PROCUREMENT – GETTING WHAT YOU WANT

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"Developing an OPEN Process for the Purchase of a Software System"

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Developing an "OPEN" Process for the Purchase of a Software System

Developing an open process for the purchase of a software system is a challenging and time-consuming task. Software is a rather unique procurement; the foodservice department is not seeking a relatively inexpensive item or a commonly purchased consumable supply, such as milk, groceries or paper goods. Rather, this is a "big ticket" purchase that should effectively enable the district to run a more efficient foodservice operation for a number of years. The district needs to select a vendor and the system that meets and/or exceeds its current and future needs at a price it can afford.

Individuals responsible for "public purchases" are more visible and subject to scrutiny than those in private firms. Federal, state and most local laws can be summarized as follows:
- Maintain open and free competition.
- Maintain comparability of products and price comparisons.
- Document the decision-making process.
- Develop a procurement plan that is approved by the governing authority, such as the board of education.

Often, the easiest way for a district to create a software RFP or bid is to use specifications from a specific vendor. The district should avoid this practice for the following reasons:
- Using specifications drafted by a vendor prohibits such vendor from submitting a bid or receiving a contract award regardless of the procurement method used. [Public Law 105-336, the William G. Goodling Child Nutrition Reauthorization Act of 1998 at Section 104(e).]
- Using a specific vendor's specifications severely limits the ability of other vendors to respond. In the end, the district may not be able to procure a system that best meets the district's business needs at a price it can afford.

Generally, the following steps are a part of the critical path plan for software purchases:

- Identify products desired
- Identify quantities (number of buildings, serving lines, etc.)
- Draft RFP or bid and send to potential vendors, including announcements about questions and the pre-bid conference
- Conduct pre-bid conference
- Distribute answers submitted and/or arising at pre-bid conference
- Open RFPs, bids or price quotes
- Evaluate vendor offers
- Notify vendors of successful offer
- Finalize contract
- Schedule installation and training

On the following pages are some guidelines for developing an open process for a software system procurement. Many of the sections apply to the development of either an RFP or bid. The district may desire to use "parts" or "all" of the sections depending on its needs and procurement policies.

Creating an Open Procurement Process – Sample RFP Guidelines

SECTION 1: RFP Overview, Calendar, Terms/Conditions, Contacts, and Evaluation

Overview
The RFP Overview should be a summary paragraph(s) describing the reason for the RFP, the District in general terms, and the overall RFP process.

Helpful items to include in the overview are:

1. The type of system needed in general terms (example: An integrated software and POS hardware system to manage K-12 POS and back office functions).
2. District demographic information (i.e., Location, # of schools, # Child Nutrition employees, % free/reduced, # meals served daily, annual Child Nutrition budget).
3. Current technology systems (i.e., any currently used foodservice software application, student information system, library system, district's technology plan).
4. General timeline for RFP return, evaluation, award, and implementation start.
5. # of copies of the RFP response desired and where to deliver the response.

Calendar:
This subsection lists some important events and suggested timelines associated with the RFP process. The district should list desired dates for each event to occur:

- Identify products desired   (Date)
    o *1-2 months to research potential products & vendors*
- Draft RFP and send to potential vendors, including announcements about questions and the pre-bid conference   (Date)
    o *2 weeks*
- Conduct pre-bid conference   (Date)
    o *2 weeks after RFP has been distributed*
- Distribute answers submitted and/or arising at pre-bid conference   (Date)
    o *1 week following the pre-bid conference*
- Public opening of RFPs, bids or price quotes   (Date)
    o *2 weeks following the distribution of answers to questions*
- Evaluate vendor offers   (Date)
    o *2 weeks*
- Notify vendors of successful offer   (Date)
    o *1 week*
- Finalize contract   (Date)
    o *2 weeks*
- Schedule installation and training   (Date)
    o *TBD by district in conjunction with successful vendor*
- Desired Completion Date   (Date)
    o *TBD by district*

Questions
The purpose of this subsection is to clearly state to whom questions should be addressed and in what format. In the RFP, describe the following:

Contacts for questions, such as -

- Questions regarding the RFP Process should be addressed to: (Purchasing contact – name, phone, address, email)
- Questions pertaining to Food Service should be addressed to: (Foodservice contact – name, phone, address, email)
- Technical questions should be addressed to: (Technology contact – name, phone, address, email)

How are questions to be asked?
By phone (verbally) or in writing?
By FAX?
By email?
By letter?

Describe how the answers of to the questions will be addressed (by email, fax, posted to website?)
Describe if all vendors will receive responses to all vendor inquiries.

Pre-Bid Conference
Many Districts find it useful to conduct a pre-bid conference for vendors. The purpose of such a conference is for the district to thoroughly explain the RFP process, as well as for the vendors to ask specific questions.

Clarify if the district has scheduled a pre-bid conference, the date, and location and if attendance is mandatory. In the interest of the district and the vendors, scheduling a teleconference may be more desirable. In the end, it reduces the costs associated with setting up and attending the meeting.

Evaluation – Presentations, Site Visits, and References
The purpose of this subsection is to describe to the vendors the district's anticipated evaluation process. Describe in the RFP:

Who will evaluate the RFP responses?

What are the evaluation criteria? (For example, how much weight will be placed on specific functionality to meet a particular business need versus price versus reference, etc.)

Will "finalists" be selected? If so, will the finalists be asked to conduct software presentations at the district? (Note: It is recommended that the district "scripts" what functions they wish to see in the demonstration.)

Will there be an evaluation pilot? (Note: Competitive pilots as a means of evaluation are not recommended, as they are expensive for both the vendors and ultimately the costs must be passed onto the districts. Furthermore, pilot evaluations at difference school sites do not necessarily result in an equitable evaluation due to differences in school personnel abilities and attitudes.)

Will the district visit other districts currently using the software ("site visits")? (Note: This is often a very effective evaluation tool, particularly if the visited districts are of the same size and economic makeup as the district evaluating the RFPs.)

References: The RFP should require references. Request that these references reflect districts currently using the proposed software, and preferably, that these districts have a similar demographic make-up.

Terms & Conditions, Contractual Matters

The purchasing department usually has standard language and forms for inclusion in the RFP.   There are some items that are unique to a software procurement and which the district should consider for inclusion:

1. Is the vendor's software placed in escrow? Should the vendor cease doing business or become insolvent, the district would obtain access to the software source code – protecting its investment in the technology.
2. If not placed in escrow, is the district given the source code?
3. "Piggyback"/Statewide provision: Does district/state allow a "piggyback" provision, or have a state-wide contract, whereby any district in your County or State can purchase products and services from an approved contract?
4. Is there a software license agreement that must be signed? If so, the district should require that prospective vendors should include copies of their agreements with their RFP responses.

SECTION 2:   SCOPE OF SERVICE

Scope of Service
This section clarifies the scope of the project for the vendor. It includes a description of the district's goals, the functionality desired, the products and services that the district wishes to procure from the vendor, as well as a description of the products and services that will be provided by the district.

By providing the overall goals of the district, a vendor can be more responsive in describing how the functionality of the software addresses the district needs. Some common district goals of software automation include:

CRE Preparation and Performance
Increased Free/Reduced Participation
Increased Participation by Full-Pay Students
Increased Prepayment Activity
Improved POS Line Speed
Tightened POS Cash Controls
Increased Efficiency in Free/Reduced Application Processing
Control/Reduce Food Costs
Control/Reduce Labor Costs and Paperwork
Interface/Share Data with other District Administrative Systems
Improved Warehouse/Central Kitchen Management

Describe in broad terms what functions the district seeks from the system, such as:

Point of Sale Accountability	Free/Reduced Application Processing
Credit Card Prepayments	Free/Reduced Application Scanning
Internet Prepayments	ID Card Production (photo or no photo)
Database integration	Financial Management
Bank Reconciliation	Ordering
Inventory Management	Receiving
Bidding/Purchasing	Nutrient Analysis
Menu Planning/Forecasting	Central Kitchen/Satellites
Production	Truck Routing
Warehouse Management	

What products and services are you requesting in this RFP?   In order for vendors to prepare a meaningful response, they need to know what products and services are to be provided by them, and what the District will provide.   Be clear regarding who is to provide each item:

1. **Software**: There are several types of software. The vendor always provides the "application software"; this is the software the vendor is proposing. The operating system software (Windows 98, 2000, NT, XP, UNIX) is typically provided by whoever is providing the computer hardware. Database software licenses (SQL Server, Oracle, FoxPro, etc.) may be required in order to use the vendor's application software. (Be sure to ask what database license(s) may be needed; the District typically purchases these licenses.)

2. **POS Hardware**: This is the hardware that sits on the serving lines at the cafeterias. There are two basic types of POS units, proprietary and non-proprietary. A proprietary POS unit must be purchased from the specific vendor; a non-proprietary POS unit can be purchased from the specific vendor or can be purchased "off the shelf" by the District.   This product category also includes the ID input devices that attach to the POS, such as PIN pads, bar code scanners, bar code slot readers, or biometric devices.

3. **Computer Hardware**: Computer hardware is usually required at the managers' offices and in the Central Office location. Computer hardware includes servers, workstations, printers, and all necessary peripherals such as network switches, hubs, UPS, backup units, etc.   Computer hardware is typically purchased by the District through existing hardware contracts. Some districts may already have computer hardware in place.

4. **Desired Timeline for Implementation:** Describe the District's desired timeline for implementation and training. Keep in mind both the software vendor and district personnel will need adequate advance notice.   Some Districts present a "phased" approach to the implementation; others present a complete implementation within a specific time period.   Some examples of timeline:

    "The District desires to implement the software functions as described in a phased approach. Phase 1 will include implementation at the Central Office and 5 secondary schools during the period Sept. 1, 2002 through December 31, 2002.   Phase 2 will include implementation at the remaining 15 (elementary) schools during the time period Jan. 1, 2003 through June 30, 2003."

    "The District plan is to implement Free/Reduced and POS first, in Phase One, at all 20 schools and the Central Office.   This should occur between Sept. 1 and Dec. 31 2002.   Phase 2, which shall occur before May 1, 2003, will include implementation of Ordering, Receiving, Inventory Management, Menu Planning/Forecasting, and Production at Central Office and all 20 schools."

5. **Wiring**: If necessary, who will install cabling to the POS units and network drops to the cafeterias? The District typically performs this.

6. **Computer Installation**: If necessary, who will install the computer hardware and configure to the District network?   This is typically most economical if performed by the District.

7. **POS Installation:** Who will be responsible for placement and configuration of the POS hardware? The vendor typically does this.

8. **Software Installation:** Who will load the application software onto the servers/workstations?   The vendor typically performs this.

9. **Database Initialization:**   Who will populate your database for the new system?

10. **Training:**   Who will provide training for the District employees?   The vendor typically performs this.   Would the District prefer a "train-the-trainer" approach or for the vendor to provide all training services?

11. **Go-Live Support/Rollout:**   Who will assist at the schools as they roll-out ("go live") with the new system, after training?

12. **Project Management:**   For larger Districts (i.e. Districts with more than 15 schools), project management is key to success.   Will the District provide a project manager, or does the District prefer the vendor to provide the project manager.

13. **On-Going Support**: Vendors typically provide some level of on-going maintenance and support. Be specific about the type(s) of support you expect (toll-free phone, remote via modem, remote via Internet, in-person, etc.).

14. **User Conferences:** Does the vendor to provide periodic User Conferences?

Section 3: District Information
Providing potential vendors with District demographics and technical information is instrumental in preparing a thoughtful response that best meets the District's needs. Such information may include, but is not limited to:

- Total Schools
- Enrollment
- Description of Operational Environment (central kitchen, warehouse, on-site preparation, etc.).
- Number of free and reduced applications processed, individual vs. family application, where applications are processed/or desired to be processed (school site vs. central office)
- Current POS and back office data collection methods, such as cards, rosters, etc.
- Total number of serving lines per school site
- Pre-payment policy and/or future plans
- District Technology Plan
- Database Applications; Network and Local Workstation Operating Systems
- Internet availability at the District office, school sites and cafeterias
- Current District software applications, including foodservice, transportation, student information, library, etc. including data integration between applications
- User support at the District, District training capabilities, staff that will be assigned to the project

Schools Interoperability Framework
The Technology Department will be interested in a vendor's ability to conform to the "Schools Interoperability", or "SIF" initiative for data exchange among disparate administrative systems. Sample questions for inclusion in an open RFP may include:

SIF Recommended RFP Language for School District Software Purchases
Administrative Efficiency (from the SIF website, www.sifinfo.org):

1. Describe your company's commitment to SIF.
2. Is your company registered as a SIF endorser or participant?
3. SIF Involvement:
    a) List your company's Primary Business and Technical SIF contacts.
    b) List SIF leadership positions held by staff in your organization.
    c) List SIF working groups in which your company actively participates and staff hours of company involvement in each working group.
4. Proposed Applications
    a. List applications that will be provided by your company as part of this proposal, and identify those with SIF agents.
    b. Indicate whether each agent is available for implementation.
    c. Identify the agents that have been tested and implemented in a SIF Showcase, Beta Site or other school district.
    d. Identify the version of the SIF specification for each agent.
    e. Identify the SIF object(s) that the agent handles.
    f. Are costs for your agent(s) included in the costs for your software or are they separate costs?
    g. How are upgrades to your agent(s) priced?
    h. Describe installation support and its cost, if any.
    i. Describe on-going support and its cost, if any.
    j. Are upgrades included in software maintenance or annual service agreement?
       If not, why?
5. Zone Integration Server (ZIS):
    a. Does your company provide or market a Zone Integration Server (ZIS)? *(If not proceed letter j)*
    b. Is the ZIS available for implementation?
    c. Identify the SIF specification versions that the ZIS supports.

d. Has the ZIS been tested and implemented in a SIF Showcase, Beta Site or other school district? Please identify all test/implementation sites
e. Does your proposal include the cost of the ZIS and implementation?
f. Is there an additional cost for upgrades?
g. Are training and support for the ZIS included, or are they additional costs?
h. Describe the training and support provided (documentation, phone support, etc.)?
i. What additional software needs to be installed and operational in order for your ZIS to run properly?
j. If you are not supplying a ZIS in your proposal, which have you successfully interoperated with?
k. Which ZIS will you use in this installation?
l. What additional software needs to be installed and operational in order for your ZIS to run properly?

6. SIF Experience. Describe any specific work your company has done at SIF Showcase sites, Compliance Beta Sites or other school district implementations. For each site, provide the following information:
      a. The scope, timeline and brief history of each project.
      b. The role your organization played in implementation and support.
      c. The functions(s) supported by your application(s) (i.e. subscriber, provider, etc.)
      d. Duration of your company's involvement in the installation
      e. Other Agent vendors involved in the project.
      f. SIF data objects shared within the project.
      g. The ZIS used
      h. Customer contacts (references) for each project.

7. Describe your company's plans for making your application(s) SIF compliant:
      a. Assuming the formal SIF compliance testing process is ready **enter date**, does your company anticipate that your application(s) be ready for SIF compliance testing at that time?
      b. Identify the version(s) of your application(s) that are anticipated for formal compliance testing.
      c. Any additional comments on your compliance plans?

8. SIF Support:
      a. Will your company assist the district in using SIF to interface your application with other internal and external legacy information systems used by the district?
      b. What specific training, support and development assistance will be provided?

SECTION 4: PRICING – Require pricing that allows objectivity in evaluation. Consider requiring line item pricing for software modules, terminals and hardware, on-site and remote installation services, and on-going support and maintenance. Request that the vendor include any and all payment options available to the District.

SECTION 5: EVALUATION CRITERIA – Include information regarding how the District will evaluate the submitted proposals. Criteria must include the relevant factors that are necessary for the offeror to demonstrate responsibility and the ability to perform successfully. The evaluation of contractor capability can be on a pass/fail basis or a point scoring methodology, or both. When a combination of pass/fail and point scoring will be used, the solicitation documents must identify how each element will be evaluated.

SECTION 6: APPENDICES – Request that the vendors supply additional information that will assist in the evaluation of the overall proposal, including:
- Product specifications
- Product brochures
- Letters of reference from similar district installations and software partners
- Documentation of financial stability
- General "List Price" for all products
- Master Software License Agreement