

THE CORPORATE PURCHASE DECISION PROCESS

FOR

WORD PROCESSING AND SPREADSHEETS

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Presentation Outline

- ◆ Methods
- ◆ Summary of Results
- ◆ Recommendations
- ◆ Discussion

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Methods

- ◆ Goal: Develop a clear understanding of the software selection process in major corporations. Focus on word processing and spreadsheets.
- ◆ Research design: Six focus groups. Three with PC support, three with Department Managers. 40 executive interviews.

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◆ Location of groups: Chicago, Boston and New York.

◆ Executive interview conducted over phone with companies throughout U.S..

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◆ PC Support criteria:

- ❖ Work for a major corporation.
- ❖ Responsible for selection of software.
- ❖ Involved in selection/evaluation of new word processing or spreadsheet software.

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◆ Department Manager criteria:

- ❖ Variety of departments. Not PC Support.
- ❖ Involved in selection process for word processing or spreadsheet.
- ❖ If a standards list, list has more than one package to pick from or it isn't required to stay on list.

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◆ Executive interviews:

- ❖ Variety of positions involved. Not PC Support.
- ❖ Involved in selection process for word processing or spreadsheet.
- ❖ If a standards list, list has more than one package to pick from or it isn't required to stay on list.

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◆ Groups 2 hours long.

◆ Dual moderators.

◆ Observation/recording.

◆ Cooperation fee of \$75 in Chicago,
Boston; \$100 in New York.


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Summary of Results



- I. Participant Characteristics.
 - II. Current Trends Affecting the Software Buying Process.
 - III. Key Players and Their Roles.
 - IV. The Standards List.
 - V. Software Buying Cycle Steps for Word Processing and Spreadsheets.
 - VI. Basic Buying Scenarios.
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I. Participant Characteristics.

- ◆ Managers represent wide range of department types and PC sophistication.
- ◆ PC Support participants from large corporations and manage thousands of PCs.
- ◆ Executive interview participants primarily power users in middle to upper management.

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II. Current Trends Affecting the Software Buying Process.

◆ **Standardization of hardware and software increasingly important due to increased role of PC networking.**

◆ **More data sharing = more standardization.**



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◆ Little virgin PC territory left.

- ❖ Any new package will be displacing another package.
- ❖ Most users already know a package.
- ❖ Power users who support status quo.

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◆ Because spreadsheets and word processing are the "heartbeat of corporate America," corporate standards are more strict for these programs than any others.

◆ Official and unofficial PC users groups gaining credibility in some companies.

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◆ Windows 3.0 seen as a potential "quantum leap" in software that may force a re-evaluation of the corporate standard for spreadsheets and word processing.

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◆ A few PC Support people and department managers talking about setting up "strategic alliances" with software vendors.

- ❖ Leverage to relieve PC Support.
- ❖ Severely restricts number of vendors a company is willing to buy from.

◆ Aging hardware is often seen as a strategic problem.

III. Key Players and Their Roles.

◆ PC Support Professionals see themselves as proactive, but others see them simply as firefighters.

❖ PC support see themselves:

- ◆ As actively gathering information from the user community concerning its needs.
- ◆ As a service body that stays current with new technology.
- ◆ As enforcers of the company standards.

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❖ PC Support see themselves:

- ◆ As infrequently the initiators, but consistently the evaluators, recommenders and implementors.
- ◆ As more influential in hardware than software purchases.
- ◆ As an increasingly important part in the corporate computing community.
- ◆ As too understaffed to meet all the demands.

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❖ Others in the corporation see PC Support:

- ◆ Not as initiators, but as reactors to end user requests.
- ◆ As establishing and up-holding the company standards.
- ◆ As people who have to be "gotten around" in order to gain the necessary software tools.
- ◆ As being more influential in hardware decisions than software purchases.
- ◆ In some environments as the "poor relations" to the larger MIS body devoted to mainframe functions.
- ◆ As too understaffed to be adequately responsive.

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◆ Department managers see themselves as
integral part of the entire software
purchase process.

◆ The level of departmental PC sophistication and
the department manager's PC comfort level
dictate the level of dependence on PC support
people.

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◆ **Sophisticated end users are key players in the software buying process.**

- ❖ Heavily relied upon by department managers prior to and after purchase.
- ❖ Department purchases often made based on recommendation of the office power user.
- ❖ Often play a support role to other users.
- ❖ Two kinds of power users - software experts and hackers.
- ❖ Informal user groups lead by power users becoming more of a force in the purchase process.

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◆ Top management gets involved when it becomes a "capital expenditure," or is a strategic decision.


❖ No one goes to top management without their ducks in a row.

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◆ Outside consultants are not significant players in the buying process for large corporations.



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IV. The Standards List

- ◆ Being on the standards lists is most often the key to making significant inroads for word processing and spreadsheets.
- ❖ Increasing dependence on networking.
- ❖ Standards lists are less important for other categories of software.
- ❖ PC Support and top management see standards lists as a "corporate" list. Middle managers see it as a divisional issue.
- ❖ Although still of great importance, standards lists are less adhered to for word processing than for spreadsheets.

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◆ It is not easy for a spreadsheet or word processing package to be added to a corporation's standards list.

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◆ PC Support tends to view the standards list as the basic rule of the game. Others tend to view them as guidelines.

- ❖ Standards lists are used to limit the amount of training and support they have to provide.
- ❖ Standards lists also assure a common interface and ease of data sharing.

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◆ Standards lists usually include two word processing and two spreadsheets.

- ❖ Lists tend to include one "old standard" and one newcomer.
- ❖ PC Support want the newcomer to succeed, while managers tend to have a "wait and see" attitude.
- ❖ Grassroot users movements often stimulate/force PC support to add a product to the standards list.

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❖ For word processing the two are likely to be Word Perfect or Microsoft Word and MultiMate.

◆ MultiMate Advantage is panned.

❖ For spreadsheets Lotus 1-2-3 and Microsoft Excel.

◆ Quattro and Wingz are mentioned as newcomers.

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◆ Managers are much more aware of deviation from the standards list than are PC support people.

- ◆ In most companies 90% or more of users stay on the standards lists for word processing or spreadsheets.
- ◆ Managers deviate themselves and let people (power users) deviate because they are interested in having productive, happy employees.
- ◆ PC support uses training and ongoing support as the carrot to keep people on the standards list.
 - ◆ Lower software costs to department.
 - ◆ Transferability of skills.
 - ◆ Ease of data transfer.

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- ❖ New employees bring in "non-standard" software.
- ❖ Wide-spread deviation is more likely to take place if there is a power user in the department that can provide support to the new package, otherwise, don't rock the boat.
- ❖ It appears that individuals are more likely to deviate for word processing than for spreadsheets.
 - ◆ Most likely to have "executive" word processors.
- ❖ Most of the deviation takes place with packages other than word processing and spreadsheets (or databases).

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V. Software Buying Cycle Steps for Word Processing and Spreadsheets.

- ◆ Initiation most likely is a bottom-up process based on a business need.
 - ◆ Users looking for a new spreadsheet are seeking more powerful features. For word processing the search is *either* for powerful features *or* simplicity.
 - ◆ For spreadsheets the Initiator is most likely an accounting or corporate financial professional.
- ◆ Power user is "easy to pick out".

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❖ It is much more difficult to identify one type of user that might initiate change for word processing.

◆ Clerical workers are likely to be the first to recognize a need, but often resistant to change.

◆ Managers supervising many clerical people see the wider picture.

◆ Any professional whose job requires the use of word processing on a daily basis may see an individual need.

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- ❖ Some PC Support people do initiate, but this is the exception.

- ❖ Vendors can facilitate this part of the process by:

- ◆ Offering full packages for evaluation to power users and PC Support.
- ◆ Offering external support for packages to department managers.
- ◆ Setting up contacts with power users.

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◆ **Managers are likely to see themselves very involved in the evaluation process. PC Support tends to formalize evaluation.**

- ❖ **A select group of end users are almost always involved in the evaluation process.**
- ❖ **All PC Support departments have people whose job it is to evaluate products, but most are not solely evaluators.**
- ❖ **Spreadsheets are more likely to be evaluated by PC Support or a corporate finance department.**
- ❖ **Word processing is likely to be evaluated by a wide range of people, conditions.**

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❖ The evaluation may be assigned by a committee to individual users for testing.

❖ An active evaluation of spreadsheets or word processing is an infrequent event.

❖ If a lot of users will be affected, the process become very formal.

❖ There is always a cost justification process. The more money, more people affected, the more formal the process.

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◆ If it's a major purchase, there are usually multiple steps to the recommendation process.

- ❖ Evaluators make recommendations to department heads.
- ❖ Department heads recommend to PC Support.
- ❖ PC Support recommend to the head of MIS.
- ❖ If it's a *big* investment or a change of direction, the head of MIS then recommends to top management.

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❖ For decisions that only affect a department, the users recommend to the department manager.

❖ Committees are formed when the PC Support/MIS are involved.

◆ The more centralized and formal the process, the more important the committee.

◆ Committees are made up of head of MIS, PC Support, department heads.

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◆ Larger the dollar amount, more people affected, the higher up the ladder the final decision.

- ❖ Approval from a formal review board made up of vice presidents of appropriate divisions is often needed.
- ❖ Department managers do approve as it affects only their department.
- ◆ Monetary levels vary by department size.

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◆ If there is a formal process to pick up a new software package, there will be a formal plan for implementation.

- ◆ Users are informed of change.
- ◆ Packages are made available to users.
- ◆ Training programs are developed.
- ◆ Ongoing support offered.

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❖ External training and support becoming more evident.

❖ Non-standard purchases are typically "on your own" or supported solely by a departmental power user.

❖ Some divisions contract with outside consultants to train and support their users on new software.

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◆ A software vendor can speed the implementation process by offering products that are easy to use and excellent after sales support.

◆ User training.

◆ User support.

◆ Support of PC professionals.

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◆ The process can take as little as two or three months, but there are a number of points in the process where you can find a log across the road.

❖ Major determinants include:

- ◆ Formality of process.
- ◆ Size of purchase.
- ◆ If it represents a change in corporate computing direction.

❖ Major hang-ups include:

- ◆ The budgeting cycle.
- ◆ Number of people affected.

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VI. Basic Buying Scenarios

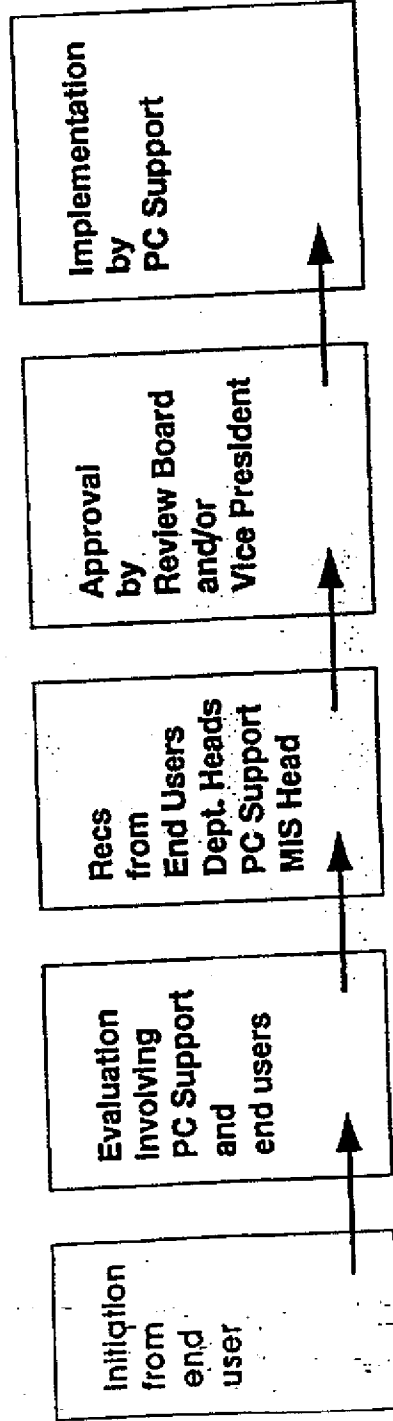
- ◆ A bottom-up scenario driven by user needs is by far the most common.




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Bottom-Up Purchase Process



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◆ Other scenarios Include:

- ◆ The crisis.
 - ◆ True top-down.
 - ◆ Strategic issue.
 - ◆ Project driven.
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The Crisis

This situation can include any number of possible cataclysmic events.

- ◆ A "flattening" of business demanding the layoffs of previously believed to be essential personnel.
- ◆ The loss of the departmental or divisional expert on a specific software package.
- ◆ The discovery that a software package, after purchase and implementation, simply does not do the job.

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True Top-Down

Occasionally, often without warning or justification to the end users or MIS, a mandate will come down from above.

- ◆ The decision can be initiated by any number of external or internal forces.
- ◆ The effect is that PC Support and end users must learn how to effectively adapt and make use of this new tool that has been thrust upon them.

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The "Strategic" Issue

Occasionally, a significant decision for a company will initiate a strategic change in the way it does business. Events that prompt such decisions might come from:

- ◆ Internal sources.
 - ❖ Decisions made by either a committee or from a major corporate figure.
- ◆ External sources.
 - ❖ A wide variety of external forces such as a merger or other similar occurrences.


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Project Driven



For a few segments of the marketplace, aerospace and defense, for example, companies must "gear up" their software in order to achieve compatibility with a major client. Such a situation acts:

- ◆ As a foot in the door for the software to gain exposure to influential users.
 - ◆ As sufficient catalyst for the software package to take root in the contracting company.
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Recommendations

- ◆ Work to establish a "system vendor" relationship with all major corporations.
- ❖ Word processing and spreadsheet "switches" don't occur often.
- ❖ Court the PC Support.
- ❖ Get to know the power users in key departments.
- ❖ Be there when there is a business reason to switch.

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◆ Get the software into the hands of both
the power users and PC Support.

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◆ Windows 3.0 has the potential to provide a reason to switch word processors and spreadsheets. Don't miss this opportunity.

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◆ Once entrenched, don't allow the product to lag behind the competition. It is possible to lose your position.

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◆ Remember that all sales pitches need to be oriented toward the business problem the software solves.

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