

RFP 101

A Transit Agency's Guide to Delivering a Successful Transit Software RFP

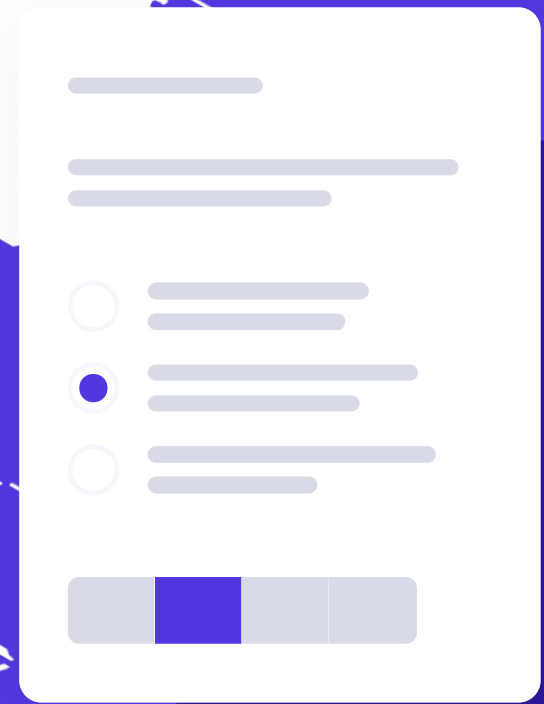
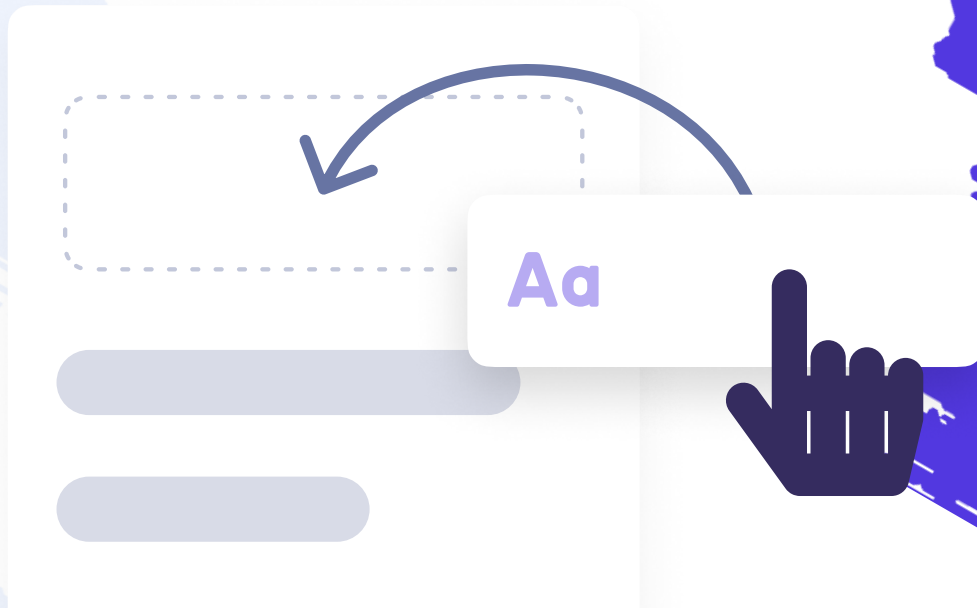
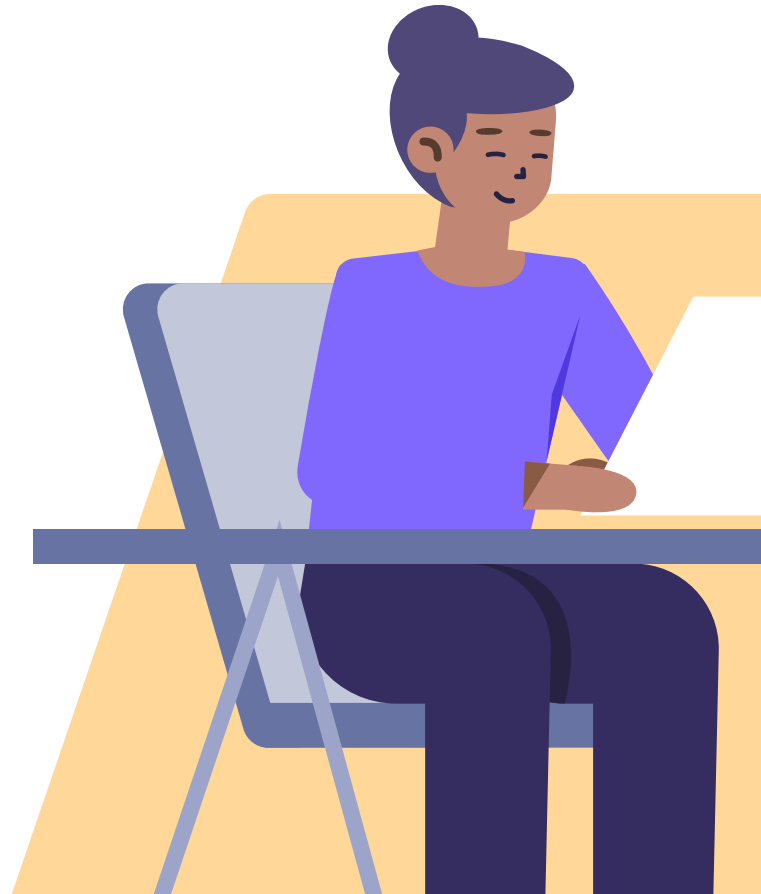


Table of Contents

Introduction	3
Key Steps for a Successful RFP	6
Identify Your Organization’s Needs & Expectations	7
Research the Market & Evaluate Your RFI Options	8
RFP, Sole Sourcing, RFI: Choosing Your Procurement Method	9
Write and Issue Your RFP	12
Evaluation Post-RFP & What to Look For in a Software Partner	14
12 Questions to Ask Before Selecting the Best On-Demand Transit Software	15

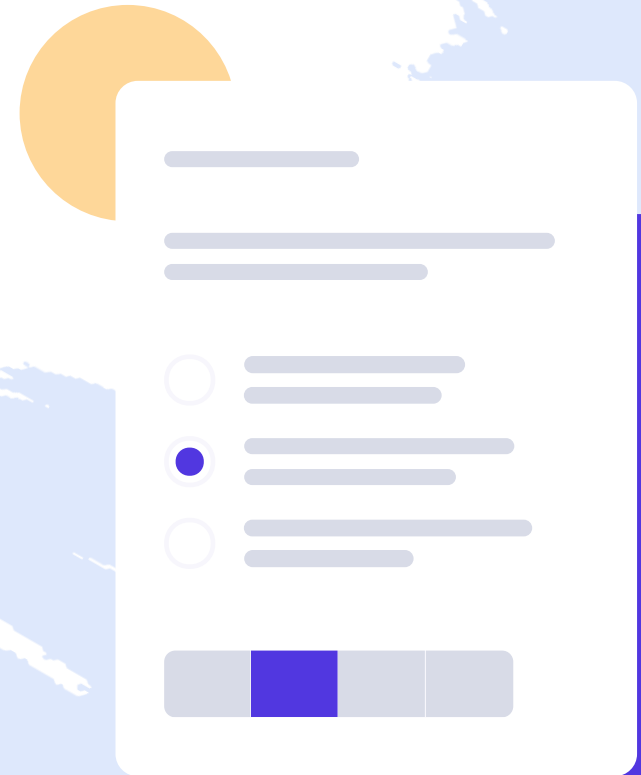


Your software RFP process shouldn't leave your transit agency stuck in first gear. Here's how you can ensure your procurement process succeeds.

Choosing a technology partner for your transit agency is complicated. There's no shortage of options on the market, and how can you tell whether the various vendors available can meet your unique needs?

Moreover, the stakes of a failed software implementation can be high: If you go with the wrong vendor or the wrong product, you could be looking at significant amounts of lost time, lost productivity, and lost money. That's why having a detailed, well-defined software procurement process is essential to the success of your project. And the first step to finding the most suitable software is a successful RFP.

An RFP, or Request For Proposal, is a document your organizations uses to solicit information from potential vendors. It's typically written in the style of a questionnaire. RFPs enable your organization to rapidly gather critical information from potential suppliers in an organized and consistent manner.



But why use an RFP?

RFPs have considerable advantages for transit agencies large and small.

- 1 RFPs limit your risk**

The RFP process is designed to extract as much information as possible from as many suppliers as possible, which can give you insights into any potential risks or hazards a vendor may present *before* you sign a binding legal agreement.
- 2 RFPs ensure transparent pricing**

An RFP is a standardized document that you send to multiple suppliers at the same time. When they receive an RFP, suppliers understand that they're being made to compete with others – which means every party you send the RFP to will be fully transparent about their pricing.
- 3 RFPs help to satisfy regulatory requirements**

When choosing a software vendor for your transit agency, transparency is paramount. Regulators tend to scrutinize large purchases, especially when government money is at stake. The same is true of shareholders and board members. Even if your transit organization is privately-run, RFPs can help you avoid accusations of bias.
- 4 RFPs help to simplify complex purchases**

Choosing the right solution for your transit agency could be a months-long process involving infinite variables. Does the vendor adhere to best-in-class security practices or have ISO accreditation? Is the vendor in danger of filing for bankruptcy in the near future? These are the sorts of issues that can arise during a software purchase. RFPs make it easier to track all of the different considerations at stake, so you can have a holistic picture of each vendor without getting lost in details.

Quite simply, RFPs help meet your organization's needs while providing transparency and accountability – and when they're done well, they ensure your project's success.

When should you use an RFP?

While RFPs do have considerable advantages, they're also a fair bit of work. That's why not every situation should call for one.

You'll want to use an RFP...

- When your project comes with a high price tag – typically more than \$5,000, or the price set in your procurement regulations
- When your project is under a high degree of scrutiny – from investors, regulators, supervisors, or all of the above
- When the success or failure of your project could significantly impact existing operations
- When you already have a particular vendor or two in mind (to avoid claims of nepotism or favouritism)
- When you want to do things by the book

At Spare, for example, our Data Science team are experts at on-demand transit with the team and tools to craft actionable insights for producing successful RFPs. (Check out our [case study](#) explaining how we helped RideSMART Detroit conduct background research, using our transit simulation tool Realize, that made their microtransit RFP a success.)

That's why we've created this step-by-step guide to walk you and your transit agency through the entire RFP process, from start to finish – and to successfully deliver on your RFPs.

Read on to discover how you can ensure your transit agency's next software RFP succeeds.

CHECK OUT OUR CASE STUDY

["Simulating the potential of microtransit in Metro Detroit"](#)



Key Steps for a Successful RFP & Procurement Process

Step 1

Identify Your Organization's Needs & Expectations

Step 2

Research the Market & Evaluate Your RFI Options

Step 3

RFP, Sole Sourcing, RFI: Choosing Your Procurement Method

Step 4

Write and Issue Your RFP

Step 5

Evaluation Post-RFP & What to Look For in a Software Partner

Identify Your Organization's Needs & Expectations

The first step in creating an effective RFP is a thorough Needs Assessment. Performing a Needs Assessment goes beyond just “here’s what we need”. Needs Assessments are designed to separate “needs” from “nice-to-haves”, to explain the rationale for why needs are needs, and to explore the impact that unmet needs could have on your city and communities. Spare often works with cities and communities to perform needs evaluations and impact assessments, and we’ve helped a number of municipalities through the process of identifying needs and expectations.

When identifying your needs and expectations, you’ll want to consider several questions, such as:

- What’s creating the need?
- Which need is going unmet?
- When does the agency need it?
- How often does the agency need it?
- How do the potential solutions fit the agency’s long-term plans?
- Are there impacts on the agency’s systems? (e.g. maintenance)
- What is the agency capable of doing, overseeing, or managing?
- What do the board and CEO expect?
- How is this need impacting service to the public?
- How is this need impacting local communities?
- How is this need impacting compliance with government mandates?
- What are the implications and restrictions around funding sources?
- Are there equity and diversity goals that your agency wants to uphold within this procurement?



NEEDS ASSESSMENT BEST PRACTICES

- Clarify current challenges and future objectives
- Perform your Needs Assessment 9-12 months prior to your RFP release

Research the Market & Evaluate Your RFI Options

Market research is table stakes for software procurement – but how thorough your research process is, and the methods you choose to use, will impact the scope and quality of the information you obtain.

Quite simply, the more you consider during this stage, the better-equipped you'll be and the more well-rounded your procurement process will become. This step can also help to minimize simple mistakes and create accountability with your procurement team.

The key activity in this phase is identifying potential and likely suppliers, and then conducting a “first impressions” evaluation.

During this phase, you'll want to solicit input from not only your potential vendors, but also industry experts, customers, and even peers. Diversifying your sources of information can help you to get objective third-party perspectives on your needs and potential vendors.

You'll also want to review any codes, standards, or industry best practices you want or need to adhere to – and then determine which of your vendors adhere to the same. These steps can help you weed out any obviously wrong choices early in the procurement process.

You'll also want to start preparing your RFP at this stage. This is when you'll want to consider your budget, which parties will be responsible for the RFP, and what kind of shape the RFP will take. Key questions to consider include:

- What are the project boundaries?
- What's the project timeline?
- Who will manage and execute the RFP process? (You should choose individuals who have the organizational and project-specific knowledge needed to draft detailed RFPs and evaluate proposals)
- What ongoing projects, other budgets, and relationships with team and vendors might be impacted by the purchasing decision?



MARKET RESEARCH BEST PRACTICES

- Contact agencies and vendors who have done successful RFPs in the past
- Get those agencies and vendors to help customize your RFP according to your business goals

RFP, Sole Sourcing, RFI: Choosing Your Procurement Method

Once you have a list of vendors, you'll want to determine the best way to go about procuring services. There are three different procurement methods you can use at this stage, and each one has a slightly different purpose. Each of these methods also has its own advantages and disadvantages, so the best one to use will depend on your unique situation and needs.

RFI

The **RFI**, or **Request for Information**, is an educational tool that you send to potential vendors to inquire about their services and solutions. It provides a general rundown of the vendor's unique offerings, approach, and specialties.

RFP

The **RFP**, or **Request for Proposal**, is a document that enables you to compare and contrast different vendors. The RFP should ask very specific questions regarding the vendor's solutions and approach.

Sole Sourcing Document

The **Sole Sourcing Document**, also known as a **Request for Quote** is a document that describes, in detail, the kind of project you're undertaking and asks your potential vendors for a price. Sole Sourcing doesn't ask questions – rather, it tells vendors what the project will entail. Sole Sourcing consists of a list of deliverables and project needs.

STEP 3

When you'll want to use an RFI, RFP, or Sole Sourcing Document

- You'll want to use an **RFI** near the start of the procurement process, when you're trying to gain an understanding of what kind of a solution you're looking for and who offers the services you need. How many responses you receive here, the quality of those responses, and whether the information is incorporated during the RFP phase is crucial to a successful RFP procurement. RFIs are typically best used for large, complex RFP procurements where thorough information is required during early stages of the procurement process.
- You'll want to use an **RFP** during the consideration stage of your procurement process – when it's time to start evaluating different vendors.
- **Sole Sourcing** is ideal for projects with a price tag under \$25,000. You should use Sole Sourcing when you already know exactly what you're looking for and you're ready to make a purchase. As the name implies, Sole Sourcing is the appropriate strategy when you already know which vendor you're going to source your solution from. **Sole Sourcing makes the most sense for lower-priced projects, when a project is so urgent as to constitute an emergency, and when only one vendor on the market offers the solution you need.** (For example, Spare's Open Fleets feature is the most advanced feature on the market; agencies looking for Open Fleets support would be best served by Sole Sourcing from Spare.)

STEP 3

Here are some strategies for making the most out of each of these documents:

RFI	RFP	Sole Sourcing Document
<ul style="list-style-type: none">• Explain your project• Ask vendors for their input – questions, comments, etc.• Keep it high-level• Send to as many vendors as possible• Increase awareness and build interest among vendors	<ul style="list-style-type: none">• Provide more context around your project• Ask specific, in-depth questions• Ask vendors about their unique selling propositions• Ask for detailed pricing information	<ul style="list-style-type: none">• Provide highly specific project details around needs, timeline, etc.• Itemize your needs and request a quote for each• Send only to your top preferred vendor• Use only for projects under \$25k

You'll want to use your Needs Assessment (from Step 1) and your Market Research (from Step 2) to inform this part of your process. If you're looking for a highly specialized service, for instance, then you may want to pre-qualify potential RFP candidates by sending a Request for Qualifications.



METHOD EVALUATION BEST PRACTICES

- Be as detailed as possible when evaluating your RFP type:
 - Consider information on service area (a map with preferred service zones is great), a detailed technology specification matrix, vehicle fleet composition, organizational structure, and existing service statistics
- Have a “fit qualification” checklist ready
 - Or, check out Spare Labs’ Fit Qualification Checklist (attached) – we’ve done the legwork for you, so you can start checking items off your list
- Host a pre-proposal meeting with vendors=
 - Use this meeting as an opportunity walk vendors through your project parameters, timeline, expectations, and how proposals will be evaluated
 - If your agency is trying to meet equity and diversity requirements, use the pre-proposal meeting to encourage diverse teaming among bidders

Write and Issue Your RFP

Once you've gathered all of your information and you start writing your RFP, you'll want to ensure that all of the core elements are in place before tendering it.

There's a number of RFP elements that will likely be different for every company and every industry, so creating a universal boilerplate that works for everyone isn't realistic.



But here's a checklist of some of the most common and essential elements of an RFP:

- Business contact information (how contractors get in touch with you)
- Points of contact (who specifically is running the project on your side of the agreement)
- Introduction and project vision/objectives
- Scope of project (with all minor tasks included)
- Project deadline
- Proposal submission deadlines
- Selection criteria
- Budget source/federal funding

You may also want to include:

- Any special concerns or potential roadblocks
- A small section thanking contractors for their time (not strictly necessary, but a nice touch)

STEP 4

When sending your RFP, make sure you explain how you'll be evaluating proposals. The best way to do this is by providing an Evaluation Matrix – a list of the criteria you'll use to make your decision.

You'll also want to use the **Two Envelope System** for price transparency and to ensure you get the best possible pricing.

In this system, the bid is submitted inside two envelopes. The outer envelope contains only the information necessary to ensure the proposal complies with your requirements.

The inner envelope contains the price quote and proposal. This system is considered a best practice for ensuring transparency, as it prevents accusations of undue influence, favoritism, or nepotism.

Of course, once you've written and formatted your RFP, you'll need to advertise it in order to attract tenders. When writing your advertisement text, you'll want to ensure you use a consistent format that highlights:

Information to highlight

- Contact information for the procuring agency
- Item(s) to be procured
- Solicitation type (RFP or RFI) and ID number
- Pre-bid/ pre-proposal meeting date
- Bid/proposal due date
- Minority/Women/DBE requirements

Finally, you'll want to circulate your advertisement to your vendor roster and any other potential bidders whose bids you want to solicit.



MARKET RESEARCH BEST PRACTICES

- Clearly articulate the intended growth outcomes of the project
- Clearly articulate the desired work products
- Make stakeholder and public involvement in the proposal process a hard requirement

Evaluation Post-RFP & What to Look For in a Software Partner

If your RFP was successful, then by this point you've attracted multiple bids from several interested vendors. The final stage in the RFP process is evaluating your options and settling on your preferred software vendor.

During this stage, you'll want to interview interested vendors to gain a sense of whether you feel you'll work well with them, as well as whether they're as great in person as they seem on paper. You'll also want to ask for a demonstration of their software, so you can understand how it works and how it can help meet your strategic objectives.

It's best to have a **clearly laid-out set of criteria for selecting vendors**. You'll want to make these criteria as transparent as possible (again, to avoid accusations of bias or nepotism).

We've prepared a list of questions for evaluating software, which you can use to save on evaluation costs and help make a more informed procurement decision for your transit agency.

12 Questions to Ask Before Selecting the Best On-Demand Transit Software

We've prepared a list of questions to focus on to save on evaluation costs and help you make a more informed procurement decision for your transit agency.

Service Design and Deployment

1. Have you identified your zones and the number of vehicles? If not, have you considered completing simulations in advance to identify service characteristics and parameters?
2. Are you looking to do a microtransit service on its own, or do you have plans to commingle other transit programs like your ADA paratransit?
3. Do you thoroughly know your goals for the project? Is it replacing fixed-route, or is it a new service area completely?
4. What will the implementation process look like and what is the expected turn-around time?
5. What transit model are you looking to deliver for your service? (e.g. software vs. hybrid vs. turnkey)
6. Do you have a dedicated team or resources needed to complete the procurement successfully?

Technical

1. Do you have mobile ticketing or a multi-modal app? If yes, include who they are so that vendors can work with you to create an integrated approach.
2. Can you manage all modes of transportation with this Mobility Management Software?
3. Is this Mobility Management Software cloud-based or on-premise/in-house?

Usability and Cost Savings (Agency's Perspective)

1. Will this Mobility Management Software save you time with a user-friendly UI and simple processes?
2. Does this Mobility Management Software have a history of creating outstanding ROI for its users?
3. Will this Mobility Management Software be able to adapt and grow alongside my business?

spare

Need expert support?

We've prepared an RFP Template Pack, featuring some of the best RFPs we've ever seen – so you can model your own RFP after templates that have been proven to work and make a more informed procurement decision for your transit agency. Email support@sparelabs.com and we'll send you our RFP Template Pack