Management (EPM tools, also known as Portfolio Project Management or PPM tools) out there in the market, it can be an overwhelming choice. Just try Googling "EPM Tool", 446,000 hits and counting. With clarity of requirements, a recommended process for selection and a healthy scepticism when dealing with vendors, organisations can approach the selection process with confidence.

This paper identifies key questions you will need answered before tool selection, and guides people in dealing with vendors. Along the way it also poses a couple of interesting questions;

- Could the tool you already have be made to work for you ?

- Why is it that Project Management related projects are so poorly Project Managed ?

- If the vendor is the "Builder", who is the "EPM Architect" ?

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Introduction

There are a plethora of Enterprise Project Management (EPM) or Portfolio Project Management (PPM) tools out there.

Some follow traditional PMBOK style Project Management, some are more aligned to specific approaches such as PRINCE2 or Agile Software Development. Some align to specific business needs, eg Professional Services Automation (PSA). There are the big, powerful finance focused tools such as Clarity, the market dominant players such as MS Project Server and the robust schedule focused tools such as Primavera. Then there are the smaller players, mostly "Software as a Service" or SAAS provisioned, they each have a story to tell and a place in the market.

Many have a scheduling tool at their heart, which depending on the level of sophistication may drive Reporting, Resource Management, Timesheeting and/or Collaboration. They often have list functions (eg Issues & Risks) and some sort of Portfolio functions such as rating & selection together with automated approvals processes. Financial reporting capability and the level of systems integration is where they tend to get complex and vary enormously.

Selection of a tool can be stressful, if you get it wrong it can be embarrassing, expensive and hard to fix. Changing tools is complex, which leads up to our first recommendation.

Have a good look at the tool you already have. It is often cheaper and easier to fix an existing tool than replace it.

People love to blame the tool, otherwise they would need to look at the process or the people, which may not be politically palatable. We often see organisations looking to change their tool, but then we notice they already have a capable tool, not set up properly and/or not being used well.

This leads to a second observation, despite what software vendors will tell you;

There is no perfect tool !

With just about every tool we have seen, and we have seen a lot, there will always be an element of compromise. Functionality, Process alignment, Terminology, reporting needs, real time data needs. We can guarantee that no tool does it all.

Can the tool do it ? It's a reasonable question we ask during software selection. The answer is hopefully "yes", sometimes "no" more often than not we get a vague "um, maybe". The latter usually involves including a semi manual process or some level of customisation. Customisation you really want to avoid, as it leads to increased whole of life costs.

Fundamentally an organisation either needs to change its processes to match a tool, or change a tool to match its processes. This is clear to people working on SAP projects, not so clear when dealing with EPM tool projects. This leads to the third observation.

EPM Tool implementation projects involve change – how much change and the pace of change is up to you.

Change requires effort to manage, both during the implementation and afterwards. Tools also need ongoing administration, support and user training, these costs must be factored in.

Our recommended approach

1. Start by clearly identifying all the stakeholders (users) of the EPM Tool and/or data. Ensure there is representation during requirements definition.
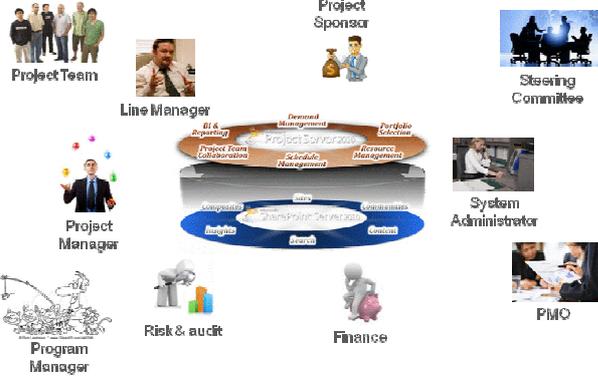
2. Next define the "Concept of Operations". What you want "Tool X" to do, and how the organisation will interact with it. Key requirements need to be decided at this stage (eg Resource Management, Timesheeting, Finance Integration, Reporting, the level of Process alignment and tailoring, Pipeline Management, Prioritisation). These questions can be answered without knowing which tool will be selected. Often a 3 year capability development roadmap can be developed, with each functional element ranked – now, soon or never.

Don't go "big bang" when planning the rollout of functionality.

3. Determine any design constraints. Make a decision about the need for self hosting or whether SAAS is acceptable. Consider any other design aspects such as Single Sign On, Data Integration, Architecture standards, support aspects etc.
4. Determine budgetary constraints. Although pricing will come from vendors, knowing an acceptable budget will steer selection, not too unlike how we keep budget in mind when selecting a new car. It forms part of the requirements.
5. At this point a short list of candidate tools should be prepared based on the above. Research will be needed, either through internet searches, through discussion with PMO peers or through independent research (eg Gartner). We recommend at least 3 candidates, no more than 6.
6. Prepare a "Request for Quotation" to the vendors, including a request for responses to your list of requirements. Vendors will need to know the number of users and types of user, especially for SAAS. If the vendor pushes back on your request, then it demonstrates a lack of "customer first" attitude and lack of flexibility – a finding in itself. It is important to note that most purchasing goes via a reseller, you may not actually deal with the software vendor.
7. At this stage in the selection process you hopefully have 2 or 3 qualified candidates. We recommend a quick trial, bearing in mind most trial environments will be "vanilla" configuration. It is unrealistic to test all requirements so sample testing to validate the accuracy of vendor responses is recommended. They will often say "yes" but that may not

mean "yes", remember they are sales people.

8. Select the solution (a EPM Project Steering Committee decision) then formalise requirements changes where compromises have needed to be made. From here on you have selected a solution, it can only do what it can do, at all costs avoid customisation. Communication is critical, set expectations at this stage. Avoid "vapourware" which is where a vendor promises functionality in their next release, or even worse gets you to fund development.

9. Formation of contract agreements is the obvious next step. Ensure service agreements are clearly scoped in line with your requirements. Licence agreements can be complex, especially self hosted software where maintenance and support are involved. Ensure costs and the process for future enhancements are covered.

10. With the vendor, plan the rollout of functionality and also rollout to users. Avoid the "big bang" go live, instead plan a rollout of functions over time using a release management approach. Plan for pilot usage, ideally with a real set of projects. Plan the UAT, the customer drives that not the vendor.

Never let the vendor run UAT.

11. Define support arrangements, both internally and by the vendor. Clarify agreements and ensure users know the support process.

12. Ensure your own scope is defined, for example Data Cleansing, Data Entry, Change Management. Ensure all project scope is covered, by either yourself or the vendor.

13. Collect but bundle future enhancement requests, only change the EPM system configuration through planned releases, with the exception of bug fixes. Ensure there is an agreement in place if the vendor needs to be involved in future enhancements. Some vendors like to pre sell blocks of support time.

Control change, avoid "death by a thousand cuts".

14. Avoid "death by a thousand cuts", implementing minor ad hoc configuration changes without maintaining the configuration and training documents. Over time configuration reasoning is forgotten, the data base becomes cluttered with unused fields and knowledge of the "what and why" lost so that future change becomes ten time harder.

Determining your Requirements

We covered EPM Functional Requirements in some detail in a previous White Paper "Are you ready for an EPM Tool". This will be particularly useful for the "Concept of Operations" step we recommended. It is difficult to know what needs you may have in the future, at the very least the EPM Tool should be able to cater to the next three years of your capability uplift plans.

There is a general rule of thumb when working on IT systems projects.

Never let the vendor determine the requirements.

They will need to know requirements, for configuration, but they should never

decide. The vendor will have a good sense of what is possible, there may be merit in getting them to review requirements from a "do ability" perspective.

Many organisations get into the "what do you want, what have you got" discussion loop when dealing with requirements, usually because customers aren't really sure what they want or what is possible.

When determining requirements at a detailed level (eg during config), we recommend using prototypes and /or mockups as we find people need to "see" to truly understand. This will reduce the likelihood of rework during testing. We learnt this the hard way, with customers changing their mind during User Acceptance Testing once they truly saw what it was they had asked for, which was different to what they had imagined.

We previously mentioned a key decision, the choice between on site hosted software and off site hosted by a third party (SAAS). Both have advantages and disadvantages, but our opinion is that SAAS is by far the best approach due to:

- Faster implementation
- Lower whole of life support/maintenance effort

- More accessible from a network perspective, supporting collaboration geographically plus external business partners and clients

SAAS may have cost implications, integration issues and security fears, these need to be carefully thought through. Many vendors will prefer the SAAS model, as for them provisioning, support and renewals are much simpler.

Implementing an EPM system will require, as an input, a standardised approach to delivering projects:

- Terminology
- Governance Processes
- Reporting metrics
- Reporting formats

Define the Governance process and the Project Management standards, then implement the EPM tool. Don't try to do both at once or implement a tool without the standards being defined first.

Areas of complexity

There are several areas of complexity in EPM Tools, being aware of these and "keeping it simple" will go a long way towards success. These areas of complexity, translate to potential uncertainty for the vendor and significant amounts of effort, which will be reflected in the price, or worse still excluded from their quotations.

1. Systems integration – typically for single sign on and exchanging of financial and timesheet data
2. Time phased financial reporting (eg Planned Value vs Earned Value vs Actual Cost, or Budget year to date vs Actual Year to date)
3. Any integration of the Schedule to Resource Planning and/or Cost Estimating
4. Approval workflows - while simple in theory, and ideal for document approvals, stage gate approvals are usually done by groups of people or committees. Trying to align those to named users is a nightmare. Keep it simple, go via a simple workflow to the PMO, who likely goes to the Governance meetings anyway.
5. Change Management – usually avoided by vendors and considered a customer's responsibility, it is a key driver of success and often overlooked.   Change Management

includes Senior Management too, who need to be very supportive.

Tips when dealing with vendors

Firstly apologies to any vendors out there, vendors aren't a bad bunch really. It is just that for buyers to expect vendors to behave in any other way than a vendor is a mistake.

Our tips when dealing with vendors are:

1. Know who you are dealing with, is the vendor a reseller, an implementation partner or the actual software company.   There may be two vendors, the provider of the software and a services company doing the configuration.
2. Don't trust the vendor, particularly sales people. Not to say they are unethical, its just a healthy approach to take, similar to dealing with car salesmen or real estate agents.
3. Vendors will avoid giving you prices, at least until you have gone part way through a qualification process. Expect that and remember to negotiate, especially if you have larger user volumes or if growth plans are significant.

4. Vendor sales people are primarily motivated by the volume of licence fees. When they talk up Timesheeting and collaboration, what they really want are more people logging in.
5. While your deployment is important to you, from their perspective you might only be a 20 user SAAS customer with minimal revenue, they will not bend over backwards for small sales.
6. As mentioned, implementation costs are very hard to estimate. If pushed, vendors will prefer "time boxed T&M" or fixed price based on a predefined configuration marketed as "in a box", even if the configuration is not what you want.
7. Vendors usually offer "vanilla" training, problem is that doesn't cover customisations or your policies and processes.
8. As discussed, avoid meeting requirements through customisation, it gets expensive both during the project and during subsequent upgrades.
9. Focus scope statements on what they will not do, rather than what they will. Avoid the nasty shock of "We thought you were doing that"
10. Don't let the vendor manage User Acceptance Testing and carefully define what you mean by that. Acceptance from the vendors perspective is different from acceptance of the project by the business. The buyer needs to own UAT, after all the buyer decides what is acceptable, not the vendor.
11. Focus Contracts and Milestone payments on "Acceptance of …" not "Delivery of …"
12. Clarify support costs early on, many vendors make quite a lot out of professional services. Clarify who will do the support, do they outsource ? What is included at no extra cost, what must you pay extra for ?
13. For international vendors, clarify up front operational support concerns. Maintenance times at night in the US are day time in Australia, possibly affecting performance of SAAS systems. Will the support desk respond in a timely manner, during your business hours ? Are there security concerns with data hosted in another country ? How are upgrades handled, are you involved with regression testing ?
14. Remember the vendor Project Manager is actually a "Make sure we get paid Manager", expect them to behave like that. They may not be as motivated your business outcomes.
15. Verify that the hugely talented people highlighted in their proposal will actually work on your project. Is there continuity between vendor sales and delivery teams ?
16. Finally manage the vendor by defining all the dependencies they have on you and delivering on those. Don't slow them down, don't change requirements or priorities half way through, help them to deliver by delivering yourself.

The final word

We have managed to insult vendors, now it is time to insult the Project Management folk. Mechanics drive the worst cars, electricians have the worst house wiring, Project Managers don't or won't properly Project Manage a Project Management project.

The number of times we see an EPM Project without formal governance, formal scope, a poor or no Business Case, no change manager appointed, minimal project plans, poorly specified procurement, users not engaged, insufficient funding or not formally funded. We could go on but won't. Suffice to say, treat it as a change project and do it properly.

Need assistance ?

If you need assistance with EPM Tool selection, contact the author.

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