

<b>Service:</b>	System selection online
<b>Priority:</b>	1
<b>Document Type:</b>	READ
<b>Phase:</b>	7 Making recommendations
<b>Document:</b>	7 Evaluating proposals and preferred vendors (READ) Pr 1 SS
<b>Version:</b>	1
<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>

Professional Services Online is a company providing internet based professional services for “smart” organizations wanting to develop their people, own their project outcomes and drive value for their organization. Professional Services Online provides a variety of services focused on growth, risk management and the finance function.

For more information, visit our website at [www.professionalservicesonline.com](http://www.professionalservicesonline.com) or [www.professionalservices.com.au](http://www.professionalservices.com.au).

Professional Services Online encourages feedback from users; please email us on [feedback@professionalservicesonline.com](mailto:feedback@professionalservicesonline.com) with your feedback.

Professional Services Online endeavors to ensure all information is up to date and employs a rigorous process of reviewing and updating documents on a regular basis. However, due to the rapidly changing nature of the industry in which it operates, Professional Services Online cannot be responsible for information that may become outdated by virtue of its nature.

Where Professional Services Online provides advice or recommendations, it is not responsible for whether, or the manner in which these recommendations or suggested improvements are implemented. The management of the organization using these documents shall consider carefully the full implications of any such recommendations or improvements including any potential adverse effects or other and make decisions they consider appropriate in the circumstances.

This document and the information contained in it is confidential and should not be disclosed in any way other than in accordance with the Professional Services Online terms and conditions or with written prior consent of the management of Professional Services Online.

## Contents

<b>1.</b>	<b>Contract finalization.....</b>	<b>3</b>
1.1	Preferred vendors.....	3
3.2	Contract finalization process .....	3
<b>2.</b>	<b>Key considerations - negotiation.....</b>	<b>4</b>

<b>Product:</b>	System Selection
<b>Phase:</b>	7 Making recommendations
<b>Document:</b>	7 Making recommendations (READ) Pr 1 SS

# 1. Contract finalization

## 1.1 Preferred vendors

In finalizing and negotiating the contract to procure the system, we recommend negotiating with at least **two vendors**, even though there might be a definite preference for a particular vendor.

Should you fail to reach agreement with the preferred vendor, you have an alternative option.

## 3.2 Contract finalization process

The following process shows the steps from identifying the preferred vendors to signing the contract. These may vary depending on your organization:

1. Communicate to the unsuccessful vendors and provide feedback as required. Use the communication letter template included in <6 Evaluation>;
2. Communicate to the successful vendors (two) and give them an overview of the intended process;
3. Allow the vendors to **conduct any additional scoping** they may require, within reason. Discuss and agree on the nature and detail of this scoping so avoid this being intrusive on company operations, but allowing the vendor to get the information required. Document all visits and document provided;
4. Meet with the vendors to discuss some of your requirements and needs with respect to implementation, pricing and resources. Use the negotiation strategy document as guidance under each of the headings. This will set expectations ahead of receiving the vendor contract.
5. **Request best pricing** based on additional scoping including:
  - Final module list;
  - Hardware and other system requirements;
  - Customization and integration;
  - Implementation approach and resources that will work on the implementation;
  - Any significant deviations from the original proposal and supporting reasons.

<b>Product:</b>	System Selection
<b>Phase:</b>	7 Making recommendations
<b>Document:</b>	7 Making recommendations (READ) Pr 1 SS

6. Request the vendor contract, taking into account previous discussions, if you do not already have it.
7. Review the contract and develop your negotiation strategy;
8. Complete reference checking and site visits if required;
9. Meet to negotiate the contract, use the negotiating strategy document to support this process. The negotiation might take many versions of the contract and meetings with the vendor, but it is critical to get this right and be clear on what has been changed, included and excluded. This might become what seems like a long process, but be sure to follow it through to the end;
10. Manage any issues that arise from the contract;
11. Get legal involved to review and signoff on the contract;
12. Make recommendation to the steering committee on the preferred vendor to proceed with, and get the relevant approvals;
13. Sign contract and begin implementation.

## 2. Key considerations - negotiation

Some high level considerations with respect to negotiation are included below. Additional detail is included in the negotiation checklist in MyDelivery.

### Pricing

- Price protection during the negotiation period, until signing the final contract;
- Fixing the price of future upgrades and modules as far as is possible;
- Agreed rates for resources for future work, as far as is possible;
- Potentially taking and paying module by module over a certain time period, instead of paying upfront if the system is to be rolled out over time;
- All reimbursable expenses for the vendor, such as printing, travel and postage etc. to be agreed and signed off before being invoiced;
- Any amounts dictated in foreign currency or that will be impacted by currency fluctuations to be fixed at the current exchange rate;
- Payment terms for the software, hardware and implementation services to be reviewed;
- No charges for reimbursements of expenses during the warranty period;

<b>Product:</b>	System Selection
<b>Phase:</b>	7 Making recommendations
<b>Document:</b>	7 Making recommendations (READ) Pr 1 SS

## Integration

- Clarity on all integrations required, the fixed cost to complete and the related testing process;
- Your expectations of the integration;
- How the integration will be tested?
- What constitutes acceptance of the integration work?

## Customization

- Any, and all customizations;
- Who will develop and sign off on their specifications;
- How the customizations will be developed, the timing and the related testing process;
- Depending on the nature, customizations should only be paid for when accepted;
- Fixed pricing on the customizations;
- Exclusive rights to customizations;

## Software

- Any, and all third party software required, that is not owned and/ or supported by the vendor.
- Modules in the contract compared to the proposal and discussion on any variations;
- User numbers and how these can be increased if required;

## Resources

- The vendor resources and their experience/ qualifications that will be used on the implementation;
- Guarantees that these resources will be available to implement, when it starts;
- Interview with the proposed project manager;
- The actual time planned for internal project resources on the implementation;
- The responsibilities of internal project resources with respect to the implementation;

<b>Product:</b>	System Selection
<b>Phase:</b>	7 Making recommendations
<b>Document:</b>	7 Making recommendations (READ) Pr 1 SS

- Any resources or third parties that will be part of the implementation team, that are not part of the vendor organization;
- Stipulating that the vendor will not offer employment to any of your staff involved with the implementation or otherwise;

### **Project management**

- The project management methodology and related reporting format and timing;
- The change request process and relevant documentation and authorization required;
- Escalation, if required, within the vendor organization. This should be to someone senior in the organization;
- Timeframes for responses on issues raised with the vendor;

### **Implementation**

- Project plan;
- Training, content and effort required;
- All training costs and manuals included in the price;
- Exactly what system reports are included in the implementation, and what reports the organization will be expected to develop;
- Exactly what forms are required and who will develop these. Including invoices, statements and other system generated documentation;
- Exactly what files, the formats and content the vendor will require: including supplier listings, customer listings, authority matrices, user names etc.. Ensure these are documented and responsibility clearly defined;
- The vendors testing strategy, what internal resources will be required to assist and their expected time commitments;
- The responsibility for procuring of any additional hardware and software, and related pricing;
- The specifications of this additional hardware and software and that they are clearly documented and agreed;
- The definition of acceptance testing, who and how the system will be formally signed off and how this will impact payment terms;
- Sharing of initial system benefits or the business case and understanding how the vendor can assist in achieving these objectives;

<b>Product:</b>	System Selection
<b>Phase:</b>	7 Making recommendations
<b>Document:</b>	7 Making recommendations (READ) Pr 1 SS

### Meeting the organizational requirements

- If processes have been specifically developed for the business, how staff will be trained on these;
- Expectations of the vendor with respect to additional budget required based on past projects, and how they can help you avoid these;

### Support

- Clarity on the support that will be provided;
- Cost of additional or on-site report and rates associated with these;

### Some Contractual considerations

- RFP functional requirements documents become part of the final contract;
- Agreement is binding on overseas vendor parent, if applicable;
- For whatever reason, the organization has the right to run the software on a different processor, this could arise if hosting providers are changed of disaster recovery requirements;
- The law of which country governs the contract;
- The mediation process;
- Perpetual rights to the software, regardless of the future sale of vendor or transfer of ownership for whatever reason;
- The vendor has no right to disable or remove the software during a dispute;
- Unconditional rights to use the system;
- Penalties for delays in delivery of the software or hardware.
- Penalties for poor processing speed, making the software difficult to use. This will need to be defined;
- Any, and all current vendor litigation that might affect the ability of the vendor to perform its obligations;
- Confidentiality requirements;
- Right to reproduce standard documentation;

<b>Product:</b>	System Selection
<b>Phase:</b>	7 Making recommendations
<b>Document:</b>	7 Making recommendations (READ) Pr 1 SS