

Avoiding The Pitfalls of Selecting Enterprise Software Solutions

Introduction

In today's rapidly evolving business landscape, technology takes centre stage. Whether it's streamlining processes, enhancing decision-making, driving revenue and profit or enabling new products, services and channels to market, software applications form the bedrock of most organizations. From predictive AI to generative AI and deep learning, the quest to harness the power of the cloud knows no bounds.

74% of supply chain leaders view technology as key to growth ²

But amidst this digital revolution, are buyers optimizing their approach to buying software solutions?

The common approach to enterprise software selection has not changed much since the 1990s yet technology has shifted greatly: from perpetual licences installed "on-prem", with annual bug fixes provided through an SMS agreement, towards short term (3-5 year) Software as a Service (SaaS) agreements, with constant development and upgrade for cloud-based applications.

60% of buyers reported regret for a software purchase made in the last 18 months, with significant financial impact on the company ¹

Since technology is seen as a significant enabler of business growth, it's vital that buyers get the selection of the correct seller and solution right first time. But with a high level of regret, I invited participation from experienced software buyers and sellers in a survey to answer the question: **"What are the main pitfalls of software selection?"** to figure out what's going wrong.

Respondents have experience of over 200 software evaluations from both the buyer and seller perspective, with the experience shared equally (i.e. no bias towards either buyers or sellers in the survey population).

From the results and 30+ years of experience in selecting, buying, implementing and selling software solutions, I have developed an approach to avoid these pitfalls and improve the outcome for everyone.

Survey Highlights

The survey clearly shows that there are shortcomings in the way companies buy and sell enterprise solutions. In summary, below are the main conclusions from the survey.

Most buyers fail to prepare sufficiently for change

- 84%** Fail to address change readiness before or during the selection process with **15%** believing this is **Always** the case
- 80%** Have a bias towards the current state and lack a vision for the future state

Evaluations focus on features & functions not outcomes or value

- 72%** Have a bias towards features and functions, not outcomes. **22%** of Sellers see this **Always**
- 73%** Fail to connect the solution capabilities to the value

Buyers don't dig deeply enough into solution capabilities or roadmap

- 80%** Have a bias towards the current state and lack a vision for the future state
- 64%** Fail to deep dive on the vendor capabilities and roadmap with **44%** of Sellers believe this is **Always** the case

The traditional evaluation approach has flaws

- 84%** Believe a function/functions have a bias towards a specific vendor or solution type. **25%** of buyers see this **Always**
- 64%** Fail to dig deep on the vendor capabilities and roadmap with **44%** of Sellers believing this is **Always** the case
- 52%** Conduct evaluations at arm's length with tightly controlled interactions. **22%** of Sellers believe this is **Always** the case
- 52%** Believe there is insufficient time to execute the evaluation

Note: All statistics quoted refer to the percentage of respondents stating "Often", "Mostly" or "Always".

¹ Gartner Digital Markets' 2024 Tech Trends Survey "Why Software Buyers Experience Regret"

² Descartes 2025 Survey: "What Companies are Doing to Tackle Escalating Global Supply Chain Challenges"

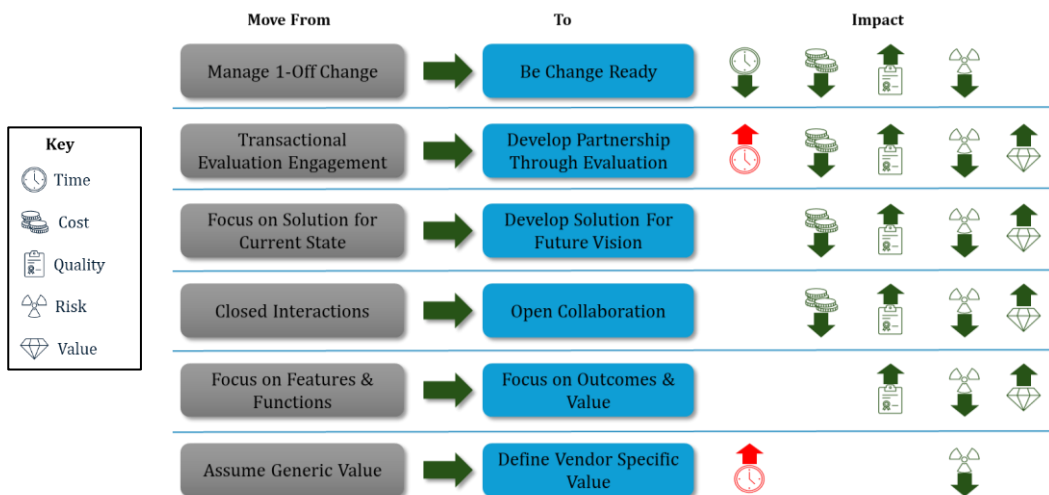
Avoiding The Pitfalls of Selecting Enterprise Software Solutions

A New Way - Six Best Practice Principles

The survey results point to significant and prevalent pitfalls both in the preparation for and the execution of selection processes. The apparent high failure rate of transformations (McKinsey research) indicates that these investments carry risk. Our survey results, experience and the high levels of buyer regret (Gartner research) indicate that the traditional selection process is no longer adequate.

So, what can we take away from the survey that helps us avoid these pitfalls and increase the success rate of digital transformations? There's got to be a better way.

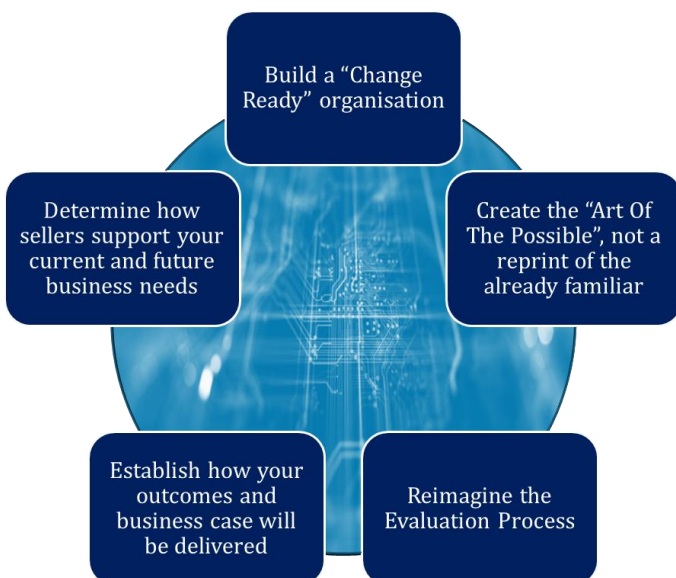
Here are 6 principles to underpin a better way of evaluating enterprise solutions, and the impact they have on the **time** taken to select a partner, the overall **cost**, the **quality** of the solution, the **risk** associated with the project and the resultant business **value**.



Note: While most of the impact is positive, there are a couple of principles that could result in a slight increase in the time required to conduct evaluations in this way. I think this small downside is worth the significant upside in cost saving, risk reduction, improved quality and increased value and it's likely that the **overall deployment time would also be reduced because of this approach.**

Strategies for Buyers to avoid the common pitfalls

These 6 principles are embedded within 5 recommendations that will ensure your business is better prepared for change and the chosen solution partner is one where their contribution to your business outcomes and business case are understood; that they are a solution partner for now and the long-term.



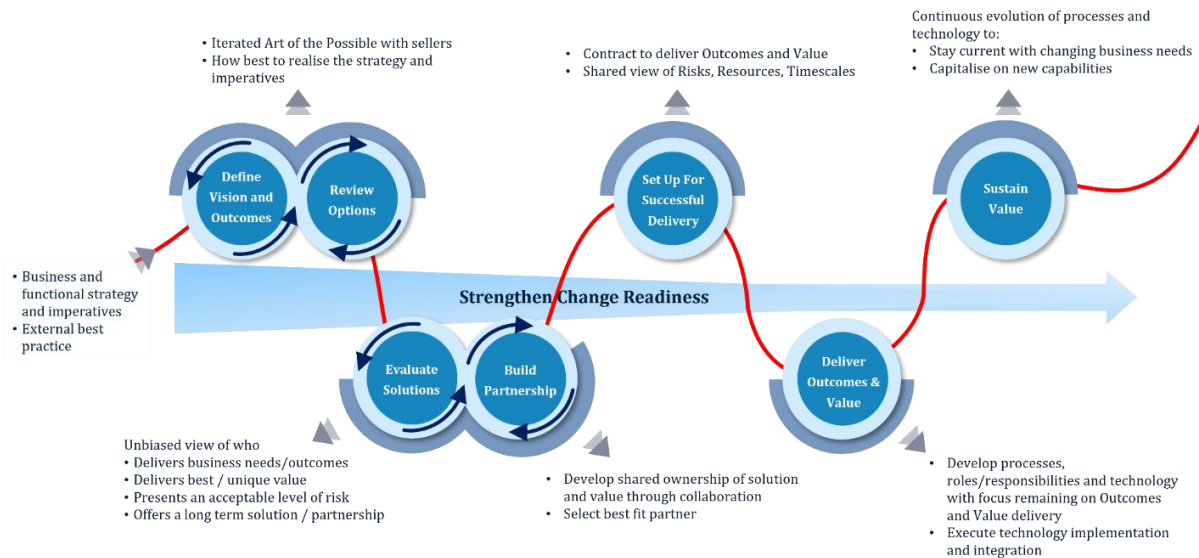
Benefits

- **Higher Return On Investment:** Through identifying and deploying the unique and differentiated value-adding capabilities of the seller
- **Lower Risk:** By understanding the unique risks of the chosen seller and mitigating specifically for them. By ensuring the transformation is a success through being "Change Ready"
- **Faster Implementation:** Through greater alignment on delivery needs and capabilities
- **Lower Total Cost of Ownership:** Through alignment of capabilities, better contracting and price negotiation. By contracting with a single seller that can meet your needs not just today but over the longer term

Avoiding The Pitfalls of Selecting Enterprise Software Solutions

Reimagine the Evaluation Process

No selection is without risk but there are some fundamental things that can be done differently to improve on the traditional approach. Here is a 5-step process for successful evaluation and transition into value realisation. It encompasses the key recommendations above and embodies the principles set out earlier in this report. This process also addresses the underlying approach to an evaluation: moving from transactional and arms-length to a partnership building.



Challenges to address in the New Way

This *New Way* is not easy: it's challenging decades of traditional thinking and common practice but it's clear from the various survey results that there is a need for improvement. Here are some of those challenges you could face:



Asking buyers to do something different

- Building confidence in openness and collaboration
- Challenging the fear of giving away negotiating position
- Making it okay to not share everything with every seller



Asking sellers to do something different

- Contributing to buyer's vision
- Collaborating while bidding
- Demonstrating their contribution to outcomes - not features & functions
- Calculating their unique value
- Linking value and capabilities to outcomes
- Confidence in sharing strategy and roadmaps



Learning to communicate differently

- Openness and building trust from Day 1
- Workshopping rather than scripted demos
- Achieving consensus on value, the contribution of capabilities and their prerequisites

An experienced independent partner can guide you through the different aspects of this *New Way* and help address the challenges that you may face.