Death of the RFP

Mark Devonshire

Chair of the GSA and VP
And Head of Client Delivery,
NTT Data Services

- Procurement to Partnership
- Visionary Sourcing   Angela Wyatt / Manny
                                                              Leon / James Patrick
- <mark>TBC</mark>   David Brook
- The Legal View   Imran Syed
- Panel chaired by Kerry Hallard. Motion: The RFP process is flawed and does not guarantee buyers to select the best partners

Procurement to Partnership

Marketplace

Digital, IoT, 5G, Analytics and AI driving increasing spend
< 50 % Contracts Renewed, BPO Less
As a Service driving Commodity

Delivery

50-70% Projects Fail
17% Projects classed as Catastrophic
75% Projects are now Agile

Technology

By 2024 80% of Commodity Procurement will be automated
Catalogue of Services on Demand

Procurement

Procurement Function is moving from Transaction to Value
Life time Value and Relationship Management
Benchmark and Marketplace Data available
Consolidation of Suppliers

Global Spend ($Mn)

| Segment 2	Segment 3	Segment 4	2017	2018	2019	2020	2021	2022	2023	CAGR 2019-23
IT Services	Consulting	Consulting	171,113	188,318	199,187	212,547	226,755	241,429	256,871	**6.6%**
	Managed Services and Cloud Infrastructure Services	Hardware Support	74,502	76,386	75,200	74,854	74,796	74,592	74,393	**-0.3%**
		IaaS and Infrastructure Utility Services	38,358	50,954	61,859	74,625	89,627	106,210	124,305	**19.1%**
		Infrastructure Managed Services	190,112	195,942	197,776	203,249	209,533	216,259	223,187	**3.1%**
		Application Managed Services	78,098	82,282	83,645	86,616	89,935	93,299	96,699	**3.7%**
	Managed Services and Cloud Infrastructure Services Total		381,071	405,565	418,480	439,345	463,890	490,360	518,584	**5.5%**
	BPO	Business Process as a Service (BPaaS)	39,320	41,705	43,584	46,575	49,929	53,425	57,089	**7.0%**
		Traditional BPO	110,283	112,764	113,777	116,406	119,381	122,384	125,421	**2.5%**
	BPO Total		149,603	154,469	157,361	162,981	169,311	175,809	182,511	**3.8%**
	Implementation	Implementation	229,692	245,321	254,568	266,257	280,373	295,059	309,942	**5.0%**
	Grand Total		**931,479**	**993,673**	**1,029,597**	**1,081,129**	**1,140,329**	**1,202,656**	**1,267,908**	**5.3%**
	Y/Y Growth %			**6.7%**	**3.6%**	**5.0%**	**5.5%**	**5.5%**	**5.4%**	

Mega Deal Trends

"Active" Global Mega Deals: TCV >$500Mn
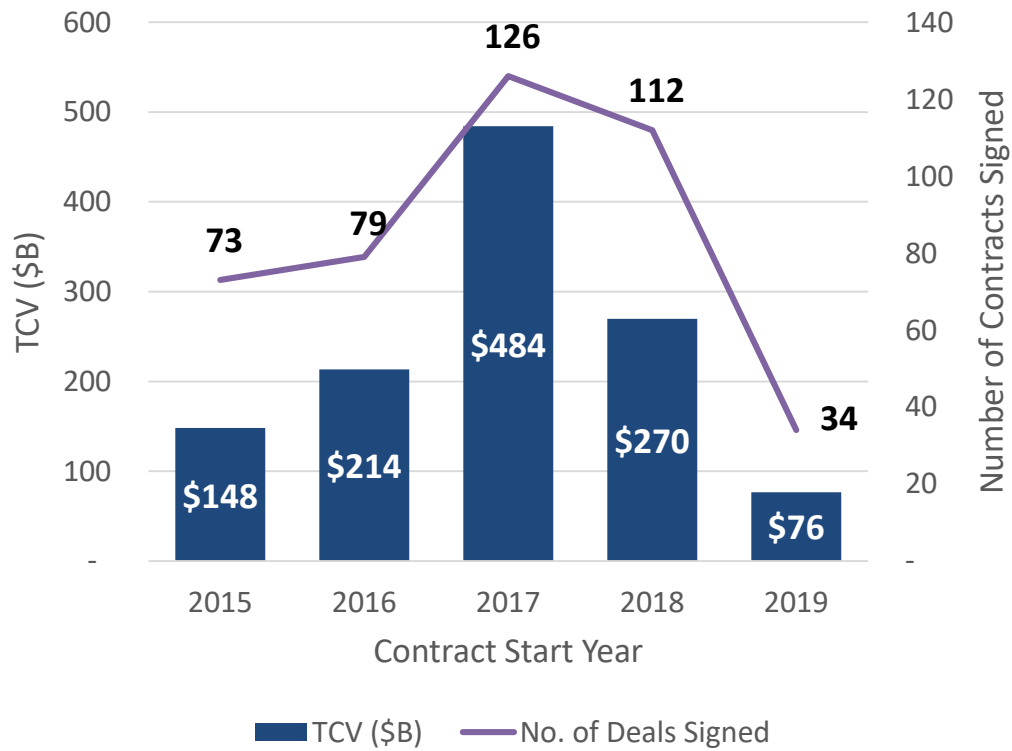
"Active" Global Mega Deals: TCV >$1B
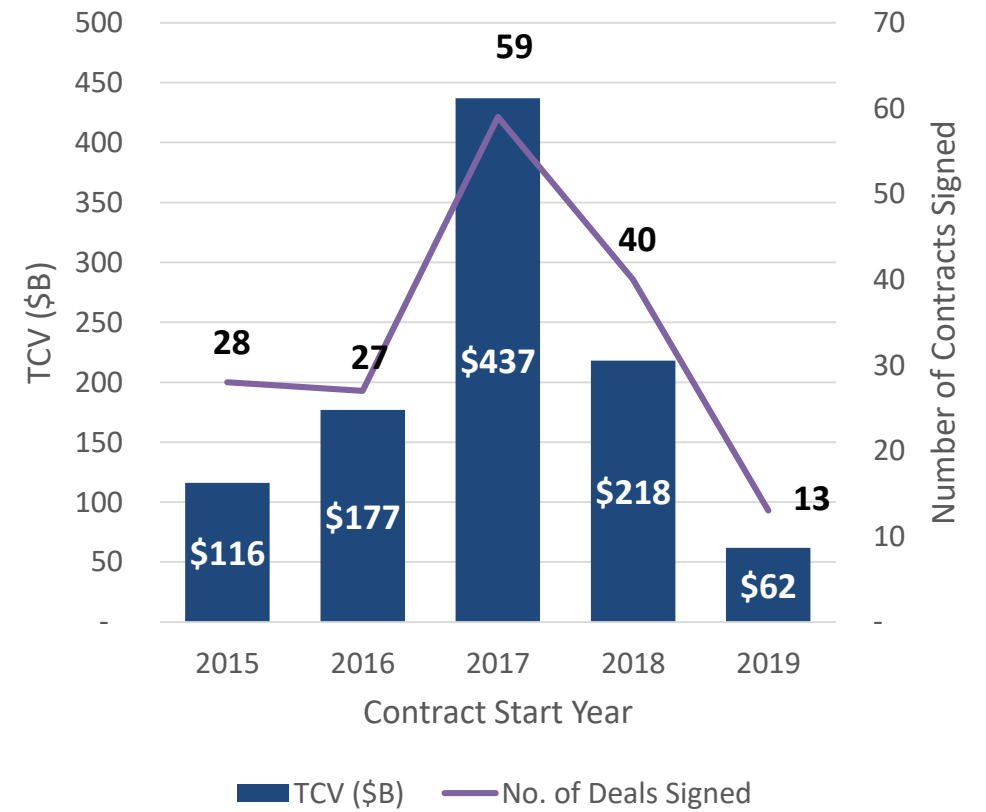
The Good, The Bad, The Ugly

gsa

The Good

- Documented Definition of Requirements
- Baseline of Information
- Structure and Foundation
- Auditable

The Bad

- Identical Proposals - Apples to Apples
- Vendors energy dissipated
- Process Adversarial

The Ugly

- Proposals do not answer business challenge
- Price not value driven
- Costly for buyers and suppliers
- Limiting innovation

How RFP's have changed in the last 10 years

gsa

Much faster	**Contracts Shorter**	**CX, Continuous Improvement and Innovation**	**Tools and Automation vs TUPE/ARD and Assets**	**Multi-Sourcing is the norm**
As-as-Service models and cloud computing	**Data driven services and programmes**	**Scope more defined. Generalism is out of fashion**	**Security has become imperative**	**Towers and services have been redefined**

Life Time Value and Relationship Management

Proactivity and Transparency

Business Based Solutions with Executive Engagement

Customer Experience and Innovation

Employee engagement

Quality of service (QoS)

Alignment with business objectives

Angela Wyatt

Consulting Director, Horizon Seven

Manny Leon

Ensono

James Patrick
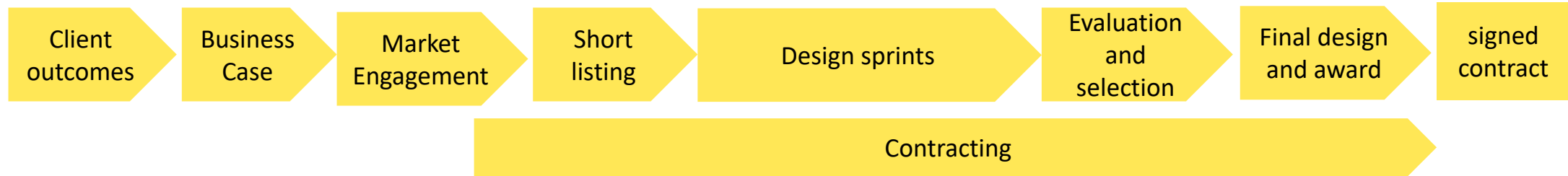
Wipro

visionary sourcing

What makes us different?

- We are globally disruptive innovators in the sourcing advisory market

- Our research and development is leading reform in the sourcing market

- We're a new breed with a new, partnering-led collaborative style

- We commit to delivering results and freely sharing our ideas

What is agile sourcing and the benefits?

Agile sourcing is optimised for delivering results from sourcing more quickly, more choice, greater opportunity and reduced risk. *example agile approach and benefits;*

Client outcomes → Business Case → Market Engagement → Short listing → Design sprints → Evaluation and selection → Final design and award → signed contract

Contracting

- *Greater choice of technical, commercial and contractual solutions are enabled, driving transformation and continuous improvement agendas.*

- *Best of breed, shortlisted suppliers more closely matches your needs, consortia or JV can be created.*

- *Agile sourcing can run in parallel and adapt to discoveries and lessons learned from other sourcing.*

- *Overall the outcomes of agile sourcing cost significantly less when compared to traditional sourcing methods as they're shorter (vendor returns value), vendor makes less assumptions, and are better negotiated.*

- *Provide an opportunity to engineer the commercial and contractual solutions as well as technical.*

- *Typically deliver a more optimised solution from day 1 and increase in value over time.*

- *Identify areas of risk early and continuously through the process and take the opportunity to mitigate/close risks – no assumptions.*

- *Stronger relationships are built during the process and ways of working together tested.*

Agile Sourcing in the Public Sector

Agile Sourcing sits within the OJEU Regulations as fully compliant with the Competitive Dialogue procedure:

precision . world class . energised
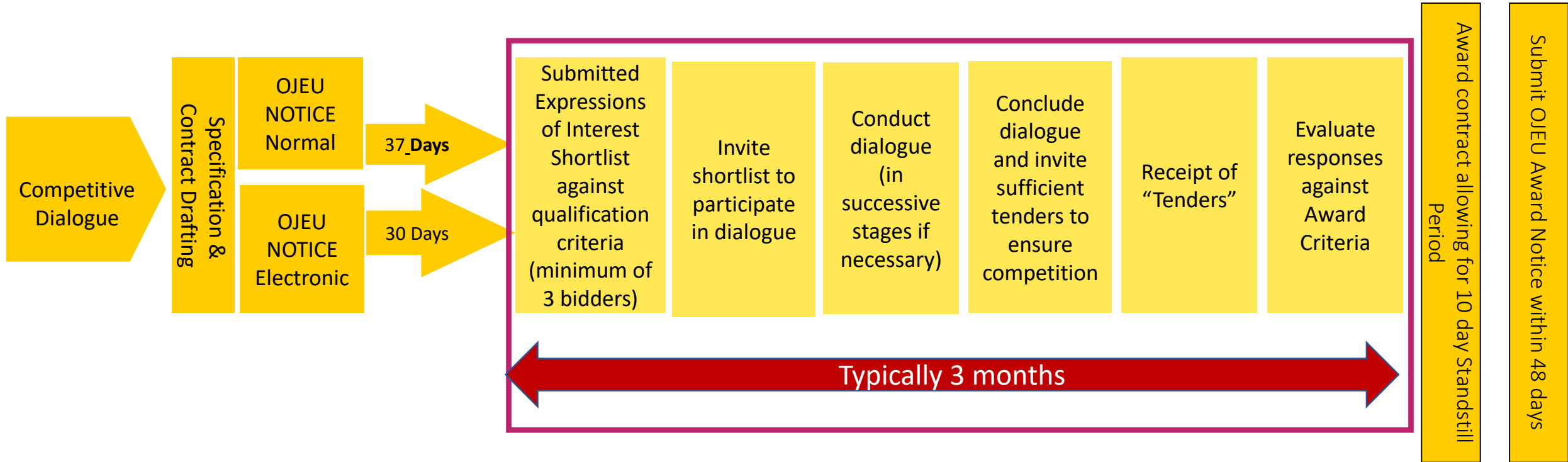
Sourcing design and approach

Sourcing options on a continuum rather than either/or, the key is in the sourcing design taking into account the critical path and having a clear understanding of risks and opportunities;
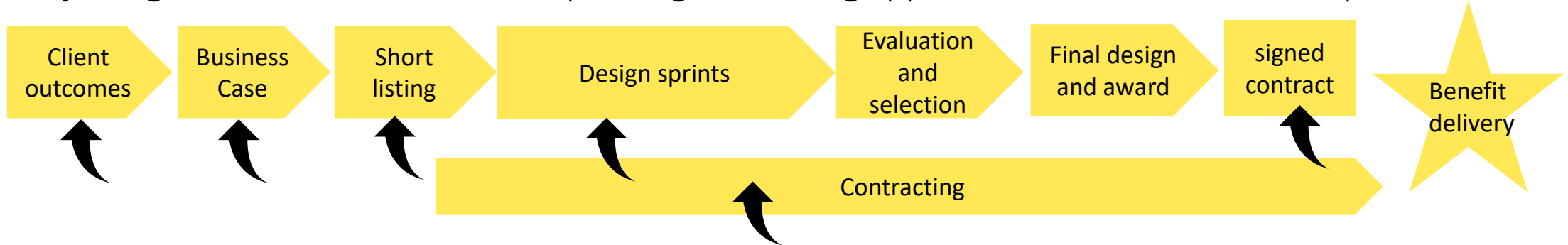
	Traditional RFP	Hybrid	Agile
Flexibility in solution design during the process and choice of end solution	✗		✓
Arms length specification of requirements	✓		✗
Consortia and JV supported model	✗		✓
Contractual process is competitive	✗		✓
Collaborative face to face design workshops	✗		✓
Design is optimal to both buyer and supplier needs	✗		✓
Suited to running in parallel and dynamically adjusting	✗		✓
Compatible with regulated environment	✓	✓	✓
Typical time to value	12-18 months	9-12 months	4-6 months

Case Studies

Agile Sourcing

Case Study 1 – Major High Street Retailer

A major High Street Retailer ran a complete agile sourcing approach to select their ADAM partners

Client outcomes → Business Case → Short listing → Design sprints → Evaluation and selection → Final design and award → signed contract → Benefit delivery

Contracting

- Started by defining the desired outcomes from the sourcing in real terms.
- Defined a clear, outcome-based business case before going to market.
- Shortlisting based on market knowledge to 4 potential partners.
- Face to face collaborative design of solutions in 6x4 agile workshop sprints.
- Parallel run contract documentation and negotiation enabled evaluation and best contract(s) for solution.
- 2 partners selected with separate, defined scope, taking 4 months from conception to contract signature.
- Early benefit delivery achieved, reviewed and confirmed again 12 months after contract signature

Horizon Seven Case Study – Private Sector

Manny Leon

Ensono - New Client Engagement Director

ensono | OPERATE FOR TODAY.
OPTIMISE FOR TOMORROW.

Our history of IT expertise includes 50 years of experience

Acxiom Corporation founded

1969

Acxiom acquires May & Speh

1998

Acxiom sells Acxiom IT

2015

Acxiom IT rebranded as Ensono

2016

Ensono acquires Attenda

2017

Ensono acquires Inframon

2018

Ensono acquires Wipro's Hosted DCS Business
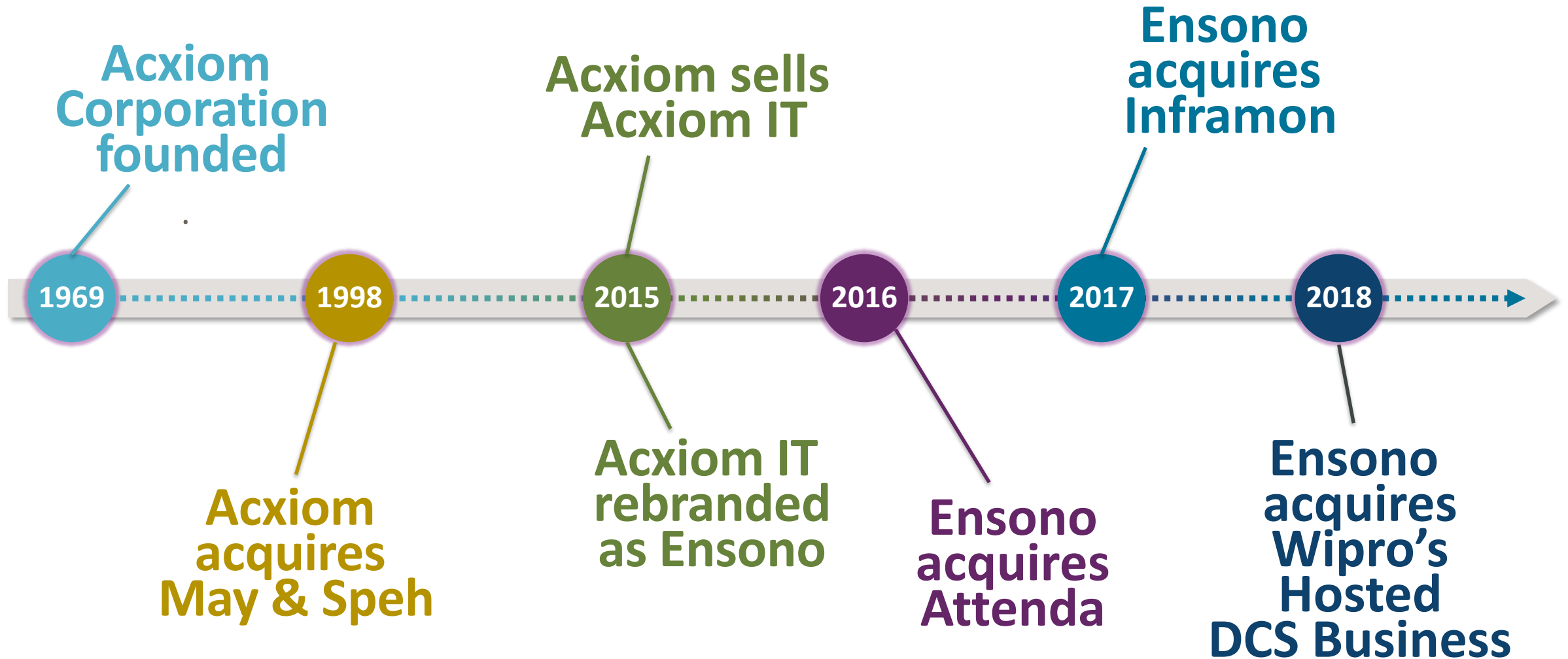
Ensono offers a distinct value proposition for enterprises with complex IT

ensono®

Accelerating digital transformation while keeping the core business running

OPTIMISE	MODERNISE
Keep entire IT running faster, smoother and cheaper	**Enhance IT agility and velocity to meet business needs**

Data Centre Consolidation	Mainframe Outsourcing	Disaster Recovery	Infrastructure Modernisation	Cloud Roadmap	Public Cloud Migration

Managed Mainframe/ Midrange	Managed Infrastructure	Private Cloud	Managed Public Cloud	Consulting	Application Services

Ensono Governance Platform

Security

The chaotic buyer

6.8

The average B2B decision-making group now includes up to 6.8 buyers from varying roles, teams & locations

Source: Corporate Executive Board

57%

On average buyers are 57% of the way into the sales process before they interact with a salesperson.

Source: Forrester Research

60%

60% of qualified prospect (with budget and ready to buy) end in no decision.

Source: Sirius Decisions

89%

9/10 Sales Conversations are deemed to be a waste of time according to corporate decision makers.

Source: Forrester Research

53%

While company and brand, product & service, and prive to value ration are all contributing factors to why customers buy and remain loyal. 53% of the reason is due to the sales experience.

Source: Corporate Executive Board

10%

C.I.O's will seek to automate 10% of their IT tasks that are highly standardized while upskilling employees

Source: Forrester Predictions

- Buyers are asking for someone they can trust

- The trust has nothing to do with the products and services sold

- The team of buyers feel they are embarking on a chaotic and often unrewarding journey

- Sellers look and sound like each other, a buyer seeks differentiated conversations

- Buyers seek VALUE – through reliability, authenticity and competence

- Up front meetings with shortlisted suppliers

- A concise process document

  - Very clear detail and timescales

  - Encouraging collaboration

- Advoacting a partnership from the outset

  - Providing true access and engagement with the client

  - Regular check in through response through Workshops

  - Capability, Contract, Solution – a wide audience

- Flexibility to deliver innovation
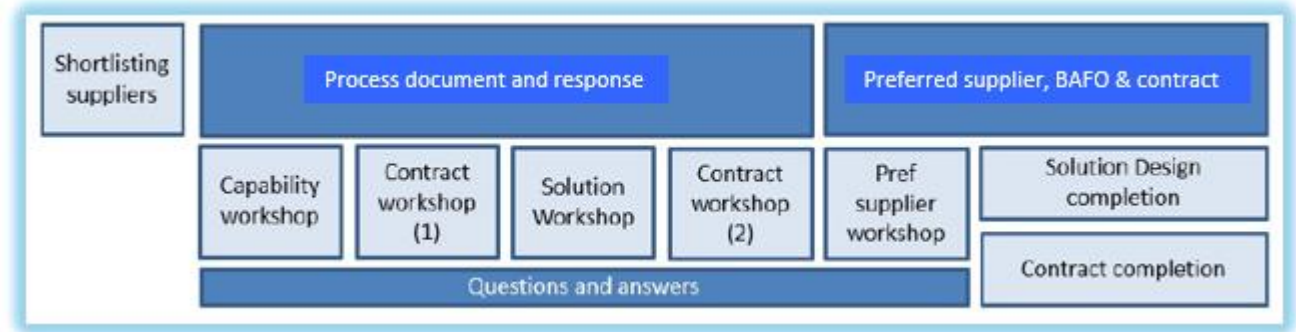
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OPTIMISE FOR TOMORROW.

Agile Sourcing in a regulated industry

Wipro

preparation

- Early focus
- Fast-paced
- Tailored solution

in the room

- Open dialogue
- Demos
- Immediate feedback

benefits for supplier

- Reduced writing
- Agile solutioning
- Build relationships

benefits for customer

- Eyeball the doers
- Efficiency and pace
- Clarity of outcomes

We are
wipro

Diverse History

Consumer heritage

Now a Digital transformation partner

Technology Leader

$8.1B Global revenues*

1193 clients*

175,346 employees in 62 countries

Global & Diverse workforce - 35.2% women

The Spirit of Wipro

Be passionate about clients' success

Treat each person with respect

Be global and responsible

Unyielding integrity in everything we do

*Figures based on Q2 2018-19 for Global IT Services business

David Brook

Managing Director,
Turnstone Services Ltd

Real World

- Much attention and standards on
  - IT implementation (Prince2)
  - IT design (TOGAF / CoBIT)
  - IT operations (ITIL)
  - IT security (ISO)

– but very little on IT sourcing

Most clients want service quality, a safe and fair contract and 'getting the job done' when they're busy

RFP – image problem?

- Bureaucratic, red tape
- Run by the Procurement Department
- "Because we have to"
- The 'legal' mindset

- "We know what we need"
- No time, busy day job, just get on with it
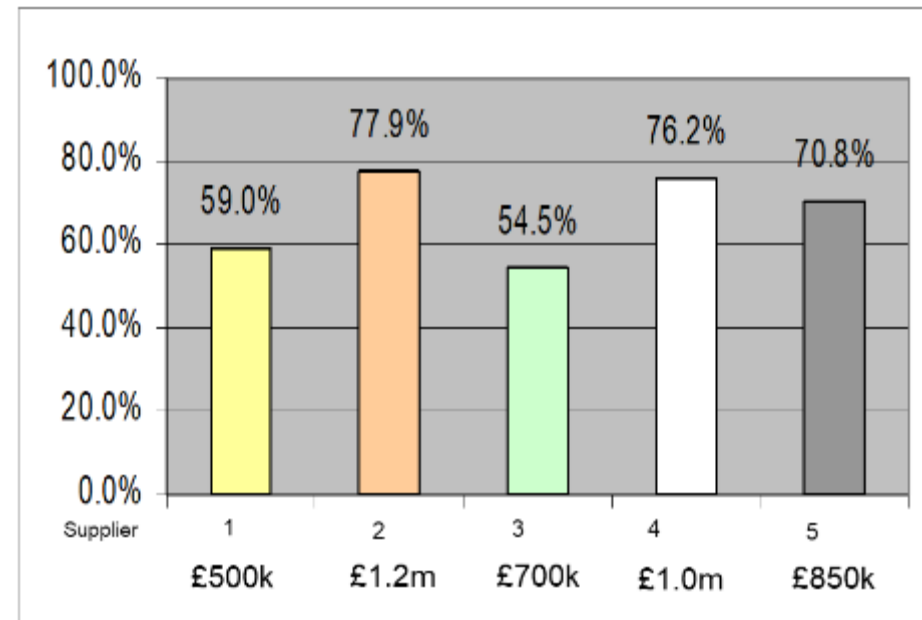- Less 'formal' approach preferred by some
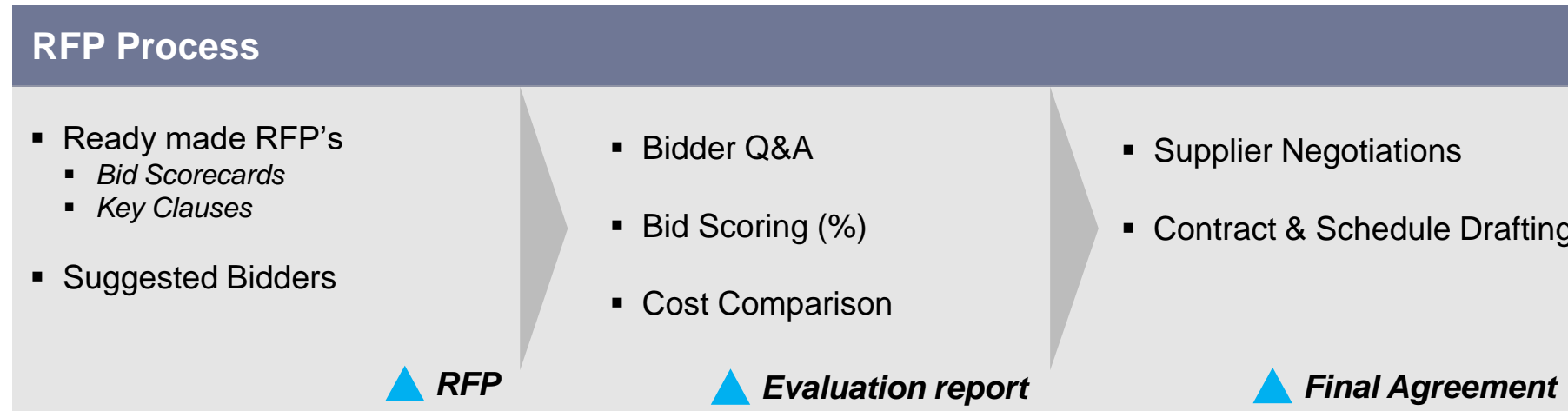
Being Objective

Need for "The early favourite"

➢ But objective scoring, in half our projects = jaw drop

Asking a structured set of questions, and being able to **compare** the answers

➢ Many 'choosing points' with a technology service more than you can hold in your head(!)
Vendor demo's are but one element

Routes to Objective scores

RFP Process

- Ready made RFP's
  - *Bid Scorecards*
  - *Key Clauses*

- Suggested Bidders

▲ **RFP**

- Bidder Q&A

- Bid Scoring (%)

- Cost Comparison

▲ **Evaluation report**

- Supplier Negotiations

- Contract & Schedule Drafting

▲ **Final Agreement**

or

Early Supplier Workshops

- Key Scenarios
  - *for bidders to present to*

- High Level Requirements

- Scoring Approach

▲ **Shortlist**

- Supplier Presentations

- Evaluation – *functional, technical, commercial*

- Cost ballpark

- Detailed Requirements

- Price Negotiations

- Contract & Schedules

▲ **Final Agreement**

Common Requests to Save Time

"Skip vendor warm up"

"Re-use an old RFP"

"Go to fewer bidders"

"Give bidders less time"

"Choose quicker"

"Accept standard contract, or do it later"

What ends up in the contract you sign?

An RFP / scoring approach doesn't **guarantee** a good contract
But it does start the process....

Top line costs, vendor description of technology ⟶

Granular services, granular pricing ⟶

Lock in mechanisms ⟶

Exit management (silent) ⟶

'Adventure book' T&C's ⟶

Manageable SLA's & Service Credits ⟶

Selection Process – where's the *value*?

RFP

- Requirements:
  (1) Business
  (2) Technical
  (3) **Commercial**

- Draft scorecard

Bid Evaluation

- Supplier Q&A

- **Objective scoring**

(% Scores, £ TCO)

Negotiations

- **Promises into B&W**

- **Fair clauses**

- **'Run book' Schedules**

- **Cost control**

Final

1. Not running an RFP, or a poor RFP = more reds in your end contract

2. A vendors standard contract **always** favours them

3. Around half of a contract / MSA is legal – don't rely just on lawyers for your operational Schedules & MSA

4. Run the right level of RFP / workshops with balanced requirements, inc the key commercial terms

5. If it's > £150k pa and/or important, it's worth a selection process

6. Rename the RFP as a "scoring approach"?

Thanks for listening.
Any questions?

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Agenda

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Legal Director, London
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What's the problem?

Key Legal Issues

Death of the RFP

Evolution of the RFP

What's the problem?

Do we need to change?

"Stock" bidder responses

"Binders" of information

Lack of focus in responses

Overly complex contracts

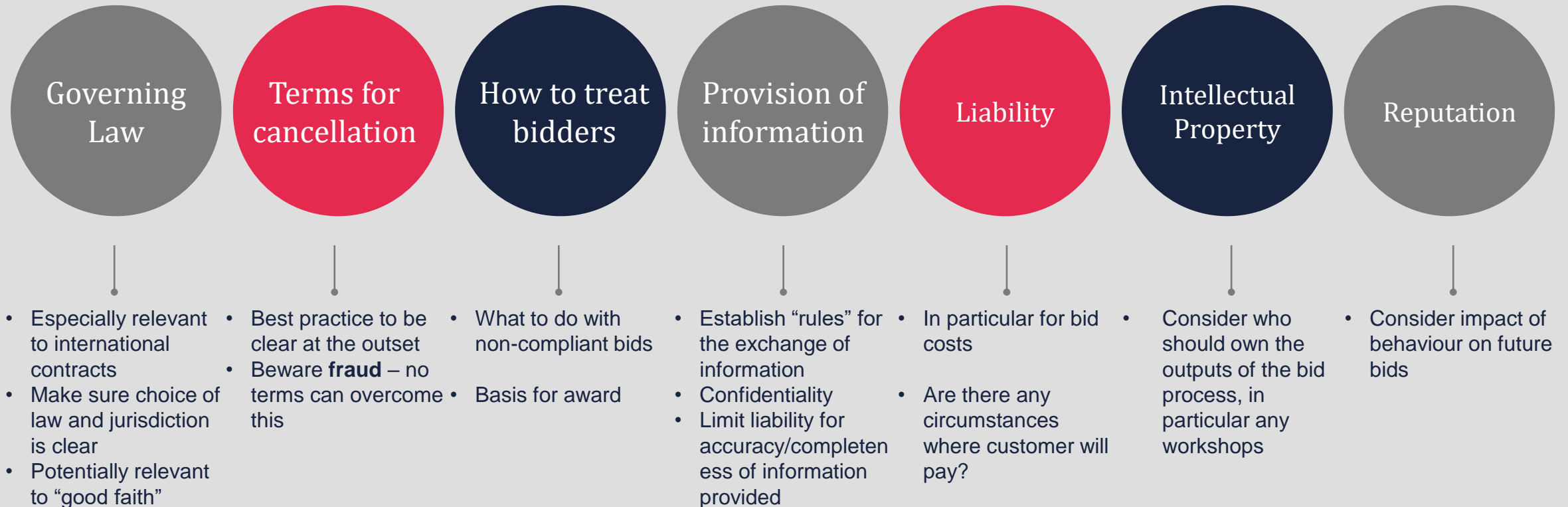Prolonged procurement processes
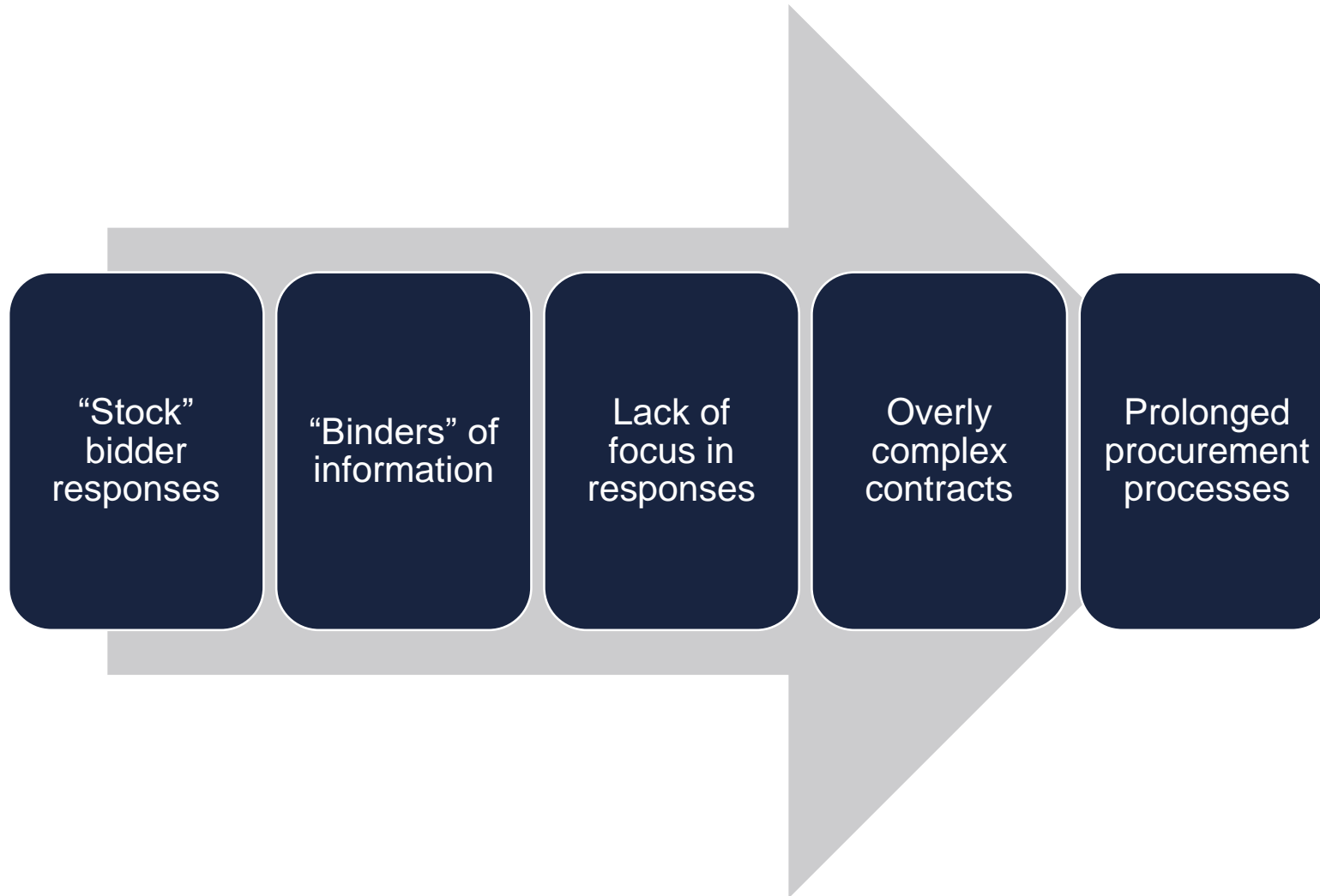
Selecting the "wrong" bidder?

Impact on commercial elements of the contract?

Stifle Innovation?

Key Legal Issues

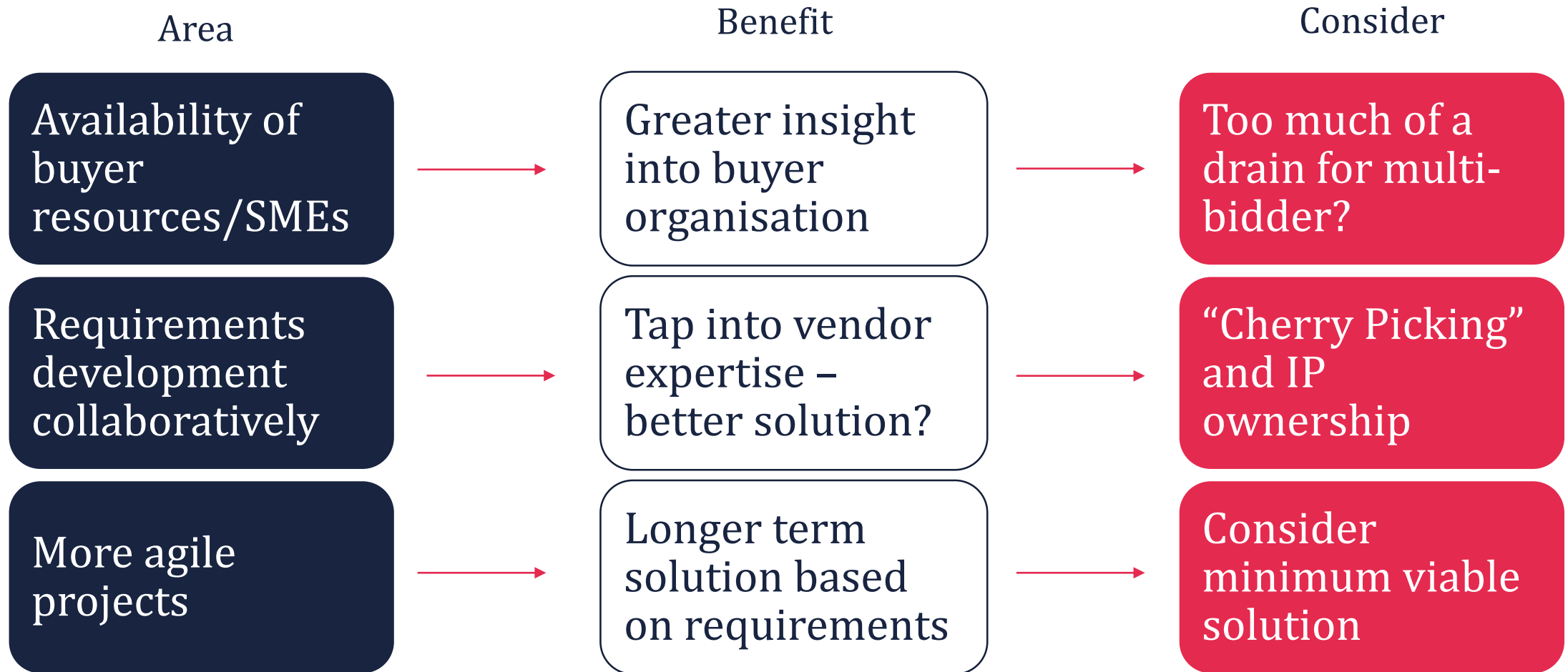Areas of potential challenge in the private sector

Governing Law

Terms for cancellation

How to treat bidders

Provision of information

Liability

Intellectual Property

Reputation

- Especially relevant to international contracts
- Make sure choice of law and jurisdiction is clear
- Potentially relevant to "good faith"

- Best practice to be clear at the outset
- Beware **fraud** – no terms can overcome this

- What to do with non-compliant bids
- Basis for award

- Establish "rules" for the exchange of information
- Confidentiality
- Limit liability for accuracy/completeness of information provided

- In particular for bid costs
- Are there any circumstances where customer will pay?

- Consider who should own the outputs of the bid process, in particular any workshops

- Consider impact of behaviour on future bids

Death of the RFP?

Maybe not…

Phase 1 – Multi-Bidder Legal Engagement

Phase 2 – Selection of Preferred Bidder

Phase 3 – Full Contract Negotiation

Phase 4 – Execution and on-going management

Leveraging the competitive environment

Legal 'scores', and consideration of technical and commercial offering

Negotiation of full MSA with chosen bidder

Contract Management Guide

Evolution of the RFP

Some trends we are seeing – **Collaboration**

Area		Benefit		Consider
Availability of buyer resources/SMEs	→	Greater insight into buyer organisation	→	Too much of a drain for multi-bidder?
Requirements development collaboratively	→	Tap into vendor expertise – better solution?	→	"Cherry Picking" and IP ownership
More agile projects	→	Longer term solution based on requirements	→	Consider minimum viable solution

Evolution of the RFP

Some trends we are seeing - **Simplicity**

Key Commercial Principles

Contract Terms

Service Levels

Evolution of the RFP

Technology

From this

To this?

RPA

Machine Learning

Deeper Cognitive Intelligence

Thank you

Questions?