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<b>Description:</b>	Helps set the criteria and overview to evaluate vendors
<b>Objective:</b>	<ul style="list-style-type: none"> <li>• Develop evaluation approach</li> <li>• Develop evaluation process</li> <li>• Get to preferred vendors</li> </ul>

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# 1. Evaluation approach

## 1.1 Factors impacting your evaluation approach

A number of different variables will affect the evaluation approach. Consider the following and how these apply to your organization:

- Which **approach** you took with respect to preparing the RFP;
- The **formality of decision making** in your organization;
- The **number of stakeholders** who will need to be involved in the evaluation process;
- The **number of functions and/ or departments involved**, affected by the new system;
- The **personalities** involved;
- The **number of vendors** who have responded to the RFP.

## 1.2 Determining the right approach

### 1.2.1 Evaluation process based on the approach taken to the RFP

If you conducted an informal approach to the RFP, it is unlikely that your evaluation process will be different. If you cannot remember the organization and attributes of each RFP approach, refer to Preparing the request for proposal in <5 Request for proposal> to refresh your knowledge:

RFP Approach	General RFP attributes	Potential evaluation approach
<b>Approach 1 (Complex and formal)</b>	<ul style="list-style-type: none"> <li>- Formal response;</li> <li>- Senior vendor personnel involved;</li> <li>- High value project;</li> <li>- Customized proposal with a lot of effort;</li> <li>- Large number of contacts and meetings with vendors to clarify requirements.</li> </ul>	<ul style="list-style-type: none"> <li>- Scoring and weighting of each functional requirement;</li> <li>- Full fit gap analysis;</li> <li>- Reliance on references, facilities and resource capability;</li> <li>- Scoring of other requirements and weighting;</li> <li>- Numerous meetings with project team and stakeholders to clarify scores.</li> </ul>

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<b>RFP Approach</b>	<b>General RFP attributes</b>	<b>Potential evaluation approach</b>
<b>Approach 2 (Covering letter and RFP outline)</b>	<ul style="list-style-type: none"> <li>- Shorter, more condensed formal response;</li> <li>- Business development resources involved from the vendor;</li> <li>- Project size of average client size for the vendor;</li> <li>- RFP includes standard sales documentation and terms and conditions;</li> <li>- Some contact with the vendor to clarify requirements.</li> </ul>	<ul style="list-style-type: none"> <li>- Scoring and weighting of unique functional requirements;</li> <li>- Scoring and weighting of key other requirements;</li> <li>- Some gut-feel;</li> <li>- Reliance of similar references.</li> <li>- Decision reached more by consensus than formal scoring methodologies, although they will form the basis.</li> </ul>
<b>Approach 3 (Simple)</b>	<ul style="list-style-type: none"> <li>- Standard sales document and covering letter;</li> <li>- Business development resource or dealing with another sales channel;</li> <li>- Project size reasonably small for the vendor;</li> <li>- One to two contacts with the vendor, mostly telephonic contact.</li> </ul>	<ul style="list-style-type: none"> <li>- Consideration of key functional requirements and discussion, some scoring;</li> <li>- Listing of other clients reviewed, maybe references if this is possible;</li> <li>- Limited consideration of other requirements.</li> <li>- Decision reached mainly through discussions with key stakeholders</li> </ul>

Consider the organization and system attributes and which of the RFP attributes are applicable. Then consider the impact on your evaluation process. Over engineering the evaluation process will make bring fatigue to all parties and under engineering the process can result in significantly increased risk.

### 1.2.2 Evaluation process based on other variables

If you are still uncertain, consider the guidelines in the table below:

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Functional requirements scoring on all areas:	Functional requirements scoring on key and general requirements:	Informal functional requirements assessment:
<b>Guidelines on variables</b>		
<ul style="list-style-type: none"> <li>• Detailed RFP process, approach 1;</li> <li>• Mature and complex management structures;</li> <li>• Listed or government organization;</li> <li>• Significant revenues;</li> <li>• More than one function involved</li> <li>• Highly political environment;</li> <li>• Influential external stakeholders involved;</li> <li>• Vendors with very similar offerings;</li> <li>• Significant project for the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• Approach 2 for the RFP process;</li> <li>• Management team in place with good teaming;</li> <li>• Medium sized organization.</li> <li>• More than one function involved;</li> <li>• External stakeholders involved;</li> <li>• Core technologies reasonably mature for example the finance offering.</li> <li>• Needing to differentiate vendor offerings with respect to the core processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Approach 3 for the RFP process</li> <li>• Business owner will make the final decision;</li> <li>• Smaller organizations</li> <li>• Single function for example finance;</li> <li>• No external stakeholders</li> <li>• Technology reasonable mature;</li> <li>• Small project.</li> </ul>

### 1.2.3 Evaluation approach minimum

Whichever approach is adopted, at a minimum, we recommend the following:

- **Carefully assessing functional requirements**, especially those that will differentiate or bring competitive advantage to your organization.
- **Vendor background checks** to ensure they are stable and viable and have sufficient support and implementation capability to support your organizational needs.
- **Comfort with vendor resources, skills and management;**
- Vendor prior **experience and reference checking;**
- Detailed review of the **pricing.**

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## 2 Evaluation process

The evaluation process should include the following steps:

1. Determine who will be involved in the detailed evaluation and communicate the role and expectations. These should include the project team and any other stakeholders as may be appropriate. The evaluation process will take time, ensure the individuals selected have been properly briefed, and the time commitments clearly understood.
2. Circulate functional requirements and related copies of the proposal to the immediate project team or those closely involved in evaluating the proposal;
3. Give **clear directions** on how to proceed and the related timetable;
4. Review and score the functional fit of each proposal, depending on the number and breadth of the proposals, These might have to be allocated to different team members. If so, **ensure the evaluation method is well defined to get consistent results**;
5. Summarize the strengths and weaknesses of each proposal and agree back with the project team members responsible for review;
6. Calculate the total cost of each system over a five-year period (cash flow), by year.
7. Have a meeting of the project team or other stakeholders to develop a consensus of the ranking of proposals.
8. **Eliminate vendors** not worthy of further consideration, communicate and agree with the project sponsor and communicate this to the respective vendors. If vendors are eliminated from the process, due to uncertainty in their offering, be sure to clarify these with the vendor first before proceeding and document the outcomes.
9. Conduct a **detailed review of the remaining vendors**, this should include all the evaluation criteria developed as part of the evaluation framework in <5 Request for proposal>, as well as a more detailed review of the functional fit and any other factors that have come to light since.
10. Prepare pricing and scoring schedules and have project team members meet to discuss the scores and agree. Also, confirm the strengths and weaknesses of each proposal. No more than three vendors should still be involved in this process.

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