

## **Key Considerations When Choosing a Land Management System**

The purchase of a land management system is a major undertaking for a company regardless of size. With the importance of data management in today's environment, the choice will impact your organization for years to come. The data that is produced through that system could live longer than your use of the system. In the following pages I'll share some insight that should help you to make wise decisions in this pivotal choice.

### **Support - An Important Consideration**

One complaint I often hear from a potential client is that they loved the sales and implementation staff, but were disappointed in the support they received after the sale. Support is so important that I believe it should be a point of discussion from your very first interaction with a vendor.

Most vendors will provide several types of support; in person, telephone, written documentation and perhaps videos. All of these types of support are useful in different situations, and none of them are useful in all situations. It is important to not only discuss support options with the vendor, but also be sure to ask questions about the vendors support when you contact their client references.

As a general rule, written documentation should be available for all functions of the software delivered to you -- and many users find that video documentation is very helpful for more complex functions.

For those times when documentation won't cut it, you'll want to know the process for getting support from a real person. Here are a few questions to ask:

1. How can I receive support? (email, telephone, screen sharing, in person)
2. How much do these support options cost?
3. Is any type of user support included in my licensing agreement?
4. What is the response time I can expect?
5. Is help available from technical and functional subject matter experts who understand the business use of the software?

### **Training - It's No Good If You Can't Use It**

Training is an important topic to discuss, with many complex systems you will often find that end users have never been trained on the use of many functions. Inefficiencies are created when users don't know how to fully utilize the features a company has paid for -- and this is the opposite of what should be happening.

Be sure to get a solid outline of what type of training comes with your license. Here are a few things to think about during the discussion:

1. Does it consist only of the documentation the vendor will provide?
2. Do they use videos to train? Or does the vendor come out to your location to do individual or group training sessions?
3. Are there any costs to use their self-directed training materials on your own time?
4. If they send out a trainer to teach employees to use the system, who will it be?
5. Is it a system designer or an experienced trainer who has real world experience using the software?

Most users report the best training experience when they are trained by an individual who has more than just a theoretical understanding of how the system is used.

This is also a good time to inquire if the vendor has staff with actual experience in land or mapping. The breadth of experience the vendor's employees have will be a good indicator of their understanding of your business processes.

### **System Design, Integration and Data Input**

An important issue to consider is how the design of the land management system will mesh with your company's existing practices. If the current design of the system isn't a good fit, how much will it cost to change the design or layout?

Customization is a concern that is often overlooked in the design process, but becomes apparent about a month into use of the new system. Perhaps the terminology used in the system isn't the same terminology used in your normal business workflow. A quick example is tract production status. Most systems include industry standard vocabulary such as Producing, Held by Production, and Paid-Up to describe tract status. However, your business processes might use different terminology to describe these statuses, or you may have more specifically defined statuses. Be sure to evaluate the system for any customization necessary to fit with individual business needs and factor the associated costs into your criteria.

Most companies will have some type of data already in a digital format. This may be from an old land system the company has outgrown, excel spreadsheets or perhaps a database they received through an acquisition. It is a good idea to do an evaluation of this data during the sales process to determine the following:

1. Can the data be imported into the system?
2. How much work will be required to get the data into an appropriate import format?
3. Do you have to use the vendors' staff to perform the data adjustments, or can you use your own resources?
4. Do you have staff available to do the data entry or will you use contract staff?
5. Does the vendor have subject matter experts available to do the data entry?

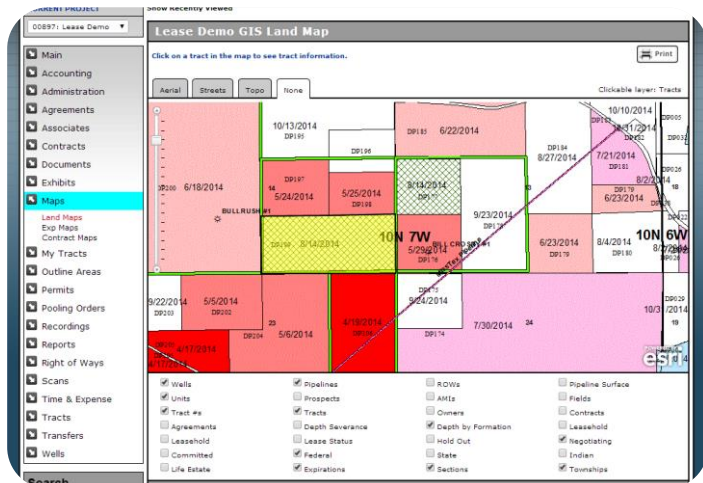
If you are in a situation where manual entry of a large amount of data will be necessary you should evaluate how that process will occur. This applies not only to entry of lease data, but also GIS mapping.

## Mapping – Visualization is a Great Tool

Most relevant land software packages will include some type of mapping. It is typically built into the software or the software will integrate with a 3<sup>rd</sup> party mapping tool like ESRI ArcGIS. Mapping is a crucial element in any system, and it should receive appropriate attention during the product demonstration. Be sure to pay attention during this portion of your demo to look past the flashy, impressive pictures and understand how the actual product functions.

An important distinction to make, and question to ask is whether the mapping functionality is static or dynamic:

1. **Static** mapping implies that changes made in the LMS (such as expiration dates or new tract creation) may not be immediately available for viewing in the mapping application.
2. **Dynamic** mapping implies that changes on the map are reflected immediately when changes are made in the system. In a dynamic mapping system the LMS associates tracts with leases and changes to tracts on the map (or the leases associated with them) can be shown immediately if any information changes. This is incredibly useful when timely business decisions need to be made in a prospect during an acquisition phase.
3. **Quasi-Dynamic** mapping is what you are typically going to find in a Land Management System. This implies some processes are dynamic and others are static. It is important to understand what processes require manual intervention, and which ones you can expect to rely on immediately.



Another aspect to consider is if your department has a resource to handle mapping duties. Even in today's technology driven environment, quite often small and mid-sized operators may not have qualified GIS staff in-house. Consider the following:

1. Do you have adequate staffing with appropriate technical skills to handle base business mapping requirements?

2. How much training will your existing staff require to operate the GIS portion of the system? Are they familiar with the mapping product the system uses?
3. If current resources can't handle the mapping requirements, include the cost of contract GIS personnel in your annual budget.

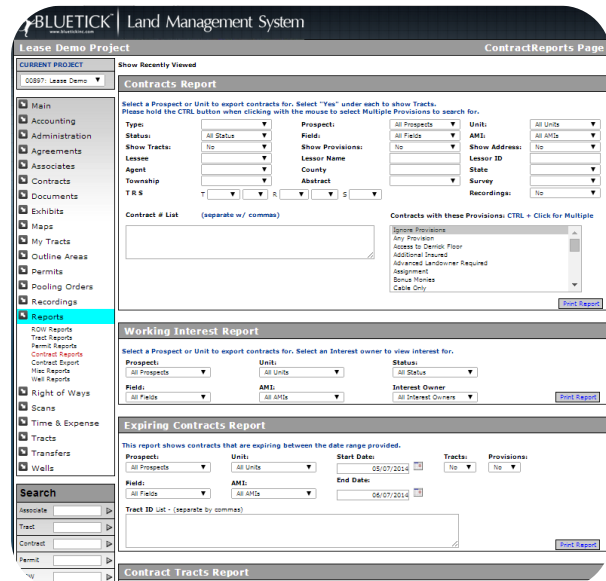
Don't underestimate the value that a properly maintained mapping system can bring to the decision making ability of your organization. Visualization of all that data in your Land Management System is one of the key benefits of the time, money and resource investment in the system.

## Reporting - Making Order out of Chaos

While there are many ways to derive value from your investment in a land management system, reporting is a tool that only becomes more important as a business scales. You'll find that vendors have vastly divergent ideas when it comes to reporting. Some companies provide you with stock reports to choose from, some include a report generator and others sell the ability to build reports as an extra product. You will encounter some combination of those options with most vendors.

Many companies find one of the benefits of maintaining a land management system is the ability to make business decisions based on the data available. This can be complicated because these complex decisions can require reports to be built based on datasets outside of typical report requirements.

1. Are you limited to viewing only pre-designed reports?
2. If there is specific datasets you would like to see are you required to contact your vendor to create that report for you?
3. Can you generate your own customized reports?



Ultimately, this means 'canned', or pre-designed reports, might not cut it. If you can't generate your own customized reports, make sure to evaluate the time and labor costs of having the vendor design those reports for you every time you need them.

## **Efficiency - It's a Requirement**

The main benefit of a land management system is gaining efficiency in your business processes. Whether you are performing lease data entry and maintenance, generating shut-in payments or getting a visual idea of your acreage position in a play.

Make sure in the presentation process to evaluate the workflow for processes you hope to make more efficient. Are you required to navigate between many different screens to perform a task? Does the software eliminate any redundant data entry? Here are a few examples of things to think about during a presentation:

1. Watch a lease, owner or tract being setup in the system from beginning to end. Does the process feel organized and efficient? Does the system eliminate any redundancy in data entry?
2. You'll often need to find information about a particular lease. How many mouse clicks and screens are you required to navigate to get to a piece of lease data?
3. Many companies also need to search for leases based on some type of criteria, how easy is this to do in the software? Ask the vendor to show you the process for searching by legal description, recording information, prospect, or working interest partner. What if you want to search by a combination of those fields?

Efficiency is one of those features that might be a little harder to pick up on and can be easily overlooked due to the amount of information thrown at you during a demonstration. Take the time to ask about tools implemented into the system that assist users by reducing the time it takes to do tedious tasks...For example, mass status changes on a group of leases all at once. Do not be afraid to ask the vendors if they have any "Easy Buttons". They might just have what you are looking for.

## **Price - Make Sure You Get the Whole Story**

Many companies want to get right to point and ask "How much does it cost?" during the evaluation phase. Vendors typically save this conversation for last, and there are many good reasons for it. You should strive to make an apples-to-apples comparison of pricing between vendors, and take into account 'soft' factors that also affect price.

Vendors typically generate revenue through some combination of the following types of fees: licensing fees, annual support fees, "Out of Scope" support fees, per user fees, and data migration fees. All fees will typically be spelled out in the licensing agreement and you should be able to accurately compare these fees between vendors.

The 'soft' factors that affect pricing are the issues that take more consideration. One obvious evaluation point is efficiency. If one system allows a lease analyst to set up a new lease in 'System A' in half the time it takes in 'System B', how much is that time worth on an annualized basis?

Will the system scale with your business? Will you be happy with the system in five years at your current growth pattern? If your company changes accounting software, will your Land Management System integrate with it? How much will that integration change cost?

Another cost that isn't always apparent is the necessity of specialized personnel to manage the system and its associated data. Will you need additional land administration staff, GIS mappers or IT personnel? The answer to this question may be different depending on the vendor you choose.

## **Budget - The End All Be All**

Many companies feel like choosing a budget to implement a land management system is like throwing darts at a board. There are many ways to come to a realistic idea of what your budget should be, but I'd like to suggest that it can wait until you've been through the presentation process.

This is because you'll have a much better idea of what features are available and be able to rank the importance of those features to your business requirements. Each vendor will implement the same feature in different ways, you may find some implementations more efficient for your specialized business needs. This will help you to place a value on features provided by each vendor, and get an idea of how to evaluate value.

Lastly, budgets need not be a secret. If vendors have an idea of what is required on a financial level to win your business, it will allow them to put together a proposal and offer a package that will work for all parties. The vendor you choose will be your partner, or your adversary, for years to come -- make sure it is a fruitful partnership.

## **Concluding - A Few Hints**

In the search for a land management system that is best suited for your company's needs, I'd like to share a few concepts to keep in mind during that process. Remember that you should consider pricing versus features, efficiency and performance -- not in a bubble. The least expensive option may cost you as much as the most expensive option over a five year period.

Second, pay attention to product demonstrations to get an idea of how a system works, but understand that those demonstrations are based on perfect data. Rarely does data work out to be perfect in the real world. Consider the implications of how 'imperfect' data will affect the systems performance and ask questions about it. Is the software package being demonstrated in a "live" environment, or are you simply watching a video or PowerPoint presentation? Client references can be quite helpful in determining how the system works 'in reality' versus 'in theory'.

Third, remember that your choice is a relationship that can last for many years, perhaps even longer than you may use the system. The data that you later transfer to a new land management system will be data entered in the system you choose. Make sure you are comfortable with the system, the sales staff, and the support team that will be with you after you write the check.

Finally, put yourself in the driver's seat. Like all complex arrangements, most things are negotiable. Vendors will find a way to win your business if you set expectations and provide honest feedback during the sales process. Data is one of the most important assets companies will have to make business decisions in the coming years, and a land management system is an integral part of managing that data. Make sure you have a great product, from a vendor you trust, to help you make the best decisions.



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