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Document:	5 Preparing the request for proposal (READ) Pr 1 SS
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Description:	Preparing the request for proposal, distributing and managing responses
Objective:	<ul style="list-style-type: none"> • Gives the user insights into the RFP process • Help the user prepare the request for proposal • Help user with the distribution and management of the request for proposal

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1. Preparing the request for proposal

1.1 Definition

The request for proposal (RFP) is a document issued by your organization to short-listed vendors, containing information about your organization and stating your requirements for certain software, hardware and services. **It is an invitation to tender and the response is an offer.**

As you are the customer in this process, the RFP can take any format you like and prefer, as long as it gets the needs and requirements across, states your general terms and is clear on the process. Do not let any vendor intimidate you or comment negatively on the RFP in an attempt to avoid the process. **The vendors should be focusing on clarifying questions and confirming their understanding of your needs.**

1.2 RFP format

The size, nature and complexity of the system, will determine the format and approach of the RFP.

If you purchase software for your home PC, you may do some research to determine which package is right for you, then go to a retail outlet and purchase the software or download it, but on the vendors terms and conditions. You also would install the software yourself.

Large complex, global organizations with complex processes and numerous business units and products would spend a lot of time understanding and documenting their business needs, technology and implementation strategy, and prepare the RFP or RFI (Request for information) accordingly. The RFP will be comprehensive and involve jointly developing processes and technology to support the business with new functionality and technology platforms.

In between these extreme examples, more than likely lies your need.

1.3 Deciding on your RFP approach

The **RFP approach**, depending on the size of your organization and business requirements, would normally fall into one of the following categories:

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1. **Detailed, formal RFP**, including detailed functional requirements, requiring a formal relationship with potential vendors;
2. **Informal RFP**, consisting of a covering letter and functional requirements, requiring a less formal relationship with potential vendors;
3. **Developing functional requirements** and distributing these to vendors or assessing them against functionality during the vendor's sales call and/ or system demonstrations.

To further develop your approach you should consider the organization and system attributes in the table below, which best describe your organization. Consider the approach type above to determine the best approach for your business. The table is a guideline only, and in certain cases your attributes may fall into more than one category, you will need to decide which is the most appropriate.

RFP Approach	Organizational attributes	System attributes
Approach 1	<ul style="list-style-type: none"> - Over 100 people - Complex or a large number of products or services; - Global organization with numerous currencies; - Advanced reporting requirements, on all aspects of the business; - Formal management structures, including Board of Directors; - Specialist IT skills already in the organization. 	<ul style="list-style-type: none"> - numerous users, both internal and external; - Multiple system modules; - System manages all aspects of operations; - Complex global networks and access points; - System dependency; - Integration and security a key requirement; - Customization or development required; - Specialist IT skills will need to be recruited into the organization to support the new system.
Approach 2	<ul style="list-style-type: none"> - 11 – 100 people; - Simple or common products or services; - Some foreign currency; - National business; - More advanced reporting 	<ul style="list-style-type: none"> - 5 - 50 users; - Multiple modules; - Financials based, with other functionality; - Networking required, with mobile access points;

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	<p>requirements, other than financial information;</p> <ul style="list-style-type: none"> - Management team. - Some IT resource available. 	<ul style="list-style-type: none"> - Developing system dependency; - Existing IT resources can be trained to support the new system.
Approach 3	<ul style="list-style-type: none"> - under 10 people; - Single product of service; - Single currency; - Single city or state; - Basic financial reporting requirements; - Single proprietor or partners; - Little or no management structure; - Little or no IT resource available. 	<ul style="list-style-type: none"> - Under 5 users; - Single module; - Financials based; - Simple networking or single user; - No system dependency;

No matter what your requirement, if you are purchasing a reasonable, mid market financials system, the chances are, the vendor will have a standard proposal and sales process. You will still however need to **determine your business requirements** or you will receive a very standard solution and the benefits will be negligible if any.

1.4 RFP content

The RFP would normally contain the following headings and/ or content:

- Covering letter
- Organizational background and history
- Organization vision and mission
- Relevant contact details
- Strategic objectives with respect to the system
- How the RFP process will be managed
- General terms and conditions and other specific needs
- Details of the existing IT environment
- Details of the organizational structure and entities
- Detailed functional requirements

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- Timetable
- Questionnaire, if there are specific questions
- High level evaluation criteria

Depending on the size of the project, on average six weeks is usually more than sufficient for vendors to formulate a response. Less than two weeks is generally too short, unless the response is very standard.

1.5 Additional RFP content for web enabled solutions

If you are selecting systems, which are web based (Access and use through a browser, have no hardware or data on site), the RFP should include the following in addition:

- Ownership and security of data, especially if the contract terminates;
- Performance and availability guarantees and related service level agreements;
- Configuration and customization of the software;
- Ownership of the software should the vendor cease trading for whatever reason. How will this impact your business? How can the vendor help manage this?
- Communication costs.

2. The RFP process

The following activities will need to be considered and given a timeline. This timeline must be communicated to stakeholders and the vendors. The timing next to the actions below is a guideline to give some indication of how long these activities might take. Times will vary based on the size of the project:

1. Contact vendors
2. Distribute RFP : (around 4-6 weeks for responses)
3. Arrange meetings with the vendors : (1-2 weeks after RFP distribution)
4. RFP close date
5. Evaluate responses : (Don't underestimate this, around 4 weeks)
6. Communicate to unsuccessful vendors : (If applicable)
7. Presentations and demonstrations : (Within 2 weeks of communication)
8. Communicate to unsuccessful vendors (If applicable)
9. Negotiate contract : (Anything up to 12 weeks, legal and approval)
10. Contract award

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11. Communicate to remaining vendors : (If applicable)
12. Start project

In addition, note of the following points during the RFP process:

- Provide a **reasonable level of guidance** to vendors when required;
- Ensure **no unfair advantage is given** to any vendor;
- Request the vendor confirm whether they will respond to the RFP one week after distribution, this gives you early warning if the response rate will be low;
- Only take questions in written format and ensure they are distributed to all vendors;
- If you have a vendor briefing, try and include a site tour if possible;
- If significant issues are raised during the RFP process by any vendor, you can issue an addendum to the RFP dealing with the issue raised;
- Keep in touch with the vendors during the RFP process; this will also help identify any nil responses early. Should this occur, you may consider releasing the RFP to another vendor that was next on the vendor long list. Seek approval from the steering committee or project sponsor before doing so.

3. Vendor presentations

Demonstrations should be arranged once the RFP's have been received back and reviewed. **The demonstration is not the time to begin negotiations.**

Demonstration content should include the following:

- **Vendor content**: to educate you on the vendor, their background, capability. Although some of this may not be applicable, it will give you a good overview and save questions.
- **Organization content**: Give the vendor some sample data and ask them for a proof of concept on any very specific business needs you identified. Make a list of other functionality you want to see before the demonstration.

Note the following points for the vendor demonstrations:

- Work with the vendor if required to go through processes and business needs to ensure the demonstration covers the key areas.
- **Develop the agenda for the demonstration** to ensure all appropriate areas are included and that the timelines are reasonable;
- Identify who will attend from your organization and why;

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- Issue formal invitations to vendors including the agenda and ensure they have sample data and other requirements.
- Where questions have arisen from the initial RFP review, forward these to the vendors, to be dealt with during the demonstration;
- Watch vendor interaction conduct. This can give you valuable insights into how they operate and their professionalism. These presentations can overturn very good RFP responses;
- **Document the demonstrations and any issues raised**, concerns or gaps to the RFP that are identified;
- **Have a debrief** as soon as possible after each demonstration and get feedback from all participants. Prepare a document covering all the issues, both good and bad for the particular vendor, if possible get each participant to complete a short evaluation;
- Time management is critical in vendor presentations. Ensure time is well managed and that all the required topics are covered.
- Use question time to clear any unclear or unresolved issues, items covered by other vendors but not included in the demonstration and commitments required by the vendor;
- Spend some time on past experience with similar projects in similar industries.

4 Building the evaluation framework

The evaluation framework will become the basis on which to score and evaluate the various solutions proposed by vendors. Getting this right, especially when there are a number of vendors with similar qualifications and systems is important.

The evaluation can also be as formal or as informal as required. This can range from point scoring each requirement and providing weightings, to discussion on the general capability of each vendor around the framework.

Key items for consideration in an evaluation framework include:

- Fit with new strategic objectives;
- Fit with functional requirements;
- Implementation approach;
- Implementation timeframe;
- Implementation resources and skills availability;
- Ease of use;
- Stability of product;
- Stability of vendor;

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- Complexity and future maintenance requirements;
- Total cost of ownership;
- Availability of skills to use and support internally;
- Responsiveness of vendor;
- References available;
- Industry focus and available solutions;
- System performance;
- Integration requirements (if applicable);
- Support, nature and availability;
- Training;

Although cost is always a significant factor, do not let it be your only factor and always try to ensure you are comparing like with like between the vendor offerings.

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