EXPLOREWMS

WMS SELECTION SURVIVAL GUIDE

FORMULATED BY INDEPENDENT INDUSTRY EXPERTS

Index

STEP 1: REQUIREMENTS GATHERING & INITIAL RESEARCH

Understanding your business needs and conducting thorough initial research form the cornerstone of your WMS selection process.

REQUIREMENTS GATHERING

- **UNDERSTAND WHY YOU'RE CONSIDERING CHANGE:** Assess whether your current warehouse systems have outgrown your needs or if there's a pressing business requirement for a WMS upgrade. Document reasons carefully and aim for unanimous agreement among key stakeholders.

- **GAIN SENIOR MANAGEMENT SUPPORT:** Ensure that an executive sponsor is on board before proceeding further. 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.

- **ADD DETAILED REQUIREMENTS:** Identify needs across departments (e.g., receiving, picking, shipping). Include both qualitative insights and quantitative metrics, such as potential cost savings or fulfillment improvements. You might have several answers to the question of why you need a new WMS.If so, list all of them.

- **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 be a significant undertaking.

- **RANK YOUR NEEDS:** Divide requirements into "must-haves" and "nice-to-haves," ranking them for clarity.

Pair this survival guide with our free requirements template which features breakdowns of key fuctionalities in inventory, receiving, order management, shipping, and more!

INITIAL RESEARCH

Gathering and detailing those requirements was a lot of work – even more than expected. You might think that the hard part is behind is behind you and that an easy five minutes on your favorite search engine is the next step.

But wait a minute...there are over **328 million results** when you search 'warehouse management systems'. This could take some time.

• **ONLINE RESEARCH:** Use the internet to compile a broad list of potential WMS vendors. 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 offer the most intuitive WMS on the market while costing only $4,000. If your business moves over $100 million annually that might not be a powerful enough candidate.

• **LONG LIVE PRINT:** Consult trade magazines, industry guides, and peer recommendations to refine your research. 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 invaluaboe experience analyzing and comparing these systems, and you can use their techniques in your search and analysis.

• **PEER DISCUSSIONS:** Talk to colleagues in similar industries and gain insights from new hires with experience in other warehouses. What WMS do/did they use and what is the overall satisfaction level? What features do they wish it had? Have they gotten the support they expected? Also check to see if they have a guide to selecting a WMS. They probably have, and might have other resources you can use.

• **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 2: 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 (RFI):** Develop a questionnaire based on your ranked requirements and send it to potential vendors. Evaluate responses to ensure they meet your "must-have" needs. Some software 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:** If the vendor is truly interested, they should be able to complete your request promptly. State this deadline in your RFI. Clarify how you would like vendors to reply - you don't want 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.

- **CONSIDER YOUR ERP VENDOR:** If your current ERP system has a WMS module, consider adding it to your shortlist it for ease of integration, provided it meets your requirements.

- **CLOUD VS ON-PREMISE:** Weigh the benefits of cloud-based systems against on-premise solutions. Many WMS vendors now opt for a cloud-first approach or a SaaS (software as a service) model.This is particularly useful for businesses 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.

- **USE A SCORING MATRIX:** Develop a matrix to compare vendors based on how well their offerings align with your needs. 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. 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.

Requirement	Weight	Vendor A	Vendor B	Vendor C
Integration with existing ERP	10	9 (90)	8 (80)	7 (70)
Scalability	8	7 (56)	8 (64)	9 (72)
Ease of Use	7	8 (56)	9 (63)	8 (56)
Cost (Initial + Maintenance)	6	6 (36)	9 (54)	8 (48)
Training & Support	5	7 (35)	9 (45)	8 (40)
Reporting Features	4	9 (36)	8 (32)	7 (28)
Total Score	-	309	338	314

STEP 3: THE RFP & DEMO PHASE

Now that you've narrowed your options to a manageable shortlist, it's time to dive deeper into evaluating potential vendors.

This phase involves serious discussions with vendors, gathering detailed proposals, and assessing their systems through demos.

- **REQUEST FOR PROPOSAL (RFP):** Ask shortlisted vendors to provide detailed proposals that address your requirements and include cost estimates. The cost must be reasonable enough to provide a satisfactory ROI. Use a structured format to ensure consistency.

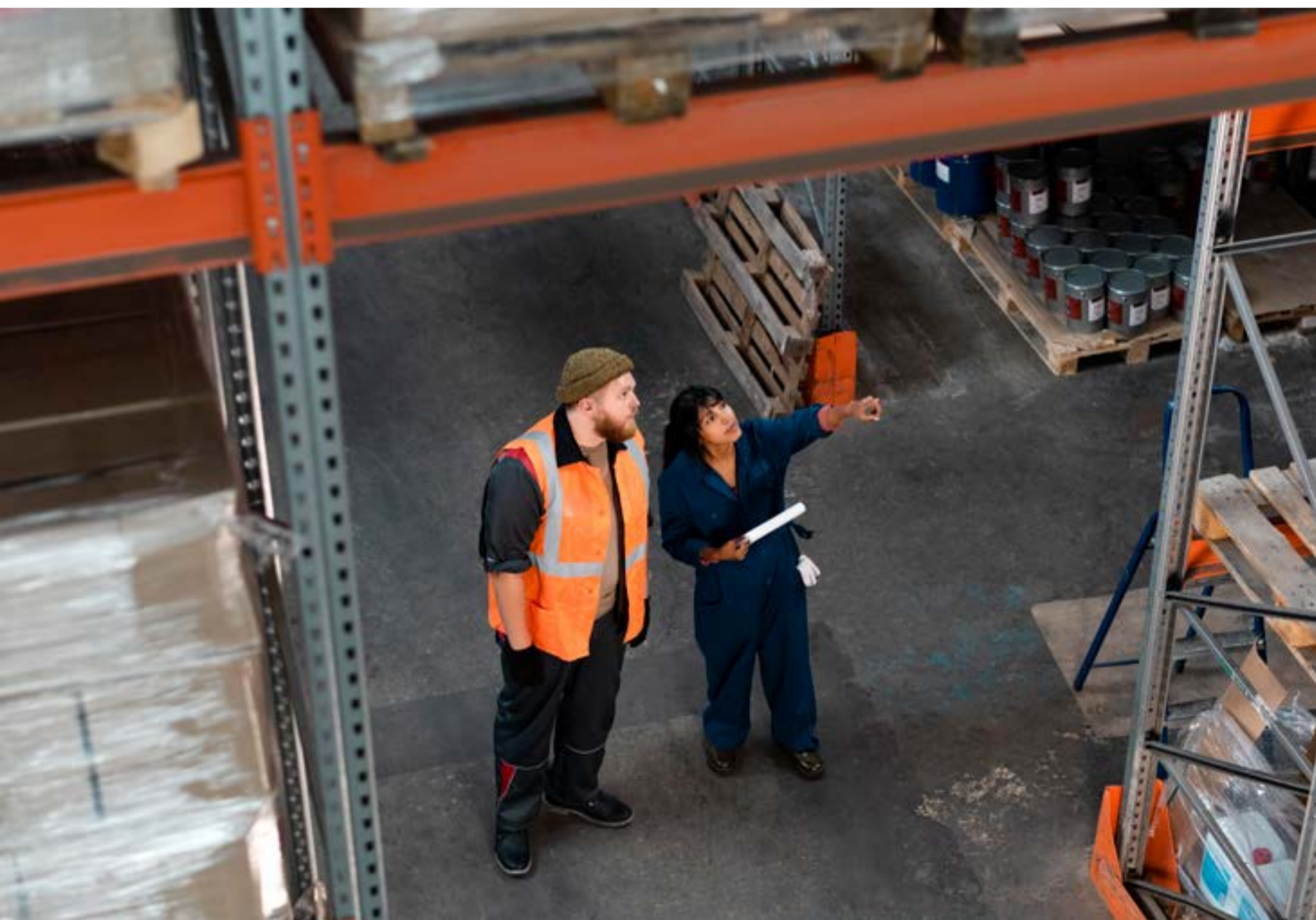 This likely isn't the first time your company has bought software, so ask around for pointers.

- **EVALUATE THE TOTAL COST OF OWNERSHIP (TCO):** Account for ongoing support, implementation costs, and required infrastructure upgrades.

  Will they give you a quick start guide and leave you alone? How will they train your users? What 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 vendors 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. Once you receive the proposals, compare costs against expected gains and rank the ROI. If none meet your needs, WMS may not be viable for now, but **diligent shortlisting should still yield promising options**. Look between the lines of these proposals. Ensure the vendor aligns with your company culture too. If your people prefer to do as much as possible in-house and the vendor prefers being actively involved in every step of the process, there could be a mismatch.

- **SCHEDULE DEMOS:** Ensure vendors allocate sufficient time to show how their WMS meets your requirements and not too much on generalities. Use scorecards to assess how well each demo addresses your needs.

- **REFERENCE CHECKS:** Contact the aforementioned references to verify vendor claims. Ask if they wish they had done something different and if there were any post-implementation surprises (good or bad). This could also be a good time to ask if you can visit them and observe their use of the WMS.

STEP 4: THE FINAL DECISION & CONTRACT NEGOTIATIONS

Your WMS selection is close to complete. You'll likely already have a favorite - at most, there are a couple of 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 some steps to making that final leap into a purchase decision.

- **ANALYZE DEMOS:** Use scorecards to evaluate vendor performance in demonstrations and reference feedback. Each person in your team should rank how well they address your requirements one by one. Use a 5-point scale, with 5 for fully meeting a requirement and 1 for barely addressing it. Systems will excel in some areas and fall short in others.

- **ANALYZE REFERENCES:** Develop a similar matrix to rank how satisfied other businesses are 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 demonstrationor sales proposal. How satisfied are they with the support provided? Were there any unexpected costs after their choice was made? Did the system work as expected? How long did the implementation take? What resources did they employ during implementation?

TRUST YOUR GUT

The numbers 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 feel the same?

Can you identify specifically why you have this feeling?

Even if this is the first time selecting a WMS, this is not the first hard decision you have made, so don't ignore your instincts. There's an old saying: **if something smells fishy, it's probably a fish**.

- **PROJECT ROI:** Use cost and benefit data to calculate the ROI for each contender and check if it meets your threshold. You know a lot more now than you did a few weeks ago, so you can make a more accurate estimation. Does the best ROI align with the top demo and reference scores?

- **GET EXECUTIVE APPROVAL:** Present your analyses to your executive sponsor and senior management. They may have questions for prospective vendors or fully support your recommendation. Prepare to negotiate with the top contender.

  What better terms can you achieve? Who will lead your negotiating team? Executive backing is a must for success.

CONTRACT NEGOTIATIONS

Time for the last step of your WMS selection. You could be buying 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.

- **BRING IN LEGAL SUPPORT:** Your selection team has so far been made up of operating people from sales, finance, and production. Time to add legal support to your team. Engage your in-house legal team or external experts to review contracts. Ensure the agreement outlines vendor responsibilities, timelines, and deliverables. Any outside support should have signifivant experience in software contracts.

- **ADDRESS TECHNICAL ISSUES:** Specify responsibilities for data migration, system testing, and hardware/network upgrades in the contract. Who will convert and your existing warehouse data and import that data to the new WMS? If choosing 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

Talk to peers in similar industries and gain insights from new hires with experience in other warehouses.

What WMS do/did they use and what is the overall satisfaction level? What features do they wish it had?

Have they gotten the support they expected? Also check to see if they have a guide to selecting a WMS. They probably have, and might have other resources you can use.

- **CONFLICT RESOLUTION:** Agree on processes for addressing potential disagreements and confirm costs align with your expectations to avoid unexpected conflicts or legal complications.

- **PAY ATTENTION TO THE DETAILS:** Be sure the i's are dotted and the t's crossed. A reputable vendor shouldn't take advantage of you, but always protect your interests and know exactly what you're agreeing to. The sooner you sign, the sooner you can start using your new WMS.

Further reading:

There are further resources on the topics discussed in this guide available at

https://www.explorewms.com

Or email customerteam@explorewms.com for further assistance with your warehouse software project.

EXPLOREWMS