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THE INSIDER'S GUIDE TO ENTERPRISE TECHNOLOGY PROCUREMENT

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BUSINESS GUIDE

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Guide to Technology Procurement

So you're thinking about acquiring new technology. You've done the research, asked friends for recommendations, and waded through online forums. You've asked members of your organization's team about what they need, and before you know it, the project is underway...

… only to be shut down because of the concerns of your organization's procurement team, senior management, or board of directors.

The reality is, plans for a new technology acquisition can't be made in an isolated silo.

As organizations come to rely more and more on technology to perform basic business functions, it's critical that every new technology solution is acquired and implemented in alignment with business objectives and corporate strategy.

So, while there should be no such thing as a disconnected technology stack, making sure that never happens is easier said than done. Whether you're about to purchase next-generation software or make a large investment in new network technology, there are certain key factors to keep in mind.

First, you should perform due diligence – a step that is often overlooked. Even then, if your organization hasn't purchased and deployed enterprise solutions before, you may find that you don't have the capability to execute the strategy you've developed.

As you move ahead, you'll find that there are many intersecting paths on the way to acquiring new technology – and it's easy to overlook certain steps that are critical to success.

This book is intended to guide you through that process from beginning to end, to help you manage a major new technology procurement project. We'll help you identify and avoid common pitfalls, manage the needs of your organization's stakeholders, and understand what to look for in your next technology purchase.

Steps this ebook will explain

1. How to gather and manage business requirements
2. How to plan and make a case for a technology budget
3. How to find and define product specifications
4. How to compile a great RFP/RFQ
5. How to manage the vendor RFP process
6. How to select the right vendor from your short list

If you're looking at a major new technology purchase, and you're not sure where to start, this guide is for you.

About Us

Enginess is a Toronto-based digital consultancy. We shape strategies for business processes and deliver solutions that enhance customers' experience, improve efficiencies, generate new market opportunities, and redefine value creation for many different kinds of organizations.

We consult, analyze, and design user experiences that are shaped by your business requirements, user needs, and organizational demands. We also perform implementation, focusing on system and information architecture, usability and programming, in order to deliver better business outcomes.

Over the past 18 years, we've built a solid reputation based on our ability to consistently deliver high-quality customer service and handle complex digital strategy and development assignments.

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Chapter 1: Business Requirements Analysis

Business requirements should inform every investment in new software and technological infrastructure. You don't launch a new project, purchase a new piece of enterprise software, or develop a new process unless it's in response to a core business need.

But understanding exactly what that need is can be a challenge in itself.

Even after spending time, resources, and energy trying to identify a problem that needs to be solved, organizations can find themselves in a situation where there is a fundamental mismatch between what they have planned for and what they actually need.

Undertaking a careful **business requirements analysis** can help you avoid this mismatch.

Taking the time to carefully identify, analyze, and document your core business requirements can lead to a smoother procurement process with an outcome that delivers measurable results.

In this chapter, we'll explore:

- The fundamental elements of an effective business requirements analysis
- Some common pitfalls and mistakes that can compromise the process.

What's involved in a business requirements analysis?

A business requirements analysis is all about identifying, analyzing, and documenting the key requirements related to a business problem that needs to be solved or an organizational objective that needs to be met.

This is the foundation of a successful procurement project:

- First, define each requirement clearly so that you can assess the time and resources you will need to allocate to the project
- This first step will help you understand the difference between need-to-have features and nice-to-have features in the solution you're looking for
- It is also the first step on the way to making the vendor selection process as smooth as possible.

And while identifying business requirements may seem simple enough, a thorough analysis of these requirements involves several important steps:

1. Identifying key stakeholders
2. Gathering stakeholder requirements
3. Categorizing stakeholder requirements
4. Analyzing and interpreting requirements
5. Documenting requirements

Let's examine those in a little more detail.

1. Identifying key stakeholders

For a new technology procurement project, an effective business requirements analysis starts with identifying the key people in your organization who will be affected by the project outcome.

This includes the teams that will be working with the new technology you procure, the end-users, and anyone else in your organization who will be involved in the project.

It's important to ensure your list of stakeholders is comprehensive. The end-users of a new technology may be spread across different departments and teams, for example, and therefore have diverse needs.

It's also important to consider the requirements of the executive suite. Although senior executives may not be directly involved in a procurement project, they are core stakeholders who should not be overlooked.

2. Gathering stakeholder requirements

The next step is to identify what each stakeholder needs. Here are a few different ways to go about this:

- Interviewing stakeholders
- Conducting group workshops and focus groups
- Making a prototype available for end-users
- Developing test cases for users to run through (low-fi prototyping is often good for this).

The objective here is to clearly understand your key stakeholders when they describe what they want, need, or expect from a new technology solution. This will allow you to form a clear picture of the requirements that a solution must meet and the goals it is meant to achieve.

3. Categorizing stakeholder requirements

One thing about stakeholder requirements is that they can often be all over the map.

So the next important step is sorting stakeholder requirements into useful categories in order to build a cohesive picture of the project's business requirements. These categories should include:

- **Functional requirements**: how a new technology product should perform for the end-user
- **Technical requirements**: a focus on the technology issues to be considered so that the solution can be implemented effectively
- **Operational requirements**: a focus on the operational issues to be considered so that the solution will be able to function for the long term
- **Change management requirements**: how to ensure the transition and adoption of a new technology solution will go smoothly.

4. Analyzing and interpreting requirements

Once you have categorized all of the requirements, the next step is to analyze them in a number of different ways.

First, you'll need to clearly define them. This involves distilling what stakeholders have told you into clear and well-defined requirements. Next, you'll need to:

- Identify the highest priorities
- Determine which requirements are achievable and feasible
- Understand and address any conflicts between requirements
- Draw clear, measurable connections between requirements and business objectives.

5. Documenting requirements

After analyzing all of your stakeholders' requirements and identifying priorities, the next step is putting together a clear, detailed report on stakeholder requirements and business objectives. Once you've circulated this report to your stakeholders and it's been given a green light, the document can serve as the foundation for the rest of the procurement process.

5 COMMON PITFALLS IN A BUSINESS REQUIREMENTS ANALYSIS

The stakes involved in conducting a business requirements analysis are high: it takes a lot of time and resources, and if requirements aren't identified correctly and documented thoroughly, even the most sophisticated and beautifully designed technology solution may not meet your organization's needs.

But the path to correctly identifying core business requirements is often not a straight line.

Not only are there many moving parts, diverse stakeholders, and complex analytical metrics to consider in an effective business requirements analysis, there can also be many complications along the way that organizations will find themselves struggling with.

Here are five of the most common pitfalls in the business requirements analysis process.

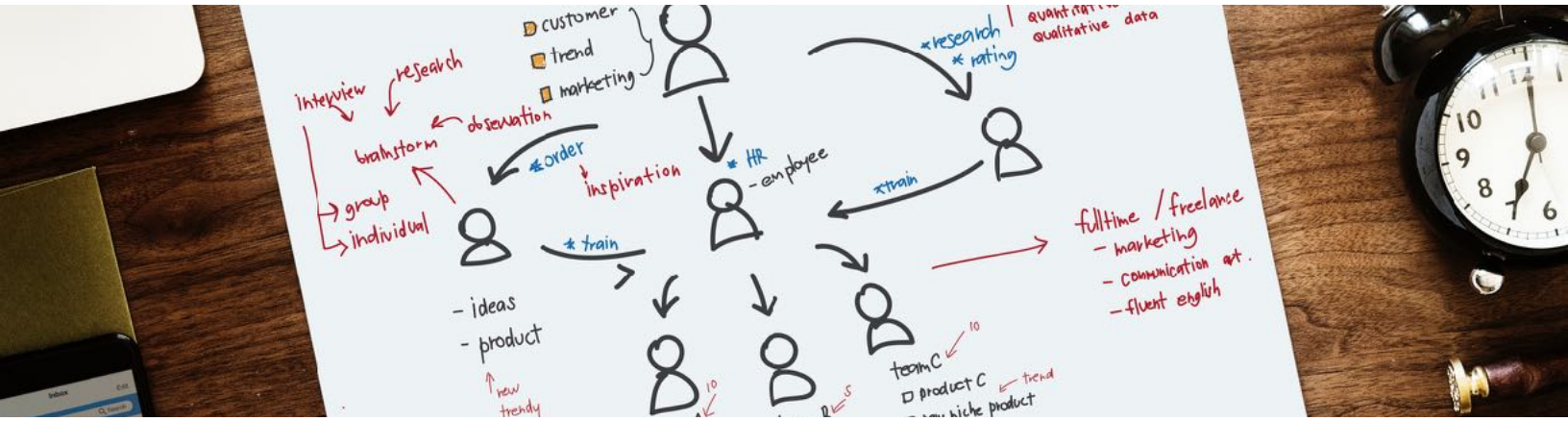
1. Missing stakeholders

Although it may seem simple at first, understanding exactly who your stakeholders are is actually a complex task. That's because your stakeholder group includes not just the obvious end-users of a new technology solution. It should also include the implementation team, the operations team who will maintain the new technology, and the people in your organization who will be affected downstream by changes in the processes related to it.

This task can be accomplished by drawing a map that accurately identifies all of the people in your organization who will interact with or be affected by the new technology.

At this point, an external consultant can provide support by working with you on a thorough stakeholder analysis that identifies and prioritizes stakeholders and maps out their relationship to the new technology.

As counterintuitive as it might sound, bringing in a third party at this point can be quite helpful – they'll be able to take an objective view of your organizational structure.



2. Vague requirements

It can be challenging to ask your stakeholders the right questions – and get the right answers. As you gather your stakeholders' requirements, you're looking for focused and reliable information about what will be needed to successfully implement a new technology solution.

Organizations often have trouble finding the questions that will generate these actionable responses and end up with a list of vague requirements that are difficult to turn into concrete plans.

Conducting effective interviews and focus groups is a key step to take here. This involves communicating clearly about the scope of the new technology solution, asking questions that reveal specific stakeholder needs, and anticipating any issues stakeholders might overlook or ignore.

This task is made easier when someone on your team has experience conducting interviews, as well as a familiarity with the kind of new enterprise technology you are looking to procure.

3. Unclear priorities

During the stakeholder consultation process, every requirement can seem critical. Because every stakeholder sees their own needs as a top priority, it is important to take a step back and make the distinction between a nice-to-have feature that will satisfy some of your stakeholders' wishes, and a need-to-have feature that will achieve business objectives.

An external consultant can help you make these distinctions. Third-party consultants and analysts can often identify core business requirements more easily because they don't have a vested interest in any one particular requirement. Instead, they are able to focus on identifying the features that will help achieve business objectives, and those that won't.

What's more, they can draw on previous experience with similar projects to help prioritize your requirements; if a feature was a nice-to-have for another similar organization, it may be a nice-to-have for yours as well.

4. Mixed signals

Your stakeholders' perspectives can often clash. It's inevitable, and it can throw a wrench into the gears of your project if you're unequipped to sort out their conflicting requirements, determine where any mixed signals are coming from, and resolve the conflict as early as possible.

Making sense of mixed signals and following up on any conflicts involves asking yourself (and your stakeholders) a few questions:

- **What is the source of the conflict?** Is it a conflict between the needs and goals of different departments? Or could it be that end-users are not entirely sure what they want or haven't been asked the right questions?

- **Which requirement takes priority?** If a conflict between stakeholder requirements can't be resolved, which requirement is more likely to achieve business goals? Which requirement can be met more feasibly within the scope and limits of the procurement project?

- **Can both requirements be met?** Is there a workaround or technical specification that would permit the new technology solution to meet seemingly conflicting requirements? What would that look like when it's implemented?

5. Communication barriers

Product end-users and members of an organization's technical teams sometimes speak a different language. Your analysis should clearly communicate the key business requirements to both camps – without this, requirements may be misunderstood or overlooked, and the new technology solution may not be able to achieve all of your organization's business objectives.

Bringing in a subject matter expert (SME) can help you avoid these barriers to communication. Whether an SME is a tech-literate team member, an analyst, or an external consultant, they should be capable of producing a report that will communicate end-user requirements to both a technical audience and your organization's stakeholders.

Chapter summary

- An effective business requirements analysis can serve as the foundation of a successful procurement process.
- Complications can arise during a business requirements analysis, including incomplete identification of all stakeholders, clashes between stakeholder perspectives, and poorly defined business requirements.
- You can avoid these pitfalls by being aware of the basic steps involved in conducting an effective business requirements analysis, and by having any potential complications on your radar from the start.
- Bringing in an external consultant can be of value at this point in the process. Third-party experts have experience navigating vague requirements and stakeholder conflicts, conducting focused interviews, analyzing responses, and distilling the results into documentation that sets out the objectives for a procurement project. They also bring with them past experience with other similar projects and a good understanding of what worked (and didn't work) in those projects.
- A business requirements analysis is a high-stakes game. Poorly defined requirements account for many software failures, and they're often the subject of complaints during any difficult procurement process. It pays to get them right from the start.

Chapter 2:
Planning a Budget & Making a Case For It

In the previous chapter, we talked about how to analyze business requirements and establish what your organization actually needs any new technology to do.

Next up, a stage in the process that almost nobody enjoys: planning a budget and, worse, making a case for that budget.

But that doesn't have to involve pain.

In this chapter, we cover:

- The purpose of a procurement budget
- How to plan a procurement budget
- What to expect when you're making a case for your budget
- Common budget pitfalls.

The purpose of budget planning is to connect expenditures to business objectives

Managers often assume that planning a budget is about being able to state:

> "This is how much we're spending on each activity over the next XX months."

But that's not the goal at all.

The primary goal is to connect every dollar you hope to spend to a specific business objective, and then explain how that expenditure is going to get you there.

Essentially, your budget should be a single document that states:

"Here's how much money we need to spend to achieve our business objectives."

How to connect budget items to your business objectives

To connect a budget item to a business objective, your business requirements can serve as a bridge.

Budget ➡ Requirements ➡ Business Objective

This is often easier than trying to move directly to the end game, for at least two reasons.

How to plan a budget

At this point, it's time to look at the steps involved in planning a budget.

As our budget → requirement → objective model suggests, budget planning involves answering two questions:

1. How much is a business objective worth?
2. Is that a good enough reason to spend the amount necessary to meet that requirement?

One effective way to answer those questions is to make a table framework something like this:

Business objective value ($)	Technology requirement	% requirement contributes	Budget available

Using this framework, you can identify:

- The dollar value of the business objective
- The percentage that meeting a specific requirement will contribute to achieving that objective
- How much should be assigned to that requirement in the budget.

Here's an example of how this framework can be used.

Let's say an enterprise wants to grow its business by acquiring new customers, so it sets a business objective of closing 20% more sales.

Let's also say you're the marketing manager responsible for managing your department's technology.

You know the sales team has a pain point related to the time involved in managing the sales process with spreadsheets.

You think a CRM will help them avoid that pain point, because you think better data processing will free up half of that time for your sales team and let them close 50% more sales.

Finally, let's say your business closes sales of $100,000 in a year.

From here on, it's just basic arithmetic:

- Dollar value of the business objective: 20% x $100,000 = $20,000
- 50% of $20,000 = $10,000
- Therefore, the budget available for a CRM is $10,000.

Business objective value ($)	Technology requirement	% requirement contributes	Budget available
Close 20% more sales	Process sales data faster	50%	$10,000

It's good to keep in mind that the technology solution you're seeking could also meet other business requirements, which could contribute to achieving the same business objective.

This approach has several advantages:

- **It starts with the end objective**, rather than starting with a possible solution and trying to shoehorn it into your organization.
- **It doesn't mention technology at all**. It simply states: "We have X dollars to solve Y problem." So when the time comes to look at vendors and the solutions they are proposing, you can quickly rule out any solutions that exceed your budget.
- **You create your budget based on what your technology delivers**, rather than what it costs.
- **You have a budget cap**. For instance, if your new CRM costs less than $10,000, that's great. If not, you'll have a difficult time achieving a positive ROI.

Making the case for your budget

Unless you're fortunate enough to have free rein with your budget, you'll need to make a convincing case for your budgetary requests to purchase new technology.

For many, this is where dreams come to an end.

However, with foresight and some good planning, it's not as challenging as you might think to get (and keep) your stakeholders on board.

Here's what you need to know.

Technology isn't the end goal

The end goal isn't to acquire new technology. **It's to achieve business objectives**. When you're making the case for your budget, it's important to keep the conversation focused on reaching that outcome.

Then the question is: "Will this technology deliver the returns you're promising?"

This is another point at which an external consultant can be useful.

Having your budgetary projections validated by a third party who knows the technology, has seen it implemented before, and is constantly monitoring best practices can give convincing weight to your budgetary requests. At the same time, that external consultant can help you correct any questionable projections before you include them in your budget.

At Enginess, we have helped organizations such as IESO, the Law Society of Upper Canada, Law Foundation, and YWCA Toronto build and audit business cases for technology procurement. In each case, we offered unique insights into the gaps in their respective digital ecosystems, and our independent expertise added value throughout the procurement process.

1

Most business objectives involve complex problems

Few technology purchases offer wholesale solutions to a business problem.

For instance, if your business objective is to increase sales, a CRM can help. However, if your organization only has one salesperson, a CRM probably won't increase sales – but hiring more salespeople will.

It's difficult to argue in a budget: "Spending this much will totally achieve our business objective."

2

Business requirements are discrete and defined

Instead, business requirements should be more narrowly defined. If they're individual, discrete items you've already worked to analyze, you'll be able to say: "This is a requirement that will have X impact on Y business objective."

And those business requirements will lend themselves to being attached to specific budget items.

So when it's time to make the case for your budget (more on that in a minute), you can state clearly: "X dollars will meet Y requirement, which in turn will have Z impact on our business objective." business objective."

A budget submission is a business case

Your budget isn't just figures – it tells a story about the problems your organization is facing, the solution you're proposing, the costs of implementing that solution, and how those costs will deliver meaningful returns.

And you need to tell that story as persuasively as possible.

Don't focus on the missed opportunity

A mistake often made by business managers when they are making a case for their budget is focusing on the opportunity cost. For example: "If we spend $100 on that, we can't spend $100 on this other thing."

But that's not how corporate budgets work. While there are hard limits (eventually) on what is available to spend, it's rare to hit those. You're more likely to come up against soft limits – for instance, when people in your organization don't buy into your plan, or you fail to secure an adequate budget.

Rather than opportunity costs, you should focus on urgency: make a case for why your organization needs to invest in the technology you're proposing right now.

This is another point at which an external consultant can provide support. They're closer to the technology marketplace, and they can help you understand how other

organizations have succeeded with technology implementations, as well as the cost of not acting.

Common budget planning pitfalls

You should be aware of a few common pitfalls when planning your budget. Here are three you should try to avoid.

Underestimating the total cost of ownership

You need to make provisions for the time, effort, and training necessary to deploy and leverage any new technology solution – even those that claim to have "out of the box functionality."
And yet, these implementation costs are regularly overlooked. Cost overruns in new technology deployment projects are so common, it's almost become a cliché.

But that's avoidable. The problem is that we humans are optimistic by nature.

We're prone to what's called the Planning Fallacy. According to Roger Buehler, a professor of psychology at Wilfrid Laurier University:

> "The **planning fallacy** is a tendency to underestimate the time it will take to complete a project while knowing that similar projects have typically taken longer in the past. So it's a combination of optimistic prediction about a particular case in the face of more general knowledge that would suggest otherwise."

Regardless of any previous experience, we simply assume "everything will be okay!" This can be a good approach in many situations, but planning and managing complex technology deployments isn't one of them.

Fortunately, this simple problem can be met with a simple solution.

It's called **reference-class forecasting** and, in this situation, it involves comparing the outcomes of projects similar to the one you're currently working on to your own track record of delivering projects on time, and then adjusting your budget projections accordingly.

For instance, if your budget allocates $10,000 for the implementation of a new CRM, and most other CRM implementations have cost overruns of 20%, and the last five projects you managed were 20% over budget, you should probably allocate an additional 20% so that your total is $12,000.

Failing to account for a "bed-in" period

New technology tools take time to bed-in, as team members get accustomed to new ways of working. There is internal hesitation to overcome, training to put in place, and time needed for people to learn.

What's more, while people are learning to work with new systems, productivity will fall. Basically, everything is going to take longer.

It's important for project champions to anticipate and prepare for this by giving internal teams the resources they need to get back to full productive capacity as quickly as possible. Dense self-help networks, video tutorials, and dedicated classroom hours are some of the options to consider.

Following a herd mentality

A common temptation facing managers is to simply pursue the "best in breed" solution, which amounts to looking at only a handful of other organizations in Gartner's Magic Quadrant.

While this can be a great starting point, and while it's good for organizations to turn to tried-and-true providers for ideas about costs and technical requirements, there's no use trying to get buy-in for technology that's far too sophisticated for your organization.

For instance, think back to our marketing manager looking at a CRM. Although it's widely advertised, a solution such as Salesforce may be overkill for a small organization with basic marketing needs. Alternatives like Pipedrive, StreakCRM, or Base CRM would all function just as effectively for a fraction of the cost.

Working with an external consultant who can help introduce you to lesser-known technology providers is a simple and effective way to avoid following the herd.

Chapter summary

- Focus budget planning on connecting expenditures to business objectives. Use business requirements to bridge this gap.
- Plan your budget by comparing apples to apples: assign a dollar value to achieving your organization's business objective, and then work out your budget request in relation to that amount. Determine the percentage your requirement would contribute to achieving the business objective, and use that to find the most you can spend on new technology and still maintain an ROI.
- Focus budget discussions not on the costs of new technology, but on the value of what that new technology can deliver.
- Tell a story when you're making a case for your budget: create a scenario focused on the problem facing your organization, your proposed solution, and how the cost of that solution will contribute to achieving your organization's business objective.
- Avoid common pitfalls when planning your budget. These include underestimating the total cost of ownership, failing to account for a "bed-in" period, and following a herd mentality. Bringing in an external consultant can be an effective way to avoid these problems.

Chapter 3:
Product Specifications

Defining the scope of your new technology procurement project, including what's in spec and what's not, is critical to transforming your technology dreams into a new organizational reality.

So far, we've looked at how to gather various stakeholders' requirements for a new technology acquisition, and then how to distill those requirements into a budget, engaging stakeholders every step of the way.

At this point, it's time to move out of the world of business requirements and into the world of market solutions, so that we can explore product scoping and specifications.

In this chapter, we cover:

- What a product specification should be
- How to take project requirements and a budget and distill them into a functional specifications list
- How to determine which features are necessary and which are just nice-to-have
- Common pitfalls of product scoping and specifications.

What is a product/solution specification?

At this point, you should be looking at your project through a table framework something like this:

Business objective	Technology/ business requirement	% requirement contributes	Budget available

Now, it's time to look at how you distill those requirements into a specifications list.

A product specification, or product spec, is simply a list of the features that a solution should provide.

For instance, you might be considering the purchase of a new content management system. One of your business/technology requirements might be:

- Non-developers must be able to make changes to your organization's website with no knowledge of HTML code
- The solution must be able to integrate with your existing business solutions, which have been built on a Microsoft platform.

Therefore, your product spec might be:

- Page layouts based on web-forms, with "what you see is what you get" (WYSIWYG) editors
- .NET-based system for integration flexibility.

In this example, identifying a market solution would be easy. But that won't always be the case.

How to take project requirements and a budget and distill them into a functional specifications list

Let's assume that you know the category of product you want to buy. For instance, you know that you're looking for a CMS or a CRM, or a new ERP or DAM system.

So the first step you need to take is matching each of your business requirements with a technical function that is performed by a piece of software.

Basically, you're going to follow the process you used to distill business requirements into a budget. Only this time, you're distilling business requirements into technical functions.

There are two ways to approach this.

First, if you aren't familiar with the technology you're considering, or if you don't have a technology partner, the best approach is to draw up a comprehensive list of all the functionality most software solutions offer, and then try to match specs with requirements as closely as you can.

For instance, if you're considering a new CMS, your list of specifications might include:

- WYSIWYG code-free publishing
- Automatic content organization
- Storage limits and capabilities
- Multi-user access and user rights
- Underlying code base (e.g. WordPress, Joomla)
- Compatibility with your other software (e.g. if you're using a DAM).

Of course, a list like this can quickly get out of hand, even for simple purchases. The staggering diversity of products/services available in the market means that your list could grow to include hundreds of different specifications, and the task of sifting

through them, matching them with business requirements, and then prioritizing them will be time-consuming.

An alternative approach is reviewing your business requirements with an external consultant. This is often a more efficient way to identify technical requirements, for a number of reasons:

- **Consultants understand the technology landscape** because they spend much of their time talking to and evaluating solution providers.
- **They have partners** who can quickly provide them with detailed information about the solutions that are available.
- **They have experience solving problems like yours**. Most organizations are facing technology challenges that are not unique. A third-party consultant can help identify solutions that have performed well for organizations similar to yours.

Whichever approach you take, you should be looking at a table framework something like this:

Business objective	Technology/ business requirement	% requirement contributes	Budget available	Relevant technical specification

Next up, prioritizing solutions to maximize results.

The difference between nice-to-have and need-to-have

The key to a well-managed and well-executed technology project isn't having a superhero as a project manager.

It's having a **clearly defined project scope**. And that should come into focus during the procurement process.

Many organizations encounter this challenge:

During the requirements gathering process, they consult all of their stakeholders and end up with a laundry list of functionality.

As they make their way through the budget planning process, project managers soon realize that not all business requirements are created equal. Some will have to be cut, so priorities need to be established.

The question then becomes: how do you distinguish between a nice-to-have feature and a need-to-have feature?

High/medium/low-priority format

The best approach is to rank your requirements as having either high, medium, or low priority.

But first, let's define what these mean.

- **High priority**: the project requirements and the business objective cannot be achieved without including this functionality. It's a must-have.
- **Medium priority**: it's much more challenging for the project to achieve the business objective without this functionality. A medium-priority requirement will make the project outcome better, but it is not essential.
- **Low priority**: functionality that you would really like to have – but at the end of the day, you can probably live without. That would be a nice-to-have.

Now, we can go back to our objective/requirement/budget/tech spec table framework:

Business objective	Technology/ business requirement	% requirement contributes	Budget available	Relevant technical specification
Close 20% more sales	Process sales data faster	50%	$100	

At this point, we want to look at the business requirements and business objectives our technical specifications are expected to meet, and determine priority based on that.

For instance, let's say you're looking at the technical specifications for this business objective: to close 20% more sales through the acquisition of new CRM technology.

First, identify the technical specifications that are connected to meeting the business requirement of processing sales data faster:

- Usable interfaces
- Customizable dashboards
- Integration with existing call/email software
- A place to take notes
- Automatic activity logging.

All of these features can help achieve faster sales data processing.

But it's clear from this list that the business objective cannot be achieved without these two:

- Integration into existing call/email software
- Automatic activity logging.

So, in order to be considered, a CRM must provide these two features.

Why? Because no extrapolation is needed in order to understand how these two features will contribute to achieving the primary business objective.

Some of your stakeholders might want to include another kind of specific functionality (better interfaces, for example), and they might say:

“Better interfaces will help our sales team do their job faster! And even a 1% improvement in the experience will lead to faster interactions, which will drive more efficient data entry, which in turn will help grow our business!”

And that’s not wrong – it’s just not as right as the case for automatic activity logging.

Automatic activity logging directly contributes to achieving the business objective, making it a need-to-have feature.

That’s how you can make the distinction between a nice-to-have feature and a need-to-have feature: if more than one degree of extrapolation is needed to connect the requirement to the business objective, then it’s not a high-priority item.

Managing stakeholders: how consultants can help

Much of the work we've outlined to this point can be done internally. However, an external consultant can also help by setting out the technology requirements they think are appropriate, based on their experience and expertise.

A second (and often overlooked) benefit of using a third-party consultant is that they're a neutral voice. Organizations can sometimes fall prey to their own internal politics, but an external consultant has no ulterior motives. As a result, if they say "you should consider doing this," it carries more weight, because they're not involved in any internal politicking.

And as unlikely as it might sound, a third-party consultant often has the strongest motivation to help make your project work, because their reputation will be on the line if it doesn't.

Common specification pitfalls

As in any other stage of a complex procurement project, there are specification pitfalls you should be watching out for. Here are four you should try to avoid.

1. Scope creep

One way to keep your stakeholders happy is to simply blow out the budget and accept every one of their requirements as a need-to-have. The problem with this approach, in addition to blowing out the budget, is that it's very unlikely you'll see a carte blanche solution like this actually get off the ground.

The budget usually has the highest priority, and so decisions are often made in a hurry, without consultation – which can lead to a solution that isn't fit for its purpose.

2. Seniority-led requirements

Stakeholder consultations usually cover a spectrum of the organization, from the senior executives who set business objectives to the end-users who are able to explain the problems and pain points they face.

It can be difficult for internal project managers to balance these different concerns appropriately. Status is not easy to ignore and more often than not, a CEO's concerns carry more weight than those of a CSR.

Bringing in an external consultant is one effective way to get past these challenges. Because they bring an objective viewpoint (and because they can't be fired so easily), a third party can help ensure that stakeholders' concerns and requirements are given a ranking closely aligned with best practices.

3. Medium-priority and high-priority merge into one

Another challenge can arise when organizations try to rank the priority of technical requirements as high, medium or low. Often they end up with one or two that are high-priority, one or two that are low-priority, and 30 that are medium-priority – which makes the rankings almost meaningless.

An effective approach in a situation like this is to continue to rank within high, medium and low priority. So if you have 30 medium-priority requirements, restart your ranking process with those by applying the same extrapolation method to subdivide them into high, medium or low.

In the end, you'll have a well-ordered list of priorities.

4. Failing to understand technology options

Some organizations begin the procurement process by saying something like, "we're looking for a new CRM" or "we're looking for a new CMS" – before they have even started compiling and analyzing their business objectives and business requirements.

Remember: the purpose of a project isn't to acquire technology, it's to **solve business problems**.

Long before you start considering technical specifications, you need to think carefully about your business objectives and requirements.

An external consultant with a deep understanding of the technology landscape can often serve as a key resource, because they can help you match your business problems with the most appropriate technology options available in the marketplace.

Chapter summary

- A product specification is a list of the features and technical requirements of a product that are necessary to meet business requirements and achieve an organization's business objectives.

- Your project/business requirements should inform your technological requirements, and your tech spec should be directly connected to business objectives.

- Distinguishing between need-to-have features and nice-to-have features is essential. The extrapolation method can be useful here: the more extrapolation needed to connect a technical requirement to a business objective, the less important that technical requirement is.

- Two pitfalls to avoid when distinguishing between need-to-have and nice-to-have are: assessing everything as medium-priority; and giving more weight to the requests of senior executives than those of end-users, rather than assigning relative weight by applying the extrapolation method. The first pitfall can be avoided by reranking the priority of all medium-priority requirements as either high, medium or low. The second can be addressed by bringing in an external consultant who isn't part of your organization's internal hierarchy.

- Remember to put aside any preconceived notion of what your solution should be. For instance, "we need a CMS" is often a poor approach to starting a procurement project. A third-party consultant can help clarify your business objectives, and then match those objectives with the most appropriate technology options.

Chapter 4:
The Vendor RFP/RFQ Process

The request for proposals / request for quote (RFP/RFQ)[1] is one of the most important documents you'll generate during a new technology procurement project. Not only is it critical in evaluating your vendors, it's often the last stage of the process in which stakeholders can participate.

The process of writing an RFP should be considered as building a bridge between internal discussions and external vendors. It should be a collaborative process that reflects business objectives, business requirements, technical/project specifications and, when necessary, budget restrictions.

The RFP should have the approval of internal stakeholders and present a unified view of the scope of your procurement project. The RFP should also be clear: vendors should not need an intimate knowledge of your internal processes or organizational culture in order to understand it.

That's a tall order.

But fortunately, there are many best practices you can follow so that your RFP will generate the vendor responses you're looking for.

In this chapter, we cover:

- How to structure an RFP and what to include in it
- A case study in which a consultant helps create an RFP
- Common pitfalls you're likely to encounter.

[1] The term **RFP** refers to both RFPs and RFQs unless otherwise noted. While there are differences, namely that an RFP focuses on the capability to provide a service or product and an RFQ concerns the price of that service or product, they are combined here because the process of writing one so closely mirrors the process of writing the other.

How to structure an RFP

At this point in the process, most project managers or champions are up to their eyeballs in technical requirements, stakeholder needs, and budget constraints. It can be a challenge to capture all of those in a document that vendors will actually be able to understand. As New Media Campaigns puts it:

> "An RFP is the face of your company to potential collaborators, so it's important to compose them well."

With that in mind, here's a format for your RFP that lets you present all of the pertinent information you've compiled, in a document that will still be clear and easy to read:

1. Brief project overview
2. A bit about your organization
3. Goal and objectives of the project
4. Scope and deliverables
5. Technical requirements/existing infrastructure

Let's explore each of these in a little more detail.

1.Brief project overview

The purpose
The main purpose of the project overview is to introduce your technology procurement project to an unfamiliar audience.

The audience you're addressing isn't familiar with all that you've learned while working with stakeholders and getting approvals over the past few months. In the overview, they're reading about all of this for the first time, so you need to write clearly about the technology solution you're looking to purchase.

Here's a good way to think about it: if someone ***only*** reads this section, will they be able to understand the project?

A concise and detailed overview will also help you exclude vendors who are not a good fit for the project early on in the procurement process.

Many vendors evaluate dozens of RFPs every week, but only respond to one or two. Your overview should give them an idea of what's involved, so that they're able to decide quickly whether or not they're a good fit.

What to include

- The technical environment (at a high level)
- The problem you're trying to solve and/or the major pain points you're facing
- The type of software you're looking to adopt (e.g. CRM, CMS, ERP, SCM)
- Budget (optional, but recommended). Many organizations specify a range to ensure the proposals they receive are in line with what they plan to spend.

2. A bit about your organization

The purpose

You want to work with a vendor that shares your organization's values, has some experience with your industry or sector, and (ideally) has worked on projects with the same scale as yours. There can be exceptions, of course – for instance, working with a startup – but those are far from the norm.

A brief explanation of who you are and what your organization does will help ensure you receive proposals that are tailored and relevant, so you can sweep aside the generic ones.

What to include

- Your organization's profile: sector, industry, size, products, services, and more – whatever a vendor might try to find on LinkedIn.
- Your organization's core values. What does your organization stand for? What products or services do you provide, and how do you help your customers or clients?
- A bit about your organization's culture. This is where you can set the tone for a relationship. If you're a suit-and-tie organization, you may want to keep it formal. If sneakers are okay, you can take a more relaxed tone here. Anyone reading this should get a good sense of your corporate personality.

3. Goal and objectives of the project

The purpose

State the goal you expect this project to achieve – right away.

Some consultants believe that any problems or pain points you're looking to overcome should be masked, so that the competition doesn't find out what your organization is struggling with. At Enginess, we think this is nonsense.

First, other organizations don't care. They're too busy putting out their own fires. And second, an awareness of your organization's internal problems is unlikely to be leveraged by a competitor in order to make an effective move in the marketplace.

Unless your organization's particular pain point can be summarized as something like "our product catches fire, please help us fix that," you're probably okay.

By outlining exactly what your goal and objectives are, you level the playing field. So you'll be able to evaluate vendors on the merits of the solutions they offer, not on their ability to decipher your problems.

What to include:

- Your business objectives (at a high level)
- A short description of the problem your organization is facing (e.g. "how can we book more demos for our products?")
- Your expectations about what a new technology solution will deliver or how it can relieve your organization's specific pain points.

4. Scope and deliverables

The purpose

This is all about explaining the scope of your project and the type of deliverable you want to end up with.

This is your chance to outline your expectations for this procurement project and offer a rough idea of the shape of the new technology solution you have in mind.

At this point in the RFP, you should pivot from "here is our problem" to "here's what we think our solution needs to deliver."

And this is the point where many organizations begin to struggle with an RFP. It's relatively simple to write about your organization's particular pain points. It's more challenging to write about what you think a new technology solution should look like. So an external consultant is often brought in at this stage to help address this challenge.

What to include

- Your business requirements and examples of your technical requirements
- A list of functions you have decided are in-scope and others that are not. Projects can go off the rails when little things like "who owns data migration?" aren't addressed. Take this opportunity to curb these possibilities before they can materialize.
- A complete, robust list of deliverables. The more detail you provide, the better.

5. Technical requirements/existing infrastructure

The purpose

In this section, you want to outline your technical requirements and your organization's existing infrastructure in as much detail as possible.

For instance, if you need someone who can work with Amazon Web Services (AWS), or you need a solution that's going to work with your existing CRM, you should be upfront about those requirements.

There's no sense rejecting vendors later in the process because they weren't aware of some of your project's core requirements.

At this point, you can also include any details you didn't cover elsewhere or decided earlier weren't in-scope. For instance, if having a solution that is hosted in Canada – and not in the United States – is important to your organization, you should mention it here.

Most vendors will be able to address any technical requirements you include, but you still need to specify them in order to receive focused and well-informed responses.

What to include

- A complete list of technical requirements
- Any integration/environmental requirements
- Any other specific restrictions that apply for a new technology solution.

An RFP case study: the Canadian Hearing Society

At Enginess, we helped our client, the Canadian Hearing Society (CHS), find their way through the RFP process, and the lessons we learned can be applied to this process at other organizations.

The challenge

CHS was looking to adopt a CRM to better leverage their existing programs. They wanted to replace dozens of manual processes so that they could better meet customers' needs, enable cross-department engagement, and optimize their service offerings.

CHS was also looking for a solution that would work with their existing technology and be adaptable to any new technology as it was acquired.

However, CHS didn't have the in-house technical expertise or time to navigate the RFP process. They needed a partner to help guide them through the process, identify a vendor, and manage the deployment and integration of their new system.

The Enginess solution

We worked to understand the business needs of CHS by conducting interviews across six departments and ten programs, mapping critical processes to gain a better understanding of how their workflows functioned.

With those requirements and workflows in mind, we evaluated existing systems and databases to round out our picture of the technical landscape before starting to build a strategic roadmap and budget.

From there, we produced an RFP for CHS that was recognized by Microsoft as one of the most detailed and impressive RFPs they've seen for a CRM.

The impact

As a result of our thorough and detailed approach, we were able to secure several high-quality proposals from best-in-class vendors, which in turn saved significant amounts of time and money.

More importantly, we were able to mitigate downstream project risk by front-loading expectations and ensuring that CHS and the vendors were on the same page as to project requirements and expectations.

Common RFP pitfalls

1. Ignoring cultural fit

It's important that your RFP includes something about your organization's culture. Starting out with a vendor that isn't a good match for your organization will lead to pain on both sides. Of course, the vendor you choose must still be able to meet your project's technical requirements and budget, but it's important to consider these other kinds of concerns as well.

2. Failing to be detailed enough

One of the most common problems with RFPs is they don't contain all of the information vendors need in order to provide accurate and useful responses and quotes.

It can be difficult to bring to mind all of the relevant details and contexts you're aware of, but other people aren't. This is called the false consciousness effect, and it can be particularly paralyzing in the RFP process.

The solution? Ask someone you trust – and who isn't close to the project – to read the RFP. If they don't understand the business problem, the solution you're looking for, and the project requirements, you need to rewrite the RFP.

3. Not securing stakeholder buy-in

The RFP should present a unified description of your organization's project to a larger world. It's difficult to change your mind about the details once your RFP is out there in the wild.

Make sure you consult with everyone before you start. Having key stakeholders read through and approve your RFP is essential. Secondary stakeholders should also be made aware of it, and should be given a chance to offer feedback (whether it's actioned or not) before the RFP goes out the door.

4. Ignoring the big picture

Finally, one of the most common pitfalls in the RFP process is getting dragged into discussions about how it's actually written. For instance, one of your project stakeholders may think the RFP should be written in a different voice or use a different word.

Remember: you are consulting stakeholders on their area of expertise. Your organization's IT leader has no business critiquing the discussion of your organization's values.

Keep your stakeholders' attention focused on their subject matter, and let the project champion and senior executives keep an eye on the bigger picture.

Chapter summary

- Your RFP should be structured in the following way:
  - Brief project overview (an abstract)
  - A bit about your organization, covering core values and setting the tone for a relationship
  - The goal and objectives of the project
  - Scope of the project and a complete list of deliverables
  - Technical requirements and existing infrastructure.

- We helped CHS with their RFP for a new CRM by working to understand their business needs, building a roadmap and budget, and then writing and submitting the RFP. That RFP was later recognized by Microsoft as one of the most detailed and impressive RFPs they've seen for a CRM.
- Common RFP pitfalls include failing to be detailed enough (more granularity is better), not securing stakeholder buy-in, forgetting to include concerns like shared values and organizational culture, and losing sight of the bigger picture of the RFP's purpose.

Chapter 5: Managing the RFP Process & Evaluating Vendors

In the previous chapter, we looked at why writing an effective RFP is one of the most important steps in the procurement process: the RFP must be able to serve as a bridge between your organization's internal requirements and the external vendors who will help you meet your objectives.

But a successful RFP process doesn't start and end with a written document. Even if your RFP is best in class, it won't attract the right vendors and the kind of proposals your project needs unless you also have an effective distribution plan that directs it into the right hands.

And of course, it doesn't end there either. Once the proposals start coming in, you'll need to process them, compare their offerings to your business objectives, and make sense of a diverse array of vendors, each with different strengths, weaknesses, and limitations.

The RFP management process is a long-distance flight – and there may be turbulence if you're unprepared. This chapter will help you make sense of every step in managing the RFP process, from distributing your RFP to evaluating the many kinds of proposals you get back.
In this chapter, we'll explore:

- How to distribute your RFP so it gets into the right hands
- How to process the proposals you receive and prepare to evaluate them
- The key steps and criteria involved in evaluating vendors
- A case study of a successful evaluation process.

Distributing your RFP

Before you're finally ready to dot all the i's and cross all the t's in your RFP, you should be developing a plan for how you will distribute your document to potential vendors.

You have a few options here: you can post the RFP on your organization's website and notify potential vendors about it; you can post it to various RFP websites and online services; or you can reach out to vendors directly and send the RFP their way.

Whichever option you choose, it's important to carefully consider which vendors you want to target as participants in the RFP process. If you cast your net too wide, or you inadvertently target vendors that won't be able to meet your needs, you may find yourself in the middle of an awkward and complicated review process.

So how can you identify the vendors you should include when you distribute the RFP? Here are a few approaches:

- Screening vendors via online directories
- Shortening the list by filtering it for memberships in professional networks and associations
- Tapping your own network for personal referrals
- Using an external consultant who understands the technology landscape and is familiar with potential vendors.

For new technology procurement projects, many organizations already have a list of preferred vendors to draw from, as well as some familiarity with the options that are available. But if you're managing a one-off acquisition in an unfamiliar technology landscape, this may not be the case.

If you're in this situation, you may find it hard to figure out where to begin when it's time to identify the most appropriate vendors for the project. Bringing in an external consultant can be a timely approach: because they deal with new technology acquisitions all the time, consultants are generally up-to-date on most of the vendors in the technology landscape, including newer firms and startups that may be looking to grow by winning new contracts and delivering impressive results.

Processing RFP responses and establishing evaluation criteria

As vendors respond to your RFP, you'll need to be ready with a system that can effectively process those incoming proposals.

If you've distributed your RFP thoughtfully to a group of established vendors, this processing should be relatively painless. You'll have a small group of vendors with solutions that specifically address your core business requirements.

But even then, processing the proposals for evaluation has its complications. Each of the responses will be slightly different, focusing on different requirements, offering different price points, and showing unique strengths and weaknesses, as well as a few limitations.

In short, it's unlikely you'll find a perfect vendor that is able to deliver everything you want for the price you want to pay.

So when you're reviewing the vendors' RFP responses, you need to evaluate them using a method that allows you to compare apples to apples. Essentially, you need to map the proposals you receive onto the goal, objectives, requirements, budget, and spec list of your project in order to see where they align – and where they don't.

How can you do this?
Every procurement project is different, but you may want to follow these key steps.

1. Establish your project evaluation criteria

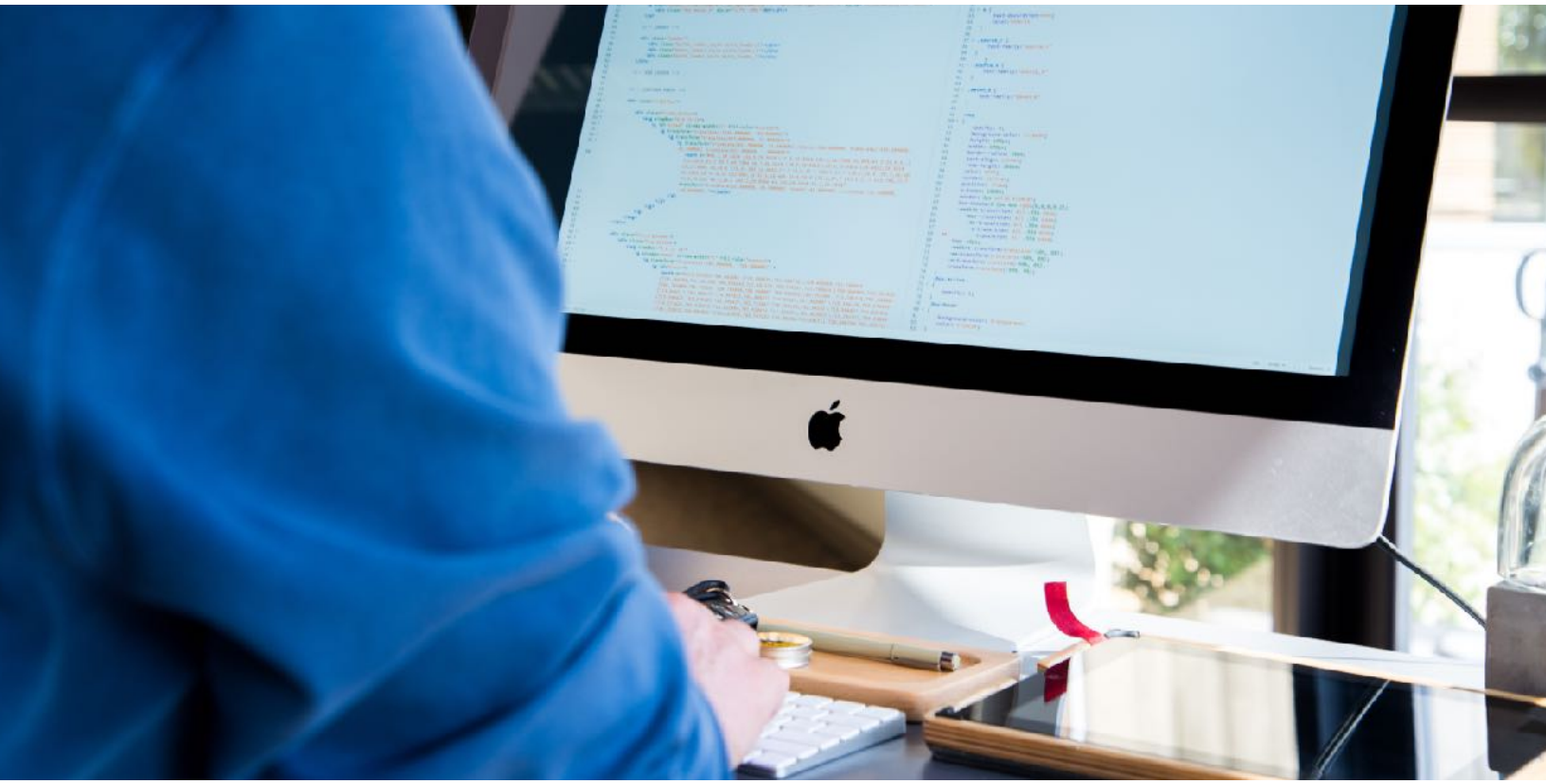
The first step to take is establishing the evaluation criteria for your project. You can use an existing evaluation methodology, or you may choose to blaze your own trail.

One example of an established and effective methodology is **qualifications-based selection**, where proposals are evaluated based only on vendor qualifications. In this approach, a vendor is selected first, and then project scope, budget, and schedule are negotiated.

This approach can be effective because it excludes costs from the initial evaluation, and considering costs often muddies the waters in any attempt to identify the best vendor for a project. The cheapest option is very rarely the best, but your more cost-conscious stakeholders may be inclined to go with that option – in spite of the historical evidence.

Whichever evaluation methodology you choose, this is the time to return to the business objectives you defined in the first stages of the procurement process and determine exactly which business requirements a new technology solution must meet. These requirements can fall into a few camps:

- **Physical requirements**: How well does a proposal meet your project's physical requirements for hardware and/or software?



- **Service requirements**: How well does a proposal address the requirements stated in your RFP?

- **Business requirements**: How well does a proposal set out a solution to your core business problems that also meets your business requirements?

- **Skills, abilities, and experience**: Does a vendor have the ability to deliver on their proposal, and do they have any experience with a project like yours?

- **Pricing (if included)**: Does a proposed solution stay within your budget, and how does it compare to the other proposals you received?

Depending on your project and its goal and business objectives, you may want to include other specific evaluation criteria.

Defining the evaluation criteria for your project is essential for success in your proposal review process. Establishing these criteria will help you rank the details of each proposal under measurable categories, so you can compare proposals in a straightforward way.

At this stage in the review process, it's important to make sure that you've chosen the right criteria – and that you haven't overlooked any key requirements. Referring to your initial Business Requirements Analysis and the RFP is the key step here, but acquiring some familiarity with the technology solutions available in the market is also helpful. Knowing the ins and outs of a range of available solutions will help you to establish better, more specific criteria for evaluation. At this point, an external consultant specializing in technology acquisitions can also provide invaluable support.

2. Come up with a scoring system

Once you've defined your project's core evaluation criteria, you'll need to come up with a workable method of evaluating the proposals. A scoring system can play a part here.

For example, treating each one of your evaluation criteria as a measurable category, you could assign "points" indicating how well each proposed solution meets your project's requirements. You could use a scale of one to ten points, or you could rank the proposals in order under each one of your evaluation criteria.

Whatever scoring system you use, the key is to assign a rough value under each of your evaluation criteria for each proposal you've received.

Here's an example:

- 5 points: Meets all of your requirements
- 4 points: Meets almost all of your requirements
- 3 points: Meets many of your requirements, but requires some compromises
- 2 points: Meets some of your requirements
- 1 point: Does not meet your requirements.

3. Lay out your priorities

It's worth repeating: no proposal is going to perfectly meet every one of your project's requirements. All of the proposals you receive are attempting to respond to the multiple business requirements set out in your RFP. Most will score high on some evaluation criteria and low on others.

After scoring all of the proposals, you should think about which of your project's requirements carry more weight than others, where there may be room for compromise, and where you're not willing to compromise.

For example, you might be willing to spend more money for a solution that meets all of your service requirements. In that case, you'll be prioritizing service requirements over budget.

Or you might be more concerned about whether a vendor's proposed solution meets the physical requirements set out in your RFP than you are about the vendor's experience.

It can be useful to assign a weight or a priority ranking to each of the evaluation criteria you identified at the start of your review process. For example, you could assign one of three rankings to each one of your criteria:

1. High priority ranking: criteria that don't permit any compromise
2. Moderate priority ranking: criteria that permit some compromise
3. Low priority ranking: criteria that can be flexible

But assigning a priority ranking to all of your evaluation criteria can be difficult. At this point, an external consultant can help you distinguish between what's important and what's not, for a couple of reasons, as a guide for your decision-making.

First, they'll have some much-needed distance from your project. With no skin in the game, they'll be able to objectively determine which of the project requirements are essential (high-priority), and which can be put further down on the priority list.

Second, consultants have the advantage of insider knowledge. They work on these evaluations and technology procurement processes all the time, so they know what can make or break a project. They can help you dial down the noise, advise you about which of your project's technical specs are important and which are not, and then help you weigh the costs and benefits of your options.

Evaluating the proposals

Now, in the final stage of your RFP review process, it's time to have some fun as you put all the criteria and priorities you have established into action.

It's a good idea to share the vendors' proposals with the members of your project team, so that they can review each response and gather up their thoughts. Afterwards, at a team meeting, you'll be able to discuss each proposal, review the evaluation criteria, and rank them.

It's also important to document this process thoroughly. At most organizations, strong internal controls are in place for selecting vendors. And in heavily regulated industries like pharmaceuticals and manufacturing, there are external auditors to consider as well.

An evaluation case study: the Canadian Hearing Society (continued)

For an illustration of the proposal evaluation process, let's go back to the RFP case study in the last chapter. To recap, Enginess was brought in to guide CHS through the process of acquiring and implementing a CRM. At Enginess, we worked with CHS to identify its business needs, map critical processes and workflows, and create a detailed RFP.

But our involvement with the project didn't end there. After creating the RFP, we stayed on to assist with the RFP distribution and proposal review process in a number of ways:

1. We identified a set of capable vendors and distributed the RFP to vendors that were a good fit. Our knowledge of the CRM technology landscape and the industry in general meant we were able to quickly identify any vendors that were a good fit and get the RFP into the right hands.

2. We made technical recommendations for the CRM platform that helped CHS identify its key technical priorities. When we were brought in, CHS wasn't familiar with the various CRM platforms. So identifying the key technical priorities for a CRM solution was a key step in preparing for the vendor evaluation process.

3. We helped identify which evaluation criteria were a priority, based on their technical requirements, and which criteria they could put aside. We could do this because we understood CHS's core requirements, and because we have enough familiarity with the features of each CRM platform to make a call as to which features would make or break the project.

In short, at Enginess, we were able to effectively assist CHS in its vendor evaluation process because we were familiar with the organization and its business and technical requirements, and because we had a deep familiarity with the solutions that were available in the marketplace and the vendors that would respond to the RFP.

Having a presence in each of these camps helped us hone in on the vendors who could meet CHS's internal goals and then distribute the RFP accordingly.

It also enabled us to support CHS through the selection process. Because we were deeply familiar with their business requirements, budgets, and goals, we were able to help set evaluation criteria, identify priorities, and facilitate internal discussions.

Chapter summary

- Managing the RFP process doesn't end with an effective RFP document. You also need a game plan for the next stages of the RFP process:
    - Distributing your RFP to a core group of vendors
    - Processing RFP responses and ranking the proposals under measurable categories that let you compare all of the proposals in a meaningful way
    - Establishing evaluation criteria and setting out your priorities
    - Facilitating a productive discussion and evaluation process among your team members and key stakeholders.

- Managing each stage of the RFP process and evaluating vendors' proposals can be a challenge if you're not familiar with vendor or technology options.

- An external consultant can be helpful in this exercise, as the CHS case study shows. A third party can help you distribute your RFP effectively, prioritize your project's requirements, and objectively evaluate the proposals you receive.

Chapter 6:
The Vendor Selection Process

You've identified your business objectives and project requirements, planned your project budget and established a case for it, outlined your product specifications, written your RFP, and evaluated the proposals you received.

Now, it's time for the last piece in the procurement puzzle: selecting your vendor.

Up to this point, every step you've taken, from defining project requirements and setting out the in-scope specs to evaluating potential vendors, has involved meetings and documentation.

But in the vendor selection process, you'll put all of these preparations into action. This is your opportunity to make sure that the solutions you've evaluated will actually work for your organization.

Think of it like interviewing a candidate after reading their CV: you know you're interested, and they seem promising, but you want to bring them in and make sure they will be able to work within your organization and provide the technology solution you're looking for.

This chapter covers the ins and outs of this process:

- Shortlisting potential vendors
- Bringing in vendors for demos with you and your stakeholders
- Narrowing down the number of candidates
- Selecting your vendor.

Shortlisting vendors

Let's pick up where we left off in the previous chapter. After evaluating and ranking the proposals you've received from a number of vendors, you should make a short list of the

best proposals. These are the vendors you want to meet in person for discussions and demos.

Sometimes this involves simply ranking the top candidates and calling them up. But in many cases, there will be internal debate and disagreement among key stakeholders about which vendors should actually be at the top of your list.

Keep in mind that many different people in your organization will have to work with the technology solution that is selected: make sure your short list includes only highly ranked vendors who are a good fit with the unique concerns and needs of your project team and your stakeholders.

Product demos

Bringing in your shortlisted vendors and having them demo their proposed new technology solutions is the most important step in the vendor selection process. Demos give you an opportunity to see whether a proposed solution will work and make sure it can be integrated into your broader technology ecosystem. They also allow key stakeholders to test a proposed solution and get on board with its new technology.

Because demos can serve so many purposes, it's important to arrange a number of them during your selection process. Here are several useful kinds of demos, in the order you may want to schedule them:

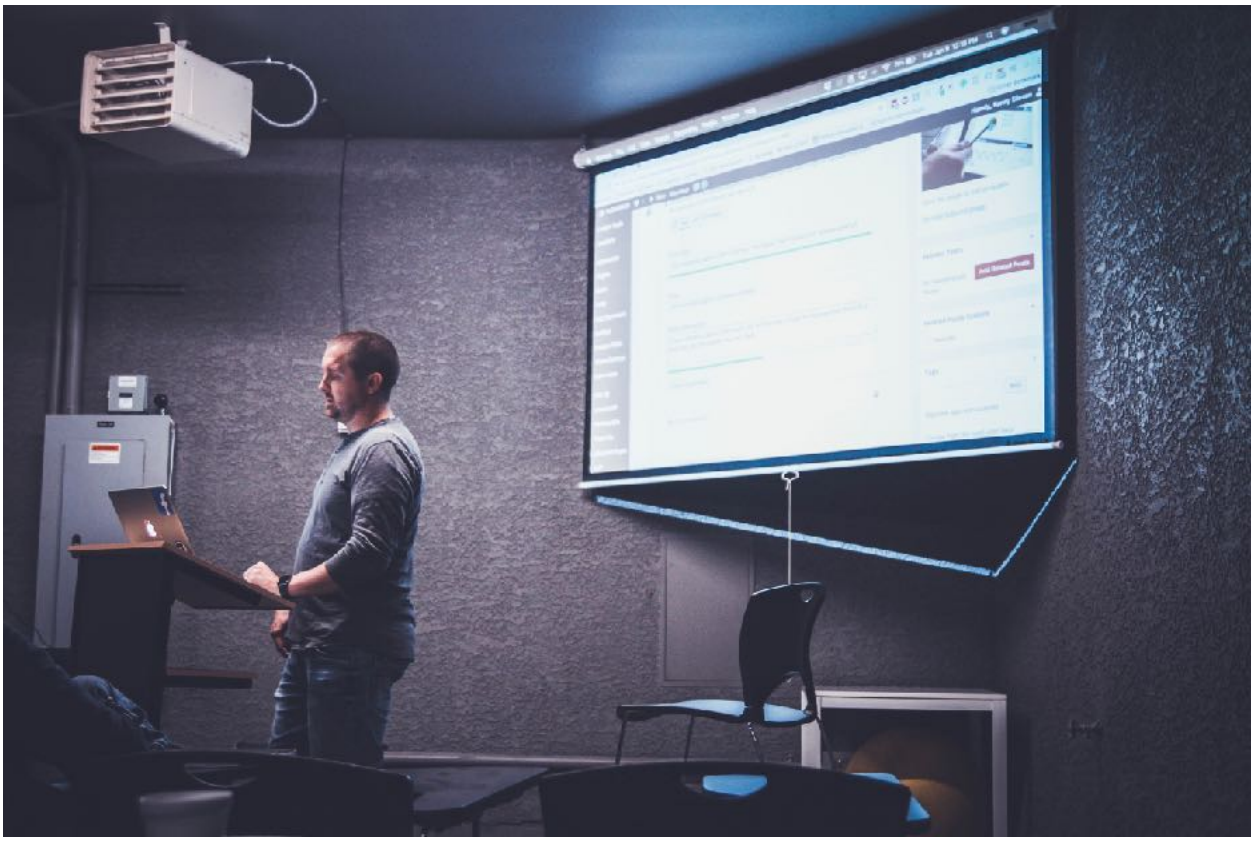
An initial call and brief demo

Rather than starting off by diving into the deep end with a major demo for all your stakeholders, it's a good idea to begin by setting up an initial conference call, followed by a brief demo for the procurement team and project manager. This will enable you to confirm that the proposed solution is more or less what you're looking for, that it works, and that you want to bring in the vendor for the next stage of the selection process.

An in-depth demo with key stakeholders

The next demo you arrange should involve your project's major stakeholders. Anyone in your organization who will interact with or be affected by the new technology solution being proposed should be included in this demo. In part, this is a chance to confirm that the solution will meet your project's business requirements and your stakeholders'

expectations. But it's also a chance to get buy-in from your project team and make sure there are no glaring concerns about the new technology. If your project involves many stakeholders, you may need to arrange a few different demos that target different teams and end-users.



A dedicated technical demo with your technical team

Here is another important step in the selection process: arranging a dedicated demo that is just for your technical team. This demo is important from a feasibility perspective. Your technical team will be able to evaluate whether the new technology can be integrated into your organization's existing technical infrastructure, and can give the all-clear on whether the implementation can be completed smoothly.

Technical teams often participate in every demo, and may dominate sales discussions, sometimes when the technology expert on the vendor side isn't in the room. That's why it's a good idea to arrange a dedicated technical demonstration and let everyone know ahead of time that it's on the agenda. This allows other demos that focus on use

cases to stay homed in on their subject, and it also enables the vendor to come in prepared.

A final note on demos

One additional observation about vendor demos: they're great, but you won't get more out of them than you put in. Here are a few tips to get the most out of your demos:

- **Make sure your stakeholders do their homework**. Ensure everyone knows which new technology the demo involves, what business problem it is intended to solve, and why it's been shortlisted, as well as what you're expecting each stakeholder to assess.
- **Keep the demo invite list short**. It's nice to have all of a project's stakeholders attending, but often a new technology demo looks like there are too many cooks in the kitchen. Keep the invite list as short as possible.
- **Try to play with the new technology before the demo**. If possible, get a preview version and arrange a test drive with some dummy data a week or two ahead of the demo. It will lead to better questions from your project's stakeholders.
- **Try to replicate your system as closely as possible**. Give the vendor some of your organization's data, or explain a workflow problem or pain point your project is addressing. The more real you can make the demo, the better.

Selecting your finalists

After you bring in each of your shortlisted vendors to demo the new technology solutions they are proposing, you should shorten your list further, down to a final few. The demos should help you decide which vendors are the right fit for your project and your organization, but the final selection can still be difficult.

At Enginess, during our procurement consulting engagement with global furniture manufacturer Teknion, we identified a short list of six vendors to be considered for a demo. We then shortened the list of vendors further, based on the alignment of their offerings with Teknion's business objectives and the total cost of ownership.

Here are a few considerations that can be useful during this stage:

- How well does the new technology meet the needs of each set of stakeholders and users?
- Did the demos raise any red flags, like glitches, flaky features or missing functions?
- Was your technical team on board with the new technology?
- If you're going to be working with the vendor over the long term, are they a good fit for your project team and your organization?
- Is the price (if discussed) in line with the new technology on display in the demos?

At this point, one of the most important considerations is making sure you've been asking your potential vendors the right questions from the start, so that you have all the information you need to make an informed decision.

An external consultant can provide some guidance and support here, because they have the expertise to know what to ask and when to ask it. And if they've been with you since the start of your procurement project, they'll also know how to discuss your organization's core business requirements in the context of the larger technology landscape. They can ask your potential vendors questions that get to the heart of your project's business objectives, using technical language that will generate precise answers.

Selecting your vendor

After seeing all the demos, shortening your list of candidates to a few top vendors, and answering all of those last-minute questions, it's time to do some decision-making. The way a final decision will be made is different for every organization, but it often involves comparing prices, thinking through delivery times, and considering any security issues.

You can choose to crunch these numbers and do this final analysis on your own, or you can bring in an external consultant to help achieve greater certainty.

And that brings us to the end of the RFP process. At this point, the last step in your new technology procurement project is to lock in your vendor, start your purchasing arrangements, and sign those contracts. But that's a whole other book!

Chapter summary

- Vendor selection is to new technology what interviewing is to hiring: so far in the RFP process, you've reviewed vendors' proposals on paper. When you're ready to start your selection process, you should bring in a chosen few for an interview.

- Product demos are a key step in the vendor selection process. At Enginess, we recommend at least three demos per vendor: an initial call and brief demo, a longer demo with key stakeholders, and a technical demo to get technical team sign-off.

- Demo meetings will be much more productive if you:
    - Prep your stakeholders before a demo
    - Limit the attendance at a demo by not inviting stakeholders who may want to add their two cents but aren't key to the selection process
    - Arrange for stakeholders to have access to the new technology prior to the demo
    - Offer the vendor samples of your organization's workflows or data so the demo can deliver a tailored end-user experience.

- Selecting your vendor finalists involves compiling all the information you have gathered to date, from initial business objectives and technical requirements to your last demo notes, and weighing all of the pros and cons carefully.

- Now, it's time to select a vendor...and you're done! The RFP process is complete.

Final Thoughts

It's been a long journey, but we're finally here: the end of your new technology procurement project.

You've set out your organization's business objectives, compiled your project's technical requirements and consulted your stakeholders about what they need a new technology solution to deliver. You've planned your budget based on business objectives and the expected return on investment, and you've created a product specification sheet that matches those requirements.

You've worked to distill all of those preparations into a comprehensive (and comprehensible) RFP, and you've evaluated potential vendors for their technical and cultural fit.

You've sat through countless demos, brought new stakeholders into meetings, and uninvited others (with cause), and you probably have a few more grey hairs now than you did when you started.

But you made it.

Hopefully, you're more comfortable as you prepare to embark on the deployment of your new technology, and you're more aware of what's involved in delivering a solution that's fit for purpose and will help your organization achieve its business objectives.

At Enginess, we often see organizations with a clear idea of the problems they face and a good sense of the potential solutions, but without an understanding of how to begin the process of getting there.

Basically, the people in those organizations know the problem they need to solve, and they know that technology can do it. But the actual RFP process and everything that involves is uncharted territory.

The challenge is that enterprise technology doesn't offer many opportunities for testing and learning. The software stacks that organizations build can last for years, or even

decades. And when there's data involved, a poorly chosen or badly implemented solution may result in exposure to significant legal or financial loss.

We hope this resource will guide organizations through new technology procurement and the RFP process, helping them avoid common pitfalls and deliver technology that will work – now and into the future.

If you have any questions related to the procurement process, RFPs, stakeholder engagement, or budget planning and execution, please get in touch. We'd love to help out.