

A better and faster process to select department or enterprise level software

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Authors Note and legal disclaimer.

This document is provided as a suggestion on companies can improve their business. There is an accompanying sample RFP available for download on TheBhatiaGroup.Com website.

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1. Introduction

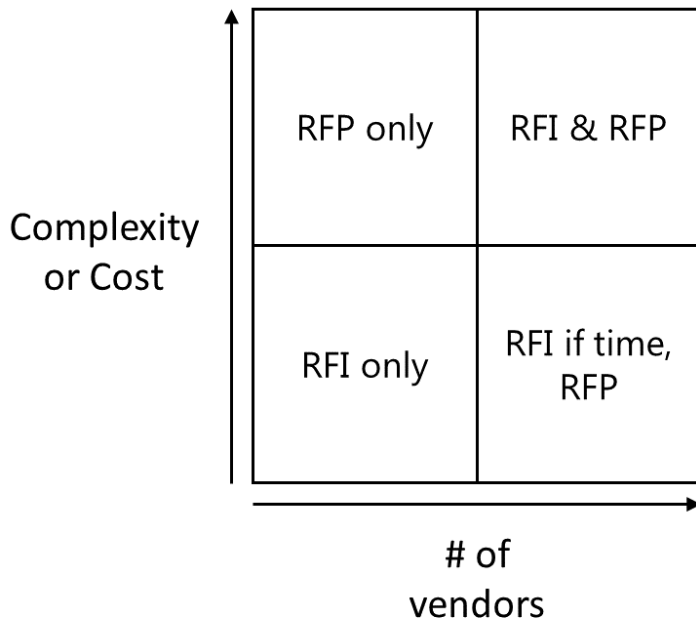
Traditional Request for Information (RFI) and Request for Proposal (RFP) processes take 6-9 months to select a vendor. Add in contract negotiation and implementation time and its 18-24 months between starting to look at options and being able to use a new system. The market and/or competitive landscape may have fundamentally changed.

In response many companies utilize an unstructured approach to selecting software. Implementations then go awry or business value isn't maximized because the right stakeholders weren't aligned, the right vendors weren't included in the upfront analysis, or a realization that the software won't actually enable the business opportunities.

This guide is written for companies who want a better way but cannot afford to bring on a consulting firm to help them through the process on their own. It is written with the "superset" of steps and a process that is loosely structured to focus on speed and stakeholder alignment to achieve rapid results.

For completeness, guidance on using both an RFI and RFP have been included in this document. Using both of those should only be used in highly complex, high cost, public sector, or very political cultures. It is typically possible to perform just an RFI including cost numbers, or just an RFP. That decision must be made on a case-by-case basis by the executive sponsor.

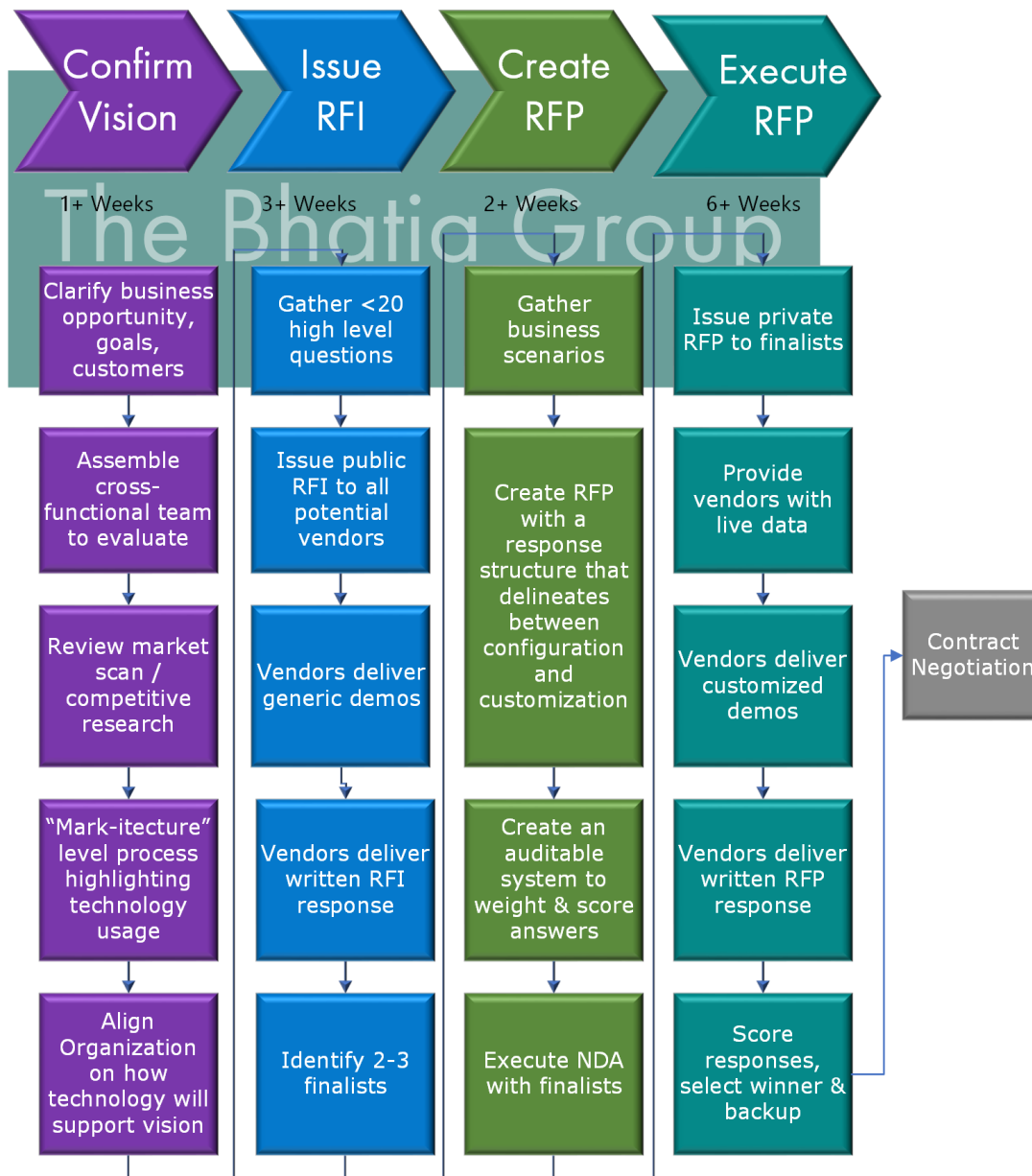
There is an example RFP available for download on TheBhatiaGroup.Com website.



2. Process

There are 4 possible stages to selecting software. The stages and steps are shown below. Key notes:

- 1) It may be acceptable to skip steps or entire stages for a given company culture.
- 2) Time estimates are meant to be relative and The Bhatia Group has successfully executed each stage in the time shown for multiple clients. However, a given culture or situation may require much longer.
- 3) Contract negotiation is unique to every company and is out of scope for this document.



Use RFP categories as Critical Success Factors during implementation!

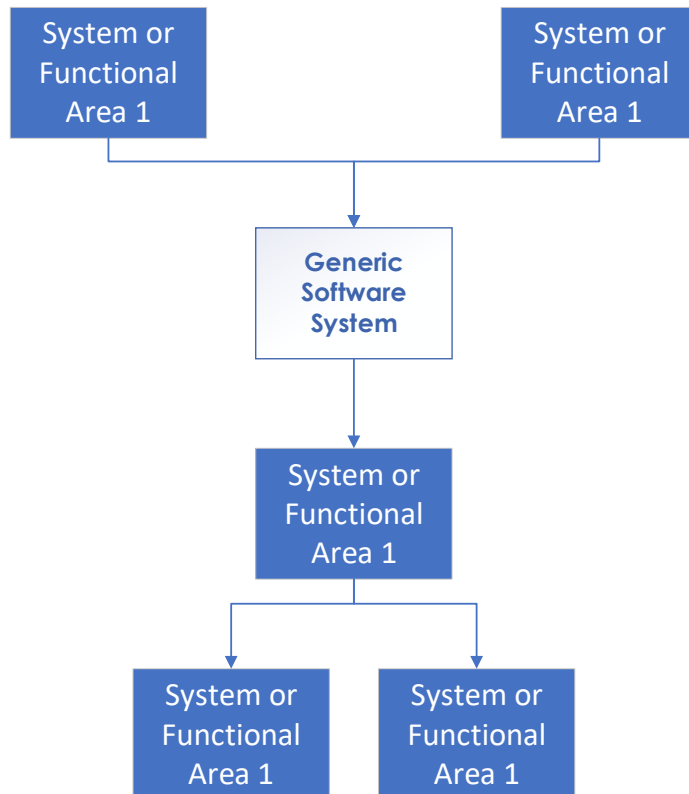
2.1. Confirm Vision

Confirming the vision and where technology is best suited to assist is both critical and one of the areas most companies fail to take. This often results in issues during implementation as stakeholders disagree on feature prioritization and what should be included on the first launch to achieve the desired outcome.

This can be done in as little as 1 week but can take longer if the discussions reveal a lack of alignment in the organization. Do not move to the next stage until any dissension has been addressed as it will likely result in either a failed software selection process or a failed implementation.

There are 5 basic components to confirming how technology will support the vision and goals:

1. Clarify business opportunity, goals, customers
A common reason for project failure is also one of the easiest to address: Lack of formal alignment of what the company is looking to achieve. Clearly document the exact business opportunity, the goals for the initiative, and the specific customers who will benefit. Make sure this is in writing and present it to both upper management and primary stakeholders to ensure everyone is aligned.
2. Assemble cross-functional team
Another very common reason for projects to fail, or at least be put on hold, is a realization halfway through that the right departments were not included early enough. Avoid this by assembling a cross-functional team at the very beginning of the initiative. Err on the side of over-inclusion for the purposes of software selection.
3. Review Market Scan / Competitive Research
This step and the timeframes assume a market scan or competitive research has already been done by the product owner. Examine both A) how the competition uses software to address the business opportunity, B) what both suppliers and customers use, and C) the various software or technology options that exist to determine what parts of your vision can be enabled with technology.
4. "Mark-itecture" level diagram
Mark-itecture means "marketing level architecture". In other words, a greatly simplified architectural diagram that is quickly consumable by the layperson. Here is an example of one using "Generic Software System" to indicate where the new piece of software would reside.



5. Align Organization

Take all the information gathered above and present it to both upper management and all primary & secondary stakeholders. Obtain formal alignment and send out meeting minutes to document. Silence should not be considered assent.

2.2. Issue RFI

The primary goal of an RFI is to reduce the number of vendors to a manageable number for the RFP. For example, there are over 20 software or SaaS vendors who claim to do population health management, and license fees are regularly >\$500K/year. It is not possible to include all 20 vendors in an RFP. Reducing that number in an informal fashion can lead to political or company alignment issues if implementation reveals significant product shortcomings that would have been addressed by a vendor that wasn't included.

It also does not have to be a formal process with legal language in it and is often just a single page with a standardized set of questions. An RFI can be completed within 3 weeks by following a few simple steps:

1. Gather 10-20 high level questions

An RFI is meant to be a very light exercise. Gather the top questions from business and IT stakeholders. Cost is not a necessary element as the filter is to determine which vendors are able to achieve the desired outcome.

2. Issue public RFI to all potential vendors
An RFI does not need to be marked as "confidential" as the purpose is to look at the entire market. Email the RFI to the appropriate contact at each vendor along with a requested date for the response.
3. Vendor deliver generic demos
At this stage a generic vendor demo is sufficient as the intent is to get an understanding of how the software works and determine if it is a good match for the mark-itecture diagram created in the prior stage.
4. Vendor deliver written RFI response
Self-explanatory.
5. Identify 2-3 finalists
The RFP stage will be most successful with only a few participants. Read the written responses, discuss the demos, and achieve consensus in 1-2 meetings to determine the finalists. Based on the company culture and situation a simple Harvey ball evaluation mechanism with empty, half full, and completely full balls can be used in lieu of a numeric scoring process.

2.3. Create RFP

When creating an RFP, focus on the quality and not quantity. Many RFPs struggle to attract the best vendors as they commonly self-select out if they feel the RFP is subjective, will require a large investment in time, or the client may be authoritarian, high maintenance, and unprofitable.

Attempt to keep this phase to as close to 2 weeks as possible. Spending longer than is a warning sign that the next stage will also take significantly longer than desired. Restrict this stage to the following 4 steps to maximize efficiency:

1. Gather business scenarios and questions.
Please note that the step says business scenarios, not business requirements. Scenarios are the high-level business activities that the system must support, whereas requirements are typically how a company executes those scenarios. Many RFPs struggle because they have written dozens of detailed requirements which has 2 ramifications: 1) Documenting requirements locks a company into how it has previously done business, and not how a new system can enable new capabilities; 2) It takes a long time to document, a long time for vendors to respond, and a long time to read & judge those responses. And typically, once implementation is underway, the capabilities of the chosen system render many requirements meaningless.
2. Create RFP
Physically assemble questions into a structure as appropriate for the company culture. This can be done in parallel with the above step to speed up the process. An example structure has been provided in an accompanying document available on TheBhatiaGroup.Com.

3. Create an objective system to weight & score answers
The best way to assure proper engagement by all RFP vendor candidates, enterprise wide acceptance of the RFP winner, and reduce angst during the inevitable implementation problems is to have an objective system with criteria to weight and score answers. This provides the assurance that the process is not biased, and the winner isn't the vendor with a weak system but strong ties to a given executive. Inform the C-Suite and vendors that a numeric system exists and will be moderated. Hiring a third party can help provide that assurance.
4. Execute NDA
A non-disclosure agreement during an RFP process can allow clients to provide sensitive details into their operations and vendors to provide working details on their software to ensure an optimal fit. Step 2 in the next stage, provide live data, requires an NDA, and allows vendors to demonstrate how well their system can support the desired business scenarios.

2.4. Execute RFP

With the foundation set from the prior stages, finalists picked, conducting an RFP is both exciting and efficient. A company can look more closely at the two to three finalists from the RFI stage and understand how their strategic goals and operations can benefit.

This stage inevitably takes a minimum of 6 weeks to move through each of the stages for departmental level systems. An aggressive goal should be set for the completion. Aiming to complete in that timeframe allows a company to execute the entire process in a 120-day timeframe.

1. Issue private RFP to finalists
Formally send the RFP to the finalists identified in the RFI stage. If an RFI stage was not conducted, select no more than four vendors based on competitive scans or industry references. This allows the team to conduct a robust comparison without wasting time on unlikely winners.
2. Provide vendors with live data
A systems ability to hold and manage data is often the reason for failure to achieve the desired business objectives. For example, a company may use a four-level hierarchy to categorize its customer base, but a given piece of software may only be able to house three levels. Provide vendors with live data deidentified to comply with HIPAA or other regulations so they can provide more than just verbal or written assurances about their ability to manage and manipulate the needed dataset,
3. Vendor deliver customized demos
Provide vendors with the opportunity to deliver a customized demo that focuses on how their system can achieve the desired business scenarios. Pay

close attention to those who loaded the live data into their system, and even closer to those who did not. Data conversion is often a very difficult exercise and many vendors cannot easily load actual client data, but they should be able to modify the sample data in their sales demo to approximate it.

4. Vendors deliver written RFP response

A written response should follow the demo, as customer-oriented vendors will use that session to validate or update and expand upon their responses. Receiving the written response at the same time as the demo is a potential warning sign that the vendor uses a cookie cutter approach for all clients and the needs of any given one is not considered. This can cause implementations to either A) take longer than vendors claim due to unique needs, or B) expected business value / returns to fall short as the clients' competitive advantage had to be watered down to fit into the new system.

A 30-day response time from RFP issuance is standard for departmental and smaller enterprise-level systems. Demoes should be scheduled to occur within that 30-day window to allow vendors to modify responses based on stakeholder feedback.

5. Score responses, select winner & backup

This step varies greatly based on company culture and cannot adequately be documented in this white paper. Ensure the objective scoring system is used, and all stakeholders are clear on the process and outcome.

3. Tips for expediting the process

Here are some tips The Bhatia Group has used to move through a full RFI with 12 vendors, filter the list and issue a full RFP, select a winner and backup, and negotiate a contract in under 100 days.

3.1. Involve all stakeholders in the beginning

Involve all stakeholders and exclude no one. Seemingly uninvolved departments are often left out of RFPs, and then the initial phases of a project. As it unfolds and more information is learned about capabilities and/or limitations, those departments can raise objections. Projects are regularly put on hold because not all departments were aligned on the vision, why a given vendor was selected, and the goal of the first phase. The C-suite will often freeze projects to reduce the spend until alignment is attained. Mitigate this by including stakeholders in the beginning, at the very least in a discussion about the business vision and where a given technology solution fits.

3.2. Push to complete within 120 days

The market is constantly changing. For regulated industries, legislation is constantly being added. If you take 9 months to execute an RFI and/or RFP to select department level or smaller software, you'll likely take 12 months to implement it. In those 2 years the market opportunity for which you needed the software is going to be different, your needs will have evolved, and you'll have spent money and time preparing yourself for something that's already obsolete. Challenge your team to complete the selection process in 120 days and use the saved time to focus on customer satisfaction.

3.3. Keep the RFI document short

The goal is to thin out the # of people in an RFP. Keep it to 1 page of questions and avoid legalese. Only put one date: When would you like to see a response.

3.4. Limit RFP to 3-4 vendors

An RFP takes time for vendors to complete, and even more time for clients to read and review. The most successful RFPs use customized demos to really get a feel for how a given vendor would work. It's not reasonable to attempt that for more than 3-4 vendors. Use an RFI to quickly cull the list of options down to a reasonable number.

3.5. Write scenarios, not detailed requirements

Detailed requirements tell vendors how you currently approach your business. If you were happy you probably wouldn't be executing an RFI and/or RFP. A better mousetrap rarely fits into your existing paradigm. Plus, detailed requirements take considerable time to write, considerable time for vendors to respond, and considerable time to evaluate responses. Instead, write <20 business scenarios describing what goals or processes the software will help you attain and see how

vendors suggest you approach them. Write no more than 1 paragraph about each scenario to avoid being prescriptive.

3.6. Delineate between must-have and nice-to-have scenarios

Highlighting the needs that you must support allows vendors to spend more time ensuring the primary goal is achieved. It also allows vendors to opt-out if they cannot adequately support the must-have, which saves you time in reading responses that will fall short.

3.7. Consider the vendors perspective

Many RFPs are written in a very authoritarian fashion but are issued by market laggards. Unless you're a premier brand, the best vendors may self-select out if the language insinuates that you will be a high maintenance and unprofitable customer.

3.8. Use unconventional methods with vendors

Most vendors, especially the non-market leaders, are eager to create more customer champions. Demonstrate your commitment to being a good partner by unconventional items such as including an offer to issue a joint press release in the RFP if the vendor meets your criteria. For example, if the contract is signed within 30 days, commit to issuing a joint press release announcing the RFP award before project kickoff. Or, commit to issuing a joint press release if the project is completed within your required timeline.

3.9. Highlight integrations and data migration needs

Many software systems work wonderfully when they are "islands" that do not need to interact with other systems, and they start with a clean slate. Companies spend millions on middleware systems to bridge that gap. Include a high-level vision on how you perceive the new system to interact with other processes or systems. Describe what source systems will be retired and the data migrated to ensure the proposed system can accommodate your data needs.

3.10. Select a backup winner

Contract negotiation may hit a brick wall, or the vendor may take an aggressive stance if there are no other options. Pick a primary winner and a backup winner. Inform both vendors of this. This will help both client and vendor present their best deal up front which can significantly reduce the time between RFP conclusion and project kickoff.