

Technology RFX Customer Guide

Introduction

This guide is intended for those that have identified a need to solicit bids from suppliers but may unclear on the different types of documents, the roles various participants play, and the broad steps in the process. This document seeks to highlight some areas where customers can best focus their efforts to ensure a successful process.

The process of soliciting bids from suppliers is complex, particularly in a public institution like UCB which must adhere to public purchasing standards. Happily for the customer, managing much of this complexity falls to the Buyer in Procurement. While there are a relatively small number of areas where the customer will need to focus his or her energies these areas are critical for the success of the RFX. This guide provides a broad outline of the RFX process and highlights some key issues to focus on, this document is not intended as a substitute for working closely with the appropriate Buyer, as their professional expertise and experience will go a long way toward achieving a successful outcome. Buyers and other subject matter experts should be brought into the process as early as possible.

RFI, RFQ, RFP: What are the differences and when to use each?

RFX is a term used to refer to a family of ‘Request For...’ documents used to solicit responses of various types from suppliers. The three most commonly used documents in this family include Request for Information (RFI), Request for Quote (RFQ), and Request for Proposal (RFP).

An **RFI** is generally used when the solution to a business problem is not immediately evident or clearly defined. The RFI is used to gather information, NOT to make a selection or an award. The Buyer works with the Customer to:

- clearly describe the problem
- solicit external expertise regarding how to solve the problem,
- study proposed solutions.

An **RFQ** is generally used to obtain pricing, delivery information, terms and conditions from suppliers. In this case, requestors have a clear understanding of what they need, including requirements and specifications. To procure the exact product or service you need, the Customer provides the Buyer with as much information as possible, including complete specifications, quantities, and delivery schedule.

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An **RFP** is used when the Customer understands the business problem and what's needed to solve it, including specifications and procedures. Price is usually not the determining factor in the evaluation of an RFP. Factors such as quality, service, and reputation are also taken into consideration.

Roles & Responsibilities

Generally there are three types of participants in an RFx Process: Customers, Buyers, and Subject Matter Experts (SME's).

Customers represent the organization that has a need for a solution that is expected to be addressed by a supplier selected as a result of the RFx process. Customers focus is on identifying:

Development of the scope and or the specific requirements: What do I need a supplier to provide including when, where and how many?

What are additional elements I would like the supplier to provide?

Development of the Evaluation Criteria: How will I select the winning bid? What areas do I want the suppliers to provide responses to and what weight will be assigned to each response?

Establish the Evaluation Team: Be sure that the team members have read the RFx and understand the need that the RFx address.

Establishment of Budgetary Requirements: Do I have the funding in place?

Establish the Project Timeline: This will be included in the RFx document. The RFx Time Line will be established by the Buyer in consultation with the Customer.

Management Approval: Do I have all required management approval to move forward?

Buyers represent the Campus and seek to obtain for the Customers what they need, when they need it, at the best value possible, while protecting the interest of the campus. The Buyers are responsible for:

Managing the RFx Process

Providing a Fair and Un-biased Process to the Supplier Community

Finalize the Agreement with the Supplier.

SME's are individuals or groups of individuals that may be brought in by either the Customer or the Buyer depending on the situation. Some common SME's engaged by the Customer for technology acquisitions include project managers and technologists. For acquisitions of strategic importance to the campus, the Chief Information Officer (CIO) may make project management and/or strategic technology acquisition resources available.

High level RFx Process Overview

Broadly, the RFx process has the following phases:

1. Decision to source
2. RFx Development
3. RFx release
4. RFx Evaluation
5. Contract Negotiation and execution

1. Decision to Source

The decision to source phase is where a Customer identifies a requirement that they are either unable to meet with their existing resources or which they believe could be better (cheaper, quicker, higher quality, etc.) addressed by engaging an outside supplier. **This is also the phase where many RFx's are set up for failure when the Customer does not adequately define the business requirements that must be met.** Without well defined requirements it is difficult to know what a successful outcome looks like and the chances of achieving success diminish.

Specifically, two key questions need to be addressed prior to advancing to the second phase are:

What am I attempting to achieve?

Do I know what my budget is and do I have a sufficient level of approved funding?

Developing a project scope statement that outlines the expected results, measurable success criteria, and key constraints should be done at this stage. If you are having difficulty defining what success looks like or are not sure how to broadly estimate the costs of a likely solution, an RFI may be a good way to gather this information.

During this phase, the Customer will make his or her first contact with the Buyer and will likely engage any relevant SME's. While it is common for the Customer to communicate with suppliers at this stage to explore capabilities and/or solicit preliminary dollar estimates for the purposes of budgeting, it is important not to 'negotiate' with suppliers.

In order to move forward to the RFx Development phase, the customer will need to submit approved requisitions for the anticipated spend. Additionally, for all technology acquisitions over \$100k, the Customer will need to submit a completed 'High Cost Information Technology Acquisition Request for Review' form (More information and the form can be found at <http://itpolicy.berkeley.edu/acquisition.html>) to the Chief Information Officer for review. An approved **'High Cost Information**

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Technology Acquisition Request for Review' form must be received prior to the RFX process moving on to the next step.

2. RFX Development

The RFX Development phase is where the customer, buyer and any relevant SME's collaborate to develop an RFX for distribution to the suppliers. **The primary focus of the customer in this phase should be in detailing their requirements and deciding how they will want to score the responses.** While the Buyer will likely need to solicit information from the Customer in order to generate the remaining elements of the RFX, the Customer should allow the Buyer the take ownership of preparing the RFX document and integrating the Customer defined requirements and scoring methodology into the RFX. A common source of confusion and duplicate effort occurs when customers, in good faith, seek to drive the development of the RFX document.

When defining the requirements for an RFX it is important to distinguish between 'mandatory requirements', those that a supplier must meet to be considered, and 'scoring requirements', those elements that in addition to price will be considered in selecting the apparent low bidder. (Note: The University may not waive mandatory requirements.) If all requirements are 'mandatory requirements' and any responsible supplier that can meet them will be acceptable, then it is likely that an RFQ will be the most appropriate document, and the decision would be made on the basis of price.

If there are 'scoring requirements' in addition to 'mandatory requirements', then it is likely that the most appropriate document would be an RFP.

3. RFX Release

Once an RFX document has been created by the Buyer and reviewed and approved by the stakeholders, including an agreed upon scoring methodology, the RFX is ready for release. **The Buyer is solely responsible for this release and for managing all subsequent supplier interactions related to this effort.** Public purchasing rules require that the University treat all bidders equally throughout the process. Any communication that a Customer might have with a potential bidder after RFX release could be perceived as a violation of this requirement with potential negative impacts including project delays or even cancellation of the RFX bringing the team back to square one.

4. RFX Evaluation

The RFX evaluation phase is simply the phase where RFX responses are evaluated against the requirements defined in the RFX. It is important to note that **issues or requirements that were not included in the RFX prior to bid opening can not be considered in determining the apparent low bid.**

The complexity of the evaluation phase varies greatly. In some cases, particularly with RFQs, the evaluation will be relatively straightforward, consisting of identifying the

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lowest responsible bidder that meets the 'mandatory requirements'. In other cases, this phase may be quite complex including review against 'mandatory requirements', review and scoring of 'scoring requirements', supplier presentations/demonstrations, conducting reference checks and including them in the scoring process, as well as any other evaluation criteria or process that was defined in the RFX prior to release.

Regulations require that the award be made to the lowest responsible and responsive (in substantial conformance with the specifications and conditions of the RFX) bidder. Bids that are not responsive are set aside and receive no further consideration.

There are two approved methods of determining the low bid:

1. Selecting the lowest cost bid that meets all mandatory requirements;
2. Using the Cost Per Quality Point method to select the bid with the lowest cost/quality points. The cost portion of this ratio is fairly straightforward. To arrive at the quality point score, points possible would be assigned to each 'scoring requirement' (this could include written responses, supplier presentations, references, etc.) and through the evaluation phase, each supplier would receive points relating to these requirements.

5. Contract Negotiation and Execution

Once the RFX responses are evaluated against the RFX, the winning bidder will be determined and given the opportunity to enter into negotiations on a contract for the business. In some cases, all terms and conditions will be clearly identified in the RFX and there may be little or nothing to negotiate. In other cases, as is typically the case with more complex engagements, there may be a range of business and legal terms that will need to be resolved prior to contract execution.

Depending on the complexity of the negotiations, the Buyer may work with the stakeholders to identify a negotiation team, work with this team to develop a negotiation strategy, and coordinate the negotiation sessions. In most cases the Buyer will take the lead role in these negotiations, though it is possible that another member of the negotiation team may take the lead depending on the circumstances.

Once the negotiation team has concluded negotiations, the stakeholders will review and approve of the results. Once this step is completed the Buyer will execute the appropriate documentation and issue the order to the supplier.

Post Contract Execution

While the focus of this document is on the RFX process through contract execution, it is important to note the necessity of managing the supplier to ensure delivery against the contract. Typically the Customer will have a Functional or Project Manager identified to fill this role. In the event that the Supplier does not deliver against the contract as expected, it is important for the this contact to engage the relevant Buyer as soon as an

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issue surfaces, as this will allow the Buyer to work with the Customer to develop a proactive plan for managing the Supplier.