

# Seven Important Considerations When Evaluating WMS Vendors





Evaluating Warehouse Management Systems (WMS) can be a challenge, with more similarities than differences between products as vendors work to continuously improve their solutions. But choosing a WMS vendor does not have to be a lengthy or costly process if you know the right questions to ask from the start. This article gives you key questions to ask that go beyond the product demos to focus on other key differences, like the companies behind the products.

Implementing new systems can be a lengthy and costly process. So you want to choose the WMS partner that will not only meet the needs of your business today but will grow with your business over time. Fortna's experience is that prime vendors often score similarly based on functionality evaluations, usually within a few percentage points of one another. So how do you choose? The key is to look beyond your current business needs, and evaluate on a different set of criteria that will indicate whether a vendor can continue to meet your needs over the long haul. Differentiating the vendor on company direction, cultural fit and industry relevance has become as important, if not more so, than evaluating the product itself. You are not just selecting a system, but a partner to walk with you through complex business challenges over time.

## VENDOR EVALUATION CRITERIA

The process of evaluating a WMS vendor versus a WMS system is not as clear cut as reading a product specification sheet; however, it helps to have a set of evaluation criteria and method for scoring them in the same way you would in evaluating product features. Here are some key points you should consider:

**#1 Assess the Vendor's Organization Structure.** It is important to understand how the vendor operates as an organization. Knowing how they are structured will actually provide insight on the quality of their technical solutions and ability to deliver. For example, if your vendor operates its related software offerings as separate groups, this could indicate that the products are not well integrated and that the vendor organization is not as well aligned as you might expect.



Looking at the different product lines a vendor supports can provide additional insight into the structure of the vendor. If the vendor is selling you a WMS but all of their other products are not related to supply chain or distribution, you may question what the real focus of their company is and whether they will be able to meet your future needs or will their focus take them elsewhere?



**#2 Review the Vendor's Future Plans.** Understanding the vendor's future plans is another important factor to consider. The future plan is not guaranteed, but it is possible to piece together a picture of your vendor's future by evaluating their recent history.

Identifying what products or businesses a vendor has acquired recently can provide insight on possible future directions. If the purchases are related that is good, but if not, you may want to ask more questions about why they made such decisions. Ask about new product development. If the vendor is growing internally, what new products have

### CASE STUDY: Vendor Evaluation Yields a Different Result than Expected

A 3PL client needed a new global WMS solution that would be able to keep pace with their growing business. They had narrowed down the potential vendors from 15 to two, based on current functionality requirements and cost. Then the choice became difficult as there were no obvious differences. They asked for Fortna's help to validate their final decision.

Fortna asked about their longer-term objectives. The company was poised for international growth and needed a long-term WMS partner that would be there for them as they grew. So the selection was expanded to include evaluation criteria the client deemed important to their future success as a partner, including the company financial metrics, vision, product roadmaps and support structure. After reviewing these key areas with the client, the choice became clear. One contender was able to differentiate themselves, while the other proved lacking in some key areas. In the end the evaluation yielded a different result than expected, but gave the client confidence that their final choice of partner was the right one for them for both the short- and the long-term.

## Relevant References

Every established software vendor will have some skeletons in the closet—a difficult project here, a replaced system there. When evaluating references, it is important to keep this fact in mind and make sure the reference is relevant to your own project. Here are some questions to answer when evaluating a reference:

- How old is the reference? Software is a constantly evolving industry and a reference from just five years ago is probably too old to accurately reflect the current situation.
- What product is actually being used? Most software vendors offer multiple products, some being more established than others.
- How do they resolve problems? No product is perfect right out of the gate. When evaluating a newer product, you can expect that they have hit some rough patches initially. Ask about how the vendor handled the difficult situation. This can be an indicator of what kind of response you will get when you experience problems.
- How similar is the culture? Implementing and maintaining software at a private start-up dot.com is a very different experience than at a large, established public company. How similar is the culture of the reference you are evaluating to your own?

they been developing? Again, related products are a good sign. Most vendors will publish a product road map for the next year or more. Make sure you get a copy and look to see where they appear to be headed.

## #3 Evaluate the Vendor's Support and Maintenance

**Abilities.** Evaluating the vendor's support and maintenance organization can also answer questions about the company's current products and future growth. This should be a key part of any selection study as their products will play a role in your own organization's growth.



Ask questions about the size and structure of the support organization. How many people are involved in supporting their various products? Are they cross-trained on other products or solely dedicated to one? Independent support of individual products is something that requires more investigation. Not all vendors will be able to provide top tier 24/7/365 global or multilingual support. If this is something you need now or in the future, it is important to ask about it.

**#4 Make Effective Reference Calls.** Every vendor will try to present you with their most relevant references based on what they know about your company. However, it will be up to you to test the relevance of the reference by asking questions and to understand the key differences in your own situation. When talking to a reference, focus some of your discussion on the actual vendor versus the product.

Ask about the support they received and what it was like working with the vendor, not just their product experience.

In addition to asking the vendor for references, be sure to search your own list of contacts and industry peers for stories. If you are in a highly competitive industry or want to ensure impartiality, you may want to get a third party involved. What makes a great reference for one situation may not be a fit for another so be sure to qualify those. And remember that even the best vendor with an established history will have both good and bad references so it is important for you to qualify the reference sources as well.

**#5 Review each Vendor's Financials.** No vendor evaluation would be complete without a review of their financials. If possible, ask someone in your financial department to review the vendor's financials. If the company is public these can be easily found online. If not, be sure to ask the vendor



for their latest audited financials including a balance sheet, an income statement and a statement of cash flows. You may need to sign a mutual non-disclosure agreement with the vendor to obtain this information. You want to verify that the vendor is financially viable and that from what you can currently see, they should be able to continue doing business in the future. Where the money flows, the company goes, so you want to understand how much money is being spent on research and development. Investment into key products shows you where their focus is. Are they investing in the products and services that mean the most to you?

## SaaS Savvy: Understanding Software as a Service

More software vendors are beginning to offer SaaS (Software as a Service) models as part of their solution. When evaluating a SaaS offering, keep in mind that one vendor's SaaS solution may be very different from another's. On one end of the spectrum, a SaaS offering may include the vendor providing all of your services from a web site that you log into for access. No other IT infrastructure is required. On the other end, they may only be offering a basic hardware hosting model which still requires more advanced IT support. When comparing the SaaS offerings of a vendor, it pays to ask some additional questions, such as:

- Do they host both hardware and software? Is the hosting independent or part of a consolidated installation?
- What kind of support is available for SaaS?
- Is the data merged with or separate from other customer's data?



## DON'T IGNORE THE PRODUCT IN YOUR EVALUATION

We have been talking about evaluating the vendor versus the product, but there are a couple of areas where understanding the products can help you better evaluate the vendor:

**#6 Explore the Vendor's Industry Functionality.** Now that the WMS market has matured, vendors will differentiate themselves by developing functionality that is industry-specific. What kind of functionality does the vendor offer specific to your industry? Does their published product roadmap show a commitment to developing new solutions for your industry specifically? Answers to these questions can provide information on where your vendor is headed and the importance of your industry in their future.

**#7 Evaluate the Technical Platform.** Understanding what technology a vendor uses may indicate where they may be headed. If they have several products running on separate technology stacks, then the products are probably not well integrated. Similarly, if they are running on old technology, ask about plans to bring their solutions current and question whether their development dollars will be spent adding new functionality or simply upgrading the technology platform.

## VENDOR EVALUATION CRITERIA

EVALUATE	ASK YOURSELF	SCORE
Company Strength	What kind of market presence does the vendor have? What is the vendor's history? Are they an established company with a large client base? Do they have a strong financial record?	
Culture / Fit	What other industries does this vendor focus on? Does the vendor's culture line up closely with your own?	
Industry Experience	How is the vendor represented in your industry? Do they have a significant number of clients in your industry? What kind of industry specific services do they offer?	
Product Roadmap	Does the vendor have a published product roadmap? What is the focus of their future development?	
References	Have you spoken to industry peers and third parties for references? Are the references relevant to your industry and your circumstances?	
Support & Maintenance	How is the product support organized? Single location, multiple? What level of support can the vendor provide? (24/7/365, multilingual, etc.)	

You want a WMS partner for the long haul. Taking these seven things into consideration will help you choose a WMS partner that will not only meet the needs of your business today, but will grow with and be able to support your business over time.

## FORTNA CAN HELP

Fortna helps companies develop business cases for supply chain investment, including Material Handling systems. To learn more, ask to speak with one of our consultants.

**For more information, contact The Distribution Experts at [info@fortna.com](mailto:info@fortna.com).**

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