

Ten Components Of An Effective Vendor Selection Process

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Disciplined Vendor Selection Benefits All Organizations

Preferred vendor programs are not just for large corporations and multi-national law firms. Such programs are standard operating procedures for companies of all sizes as an effective method for lowering eDiscovery costs while raising quality levels.

In many highly regulated industries such as government and financial services, there is a high degree of scrutiny surrounding software and service procurement for litigation teams. Such scrutiny helps to create best practices and useful methodologies that any eDiscovery or information governance professional can use when software or service procurement needs arise.

eDJ's analysts have deep experience with such procurement practices and methodologies, both in prior career experiences and in on-the-ground interactions with research and consulting clients. As such, we recommend that all eDiscovery and IG professionals understand the following **10 Key Components** of a transparent and successful selection process:

1. You, Not The Vendor, Control The Process

Structure the procurement process and RFI/RFP questions in order to get the simplest, most definitive answer that will be easy to compare to other responses. Require respondents to answer in the format that best suits your needs, not in a format that is easiest for the vendor or allows the vendor to simply cut-and-paste marketing jargon into a response.

Do not make vague requests for pricing, for example, and then expect to be able to make a volume-to-volume price comparison. **If you want to do an apples to apples comparison ask for the price of apples or you will get the price of bananas.**

- Use a spreadsheet for submitting questions and require respondents to provide their answers in your spreadsheet in the format that you choose. Example: if you want per gigabyte pricing, specify that the response must include that. If you want the answer in pages, ask for pages. It is a very bad idea to try to create your own calculations after you have received a quote in the vendor's preferred model. You risk creating a calculation not in line with the vendor's own methods and mischaracterizing their response.
- Require a PDF version of any spreadsheet-based responses as a non-editable version of the vendor's response in the event there is ever a question that a spreadsheet was modified accidentally.
- Return any responses not submitted in the specified format to the vendor. Be polite, but firm. If you make an exception for one vendor, that may constitute preferential treatment. You may need to explain, again, that they must use your template and are not permitted to make modifications, such as adding rows or answering in a different numerical or textual format.
- When respondents answer in the prescribed format you can copy and paste into a consolidated spreadsheet for comparison – or refer to the vendor's spreadsheet file, tab and cell name in your consolidated sheet without opening their file.
- For Yes/No answers to service offerings or software feature questions require the responders use **1** for yes and **0** for no – to easily calculate response totals.
- Provide space in additional cells for comments that add context to Yes/No answers.

2. Consistency and Transparency Trump Perfection

Include management of vendor questions in your RFI/RFP timeline. It is impossible to think of everything and vendors are going to have a lot of relevant experience to bring to the table. Let vendors ask questions and make use of these questions as a way to improve the RFI/RFP.

- In the initial RFI/RFP, list the deadline and method for vendors to submit any questions. Specifically state that you will share all questions and answers with all respondents to assure the openness of your process.
- Learn from respondent's questions and experience. It's not a crime to have to send out an updated RFI/RFP as long as you share all of the information with all of the respondents.
- Do not make changes just to make one respondent's life easier. If you want the price in pages, not GBs, require it. It is better for the vendor to do the math and understand the ramifications of their answer than for you to try to normalize their response.
- Request sample RFI/RFPs from colleagues, contacts and vendor connections. Vendors often have a library of good and bad requests that they may be able to scrub and share with you. However, you need to do this without compromising the equanimity of your selection process.

3. Get The Complete Pricing Picture Across The Volume Spectrum

Be sure that you understand how different volumes of electronically stored information (ESI) will impact price and performance. By looking at several different project size scenarios, you will have a more complete picture of your organization's requirements while also allowing respondents to build a more holistic picture with their responses

- Seeing increasing volumes in black-and-white will also help members of your firm or legal department understand the costs of eDiscovery and the ramifications of larger collections.

Service	Unit	1-100 GB: 75 GB		101GB-1 TB: 500 GB	
		Price	Cost	Price	Cost
Pre Processing (100% of Collection)	GB	\$100	\$7,500	\$90	\$45,000
Processing for Native Review (50% of Collection)	GB	\$200	\$7,500	\$175	\$43,750
Production Tiffs (10% of Collection)	GB	\$100	\$350	\$100	\$2,500
Captioning	page	\$ 0.01	\$337	\$0.01	\$2,250
Totals per GB			\$209.50		\$187.00

4. Designate A SPOC And Set Reasonable Deadlines

Choose a Single Point of Contact ("SPOC") within your organization for all communication to and from respondents. Set deadlines to allow vendors to do a thorough job of creating their responses and to submit any questions they may have. If you arbitrarily set an unreasonably tight deadline, you may get a shoddy response or some qualified vendors may decline to participate.

- Enforcing communication via a single person ensures consistency and precludes anyone from circumventing the process in hopes of preferential treatment.
- Request a SPOC designation on the respondent side as well so that vendors do not submit several different sets

of overlapping or duplicative questions or provide conflicting information.

- Communicate reasonable deadlines to create a professional, collegial tone. The selection process should be the beginning of a successful partnership. You do not want to start the client/vendor relationship with distrust or acrimony by demanding a detailed proposal in an unnaturally short time frame. If your timeframes are tight due to emergency circumstances, communicate that to the vendor candidates. Still, remember that vendor employees are human and have lives; unless your company has just been subpoenaed by the SEC, you will not set the right tone by making someone work through Thanksgiving Dinner.

5. Prioritize And Pare

Do not ask for every software feature or service you can possibly think of simply to create the most exhaustive RFI/RFP ever. Ask about features that are of use to your process and prioritize them.

- Create a detailed feature or service list while avoiding an everything-but-the-kitchen-sink approach. Such an approach will only paint a poor picture of a respondent's true strengths and weaknesses.
- Prioritize features in a column of your spreadsheet that you use for final selection, but do not necessarily let vendors know the prioritization. The goal is to learn the vendor's strengths and weaknesses and how those match up to your requirements. If a vendor knows your priorities, it could influence the response in ways that become a distraction.
- Do not ask for features or services that you do not fully comprehend. Just because something is the eDiscovery flavor of the month, doesn't mean it fits in your organization. Do more research in order to understand newer technology or services and then determine if they need to be part of the RFI/RFP.

6. Prepare your team

Successful selection programs require thoughtful preparation. The right participants, timeline, input and information need to be gathered before putting pen to paper, so to speak.

- Ensure that a high-ranking executive has a stake in the preferred vendor selection process. Doing so will ensure that other team members actively engage in the process and remain compliant with the final selection.
- Make sure to engage any department that will touch an application or service: including IT, Legal, Accounting, Records, Compliance, Procurement and Business Analysis Groups.
 - Bring participants to the table from various levels in the organization. The people who truly understand a workflow or technology requirements, etc. may be relatively low on the totem pole. Creating "buy-in" from all levels of the organization is important to prevent anyone circumventing the process, by hiring their own vendors, or undercutting the effectiveness of the selection.
- Explain that the process, if done correctly, will take some time and describe the tasks involved in drafting requests and evaluating responses to the team members so that no one is surprised at the necessary tasks and workload.

7. Metrics, Metrics, Metrics...It Is All About The Metrics

The ability to track matters/projects, gather information, and analyze past experiences/performance in the form of metrics is a characteristic of mature organizations. In order to communicate requirements to a potential service or software provider, it is essential to understand the current state of your organization: how it responds to Information Governance and eDiscovery tasks; what are the sizes of these projects and the stresses on the current methods and technologies.

- Make sure that the initial project mandate includes gathering and analyzing appropriate metrics if that process hasn't already started.
- Cast a wide net for information about current and past projects and matters.
- Create a spreadsheet to track metrics in a standard format for easier analysis.
- Educate case or project teams about how metrics are used why their analysis helpful to the organization.

8. Utilize Scenario-Based Planning

If you have gathered enough metrics you should be able to analyze them to create a picture of your organization with example projects or matters.

- Describe one or more scenarios based on your metrics in the RFP and ask the respondents to provide solutions and pricing based on the scenarios.
- Request discounted pricing based on higher volumes.
- Subscription pricing agreements are based on an accurate understanding of your organization's past, current and future needs. A detailed scenario that scopes volumes over 12-18 months can create an opportunity to even out costs over a 12-month period.

9. Consider Your Current Vendors

When gathering company metrics and information about workflow and important application features, make sure to get a list of current vendors and information on your employees' satisfaction with those providers.

- Gather vendor names, contact information, services, types of software, lists of matters or projects related to each one, as well as, the names of employees who have supervised each vendor and a pricing / financial history of your relationship.
- Do not alienate members of the selection project team or other company employees by failing to include a favorite vendor among the candidates. Including current vendors is an important way to enhance buy-in. Employees who are worried that the preferred vendor selection program will arbitrarily prevent them from working with a vendor are more likely to subvert the selection process or use vendors who have not been chosen as preferred.

10. Do Not Let Relationships Cloud Vendor Selection

Choose an organization based on their overall stability, track record, workflow and customer base.

- Employees leave, and sales reps are notoriously apt to switch jobs. If your vendor preference is based on personal relationships you may end up with substandard support if your contact moves to another organization.
- Don't follow your favorite sales person or Project Manager from company to company thinking you will get the same quality of work just because your contact now works there.
- Hire more than one provider for different services to provide a backup vendor in cases of matter conflicts, high volumes, changes in a vendor's level of quality or to just plain avoid putting all your eggs in one basket.

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