How the right RFP criteria can help you create successful partnerships with LSPs

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Content

- Intro
- Types of biddings – Definitions
- RFI/RFP pitfalls
- How to create the right RFP
  - Step-by-Step Procedure
  - RFP Strategy
  - RFP Execution
- Scoring Methodology
- Best Practices & Conclusion
Intro: who is Commit
Who is Commit

- Founded in 1997
- 3 offices: Athens (Greece), San Diego (USA), Nicosia (Cyprus)
- Certifications: ISO 9001, ISO 17100 and ISO 27001
- Language Association Memberships: GALA, Elia, ALC
- Founded in 1997
- 80+ language combinations
- Teams by specialization: Life Sciences, IT/Technical, Legal, Financial
Types of Biddings - Definitions
Types of Biddings - Definitions

RFI – A Request for Information

• offers you a more general view of the landscape of suppliers

• usually applies when process is not set out completely or client is still in early stages of bidding process

• contains questions that are high-level, not always specific

• offers the advantage of a quick exercise to get some questions answered from a short list of suppliers, and uses these as the basis for a more formal RFP
Types of Biddings - Definitions

**RFP – a Request for Proposal**

- is a more formal, thorough and structured bidding process
- contains questions that are very specific and include more detailed questions around supplier information and pricing
- requires more openness from the buying partners in order to allow for targeted answers from candidate suppliers
- requires from the buyer to have well-defined requirements that suppliers can anticipate to in their bid
- offers the advantage of a more detailed side-by-side, fact-based comparison of suppliers' capabilities.
Reverse Auction

- Roles of buyer and seller are reversed
- Suppliers compete to obtain translation business from the client buyer and prices will typically decrease as the suppliers underbid each other (as opposed to ‘forward auction’)
- Downside: becomes a “battle of the fittest”, price war

E-Auction

- An RFP that takes place on an electronic marketplace. This can take place business to business (B2B), business to consumer (B2C), or consumer-to-consumer (C2C).

RFI/RFP pitfalls
Pitfalls

- Conducting an RFI/RFP for the wrong reason (just because it is part of company policy) is inefficient and ineffective
  - Status quo annual RFIs or RFPs make it difficult for buyers to find the perfect match
  - Not learning from past mistakes
- Essential internal stakeholders are not included in preparation
- No alignment with business and operational goals
- No alignment with changed company requirements (process, additional languages, budgetary constraints)
- No transparency in bid process
- Ambiguity in process and questions, making the exercise time-consuming, cumbersome and foremost expensive
Pitfalls

- Too many open questions and free-text format
  - Difficult to compare apples to apples
- Too many questions without pre-defined prioritization
  - Some answers could be reason for pre-disqualification
- No openness from buyer about their internal processes
  - Imperative for receiving targeted response from candidates
- No clearly defined budget approved by senior management (!)
How to create the right RFI/RFP
How to create the right RFI/RFP
step-by-step procedure

- Key stakeholders of your company must be included in the RFI/RFP decision making process
  - Define the internal “RFP decision-making team”
  - These can include IT, legal, regulatory (for Life Sciences), procurement, department manager, quality manager, …
  - Each play crucial role in the chain and in the success of a partnership with selected supplier

- Reach consensus internally what you as a buyer would like to achieve with the RFI/RFP
  - What is the ultimate purpose?
  - RFI/RFP content must be aligned with business and operational goals
How to create the right RFI/RFP
How to create the right RFI/RFP
*internal stakeholder meeting - strategic*

Strategic questions/topics include

- Company’s financial mid- to long-term strategy
- Which new markets do I want to enter, how to align suppliers
- Extent of supplier role in partnership
- Have legal or company requirements changed for your industry?
- What new processes need to be added?
- Outsourcing vs. insourcing vs. hybrid model
How to create the right RFI/RFP
internal stakeholder meeting - execution

Execution related questions/recommendations include

- RFI or RFP Process Assessment
  - Am I ready to buy or just looking around?
  - Am I satisfied with the service level of incumbent suppliers or do I need to re-benchmark, or
  - Is it just part of company policy, “quick and dirty”? 
  - Should I challenge our team and re-assess our current internal RFI/RFP procedure and potentially revise?
How to create the right RFI/RFP
internal stakeholder meeting - execution

Execution related questions/recommendations include

- Appointment of an RFI/RFP main Point of Contact or Tender Lead
  - is to be assigned early on in the process
  - plays crucial role especially in larger RFPs with many stakeholders involved
- acts as interface between buyer and supplier, responsible to coordinate and keep process going
How to create the right RFI/RFP
internal stakeholder meeting – execution (cont.)

Execution related questions/recommendations include

- RFP Format: open or closed questions, template Y/N
- Balance between open and closed question to allow suppliers to impress
- Do not use free-text templates as it does not facilitate apples to apples comparison
- Try to be as specific and to-the point as possible and do not ask 100s of questions. Generic questions do not add value
- Define reasons for immediate disqualification in evaluation phase
  - E.g. refusal to work with a certain tool, technology
  - Unrealistic payment terms
How to create the right RFI/RFP internal stakeholder meeting – execution (cont.)

Include contract-specific information. Questions can include

- Disclaimers and warranty restrictions
- NDA/MSA stipulations
- Archiving procedure (how, where, how many years)
- Implementation time frame, how long does it typically take?
- Contract duration options, can you pay monthly, annual, etc.?
- Security-specific IT related questions (back-up, security plan, fire walls, etc.)
- Final and best pricing, no hidden cost, volume discounts, ..
Scoring Methodology – 5 main steps

- Completeness and quality of the submitted RFP proposal
- Customer requirements
- Price structure
- On-site presentations by supplier
- References
Scoring Methodology - criteria

- **Completeness and Quality of the submitted RFP proposal**
  - Have questions been answered completely
  - Has additional details been provided
  - Has supplier provided more details to clarify the answer
  - Has supplier demonstrated thorough understanding of what is being asked, quality of response

- **Customer requirements**
  - For accurate reporting and scoring, supplier must indicate extent to which it meets a particular requirement: 100%, partially, meets partially and can customize to meet 100%
  - This requirement compliance becomes part of the partnership contract
Scoring Methodology - criteria

- **Price structure**
  - Difficult portion of the RFP if one wants to compare “apples to apples”
    - Different pricing structure, all-in-one word rate vs basic word rate
    - Different type of words can distort actual competitiveness, e.g. 10,000 source words to be translated into Scandinavian target (plus 25% words):
      supplier 1 charges €0.25 pw X 10,000 source words = € 2,500
      supplier 2 charges €0.20 pw X 12,500 target words = € 2,500
  - Buyer could avoid unfair and ambiguous comparison by posing questions in a detailed, **very specific** and not generic manner
Scoring Methodology - criteria

- **Price structure (cont.)**
  - ALL services must be included e.g., in case of technology, set up implementation, maintenance, license upgrades, etc.
  - Recommendation to set up cost section in modules, allowing evaluator to unravel modules and review individual pricing components
  - The more detailed buyers’ forecast of estimated work is, the more precise the mid- to long-term cost benefits can be estimated and thus the attractiveness of a certain partnership

- **Impact of volume discount**
  - Based on revenue recognized or invoiced?
  - Monthly, quarterly, annually, per project?
  - When per project, based on total project value or specific modules?
Scoring Methodology - criteria

A two-phase process for the evaluations is recommended.

- Phase 1: three steps
  - Completeness and quality of the submitted RFP proposal
  - Customer requirements
  - Price structure

- Phase II: two steps
  - Two or three shortlisted suppliers proceed to step 4 and 5
  - On-site presentations by supplier
  - Reference check
Scoring Methodology - criteria

- On-site presentations by supplier
  - Opportunity for suppliers to demonstrate rather than describe
  - Opportunity for stakeholders to vent concerns and validate suppliers’ response on-site and see them “in action”
  - Company stakeholders can evaluate those sections that are relevant to their role and they are comfortable scoring
  - A buyers’ script will help address critical RFP areas and key differentiating factors of candidates
Scoring Methodology - criteria
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Opportunity for buyer to ask specific questions about the supplier’s performance in certain areas in the past, e.g.

- What were you hoping to achieve by hiring the supplier’s services? Do you feel you achieved them?
- What would you wish had been different about your project or your relationship with the supplier?
- How long did it take before you saw the results of the project? Did the supplier stay on schedule?
- How did you know when the supplier succeeded at what was promised?
- How well did they understand your needs?
- How did they handle conflict-resolution?
- What was their response time to your questions or requests?
- Did the supplier exceed your expectations?
- Is there anything else I should consider before I hire this supplier?
- Would you hire this supplier again? Do you have plans to hire them again?

Source: GCG Event partners
Best practices - Conclusion

- Be very well prepared internally before you kick off an RFI or RFP
- Make sure all crucial stakeholders are involved in the process
- Challenge your current RFP process and be innovative and effective
- Don’t waste anyone’s time by conducting an RFI/RFP for invalid reasons
- Use a format that allows for fair, unambiguous comparison and evaluation
- Also use open questions and room for candidates to impress and offer different perspectives
- If you are new to the process
  - Read relevant literature, network with industry peers to hear how the market develops, what the trends are (new technologies, areas of expertise, etc.)
Best practices - Conclusion

- Define your non-negotiable criteria and reasons for disqualification up front
- Avoid asking questions that are easily answered by a company’s website
- Take calculated well-thought-out risk, when imposed by competitive landscape
- Align your RFP with your mid to long-term strategy and company goals
- Be aware and avoid ambiguity and lack of transparency in every step of the process
- As a buyer, be open and willing to provide at least as much information about your own organization
- Both as a supplier or buyer, engage with partners “your own size”: do not overestimate but certainly also not underestimate yourself
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