

Choosing a software supplier can be an uphill battle. In part five of our series, **Ray Murphy** explains how to emerge victorious

# Weapons of choice

**F**or large software projects, the use of request for information (RFI) and request for proposal (RFP) processes can be excellent support tools for the buying organisation.

Although these are commonplace for professional buyers – and are supplemented by electronic tools – the use of these processes for software sourcing needs prior

care, then attention to detail during the whole process.

If the business requirements are not stated clearly, any subsequent selection process will be based on shaky foundations. You could choose the leading software supplier and product in its market and buy the software under the most favourable terms, but if the software does not meet the requirements it was intended

for, the effort and money spent will have been wasted.

Business factors will include functionality, service and support, industry expertise and costs. In addition to the business requirements, the technological ones will need to be clearly stated. This will include the systems architecture that the software must comply with, the other systems it will be integrated with, the

operating system and the hardware platform, the supplier's strategy for product development over time, and so on.

Again, if this is not clearly defined early on, effort will be wasted in evaluating supplier proposals that do not meet the most basic technical criteria. Other factors would include a supplier's geographic presence, financial strength, customer references and adherence to the RFI/RFP guidelines. It is important to remember that suppliers incur significant cost and effort in responding to an RFI or RFP. It helps them if you give as much information as possible at the outset for them to determine whether they have the required capabilities to submit a realistic proposal.

Focused workshops with key stakeholders – the business, technology and sourcing people and the business sponsor or project champion – help the team to get to the heart of the business and technical requirements. In addition, the project procurement team (containing business, technology and sourcing representatives) should be agreed at the earliest stage. The roles to be played at each stage of the process should be set out.

## Key suppliers

High-level risk definition and risk-management strategies should also be considered at this stage. It will be important to understand the key suppliers and their capabilities. This can be gleaned through a detailed market assessment and is best conducted using both internal and external information sources.

Internal sources will include experiences gleaned over time with particular software suppliers, many of which will have built a track record of reliability and credibility with your company. External sources could include analysts such as Gartner, Forrester Research, Meta, Giga and so on, as well as Internet-based information sources such as Techweb and Infotrac.

If there are a significant number of software suppliers with potential solutions (say, more than four), an RFI will be the likely first step in assessing general information about the suppliers, their products and capabilities. The RFI would seek an indication of the supplier's general product and services capabilities, quality processes, financial reports and so on. The longlist of RFI responses would be culled to a shortlist for the more extensive RFP process that is to follow.

It is important that the evaluation and selection criteria are clearly defined and agreed – ideally before the RFI/RFP is

## Seven key pointers for RFI/RFP

- 1. Assessment** When assessing the supplier's financial status, bear in mind the specific differences between software makers and other companies.
- 2. Strategies** Risk management is important – define the worst-case scenarios and strategies for managing them.
- 3. Focus** Use competitive pressures to keep the suppliers focused, from scripted software benchmarks to the final commercial and contractual negotiation.
- 4. Coaching** Coach internal business and technology team members in how to deal with supplier positioning tactics during the evaluation and selection process.
- 5. Commitment** Remember that supplier responses to, and involvement in, the RFI/RFP processes can involve significant effort and cost. Respect the suppliers' commitment and ensure the RFI/RFP process is conducted in a professional manner and is above reproach. Offer a debrief to unsuccessful suppliers and facilitate the process promptly, not months after the contract has been awarded to the successful bidder.
- 6. Documentation** Maintain a clearly documented audit trail throughout the process and communicate regularly with key internal stakeholders.
- 7. Communications** Ensure the supplier communication lines are clearly defined. It can be distracting to face queries that result from suppliers approaching senior managers who are not involved in the process. In addition, manage the supplier and internal stakeholder communication proactively.

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## Structured assessment

Besides evaluating written proposals from suppliers, use their presentations to drill down to the detail of their offerings and capabilities. Ideally, structured checklists should be used for the presentations.

For large systems selection projects, it is common to provide business "scripts" to the shortlisted suppliers and request that they demonstrate the software's ability to meet these detailed business criteria. Customer reference visits provide an opportunity to understand how the software performs in a live environment and provide customer feedback on the supplier's overall capabilities.

During customer reference visits, watch out for the sly questions from the supplier sales representative, such as "how are we doing?" or "what do you think of our product?" These will be slipped in as the technology or business colleagues are viewing the software environment, so ensure that the evaluation team are coached in how to deal with such queries.

Ideally, during such visits, you should have chance to talk privately with the reference customer personnel who use the software each day. They are more likely to give you an honest appraisal in a private discussion than with the sales representative present.

● **NEXT ISSUE:** contract and relationship management with software suppliers

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