

WMS SELECTION SURVIVAL GUIDE

Your six-step guide to finding the best WMS for your business

GUIDE HIGHLIGHTS



Compiling and prioritizing
your WMS requirements



Creating your vendor
shortlist and producing RFIs



Comparison shortlisted WMS
with RFPs and demos



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Written by experienced WMS project managers, this guide outlines the six steps you should take when selecting a new WMS

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STEP ONE: REQUIREMENTS GATHERING

You think your business needs a new warehouse management system. Why? Before going any further, get your team together and give that simple question some thought.

UNDERSTAND WHY YOU ARE CONSIDERING THIS CHANGE

Was there an evolution where your warehouse needs moved beyond your capability to manage and meet those needs? Alternatively, was there a more sudden change, such as a major customer saying they would not continue doing business unless you upgraded your capabilities?

Document your reasons carefully. Aim for unanimous agreement among all key stakeholders that the best way to manage these changes is through purchasing a new WMS.

GAIN SUPPORT FROM SENIOR MANAGEMENT

Does management agree with the need to improve your warehouse systems? You could be ready to launch your project immediately if at least one of your executive managers is already a member of your discussion team. If not, get one or more executive sponsor on your side before going any further. If you cannot get an executive sponsor who will actively support the WMS, now is the time to place this idea on the back burner.

ADD DETAILS TO YOUR REQUIREMENTS

The answer to the 'why' question will be first on the list. You might have several answers to the question of why you need a new WMS. If so, list all of them. Keep inquiring among your management team and add more to the list - you will find there are improvements that are needed but weren't enough to push anyone into action on their own.

"You might have several answers to the question of why you need a new WMS. If so, list all of them"

List requirements from receiving, picking, shipping and all other departments that are difficult to meet with your current systems. Ask throughout your enterprise structure where there are needs. Limiting your inquiry to management will overlook user needs everywhere - you might find that

someone spends an entire day each week collecting data from several resources that could be completed in minutes through system improvements, for example.

INCLUDE THE NUMBERS

How much money does the company currently spend that might be saved if there were a new WMS? Can the rate of fulfillment per hour be improved with system improvements? What supply chain factors can be changed? Can end-of-period financial reports be prepared more quickly or more accurately? You will need this quantitative analysis when you need to establish a return on your investment later on, as a new WMS will likely cost a lot of money.

RANK YOUR NEEDS

Look over each requirement and divide them into two lists. The first are requirements that absolutely must be addressed through the WMS. The second are “nice to have” improvements that will pay off but you could continue to manage without these. Rank each requirement within both buckets. As you later compare different systems, these will be the factors that separate those systems.



STEP TWO: CARRYING OUT INITIAL RESEARCH

Whew!

Gathering and detailing those requirements was a lot of work – even more than expected. You might think that the hard part is behind you and that an easy five minutes on your favorite search engine is the next step. But wait a minute...there are 13 million results when you search 'warehouse management systems'. This could take some time.

ONLINE RESEARCH

That said, the internet does help. You could begin by finding a long list of WMS providers and eliminating the least relevant ones. Some will brag about being number one in pharmaceutical distribution, but if you are in the toy business that one can be skipped. Another will say they are the best and simplest WMS on the market and they sell for only \$4,000. If your business moves over \$100 million annually that might not be a powerful enough candidate.

"You will learn that some WMS are excruciatingly expensive. If they otherwise seem to meet your requirements, keep them on the list."

LONG LIVE PRINT

Look at your trade magazines. They will have many advertisements and articles on WMS. If a vendor advertises in your business magazine, they feel they have a product that meets the needs of your industry. That pharma WMS probably doesn't advertise in Toys Monthly. Read the articles carefully even if you don't think a particular WMS will meet your needs. The writers have good experience analyzing and comparing these systems, and you can use their techniques in your search and analysis.

TALK WITH YOUR PEERS

You know people in similar businesses. Call them up and ask what WMS they use and how satisfied they are with it. What features do they wish it had? Have they gotten the support they expected?

If they recently considered a change in systems, what other WMS did they consider and why were some eliminated?

You have another good resource in your trade associations. Ask if there are particular WMS they think you should consider or reject based on their knowledge of your business. Also check to see if they have a guide to selecting a WMS – they probably have, and might have other resources you can use.

CHECK WITH HR FOR NEW STARTERS

That new person that started last month probably came from another business with a warehouse. Did they use a WMS? Which one? What features did they find beneficial and what did they know was not liked about that WMS? Even if they had no direct contact with the WMS, they had lunch with people who did. That person has nothing to gain and no axe to grind so their comments might carry a lot of weight.

DON'T GET HUNG UP ON PRICE YET

You will learn that some WMS are excruciatingly expensive. If they otherwise seem to meet your requirements, keep them on the list. They might have lower cost systems, or provide value well in excess of the cost. Their customers selected them for a good reason.



STEP THREE: CREATING A VENDOR SHORTLIST

Your initial research has narrowed your selection “longlist” to something a bit more manageable. Time now to trim that list to a final WMS vendor shortlist that can meet your requirements, stay within budget, and form a partnership with your business.

REQUEST FOR INFORMATION

Create a questionnaire or checklist to send to potential providers. Outline your ‘must-have’ and ‘like-to-have requirements’ and ask for a response that tells you how they will meet those requirements and how much it is likely to cost. Some WMS can be purchased directly from the developer and from value adding resellers as well. Send your request to both. You will gain additional insight into the workings of the WMS and can evaluate whether the reseller has enough value added to help your business.

Decide on a deadline to receive information by. If the vendor is truly interested, they should be able to complete your request in a short time. State this deadline in your RFI. Clarify how you would like vendors to reply - you don't want printed brochures from one and links to websites from another. Tell them you want time to evaluate the replies before allowing any over-eager salespeople to contact you.

“If your ERP provider has a WMS too, you should strongly consider it, on the condition that it meets your requirements”

ASK FOR INFORMATION FROM YOUR ERP PROVIDER

Many enterprise requirements planning systems have an optional WMS module. If your ERP provider has a WMS too, you should strongly consider putting them on your WMS vendor shortlist, on the condition that it meets your requirements. It will be much easier to implement and integrate as you are already familiar with the user interface and many of the database formats will be the same ones that exist in your ERP.

CLOUD VS ON-PREMISE

Many of current WMS are available in the cloud or on an SaaS (software as a service) model. Cloud ERP systems are a viable option for many businesses today, especially those looking for flexible, quick-to-implement software. Bear in mind that whilst monthly subscription payments for cloud and SaaS products often make them appear a cheaper option initially, costs can stack up over time. Don't exclude on-premise systems simply because the startup costs appear more expensive.

WEEDING

Have your whole team read and evaluate the information you receive. Does it clearly and completely meet all your must-have requirements? If you cannot see this qualifier met, store that information in your round file. Next you want to make good comparisons of the usable replies. One method is to set up a matrix with requirements matched to each product. Rank each WMS against each requirement with a 1 – 5 scale. The highest scores will be on your short list to request a proposal - a provider with a five score against each requirement is one that should make it on to your WMS vendor shortlist



STEP FOUR: THE RFP AND DEMO PHASE

You have moved from 13 million hits for 'warehouse management systems' on Google to a shortlist comprise of a handful of vendors. Now is the time for serious conversations with those few. Ask them now for a firm proposal. Remind them of your requirements - both your must-haves and your 'nice-to-have' list. Send them an RFP and ask that they go into detail about how their WMS will meet each of your needs and how much you will need to spend.

Use your favorite RFP format - this likely isn't the first time your company has bought software, so ask around for pointers. Alternatively, there are many good templates available online. The key is to communicate your expectations clearly. All of your key requirements must be addressed alongside as many of the 'nice-to-have' additions as possible. The cost must be reasonable enough to provide a satisfactory ROI.

TCO CONSIDERATIONS

Cost of ownership for any WMS goes well beyond the initial payment. Each provider will have ongoing maintenance and support fees you should expect to pay over future periods. Ask for their estimate of implementation costs too. Will they give you a quick start guide and leave you alone? Do they prefer to do all the work themselves and provide you with a turnkey, ready to use WMS? How will they train your users? What hardware and network infrastructure improvements are needed to run the WMS? Leave them room to add costs you haven't considered yet - they have more experience than you in implementing WMS. Give them a chance to show off that experience.

Try to ensure the WMS providers are going to be around for your future. Ask for financial statements and their plans for continuity. Ask for references too. You will want to check on those before making your choice.

"Cost of ownership for any WMS goes well beyond the initial payment"

After a short time, you will have the requested proposals. Match up the cost they provided against the gains you expect to achieve and rank the return on your investment. You could find that none are worth pursuing and maybe WMS isn't in the cards for your company at this time, though it is likely that some are worth pursuing further, if you were diligent during the shortlisting phase.

Look between the lines of these proposals. You and your business have a culture and you want your WMS provider to fit with your culture. If your people prefer to do as much as possible in-house and the provider seems to prefer being actively involved in every step of the process, there could be a mismatch.

THE DEMO PHASE

Your shortlist is now even shorter. Schedule demonstrations from the remaining contenders. Be sure to remind them of your requirements. Get their demo script in advance and ensure enough time is devoted to actual demonstration of how they will meet your requirements and not too much on generalities

Contact the references they provided now. Ask if they are using that WMS and how well it met their needs. Ask if they wish they had done something different. Ask if they had found some surprises after implementation whether good or bad. This could also be a good time to ask if you can visit them and observe their use of the WMS.

You are almost at the end of the process. Stick with it a little longer.



STEP FIVE: MAKING YOUR FINAL DECISION

Your WMS selection is close to complete. You have probably already chosen a favorite - at most, there are a couple of possible contenders. This is a decision that your business will live with for a long time, so make it a good one. Let's consider some steps to making that final leap into a purchase decision.

ANALYZE THE DEMONSTRATIONS

Ask every person on your selection team to complete a demo score card. List all of your requirements. Each person should rank how well that demo addressed your requirements one by one. Use a numeric scale such as 5 points for perfectly matching your requirement and 1 point for barely addressing the requirement. Systems will score well on some requirements and not so well on others

ANALYZE YOUR REFERENCE CHECKING

Develop another matrix to rank how well other businesses are satisfied with a particular WMS. Pay close attention to those with similar requirements to yours. If they had to make the choice again, what might they do differently? References can tell you a lot beyond any demonstration or sales proposal. How satisfied are they with the support provided? Did they learn about any unexpected costs after their choice was made? When they began to use the system, did it work as well as expected? How long did the implementation take? What resources did they employ during implementation? Try to use numeric scores on each point where the highest score is your best choice for your WMS.

CHECK YOUR GUT

All your best analytics might point to one WMS, but you still have an uneasy feeling. That feeling is very important, it's called "buy-in". What about the other members of your team? Do they have the same feeling? Can you identify specifically why you have this feeling? Even if this is the first time selecting WMS software, this is not the first hard decision you have made, so don't ignore your instincts. There is an old saying: if something smells fishy, it's probably a fish.

WORK OUT PROJECTED RETURN ON YOUR INVESTMENT

You have all the cost factors and the timing of those expenses. Look again at the benefits you expect from meeting your requirements. You know a lot more now than you did a few weeks ago, so you can make a more accurate estimation.

Calculate the return on investment for each contending WMS. Your business has a threshold ROI - check whether your WMS contenders meet that threshold and compare ROIs for different systems against each other. Weigh up whether the one with the best return is the same one that scored highest in the demo and reference matrix?

“Plan to begin negotiations with the leading contender. What better terms can you achieve?”

GET EXECUTIVE APPROVAL

Present your analyses to your executive sponsor and the senior management team. They might present questions to be taken back to your prospective vendors. They might also completely agree with your recommendation. Plan to begin negotiations with the leading contender. What better terms can you achieve? Who will lead your negotiating team? This last step is the most important. The executive team must back your implementation for any chance at success.



STEP SIX: CONTRACT NEGOTIATIONS

You are down to the last step in selecting your warehouse management system. You could be buying your WMS directly from the developer or from a third party reseller. Either way, they will begin with a contract stating the agreement you have come to, structured clearly to their advantage. This is normal business and nothing of any immediate concern.

Your selection team has so far been made up of operating people from sales, finance, and production. Now is the time to add legal support to your team. If your business has an in-house attorney then use their expertise, though you should also consider adding outside legal support from attorneys with significant experience in software contracts.

“Verify the amount of money you agree to pay is the amount you had expected, and pay careful attention to conflict resolution processes”

Your original requirements are still of primary importance. You want a statement that these requirements and that the assertions made by your vendor are the reason you selected this WMS. You are placing absolute trust that this WMS will be the tool set you will use to satisfy your requirements.

You want the agreement to state what the vendor will provide for you and when. This is an agreement between two business parties and the expectations the vendor will have of you should also be clearly detailed.

DATA MIGRATION AND TECHNICAL ISSUES

Who will convert and your existing warehouse data and import that data to the new WMS? This is a major consideration for any enterprise-wide system and is one of the most time-consuming activities of the implementation. How will the imported data be tested and be updated, if needed, should be agreed in the contract as it likely will need several iterations to be completely ready.

Consider what hardware and network upgrades are needed and who provides those upgrades. If you chose a SaaS WMS, be clear on what the vendor will provide for data backup and security. Get

to know what minimum uptime will they agree to and whether they have a plan to recover from any potential disaster.

TRAINING AND IMPLEMENTATION

Has the vendor promised to provide training, and if so what level and quantity of training have they promised? Who will be trained? Will the training be onsite or through the use of web presentations? Will they give you training materials for use later on as your personnel changes?

Verify the amount of money you agree to pay is the amount you had expected, and pay careful attention to conflict resolution processes. There is always a chance of a disagreement and you don't want to be dragged off to some far-away foreign court.

Pay attention to the details. Be sure the i's are dotted and the t's crossed. The vendor is not out to cheat or take advantage of you at this point - or shouldn't be, if you have been thorough in shortlisting vendors with good business practices. Just watch out for your own interests and know what you are agreeing to. The sooner you sign, the sooner you start using that new WMS.

This guide was written by Tom Miller, Explore WMS Columnist, with contributions from Kathryn Beeson, Explore WMS Editor

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