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by DealerSocket

AUTO/MATE DEALERSHIP SYSTEMS

THE AUTO DEALER'S 10-STEP GUIDE FOR A
SUCCESSFUL DMS DATA CONVERSION

Introduction

What is your most valuable asset? The property or buildings you own? Vehicle inventory? Or is it the data stored in your dealership management system? If you lost any of these items, what would the impact be on your business? Insurance may help recover the loss of property, but how do you retrieve or duplicate data once it is lost forever?

Many dealers hesitate at the thought of changing DMS providers because they know exactly how valuable their data is. Some have heard horror stories from dealers who did change and experienced a conversion nightmare. But with adequate preparation, successful DMS data conversions can and do happen.

So how do we define a successful DMS data conversion?

The primary goal of a data conversion is the preservation of data. Many dealers assume the new vendor will convert all of their data, but that is rarely the case. As a dealer, you must actively participate in determining which data is necessary and which processes can be streamlined. Employees must also be engaged, so when the switch is flipped and the new DMS is in operation, all of the data necessary to run the dealership will be in the proper place. A successful conversion will accomplish this with relatively few problems. Will it be completely painless? Absolutely not.

That's why Auto/Mate is publishing this eBook, "The Auto Dealer's 10-Step Guide for a Successful DMS Data Conversion." Assuming that a new DMS vendor has been selected, this guide will help dealers through the next steps of preparing for the DMS conversion.

Our goal is to greatly reduce the bumps in the road typically experienced by dealers during this process. To eliminate them all is impossible. We attempt to explain why by outlining the difficulties involved in a DMS data conversion. In my experience, preparing dealers for the inevitable pitfalls during and after the conversion process helps them return to normal operations in a more timely manner.

In a previous eBook, "The Dealer's 10-Step Guide to Changing Your DMS," we guided dealers through the best practices involved in the selection of a new DMS partner. The feedback was extremely positive, and we hope this guide will continue to provide dealers with objective and practical knowledge of what to expect as they face this daunting, yet positive, transition toward a more productive dealership with a new DMS.

I welcome your feedback at *mesposito@automate.com*.

Sincerely,

Mike Esposito
President & CEO, Auto/Mate Dealership Systems

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It's a huge job, to pull all the managers together and think it through. What do we want to start with and end with? What's our process going to be? It takes time and energy, but you have to involve the managers. Otherwise, they'll feel they're being forced something from the top down.

- Jai Wiese, *John Wiese Ford*

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1 Assign a Point of Contact

Once a new DMS provider has been selected, the dealer's first step is to assign one person to interact with the vendor on all aspects of the conversion. The point of contact (POC) could be the office manager or another department manager, but it's important that the person is familiar with all the applications, has excellent communication and organizational skills and is detail

Jim Skeans, CEO of Jim Skeans Consulting Group, recommends that the POC have limited customer interaction. "It can be difficult for people who work full time to take on this challenge in addition to their job. It's critical to stick to a schedule, and customer activity is going to interrupt that," he says.

oriented. Hiring an outside consultant to help keep things on track is also an option.

2 Ensure the New Vendor Will Have Access to the Server and Data

Many dealers wonder whether to inform their current DMS provider that they plan to switch systems once the contract expires. Because of contract renewal clauses, informing the

current vendor will most likely be necessary. Dealers should rest assured that they own their data, and a reputable DMS provider will have no problem allowing other vendors access. However, there are occasional issues, and it doesn't hurt to be prepared.

When John Wiese Ford of Minnesota underwent their data conversion in 2009, access to data was no problem. They knew the conversion was coming, and they kept standalone databases they managed themselves.

The Gillrie Institute warns dealers not to burn bridges. Be polite until after the conversion is over because the vendor has the ability to ruin the next few months of your life.

Ideally, the POC will give access information to the new DMS vendor a month in advance so they can start pulling data.

Paul MacDonald of TriMac Automotive Advisory Group recommends that dealers make multiple redundant copies of all their data; one for the new DMS vendor and one to keep on site. "Some vendors will shut down access to the data on the last day of the contract, and it's critical to have that information available for as long as possible after the conversion," he says.

3 Know Where Your Information Is

DMS data conversions would be simple if every dealership used the defined fields within every application as planned. Unfortunately, this is almost never the case. That's why it's critical for the POC to know how each application is used. For example, a dozen years ago, none of the DMS systems had a field for key codes (the code that a dealer needs to create a new key for the customer). So users selected another field or created a new field for the codes.

It's important for the new DMS vendor to know these customized fields, or they will likely miss them. To prevent this, the POC should enlist every department manager to provide a list of all customized user fields.

The accounting department at John Wiese Ford relied on Excel spreadsheets to keep things organized. They knew where everything was and tagged all critical fields. But even after the conversion, they still had a few problems with reports, including errors with 401k forms they couldn't have fixed without manual spreadsheets.

4 Clean House

If a family has lived in the same house for many years, chances are good there are boxes of "stuff" stored in closets or the garage.

TIP FOR SUCCESS: "One advantage of cleansing data is that it gives dealers a chance to review every process that is inherently built into the system. Cleansing the old processes is as important as cleansing data."

– Paul McDonald,
TriMac Automotive Advisory Group

When the family moves, they take the opportunity to sort through the "stuff" and get rid of what they don't need. Why drag a bunch of junk to a brand-new home?

In the same manner, a data conversion provides department managers with the opportunity to clean out outdated or duplicated information. Why transfer unnecessary information to a brand new system? The DMS vendor should be able to help with this, but it's up to the POC and every department manager to figure out how processes, reports and schedules can be streamlined.

When it comes to data cleansing, most of it has to be done manually. The Gillrie Institute states software can usually spot

about 20 percent of duplicate information like account names. But it takes someone to sit there and hammer through the duplications the software isn't smart enough to spot, resulting in about 80-90 hours of work.

> **"The newer systems automate many functions that employees are used to doing manually," says Wayne Young**. "For example, currently, if a dealer wants to know how they're doing against the forecast or where monthly expenses are at, they may have to run several reports. A new system may offer one financial statement with drill-down capabilities, so the information is structured differently."

Most setups are also going to change, such as forms. Though it takes time and effort up front to configure new processes, the end result will be a more productive system.

5 Data Conversion Responsibilities

One of the most critical tasks for the POC is to find out exactly what data the new DMS vendor plans to convert. Every supplier is different in what they will, won't or can't convert. When a new DMS provider says they will convert service files, they may just mean service names, while the dealer assumes they mean service names, history and all the service OP codes.

The POC should make a checklist of items they expect to have converted for every department. Will all the F&I deals and follow-up templates be converted in sales? "In 90 percent of cases, the dealer does not get all the data he was expecting," MacDonald says. "In some cases, the data is there and they just don't know how to access it. In others, the data was scanned into an electronic document management system and those files can't be converted. Sometimes, there's a discrepancy between what's on the old DMS and a third party application, such as a CRM."

Other discrepancies can occur even when the requested information is converted. For example, a notes field may contain room for 256 characters in one system, and only 128 characters in another system. So after the conversion, all the notes are chopped in half.

What about archived data? Rather than trying to convert it, you could keep the old server running to access old data or just file away printed reports.

The POC should prepare employees well in advance for the information that isn't going to be converted. For example, if follow-up templates can't be converted, the Internet manager will need to create new ones. The more time allowed for this prior to the conversion, the better.

Other information to be converted includes:

- Chart of accounts, including relate tables or conversion/PCL codes
- Detailed accounting transactions, not just balances, going back as long as you have
- Accounting schedules
- Customer, vendor and employee files, including names and contact information
- Vehicle inventory
- Accounts payable information, including all open invoices for AP vendors and payroll history for all employees (if the payroll system is in existing DMS).

6 Department Rundown of What Should Be Converted

ACCOUNTING

The first step for the POC is to sit down with the head of accounting and review setups in detail, discussing issues that may change such as splits, additions or data that has to be segregated. The majority of information should be pulled the week before the final conversion. That way, there is time to review and validate that all accounts are in balance.

SALES/F&I

All setups need to be reviewed before the conversion. In addition, the new DMS vendor should extract the details of all F&I deals on the existing DMS.

PARTS

In addition to reviewing setups, the parts manager needs to print an inventory parts report just before the data conversion. This creates a benchmark for the inventory on the existing DMS. After the conversion, the new DMS provider should be able to print out an inventory report from the new system and match it to the inventory report from the old system. If the data pull is successful, parts and dollars should match within pennies.

Additional information to be pulled includes:

- Entire parts inventory
- Master data
- Sales history (six months to three years, depending on how much the existing DMS holds)
- Parts counter tickets

SERVICE

The POC and service manager should review all setups and reports. Prior to installation, the service manager's goal should be to have the open repair orders to an absolute minimum. After the conversion, the ROs still open on the old system can be worked on until the old system is closed. Once they are closed, the new DMS provider can do a supplemental service history pull. Service is the only department that will require supplemental pulls.

At a minimum, other information to be transferred includes:

- History on all service vehicles (as many years as you have on your current system)
- Name and contact information for customers/owners of vehicles
- Parts detail on the RO
- Operation codes

7 Pre-Pulls

Several weeks before the live pull, a data pull allows department managers to see how their data is converted and how it displays in all the new reports and setups. This ensures that no information will be missed. If any issues arise or something doesn't make sense, this provides the opportunity and time for the DMS vendor to fix them.

You can use the pre-pull as an opportunity to verify all the content and accuracy of the data. Not everything has to be pulled ahead of time, but all the setups and reports should be pulled for each department. In accounting, the majority of information can be converted at this time. In parts, an inventory benchmark should be pulled in addition to the setups.

8 Prepare Employees

The last thing a dealer wants is to have two DMS systems running side by side, with employees using both. This creates a situation where double entry is required, causing more work for the dealership and DMS vendor. One way to prevent this is mandating employees to use the new system the day it goes live. More importantly, employees should be told to alert their managers if they notice missing or incorrect data. Don't assume the new DMS vendor knows about the problem. For example, when the VIN numbers are being converted, what happens if a slight glitch causes the connection to be dropped for one millisecond? The situation could result in VINs being entered into the wrong records, causing everything from that point on to be one record off. For a DMS provider, it would be difficult to detect this, so it's critical that an employee speak up as soon as possible.

9 What to Expect During the Conversion

Most DMS vendors will perform the actual conversion after hours. These days, the installation itself can happen quickly, over the course of one night. When the switch is flipped, the data will be available in the new system the next day. The POC should expect to remain on site during this time.

However much preparation has been done, the dealership should expect some problems. "At best, it's going to be an organized train-wreck," Youngs says. "No matter who the vendor is, there's going to be definite loss of productivity and downtime. The dealer has to build in those costs when they consider changing systems. If everything goes perfect, the loss of productivity is about $500 per user in the first year." After that, however, operations should return to normal.

The downtime is attributed to the unfamiliarity with new applications, setups and the general upset that comes with having to change a regimented way of doing business.

TIP FOR SUCCESS: **"Dealerships should begin the process of looking for a new DMS vendor a year before their contract expires. Allow 90 days to get through the selection process for a new DMS vendor. Currently, many vendors are running six to seven months behind on installations. Then add a month or two to get ready for the conversion."**
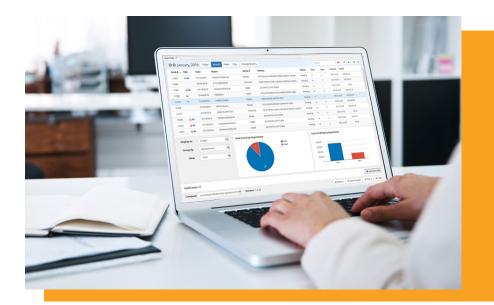
- Wayne Youngs

10 The Morning After

"The most difficult challenge for employees is that nothing looks the same as it used to," Youngs says. Knowing what to expect ahead of time helps. In addition, there will probably be critical data that was not transferred — either from custom fields, or the DMS vendor didn't deem it necessary. Certain setups may have to be recreated.

"The headaches typically continue for 90 days," MacDonald says. "For service and parts, the pain is immediate. In accounting, it's typically month's end when they pull the first statement and nothing balances." Dealers and employees need to exercise patience while they work on smoothing the kinks out of the new system.

Based on Wiese's experience, it takes six months to a year to get comfortable with a new DMS. "The first 48 hours are the worst. After that, you know you're going to survive. Some things took a couple weeks to figure out, other things we're still fine-tuning six months later," he says.

Ideally, a dealership should keep the old DMS running for a minimum of 30 days and up to a year after the conversion. Once the system is shut down, the old data is gone forever, so it's critical to use this window of opportunity to ensure all the data is in the new DMS.

Summary

The more a dealership prepares for a DMS data conversion, the more likely it will be successful. Creating an internal process that includes these 10 steps will help the dealership through the transition.

In summary:
- Assign a point of contact who understands all dealership applications
- Ensure the new vendor will have access to the server and data
- Compile a list of customized fields within every application
- Purge outdated and duplicate information from the old DMS
- Determine in detail what information the DMS vendor plans to convert
- Make a list for each department of what information you want converted
- Schedule a trial conversion, or pre-pull, of information at least a week in advance
- Prepare employees and encourage them to speak up if they notice anything wrong
- Expect some lost productivity until issues are ironed out during and after the conversion

With dedicated commitment from the dealer, POC and every department manager, internal processes can be created that will help reduce the pain associated with DMS data conversions. Though it takes an enormous amount of effort, the resulting increase in efficiency will make the switch worth it.

A DMS that does business *differently.*

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The addition of Auto/Mate to DealerSocket's suite of products creates a new choice for dealers seeking a connected platform that's driven by innovation and backed by award-winning customer service. Together, we serve more than 9,000 dealerships and 300,000 users. For more information, visit www.automate.com or follow us on Facebook, Twitter or LinkedIn.

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