PROCUREMENT EXCELLENCE NETWORK

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Transforming IT Procurement: A Four-Part Series

Part 3: Writing the RFP

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THE STORY SO FAR…

Part 1: Framing the Problem and **Part 2: Understanding the Marketplace** of this series on transforming IT procurement flagged some of the important steps to take before sitting down to write a major technology RFP:

- Clearly state the problem and desired outcomes driving the procurement using the method shown in Part 1; consider doing a "problem-based procurement" to center on the technology challenge you wish to solve and remain agnostic towards a solution.

- Establish executive project governance and continuously seek alignment with internal stakeholders.

- Do your research and include users and user experience; review previous procurements and contracts and don't repeat past mistakes.

- Determine which legacy systems the new system should replace, and the scope of and limits to the functionality it should include (without making this a lengthy list of requirements).

- Use techniques discussed in **Part 2** to diversify and expand the vendor pool, and prioritize diversity, equity, and inclusion throughout the procurement and contracting process.

- Issue a procurement forecast, hold a vendor forum, and issue a draft RFP, RFI, or other method of signaling to and getting feedback from the marketplace about a potential procurement.

- Consider a competitive pre-award design phase which pays multiple vendors to prototype a solution (alternatively, use civic hackathons, incubators, innovation labs, and/or design thinking to brainstorm and prototype solutions).

- Divide large risky projects up into smaller manageable projects (including unbundling, micropurchasing, and modular contracting).

In this segment we provide a recommended structure for your RFP, with deep dives into the scope of work section, performance metrics, evaluation criteria, and pricing. But first, let's put ourselves in the shoes of a vendor who's considering whether to respond to your upcoming RFP.

GO/NO-GO DECISION FACTOR FOR VENDORS	HOW THIS AFFECTS THE WAY YOU DRAFT YOUR RFP
Fit: Is the problem one we can solve and is the government open to a solution we can offer?	Clearly define the problem and desired outcomes (see Part 1). Research the market to learn about potential solutions (see Part 2) but be solution-agnostic in the RFP. Use simple language.
Capacity: Can we deliver a viable solution within the expected timeframe and at a competitive price? Do we have the right resources?	Set clear expectations about the expected implementation timetable. Identify the government's resources, anticipated project roles, and team structure.
Risk: Given what we know about the government and the environment, what are the project risks and are they manageable?	In the problem/background section of the RFP, inform vendors about existing conditions, legacy systems, interfaces, data conversion, and planned projects that may impact this work. Include a statement of desired outcomes and expected performance measures, and the frequency of and approach to performance evaluation.
Competition: Who is likely to propose and how do we compare to our competitors? How are our relationships with decision-makers? Did we learn about the opportunity at the same time as others?	Make a regular practice of providing advance notice to the marketplace about upcoming procurements. For complex procurements consider issuing an RFI, concept paper, or draft RFP. Make sure you understand and follow your government's procurement rules, including not using material directly provided by a vendor. Include an approach and/or requirements that do not favor any vendor.
Cost/benefit: Do we have enough time to submit a competitive proposal; is this a government we are excited to partner with; and given the above factors and risks, is it worth the cost?	Be a good (potential) partner. Hold a pre-submittal conference and solicit vendor questions. Publish clear answers to vendor questions promptly and transparently. Provide adequate time after the Q&A period for proposal development (too tight a timeframe will discourage vendors from responding). Clearly define submittal requirements and the evaluation process.

How Vendors Think

In both the RFP planning and writing phases, it's important to know how vendors think about responding to RFPs. You want to plan for and write the RFP to maximize the number and quality of responses. Most vendor teams use a decision framework to determine whether to respond to an RFP, and they base this decision on a few simple factors, which the government should understand when writing the RFP (see table on page 2).

Recommended RFP Structure

Partners for Public Good's recommended RFP structure is documented in detail in our Guidebook: Crafting a Results-Driven RFP and other publications. Some of the features of this approach include: (1) making it easy for potential proposers to learn upfront about the problem to be solved, the scope of work, timeframes, and due dates; (2) clearly separating the "scope of work" and "how to respond" sections—often a source of confusion for vendors; (3) emphasizing readability and moving boilerplate and terms and conditions to the end of the document; and (4) incorporating performance measures and describing how the contract will be managed.

Our recommended RFP structure for IT projects is as follows:

Chapter 1	Introduction: short summary of problem, scope, timeframes, due dates.
Chapter 2	Problem Statement and Goals: identifies the challenges faced by end users that the technology aims to serve. A true problem-based approach is solution-agnostic and takes a human-centered approach.
Chapter 3	Scope of Work: gives prospective vendors a clear sense of the work required, defining the extent of the project, roles and responsibilities, project governance, and performance metrics.
Chapter 4	How to Respond: provides clear instructions to the vendor on what to include in their response, by when, where, and in what format. All instructions to the vendor for submitting a complete RFP response package should be included in this section alone, and not spread throughout the RFP.
Chapter 5	How We Choose: includes the evaluation criteria and a process designed to select the proposal(s) most likely to help you achieve your stated outcome goals.
Chapter 6	Pricing: in conjunction with performance metrics, the pricing approach should create incentives that align vendor performance with the government's needs.
Appendix	Terms and Conditions; Required Forms

Scope of Work

The objective of the scope of work is to give prospective vendors a clear sense of the work required of them, defining the content and boundaries of the project and the roles and responsibilities of the vendor and the government. Avoid making the scope of work a lengthy list of tasks and functional requirements to be met. The problem with this approach is that it sets a tone for the project of prioritizing compliance with a detailed list of deliverables or requirements rather than producing desired outcomes.

Try These Strategies: Instead of providing a long list of detailed requirements, view the scope of work as an opportunity to communicate to vendors the high-level requirements of the solution while allowing them the opportunity to respond to the RFP with their best, most creative ideas and solutions. Some specific strategies include:

Organize requirements by outputs/outcomes or functionalities: Consider organizing the scope of work around key outputs/outcomes of the technology solution rather than a list of functional and technical requirements. This solution-agnostic approach articulates what the technology will allow users to accomplish, instead of how it will accomplish them. Interview your end users to gather core user requirements to specify end outputs. Consider the example from the City of Boston on the next page.

- **Focus on unique functional requirements:** Instead of requiring vendors to respond to an exhaustive list of every functional requirement you have, consider paring the list down to your most unique and differentiating functional requirements. For example, if all vendor software of the type you're procuring provides similar import/export capabilities, but certain software suites offer predictive analytics or unique integrations, consider drafting your requirements to focus on the most unique functional requirements.

- **Articulate expectations around project management approach:** The scope of work is where you can set expectations around how you intend to work with the vendor, including project management approaches. Consider specifying expectations around iterative and modular testing and configuration and use of project methodologies (e.g., agile scrum) to set the expectation for a collaborative project management approach. Also specify the governance structure you will set in place to manage the contract, such as a steering committee vendors will communicate with and the expected cadence for that communication.

- **Define the boundaries of the implementation:** Vendors often complain about RFPs that do not provide enough information to enable vendors to price or scope their solutions appropriately. Your scope of work should articulate unique requirements, including legal requirements, such as unique data and privacy questionnaires, technical and hardware requirements, or data requirements, as well as responsibilities vendors will have around data migration or cleaning, both at the start and end of the contract. Also include information about the scale of the solution, such as the expected number of users or volume of data, as well as any specific details that may set your implementation apart from others the vendor has worked in the past.

→ Scope of Work Case Study: Boston Capital Improvement Program (CIP) System

The City of Boston wanted to choose one project management solution to be used by four departments to manage their capital improvement projects. Although the City was seeking a single solution, each department had diverse workflows and project templates, which would require distinct views, functions, and permissions.

Instead of listing all functional requirements, the city organized its RFP by six core outcomes and then listed the general features it was looking for under each functional area.

The city sought a solution that would:

- Promote transparency by increasing access to data for an array of users
- Allow for robust workflow visualization of both off-the-shelf templates and user-configured processes
- Facilitate collaboration
- Promote active management of projects and broader initiatives
- Have the ability to interface with the City's current systems
- Provide a secure, dependable experience in the office and in the field

→ De-Risking IT Projects Through Unbundling and Modularization

Large systems integration and managed services projects can be overwhelming in terms of complexity and duration. Governments seeking ways to mitigate the potential risks associated with these projects (missed go-live dates, significant cost overruns) have employed several methods that can be categorized as unbundling or modularization.

One technique is to adopt smaller IT procurement increments. This agile approach allows governments to reduce risk of overspending and to work through challenges with vendors on a smaller scale. Governments can leverage vendor benches through requests for qualifications (RFQs) to reduce procurement cycle time and quickly request responses for scopes of work when support is needed.

The City of West Hollywood issued an RFQ for a set of suppliers to provide support on innovation and communications products. They received about 60 submissions and awarded 10 contracts. As a result, staff can request a scope of work from suppliers when support is needed, select a supplier, and issue a purchase order in two to four days. This approach allowed West Hollywood to work with multiple vendors and encouraged participation from smaller vendors that may not have been able to compete for larger work.

→ De-Risking IT Projects: Other Techniques

Other techniques for de-risking IT projects include:

- A collaborative, incremental, iterative approach to software projects (e.g., agile development methodology, iterating on a minimum viable product)
- Setting project milestones for incremental delivery of usable, functional chunks of software or services
- Payment schedules based on results (such as successful software testing or UAT), not money or time spent
- An A–B vendor structure (multi-award); if there is a need for surge resources or if vendor A is not meeting expectations, tap vendor B (this and other techniques help avoid "vendor lock-in")

Performance Metrics

Including performance metrics and a plan for managing performance during the contract term in the RFP will allow you to measure whether the project is making progress toward meeting your goals. Metrics should be selected carefully to allow you to determine whether vendors are realizing your vision of success. Consider including output metrics tied to the vendor's successful implementation of the system as well as outcome metrics tied to the longer-term goals you envision.

	PRE-IMPLEMENTATION: OUTPUT METRICS	POST-IMPLEMENTATION: OUTPUT METRICS	POST-IMPLEMENTATION: OUTCOME METRICS
Description	Used to monitor the performance of both the vendor and the system during implementation. These may include outputs of implementation phases such as configuration, testing, data migration, and training.	Used to monitor the performance of the system after go-live.	Higher-level metrics to ascertain whether the technology solution has contributed to the end goal and ultimate stakeholder outcomes.
Sample Metrics	Number of staff trained; data migration error rate; defects found in testing by severity level.	Transaction response time; system availability; issue resolution response time.	Leading (measuring efficiency): Time it takes for personnel to access key reports; cycle time to upload new information. Lagging: Response times to emergencies; improvements in key social metrics the solution ultimately enables.

	PRE-IMPLEMENTATION: OUTPUT METRICS	POST-IMPLEMENTATION: OUTPUT METRICS	POST-IMPLEMENTATION: OUTCOME METRICS
What to Include in the Contract/ Responsible Party	Milestones and acceptability criteria can be in the contract. Monitored with vendor; vendor is accountable for meeting metrics.	These may be articulated in a service level agreement (SLA). Monitored with vendor; vendor is accountable for meeting metrics.	The contract can include language about working with the vendor to enable the new system to do real time monitoring of these metrics and to collaborate with the vendor on identifying areas for improvement around staff's use of the system. Monitored by government; vendor may be consulted.

Try These Strategies: For IT procurements, performance metrics typically represent a mix of both output and outcome metrics. Output metrics are short-term in nature and measure operations and activities of the technology implementation, while outcome metrics measure the intended results/effects of the technology. The table distinguishes among three kinds of performance metrics, provides brief examples of each, and indicates whether/how they should be reflected in the contract and the responsible party.

Consider whether the metrics you have articulated are feasible to report on. Ideally, outcome metrics should allow you to compare past system or service performance before the implementation to performance after implementation to track improvements in efficiency, effectiveness, or customer satisfaction, so using metrics already in place may be a good starting point.

As part of a vendor's response to the RFP, you could also allow them to propose additional or alternative performance metrics to be tracked on a regular basis, with the final set of performance metrics and frequency of collection to be negotiated.

In addition to including performance metrics in the RFP, it is important to communicate expectations around the communication and monitoring of metrics. Information to include:

- A clear understanding of roles and responsibilities around data collection and reporting between government and the vendor.

- Cadence of meetings with vendors to troubleshoot issues that arise and continuously improve service delivery.

→ ## Metrics Case Study: Indianapolis Application Managed Services

The City of Indianapolis sought to improve the performance and value of its contracted application managed services. The Indianapolis Purchasing Division and Information Services Agency (ISA) drafted an RFP for a specific scope within the larger area of application managed services, structuring pricing and payments to provide for both ongoing monthly recurring services and special (short-term) projects. To track the outputs and outcomes of managed services and inform contract management, Indianapolis developed several vendor performance metrics, including: 1) timeliness of project work; 2) post-project and quarterly user department satisfaction surveys; and 3) summary of root cause analyses.

Indianapolis negotiated a contract renewal that reduced annual costs by approximately $900,000—nearly $3.6 million total over the remaining life of the contract.

Evaluation Criteria ("How We Choose")

Evaluation criteria should be designed to identify the proposal(s) most likely to help you achieve your stated outcome goals. Evaluation committees should be identified internally prior to the proposal due date (or even better, as the RFP is being drafted) and committee members should have a stake in the outcome of the procurement (but no conflicts of interest). Ideally, choose evaluators who were involved in the development of the RFP and are familiar with and committed to the vision and goals of the project. See our publication Proposal Evaluation Tips & Tricks for additional guidance.

We've seen a range of evaluation methods used by governments. The most practical methods start with a few major categories, don't assign fewer than 10 points (out of a total of 100) to any one category, and while they may incorporate detailed sub-categories (for example, under Qualifications and Experience: Is the proposed team qualified? Have they previously worked together? Is there a record of success?), point scoring is done at the overall category level and not by sub-category.

Try These Strategies: To help develop your categories for evaluation, select an RFP team that is representative of the range of individuals who will be interfacing with the system including IT, program staff, and purchasing. Evaluation criteria should 1) cover the risk areas you'd like further clarity about from vendors' proposals; 2) be clearly defined to precisely communicate to vendors what a successful submission for each criterion looks like; 3) map directly onto submission requirements you require of your vendors; and 4) have balanced weighting among the categories. See the table on the next page for a sample evaluation matrix.

Evaluating user experience can be an important part of the selection process. This can be done by holding product or service demonstrations or labs to allow users to rate vendors on user interface, ease of navigation, and accessibility of technology. Demonstrations are usually part of a second round of the evaluation for proposers short-listed after round 1. In the example above, points from the demonstration round are combined with points awarded in the first round for an overall score to determine the finalist. Another method is to allow evaluators to recalibrate their round 1 scores after the demo round. The way in which demonstrations contribute to the overall score should be clearly stated in the evaluation section of the RFP.

SAMPLE CATEGORY	SAMPLE CRITERIA DEFINITION	SAMPLE MAXIMUM POINTS
Evaluation Round 1: Technical and Pricing		
Project Approach	The vendor's proposed project management and communication approach can successfully deliver the implementation on time and on budget and is adaptive to the needs of agencies.	25 points
Qualifications and Experience	Vendor demonstrates a successful track record of similar implementations with comparable jurisdictions in the past 5 years. Vendor's proposed project team demonstrates competence and high capability and experience to deliver the implementation successfully.	15 points
Implementation and Support	The vendor's proposed implementation plan demonstrates technical competence and flexibility that meets stated objectives and implementation requirements.	25 points
Functional and Technical Requirements	Vendor demonstrates capability to provide functionality that meets the business objectives and requirements outlined in the RFP with minimal configuration or third-party integration.	25 points
Price	Lowest responsive price receives maximum award; remaining proposals receive points inversely proportional to the amount by which they exceed low price.	10 points
Subtotal Round 1		100 points
Evaluation Round 2: Product/Service Lab or Demonstration		
Demonstration	Presentation may include user group lab/demo and survey. Both the evaluators and potential users of the system or service can be invited to the demo, users may complete a survey, but only evaluators score. (Vendors are typically not informed who is on the evaluation committee.)	50 points
Subtotal Round 2		50 points
	Total	150 points

→ Evaluation Case Study: Naperville IT Support Services

As part of its evaluation process, the City of Naperville, IL implemented a scenario-based interview to better understand how vendors would approach the goals and outcomes the city desired. The IT department identified partnership and "transfer of knowledge" as key components it sought from a future vendor. To help the selection committee more accurately appraise a vendor's views on partnering, the department conducted a role-play exercise that modeled project planning and performance review meetings. This activity demonstrated whether vendors used a one-size-fits-all model or approached their clients as partners with individualized needs. The selection committee commented that the activity helped them make a more informed choice than they would have otherwise made using traditional interview questions.

Pricing and Incentives

Sometimes the pricing section of the RFP can be straightforward; certainly, in the case of large commodity purchases (like desktops and laptops if the technical specifications are met by two competing vendors), their per-unit prices and volume discounts can be easily compared. But most technology procurements are not so "apples-to-apples." The RFP team may need to determine how to structure a pricing matrix or form that includes some deliverables with known levels of effort and others with less certainty. Consider the example on the next page from the State of Illinois.

IT and capital project contracts often include penalties for poor performance such as liquidated damages and payment holdbacks. Service level agreements, for example, can result in a penalty or payment reduction if the SLA is not met. But it should also be possible to incentivize good performance, through pay-for-performance, or funding outcomes or deliverables. In conjunction with establishing performance metrics, creating an incentive structure that aligns vendor performance with your government's needs goes together. Your payment structure helps manage performance risk by establishing a set of incentives to which vendors respond.

But incentivizing performance is not strictly about what you pay vendors for or how you pay them, i.e., performance payments. Indeed, most contracts do not use a performance payment structure.

Try These Strategies: Common incentivization strategies appropriate for IT contracts include the following:

Collecting metrics or grading vendor performance: Defining, measuring, and discussing performance regularly over the course of the contract, even without performance payments, can provide a meaningful performance incentive.

- **Performance payments:** Some portion of the contract is paid out based on performance, measured using process and/or outcome metrics. Performance may include meeting metrics established by the contract, which may include user satisfaction ratings.

- **Financial penalties or bonus payments tied to critical system performance metrics:** Governments can include financial penalties or bonuses tied to core metrics in service level agreements, for example, for not meeting or for exceeding system availability requirements.

Selecting future work based on vendor performance: A common complement to scoring vendor performance through a formal vendor evaluation system is to condition future work on satisfactory performance. This can apply to selecting vendors for scopes of work within a vendor pool, contract extensions, new work under an existing contract, or the opportunity to compete for future contracts.

→ ## Pricing Case Study: Illinois Statewide Permits and Licensing System

For an enterprise-level application project, the State of Illinois required the successful vendor to develop a basic permits and licensing core system and then engage with individual departments to build out the unique functionality they needed. The core system requirements (catalog, customer account, shopping cart, payment processing) were known at the time of the RFP, but departments' additional requirements were to be determined later through statements of work.

The pricing section of the RFP reflected the two-part nature of the project by requiring respondents to provide (1) a firm fixed price and schedule for the core system, with payments to be made upon successful completion (or iterations) of each functional module, and (2) hourly rates for a team of analysts and developers who would build out the individual department components. The state compared vendor pricing by multiplying the proposed hourly rates by resource by a hypothetical (but reasonable) number of hours and adding this to the fixed price proposal for the core system.

Conclusion

In summary, a good technology RFP is an opportunity for you to interest vendors in coming up with innovative solutions to your government's problems, whether it's simplifying capital project management, streamlining permit processes, or improving customer experience (or supporting the hundreds of other things government does). Instead of telling potential vendors exactly how a software application should operate, this approach suggests incorporating user voice, clearly articulating the issues driving the procurement, being transparent about the internal IT environment and resources, considering a modular approach for large systems projects, being open to innovative solutions or platforms, and using mutually agreed-upon performance metrics to incentivize and drive project success.

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The **Procurement Excellence Network** (PEN) is a free, online community for public sector leaders seeking to transform their jurisdiction's procurement practices. It offers virtual trainings, tools, templates, and coaching, while building peer connections for leaders as they launch efforts to make procurement more strategic, fair, and innovative. PEN is an initiative of **Partners for Public Good** (PPG), a 501(c)(3) non-profit organization that helps state and local governments use key operational levers—procurement, workforce, digital infrastructure, and budgeting—to drive public impact.

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