Commercial Off The Shelf Software Projects:
How to Partner with Your Business to Ensure Your COTS Project Doesn’t Fail

Many organizations purchase Commercial Off The Shelf (COTS) software to achieve faster time-to-deployment for enterprise software projects. If a firm opts to implement a custom solution, they could delay getting benefits from the new system by at least a year while the custom solution was built and tested.

COTS solutions can offer a significant ROI to organizations. For example, Seilevel worked with a health insurance organization that upgraded their claims processing system to a new COTS system. The new COTS system allowed the firm to adjudicate 95% of claims immediately, in near real time, as compared to the earlier performance standard of “adjudicate 95% of claims within 48 hours.” With this decrease in processing time, the organization was able to expand its business significantly, adding twice as many customers without increasing staff.

In order to realize the benefit of choosing COTS over custom development, project teams need to take steps to avoid project failure, failure that can include massive cost overruns and deployment delays. The following considerations can help you reduce the risk of significant unexpected costs at different phases in a COTS project.

### Selection Phase

<table>
<thead>
<tr>
<th>Selection Phase</th>
<th>Implementation Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select COTS tool</td>
<td>Use KPIs to help maintain and improve business outcomes</td>
</tr>
</tbody>
</table>
| Validate business processes to COTS | Validate by business performance

**1. Starting a COTS project: prioritize using business objectives**

When embarking on a COTS selection effort, you and your teams need to understand the business problems you are trying to solve and how success can be measured once a solution is deployed. Business objectives define the desired outcomes your project should achieve and give you something against which you can prioritize features. In fact, your teams should fully understand the business problems and objectives before you even decide between a COTS or custom development solution.

When you are selecting software, you should identify the business objectives and use them to ensure you pick a solution that meets the organization’s needs. Your business analysts should attach a dollar value to each desired feature, and use those feature values in combination with what each solution supports to rank the solutions against one another. This analysis allows your teams to recommend a solution that provides the most ROI to the organization.

Be aware that identifying business objectives can be challenging for organizations not used to assigning metrics to projects. Business objectives always relate to increasing revenue or decreasing cost, or some proxy for those.

### About Seilevel

Seilevel is a professional services company that creates software requirements for Fortune 1000 companies. Leading companies turn to us to identify and delineate their needs because Seilevel's proven approach to software requirements saves you development dollars and maximizes resources. Seilevel gets the software requirements right, so our clients get their software (and business outcomes) right.

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Examples of measurable business objectives for COTS include:
- Decrease time to market for new products from 30 to 20 days by Q4
- Increase revenue in the commercial segment from $8M to $10M in 2013

Here are some examples of business objectives that are not directly measurable:
- Increase process efficiencies
- Automate end-to-end process

Even if you have already started a COTS implementation, it’s not too late to identify and assign value to business objectives. They will help your teams focus on implementing only those features that add the most business value, controlling scope and reducing the risk of failure.

2. Selection and implementation: use KPIs to maintain business throughput

As your teams begin the selection and implementation phases of a COTS project, they need to identify the most important business processes to be maintained to assist in determining what features support those processes. Your teams can use existing Key Performance Indicators (KPIs) on existing processes to prioritize them against one another. During the selection phase, vendors should demonstrate how the most important business processes and KPIs would be supported by their system.

The goal is to maintain business throughput on the most important business processes. However, while improving some part of the organization, you might actually degrade performance in another.

The implementation is still valuable if you have a net overall improvement in the organization. KPIs help the entire organization understand what the impact will be on specific business processes.

3. Implementation: avoid customizing COTS by adapting business processes

When an organization implements a COTS system, there are business processes that won’t work like they used to. Often, business users might demand that the new software be customized to support their previous processes with no change. This is a costly path. If at all possible, your teams need to avoid customizing COTS, or your organization will lose the value of choosing COTS over custom development. That value is not just time saved by avoiding custom development, but more significantly in maintenance and the new development needed other every time another application is upgraded.

If some customization is determined to be needed, those customizations should be prioritized against the business objectives. KPIs should be used to determine whether there is a net positive impact of the implementation without customizations.

For the areas where there is a gap between the COTS solution and the existing business processes, your business analyst teams can help the business adapt the business processes to the new solution. By leveraging your business analyst organization to define best practices in using the new COTS system, not only can your BAs help users more readily accept the new system, the user training provided can save a company millions of dollars otherwise spent on custom design, development, and testing to recreate old business processes in the new COTS system.

4. Preparing for deployment: don’t skip business validation

As the COTS software nears deployment, the internal pressure to go live might be significant. In these situations, your teams might feel pressured to shortcut the business’s validation of the software. Reducing the depth and scope of that business validation (the contents of which will depend on your organization, but which are typically part of user acceptance testing) can significantly increase risk that users will not adopt the new system, or worse, that there will be significant errors in business operations.

We have seen customers whose users actually refused to use a new system and forced IT to leave the old system intact. A Seilevel customer was upgrading their Enterprise Resource Planning system and skipped a formal business validation. Unfortunately, there were many negative impacts, including a delay and errors in the business’s financial reporting. These delays and errors shook investor confidence, costing the firm roughly $80M in reduced market capitalization, and these losses led to senior executives losing their jobs.

The COTS implementation is still valuable if you have a net overall improvement in the organization as shown by KPIs by business process.

Organization Self-Assessment for COTS Readiness

1. Do you have business objectives and use them to prioritize features for COTS selection and implementation?
2. Do you have the business processes documented, and KPIs defined and prioritized on those processes? Do you know which business processes are critical for the business, and which cannot break with a COTS implementation?
3. Are you certain you won’t need to extensively customize your COTS solution?
4. Do you have a strong partnership with the business and are ready to help them ensure the new solution is valid towards successful adoption?
5. Does your business analyst team partner as business architects with your organization’s enterprise architects?
6. Are your business analyst teams prepared to thoroughly elicit and manage COTS requirements to execute vendor selection?
7. Do you have enough senior business analysts with experience in COTS projects to lead, coach, and support other business analysts, and to ensure development and QA/testing have what they need to succeed?

If you answered “no” or “unsure” to any of the self-assessment questions, please contact us (you can email info@seilevel.com or call 1-512-527-9952). We can help you assess and strengthen your business analyst teams’ COTS readiness.