



VENDOR SELECTION

How to define your
business requirements
2024

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Introduction

One thing that became instantly clear from having exhibited at HR Technologies this year, is that the market is saturated. Trying to find the right vendor for your specific requirements is like finding a needle in a haystack. It can be incredibly overwhelming.

But don't worry. Our team is here to help.

Defining your business requirements is the first step in this journey to finding the perfect fit.

You want a solution that not only meets your exact needs but also aligns with your company's goals and vision. That's why defining your business requirements is critical.

By clearly outlining what you need and want from a vendor, you're setting yourself up for success. You'll avoid the headache of dealing with mismatched solutions and wasted resources. Instead, you'll find yourself with a tailor-made solution that fits like a glove.

In this white paper, our aim is simple: to equip you with the knowledge and tools you need to define your business requirements with confidence. We'll break down the process into manageable steps, providing practical tips and insights along the way.

By the end of this paper, you'll have a clear understanding of why defining business requirements is essential, how it fits into the vendor selection process, and most importantly, how to do it effectively.



Defining requirements step by step

Step 1: Establishing a foundation

The first step in defining your business requirements is to assemble your dream team.

But why is this so important?

Putting together your team

Bringing together representatives from all relevant departments – IT, operations, compliance, risk management, and business units ensures that everyone's perspective and needs are heard and that no stone is left unturned.

Did you know? According to a survey by Deloitte, organisations with highly effective cross-functional teams are 72% more likely to exceed their financial targets. That's the power of collaboration!

Defining roles and responsibilities

Now that you've got your team together, it's time to clarify who's doing what. Assigning clear roles and responsibilities ensures that everyone knows what's expected of them and reduces the risk of confusion or overlap.

From the tech genius' who can better define the organisations technical requirements to the compliance specialists who keep everything above board, each member brings their own expertise to the table in a collaborative space. Your HR team and system administrators will have a huge role to play in defining what they require from a new system having had first hand experience working with your existing platforms and processes.

Don't forget to consider the needs and requirements of your end users. You may decide to run a brainstorming or feedback session with a selection of employees to gain insights into the features they feel would encourage them engage with a new system.

It's also worth consulting with company stakeholders to communicate clear expectations from the offset.



Step 2: Conduct a needs analysis

Now that your team is in place, it's time to roll up your sleeves and dive into the nitty-gritty of your HR technology needs. This step is all about understanding what you're looking for and why.

Understanding strategic objectives

A great place to start is by listing out your organisations strategic objectives and asking your team what are we trying to achieve and how can HR technology support these goals.

By aligning your technology needs with your strategic objectives, you'll ensure that every decision you make moves you closer to achieving them.

Evaluating existing systems and processes

Before you can build something new, you need to know what you already have. Take a good hard look at your existing systems and processes. What's working well? What isn't? Where are the gaps and inefficiencies?

By evaluating your current setup, you'll gain valuable insights into what needs to change and where you can make improvements.

Gathering requirements through interviews, surveys, and workshops

Now it's time to get up close and personal with your stakeholders. Conduct interviews, surveys, and workshops to gather detailed requirements from across the organisation. After all, who knows better what they need than the people who will be using the technology day in and day out?

By involving stakeholders in the process, you'll ensure that their voices are heard and their needs are prioritised. Plus, you'll foster a sense of ownership and buy-in that will be invaluable as you move forward.



Step 3: Defining and prioritising requirements

With your needs laid down, it's time to start shaping them into something tangible. This step is all about turning your wishlist into a roadmap for success.

Categorising Requirements (Functional, Non-Functional, Regulatory)

Each of your requirement should fill a specific purpose. But not everything on your list is of equal importance. Start by categorising your requirements into three main buckets:

Functional: These are the must-have features and functions.

Non-Functional: These are the behind-the-scenes elements that ensure your solution runs smoothly. They include things like performance, security, and scalability.

Regulatory: These requirements are the rules and regulations that you must adhere to, whether it's GDPR, ISO standards, or industry-specific guidelines.

By categorising your requirements, you'll ensure that nothing gets overlooked and that you're covering all your bases. From here you will be able to prioritise which requirements are essential and which are added benefits.

Prioritisation Techniques (MoSCoW)

Now that you've categorised your requirements, it's time to separate the must-haves from the nice-to-haves. Enter the MoSCoW method for prioritisation. Follow this method to help you better define what is essential and what's not.

Must Have: These are the essentials – the things you absolutely cannot live without. They're the flour and eggs in your cake recipe – without them, you've got nothing.

Should Have: These are the next level down – the nice-to-haves that will enhance your solution but aren't absolutely critical. They're like the icing on the cake – not essential, but definitely desirable.

Could Have: These are the extras that would be nice to have if budget and time allow. The cherry on top.

Won't Have: These are the things that you've decided are just not worth pursuing at this stage. Maybe they're too expensive, too time-consuming, or simply not relevant. It's okay to leave them out – you can always come back to them later.



By prioritising your requirements, you'll focus your efforts where they'll have the most impact, ensuring that you get the biggest bang for your buck.

Stakeholder review and approval

Before moving to the next step, it's important to get the green light from your stakeholders. After all, you don't want to waste hours working towards something that won't meet the brief.

Review your requirements with key stakeholders, including legal, information security, and compliance departments. Make sure everyone is on the same page and that there are no surprises down the line.

Once you've got their stamp of approval, you're ready to move on to the next step – turning those requirements into reality.

Step 4: Creating an implementation hypothesis

Now it's time to bring your vision to life with a solid implementation plan.

Here's how:

Timelines: Set clear deadlines for each phase of the implementation process. This will keep everyone on track and ensure that you hit your milestones on time.

Resource allocation: Identify the resources – both human and financial – that you'll need to bring your plan to life.

Training: Don't forget that you'll need to train your team on how to use their new systems effectively. It's important to factor this into your implementation plan, as you'll likely require the support of a consultant who specialises in these systems to guide you and your team.

Testing phases: Before you run with it, make sure you build in testing phases to iron out any kinks and ensure everything is working as it should.

By laying out the key elements of your plan in advance, you'll set yourself up for success and ensure a smooth implementation process from start to finish. You'll need to ensure your implementation team have the resources and expertise ahead of time to avoid any hold-ups in the process. Consult with a specialist or technology implementation partner if you're feeling unsure.



Keep your stakeholders involved every step of the way and manage their expectations carefully.

Make sure your stakeholders are involved in the implementation process from day one. This will not only keep them informed but also give them a sense of ownership and buy-in. Be transparent about what can realistically be achieved within the given timelines and resources and set clear expectations about what the new HR technology will – and won't – be able to do.

Step 5: Turning requirements into specifications

Now that you've identified your priorities, it's time to turn them into detailed specifications that your vendors can work with.

Your requirement specifications act as a blueprint for HR technology vendors.

Break down each prioritised requirement into detailed specifications. Describe the functionality, performance, security, and compliance aspects that your solution must meet. Be clear and precise so that there's no room for misinterpretation. This will form the basis of your Request for Proposal (RFP) to vendors.

Share your draft specifications with key stakeholders, including representatives from IT, operations, compliance, and any other relevant departments. Encourage them to review the document thoroughly and provide feedback.

Incorporate their suggestions and concerns into the specifications where appropriate. This ensures that everyone's needs and perspectives are taken into account, leading to a more robust and comprehensive document.

By developing clear requirement specifications and involving your stakeholders in the review process, you'll ensure that your vendors have a crystal-clear understanding of what you need and can deliver accordingly.



Vendor evaluation and selection

Now that you have your requirements defined, it's time to find the perfect vendor to bring your vision to life. But how do you sift through the options and make the right choice?

Let's break it down.

Establishing scoring systems based on your RFP criteria

Think of vendor selection like choosing the best candidate for a job. You need a clear set of criteria to evaluate each contender fairly. That's where a scoring system based on your Request for Proposal (RFP) criteria comes in.

By assigning scores to each vendor based on how well they meet your requirements, you can objectively compare their offerings. Research shows organisations that use formal scoring systems in their vendor selection process report higher satisfaction with their chosen vendors.

Empirical vs emotional scoring

Empirical scoring is the most obvious and some would argue the most critical method of scoring. This approach relies on measurable data and performance metrics, which will help you find a vendor that meets your functional needs. Emotional scoring, on the other hand takes into account subjective factors such as the vendor's reputation, communication style, and cultural fit.

We recommend assessing both. Combining both empirical and emotional scoring ensures a more comprehensive evaluation. While empirical scoring provides objective insights into a vendor's capabilities and performance, emotional scoring helps assess intangible qualities that can impact the success of the vendor-client relationship.

Using a combination of both types of scoring enables organisations to make more informed decisions and select vendors that not only meet their functional requirements but also align with their values and goals. This holistic approach to vendor selection contributes to long-term success and satisfaction with chosen vendors.

Vendor demonstrations and reference checks

Seeing is believing, right? Before you make a decision, you'll want to see each vendor's solution in action. Develop a methodology for vendor demonstrations that allows you to assess how well their solution aligns with your needs.



Additionally, don't forget to check their references. Just like you wouldn't hire someone without checking their references, you shouldn't choose a vendor without talking to their past clients. This step provides valuable insights into the vendor's track record and reliability.

By developing a robust evaluation and selection model, you'll ensure that you make an informed decision based on objective criteria and real-world evidence.

Preparing the Request for Proposal (RFP)

Now that you've done your homework, it's time to reach out to potential vendors and invite them to submit proposals. But before you do, there are a few key steps to consider.

Deciding on RFI or direct RFP approach

Choosing between a Request for Information (RFI) and a direct Request for Proposal (RFP) depends on how well you know the market and the vendors within it.

Organisations that use RFI processes prior to issuing RFPs may find it easier to select the right vendor for their needs.

An RFI can help you gather information about potential vendors and their capabilities before diving into the more detailed RFP process. However, if you already have a good understanding of the market and your requirements, you may choose to go straight to an RFP.

Outlining process, timelines, and a company overview

Transparency is key when it comes to the RFP process. Outline the steps, timeline, and expectations clearly so that vendors know what to expect.

Provide an overview of your company, including its mission, values, and strategic objectives. This helps vendors understand your business and tailor their proposals accordingly.

Detailed requirement specifications and selection criteria

The heart of your RFP lies in the detailed requirement specifications and selection criteria. Provide vendors with a clear understanding of what you're looking for, including functional, non-functional, and regulatory requirements.



Be specific about how you'll evaluate proposals and make your decision. This could include criteria such as cost, technical capabilities, vendor reputation, and alignment with your strategic goals.

By preparing a comprehensive RFP, you'll attract high-quality responses from vendors and set yourself up for success in the vendor selection process.

Conclusion

Amidst a saturated market of HR technology providers, defining your business requirements acts as your guiding light. It ensures that you're not just picking any vendor but the right one that aligns with your goals and needs.

By carefully defining your business requirements and selecting the right vendor, you're not just solving today's problems – you're laying the groundwork for future growth and innovation.

A well-chosen HR technology solution can streamline your processes, improve employee satisfaction, and drive business success. So, choose wisely, and watch your organisation thrive.

How we can help...

Feeling overwhelmed by the vendor selection process?

Let Vitro take the reins.

Our team specialise in vendor selection and can guide you through creating a RFP that's guaranteed to deliver exactly what you need. We help handle the negotiation process between you and your chosen vendor and can even support in the implementation process, tailoring your system and training your team. With our expertise, you can rest easy knowing that your needs are in safe hands.

Want to find the perfect vendor without all the hassle?

Contact us today to get started,
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