

**Role of Reference Customers  
in  
Evaluating a Vendor for an ERP Solution  
Purchase**

**If you would like a copy of the final report please send or enclose your business card.**

Please return the survey in the enclosed prepaid envelope.

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**Please place yourself in the following situation**



**About Ascent Networking Inc. and Your Role at Ascent**

**You are the Purchasing Manager** at Ascent Networking Inc.

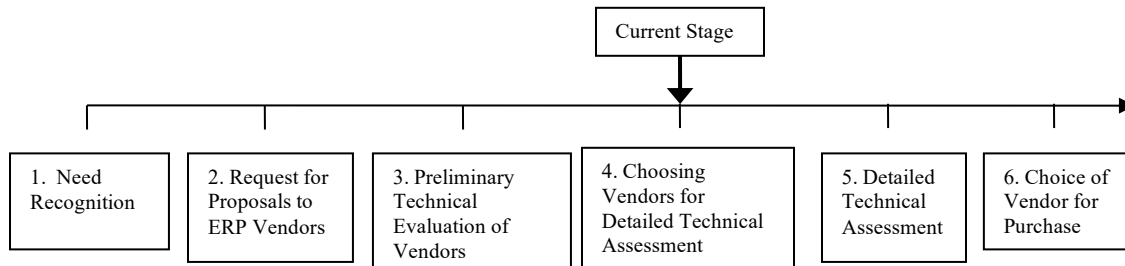
Founded in Denver, CO in 1996, Ascent Networking Inc. provides networking devices such as Ethernet adapters (as shown in the image on the right), network storage devices, and firewalls for broadband service providers and other firms. Ascent Inc.'s 2008 annual revenue was \$153 million and has been growing by 4% for the last three years. Ascent operates in 10 countries through distributors and is focusing on expanding its international presence.



To meet the planning challenges resulting from its global growth, **Ascent has decided to purchase an Enterprise Resource Planning (ERP) system.** Their goals for the system are to integrate and simplify their business flow from purchase order to order shipment, including production processes. With the ERP system, Ascent aims to reduce costs by improving inventory planning and streamlining order fulfillment. **Ascent expects the ERP system to make a significant improvement in their operations.** Ascent seeks a vendor to provide the complete ERP solution; that solution must include understanding and defining Ascent's requirements, customizing components of the solution, deploying and integrating the ERP system into existing systems, and providing postdeployment support.

**Current Purchasing Stage**

Ascent Inc.'s purchase process for the ERP system is given below.



The technical team has identified and qualified eight competing ERP vendors who appear to meet all of Ascent's technical requirements (stage 3), and their quoted price is within Ascent's budget. The next step is to develop a short-list of ERP vendors for final consideration (stage 4). These vendors will undergo a detailed technical assessment; that consists of evaluation of system architecture and performance, a detailed comparison of each vendor's technical specifications against the other vendors, followed by assessment of each vendor's customization and integration proposal.

The detailed technical assessment requires a four-member team to evaluate all the vendors, and is expected to take approximately eight to ten weeks. This is a significant investment in time and personnel for Ascent. Your responsibility is to evaluate the ERP vendors that have cleared the technical evaluation process and propose a short-list of vendors for detailed assessment prior to vendor selection. **You have asked each firm that passed step 3 above (Technical Evaluation) to provide a key reference customer who you are planning to interview as part of your vendor choice process.** The following pages provide the results of your discussions.

**Given this information, please evaluate the following ERP solution vendors. Please consider each vendor independently. You do NOT have to choose between these vendors.**

**ERP Solution Vendor: DeSoftware Inc.**

DeSoftware Inc., founded in 1983 in Santa Clara, CA, is one of the vendors you are considering for detailed technical assessment. DeSoftware employs 900 people and operates in the US. Their price is within Ascent Inc.’s budget and expectations. **Ascent Inc. has earlier done business with DeSoftware, but for a simple documentation software, that is not related to the ERP solution.**



**DeSoftware Inc. has referred you to one of their existing customers, Sems Systems Inc.,** to discuss their experience with DeSoftware’s ERP solution.

**About DeSoftware’s Customer, Sems Systems Inc.**

Micro networks Inc. was established in 1989. Micro Networks Inc. introduced networking devices as part of its product portfolio **four years ago**, and last year held **5% of the market share** in the networking devices market.

**Sems Systems Inc.’s Reputation:** In its March 2008 edition, the trade journal, *Communication News*, presented the results of its latest “Industry Reputation Quotient” survey. In its survey, *Communication News* asks 2,000 executives and directors from peer firms, and customer firms to rank companies in an industry on multiple aspects of company reputations. *Communication News* survey gave Micro Networks Inc. a **“Satisfactory Reputation” rating, with 60% of the 400 firms in the industry rated below Micro Networks.**



**Your conversation with Alice McCarthy, Sems Systems Inc.’s director of procurement**

In the course of your conversation with Mike you realize that **Sems Systems deployed the ERP system for the same business size** (\$145 million in 2008 revenue) than Ascent. Plus, **Sems Systems Inc. is using the ERP system for different requirements** as compared to Ascent’s needs. Sem’s ERP is focused on standardizing materials requirements planning to reduce costs. Ascent wants to reduce costs by improving inventory planning and streamlining order fulfillment.

**Alice’s statement about DeSoftware’s ERP solution:**

Alice McCarthy, Sems Systems

*“We are satisfied with DeSoftware’s ERP system. Their solution fit our requirements, and was delivered at our launch date. The integration process was without any major issues, and was done within the expected cost. Overall, we’ve reduced our operation management costs by around 5%, and it is because of DeSoftware’s ERP system.”*

**Given the information above:**

**Please indicate the extent to which you agree or disagree with the following statements:**

1.	The information given by Sems Systems Inc. excessively favored DeSoftware Inc.	disagree	1	2	3	4	5	6	7	agree
2.	Sems Systems Inc. withheld negative information about DeSoftware Inc.	disagree	1	2	3	4	5	6	7	agree
3.	Sems Systems Inc. gave only favorable information about DeSoftware Inc.	disagree	1	2	3	4	5	6	7	agree
4.	Sems Systems Inc. was not truthful about DeSoftware Inc.	disagree	1	2	3	4	5	6	7	agree

**Please answer the following questions:**

1.	How likely would you be to include DeSoftware Inc. for the short list?	Not at all	1	2	3	4	5	6	7	Very likely
2.	How confident are you about your evaluation concerning DeSoftware Inc.?	Not at all	1	2	3	4	5	6	7	Very confident

**ERP Solution Vendor: BPA Software Inc.**

BPA Software Inc., founded in 1981 in Dearborn, MI, is one of the vendors you are considering for detailed technical assessment. BPA Software employs 800 people and operates in the US and internationally through channel partners. Their quoted price is within Ascent Inc.'s budget and expectations. **Ascent Inc. has earlier done business with BPA Software, but for a simple pricing software, that is not related to the ERP solution.**



BPA Software has referred you to one of their existing customers, **Delta Electronics**, to discuss their experience with BPA Software's ERP solution.

**About BPA Software's Customer, Delta Electronics Inc.**

Delta Electronics Inc. was established in 1961. Delta Electronics introduced networking devices as part of its product portfolio **twenty years ago**, and last year held **30% of the market share** in the networking devices market.

**Delta Electronics' Reputation:** In its March 2009 edition, the trade journal, *Communication News*, presented the results of its latest "Industry Reputation Quotient" survey. In its survey, *Communication News* asks 2,000 executives and directors from peer firms, and customer firms to rank companies in an industry on multiple aspects of company reputations. *Communication News* survey gave Delta Electronics an **"Excellent Reputation" rating, with 95% of the 400 firms in the industry rated below Delta Electronics.**



**Your conversation with Ralph McCoy, Delta Electronics Inc.'s director of procurement**

In the course of your conversation with Ralph you realize that **Delta Electronics deployed the ERP system for a larger business size** (\$900 million in 2008 revenue) than Ascent. Plus, **Delta Electronics Inc. is using the ERP system for different requirements as compared to Ascent's needs.** Delta's ERP is focused on standardizing manufacturing and business procedures to reduce costs. Ascent wants to reduce costs by improving inventory planning and streamlining order fulfillment.

**Ralph's statement about BPA Software's ERP solution:**

**Ralph McCoy,  
Delta Electronics**

*" We are more than satisfied with BPA's ERP solution. They really invested in understanding our requirements, and integrating the ERP system seamlessly into our setup. We've cut our operation costs by at least 8%, and have even saved time in several management tasks such as reports and documentation for quality certification. It's because of BPA Software's ERP solution."*

**Given the information above:**

**Please indicate the extent to which you agree or disagree with the following statements:**

1.	The information given by Delta Electronics excessively favored BPA Software	disagree	1	2	3	4	5	6	7	agree
2.	Delta Electronics withheld negative information about BPA Software	disagree	1	2	3	4	5	6	7	agree
3.	Delta Electronics gave only favorable information about BPA Software	disagree	1	2	3	4	5	6	7	agree
4.	Delta Electronics was not truthful about BPA Software.	disagree	1	2	3	4	5	6	7	agree

**Please answer the following questions:**

1.	How likely would you be to include BPA Software for the short list?	Not at all	1	2	3	4	5	6	7	Very likely
2.	How confident are you about your evaluation concerning BPA Software?	Not at all	1	2	3	4	5	6	7	Very confident

**ERP Solution Vendor: Centra Software Inc.**

Centra Software Inc., founded in 1974 in Chicago, IL, is one of the vendors you are considering for detailed technical assessment. Centra Software employs 1200 people and operates in the US. Their quoted price is within Ascent Inc.’s budget and expectations. **Ascent Inc. has earlier done business with Centra Software, but for a simple accounting software, that is not related to the ERP solution.**



Centra Software has referred you to one of their existing customers, **Sigma Inc.**, to discuss their experience with Centra Software’s ERP solution.

**About Centra Software’s Customer, Sigma Inc.**

Sigma Inc. was established in 1965. Sigma Inc. introduced networking devices as part of its product portfolio **twenty years ago**, and last year held **35% of the market share** in the networking devices market.

**Sigma Inc.s’ Reputation:** In its March 2009 edition, the trade journal, *Communications News*, presented the results of its latest “Industry Reputation Quotient” survey. In its survey, *Communications News* asks 2,000 executives and directors from peer firms, and customer firms to rank companies in an industry on multiple aspects of company reputations. *Communications News* survey gave Sigma Inc. an **“Excellent Reputation” rating, with 95% of the 400 firms in the industry rated below Sems Systems.**



**Your conversation with Bill Davis, Sigma Inc.’s director of procurement**

In the course of your conversation with Bill you realize that **Sigma Inc. deployed the ERP system for the same business size** (\$150 million in 2008 revenue) than Ascent. Plus, **Sigma Inc. is using the ERP system for very similar requirements** as compared to Ascent’s needs – to reduce costs by improving inventory planning and streamlining order fulfillment.

**Bill’s statement about Centra Software’s ERP solution:**

**Bill Davis,  
Sigma Inc.**

*“We’re more than satisfied with Centra Software’s ERP solution. Their solution fit our needs; but ERP solutions are complex, and customizing the application is time-consuming and difficult. We had to have a dedicated in-house team for customization, which increased our expense. But, Centra’s team worked seamlessly with our in-house team and we had a successful implementation. We achieved our 7% cost reduction target, thanks to Centra Software’s ERP solution.”*

**Given the information above:**

**Please indicate the extent to which you agree or disagree with the following statements:**

1.	The information given by Sigma Inc. excessively favored Centra Software	disagree	1	2	3	4	5	6	7	agree
2.	Sigma Inc. withheld negative information about Centra Software	disagree	1	2	3	4	5	6	7	agree
3.	Sigma Inc. gave only favorable information about Centra Software	disagree	1	2	3	4	5	6	7	agree
4.	Sigma Inc. was not truthful about Centra Software.	disagree	1	2	3	4	5	6	7	agree

**Please answer the following questions:**

1.	How likely would you be to include Centra Software for the short list?	Not at all	1	2	3	4	5	6	7	Very likely
2.	How confident are you about your evaluation concerning Centra Software?	Not at all	1	2	3	4	5	6	7	Very confident

**ERP Solution Vendor: Axxess Software Inc.**

Axxess Software Inc., founded in 1974 in Chicago, IL, is one of the vendors you are considering for detailed technical assessment. Axxess employs 1200 people and operates in the US. Their price is within Ascent Inc.’s budget and expectations. **Ascent Inc. has earlier done business with Axxess Software, but for a simple financial software, that is not related to the ERP system.**



Axxess Inc. has referred you to one of their existing customers,

**Micro Networks Inc.**, to discuss their experience with Axxess Software’s ERP solution.

**About Axxess Software’s Customer, Micro Networks Inc.**

Micro networks Inc. was established in 1989. Micro Networks Inc. introduced networking devices as part of its product portfolio **four years ago**, and last year held **5% of the market share** in the networking devices market.

**Micro Networks Inc.’s Reputation:** In its March 2008 edition, the trade journal, *Communication News*, presented the results of its latest “Industry Reputation Quotient” survey. In its survey, *Communication News* asks 2,000 executives and directors from peer firms, and customer firms to rank companies in an industry on multiple aspects of company reputations. *Communication News* survey gave Micro Networks Inc. a **“Satisfactory Reputation” rating, with 60% of the 400 firms in the industry rated below Micro Networks.**



**Your conversation with Mike Copeland, Micro Networks Inc.’s director of procurement**

In the course of your conversation with Mike you realize that **Micro Networks deployed the ERP system for a larger business size** (\$900 million in 2008 revenue) than Ascent. Plus, **Micro Networks Inc. for different requirements** as compared to Ascent’s needs. Micro Network’s ERP is focused on create customized reporting within and outside the organization. Ascent wants to reduce costs by improving inventory planning and streamlining order fulfillment.

**Mike’s statement about Axxess Software’s ERP solution:**

**Mike Copeland,  
Micro Networks**

*“Axxess Software’s ERP system has met our expectations. In terms of needs identification, integration and delivery time, they have performed satisfactorily. Customizing the ERP system to our specific requirements was also done within the stipulated time. We’ve cut costs in operations and administration by 5%, and we feel that credit goes to Axxess’s ERP solution.”*

**Given the information above:**

**Please indicate the extent to which you agree or disagree with the following statements:**

1.	The information given by Micro networks Inc. excessively favored Axxess Software Inc.	disagree	1	2	3	4	5	6	7	agree
2.	Micro networks Inc. withheld negative information about Axxess Software Inc.	disagree	1	2	3	4	5	6	7	agree
3.	Micro networks Inc. gave only favorable information about Axxess Software Inc.	disagree	1	2	3	4	5	6	7	agree
4.	Micro networks Inc. was not truthful about Axxess Software Inc.	disagree	1	2	3	4	5	6	7	agree

**Please answer the following questions:**

1.	How likely would you be to include Axxess Software Inc. for the short list?	Not at all	1	2	3	4	5	6	7	Very likely
2.	How confident are you about your evaluation concerning Axxess Software Inc.?	Not at all	1	2	3	4	5	6	7	Very confident



**Thank you for responding as Ascent Inc.'s purchasing manger. Please answer the below questions as related to your current role in your firm.**

**Please indicate the extent to which you agree or disagree with the following statements:**

1.	ERP solutions are difficult to implement	disagree	1	2	3	4	5	6	7	agree
2.	There is personnel training required to use ERP solutions	disagree	1	2	3	4	5	6	7	agree
3.	Choosing the wrong ERP vendor would cost the firm time and money	disagree	1	2	3	4	5	6	7	agree
4.	Reliability of the ERP solution is important for a firm's business	disagree	1	2	3	4	5	6	7	agree
5.	I could relate to the purchasing situations given in this survey	disagree	1	2	3	4	5	6	7	agree
6.	The purchasing situations given in this survey were realistic	disagree	1	2	3	4	5	6	7	agree

**About You and Your Firm:**

1.	We have experience in making software solution purchases such as ERP systems	disagree	1	2	3	4	5	6	7	agree
2.	I am knowledgeable about my firms requirements for software solutions	disagree	1	2	3	4	5	6	7	agree
3.	I am usually involved in the decision to chose vendors	disagree	1	2	3	4	5	6	7	agree
4.	I am usually involved in the decision making process of choosing vendors	disagree	1	2	3	4	5	6	7	agree

**Please think back to the last time you were involved in a software solution purchase like an ERP system:**

How many members were involved in the buying team? \_\_\_\_\_

How much time did the buying team take to evaluate all vendors, and make the purchase? \_\_\_\_\_

**General Information**

Years of Industry experience \_\_\_\_\_

Position and Department at your firm \_\_\_\_\_

No. of years you have worked in your firm \_\_\_\_\_

Total number of employees in your firm \_\_\_\_\_

**Thank You for Your Time**