WHAT IS AN RFP AND WHY IS IT WORTH YOUR TIME?

The request for proposal (RFP) is the heart of a library system purchase and represents a coordinated effort between members of the library staff to develop a coherent statement of the library's mission, needs, and expectations.

As librarians are well aware, system purchases are among the most exhaustive, time-consuming processes a library organization undertakes. In addition to a large financial commitment, the library system purchase process demands a great deal of time and patience from catalogers, systems librarians, and information technology staff during contract negotiation, installation, and adjustment.

The three sections in this chapter offer background and basic information about the RFP: the state of ILS development, circa 2003; the current state of the RFP; and last, the state of the vendor response. A library that is well-informed in each of these areas is more likely to produce an effective, on-point request to vendors.

RFP basics

An RFP is a tool used by institutions to purchase products and services by promoting competitive proposals among vendors. The RFP's use, though, extends beyond an institution's procurement process. It, along with the winning vendor's response, serves as the foundation for the working relationship between institution and vendor. This foundation allows both parties to operate under the same agreed-upon solutions, requirements, and schedules set forth in the request and proposal.

There is no single authoritative outline for an RFP, but most include the following sections:

- An overview or summary statement of the problems and needs for procurement
- An administrative information section
- A section of definite technical requirements and information
- Requirements for managing and implementing the project
- Requests for vendor qualifications and references
- A section for vendors to include other relevant information not already specified elsewhere
- Guidelines for contracts and license agreements, including the purchase contract, nondisclosure agreements, and other legal documents
- Appendixes with the institution's relevant information, such as network diagrams, technical requirements studies, and project plan outlines

    (Adapted from "The Case for RFPs (When done right…)," by Bud Porter-Roth. Published by Content Management System Watch, May 14, 2002, at www.cmswatch.com)

ILS development

Before beginning an RFP process, a library's purchase team or task force should understand how the ILS market is shaping development. Vendors and librarians have essentially mastered the basic functionalities of library systems.

These same vendors and librarians have reinvented the idea of an integrated library system's capabilities. This trend began several years ago, with the advent of portal products, linking solutions, and enhanced catalog data. These new tools assist the ILS and offer patrons more resource information, more persistent guides for searching, and easier routes to the materials they seek.

Traditional library system vendors are developing these tools or are forming partnerships with smaller companies to provide functionality that dovetails with their ILS products. Collaborations are everywhere in the library market. Vendors, faced with shrinking numbers of new-name sales, are leaning on these new products, which are frequently sold a la carte, to provide revenues.

Although the profusion of new and interesting capabilities is welcome, be aware that vendors are shifting energy and development capabilities *toward* this generation of products and largely *away* from the traditional ILS. Ironically, these new products have grown so sophisticated that the technical service and patron interfaces of new broadcast search and portal products are far better than the traditional cataloging technology that underlies them.

Many librarians feel that the ILS as we know it has become a legacy system, and support for it will eventually dissipate. This extreme view may someday hold true for large libraries with vast technical staffs. For the time being, however, the ILS is still the center of a library's operations. The new generation of library tools is designed to work with and enhance the ILS's basic functions.

From a revenue standpoint, multibranch public libraries are more attractive to vendors because they represent a generally lower demand for new development, as the user population is less research-intensive. On the flip side, institutions that belong to the Association of Research Libraries (ARL) are prestigious clients for any vendor, but they expect a disproportionately large amount of development for the level of service they pay for.

For the most part, the basic ILS is likely as good as it's going to get. Most vendors choose to offer new enhanced library service products as standalone modules (to coordinate with any regular ILS system in the market) or separate upgrades for customers, rather than bundle them into existing ILS products. This method of selling and marketing products makes sense for vendors, as the enhancement products are priced far lower than an ILS, meaning libraries take on a more limited investment risk, which is important during extended periods of budget cuts.

In the current fiscal environment, few libraries have the freedom to purchase a new ILS, so institutions are relying on vendor upgrades and companion or enhancement products to deliver state-of-the-art service at a lower cost.

As vendors focus their energies on the new generation of advanced library patron services, the proportion of revenues derived from sales of these services is growing. In January 2003, Ex Libris revealed that one-third of the company's revenues now derive from sales of e-content management and search guidance tools. ("What is the title of my column?" David Dorman, *American Libraries*, March 2003)

Because a portal product or linking utility costs less than an ILS, libraries follow a simplified acquisition and purchase process for these products, which is another reason why vendors are learning to love modules and add-ons. RFPs are rare for these products, which often require an investment of only tens of thousands of dollars (as opposed to hundreds of thousands for many large ILS products). Librarians commonly acquire these products by observing vendor product demonstrations and reporting to the library administration.

More information for small libraries

For smaller and special libraries seeking a detailed view into the industry, ALA TechSource published a Library Technology Report *that offers a comprehensive guide to the PC-based library system market. "Integrated Library Systems for Smaller Libraries," written by Anne Salter, published May 2003, is available for purchase online at www.techsource.ala.org or by telephone at 800-545-2433, press 5.*

When ILS products are sold, the majority of sales are upgrades or product migrations within the existing customer base. The acquisition process is less formal, but for major system migrations a modified RFP is still important for coherently organizing the library's needs and the vendor's responsibilities.

An RFP in such situations is a good tool for keeping vendors honest—your sales rep may be telling you that the new system is great, but an official request for a bid or specification document gives the library concrete details on exactly what the system can do, and how (or whether) it addresses existing problems in the library.

Existing customers comprise the overwhelming majority of a vendor's revenues, and maintenance fees collected from customer libraries are frequently the single most important factor in a vendor's continued health. As the capabilities of ILS products have evolved together across the market, pricing has followed suit. In general, initial prices for ILS products are falling, and significant discounts are increasingly rare (vendors may offer deep discounts to existing customers migrating from a legacy system).

Although initial system prices may be lower, ILS products are not necessarily cheaper—by adding in maintenance costs over five years, many systems are as expensive as they ever were, if not more. Hardware and software are cheaper than ever, and programs are increasingly easier to manipulate and adjust in-house.

Vendor maintenance costs should be shrinking in turn, but all too often, they are on the rise. Throughout the process, be vigilant about maintenance costs—until you have calculated five-year costs with maintenance increases, do not assume that the ILS with the lowest sticker price is the best deal.

Making sense of maintenance costs

The November 2001 issue of Library Systems Newsletter, *published by ALA TechSource, has a brief guide to calculating maintenance costs and total costs of an integrated library system over five years. Included also is a discussion of how to negotiate accordingly. Copies can be obtained for $12 plus $2 shipping and handling by calling ALA TechSource at 800-545-2433, press 5.*

The state of the RFP, circa 2003

An RFP can be a long, sometimes tedious document that is as unpleasant to read as it is to write. To speed the process, libraries work from basic models of RFPs (frequently available on the Web) and plug in their library's unique specifications between standard boilerplates. To be sure, this method saves a librarian from boredom and conserves his or her energy for more important tasks.

Many librarians view the RFP process as a necessary evil, a step in an out-dated courtship ritual between institutions and vendors. For the most part, librarians have given up on using the RFP as a tool for extracting meaningful data from vendors, for reasons addressed in the following section.

Library system vendors are only too happy to see librarians weary of the RFP process. Given the choice, vendors would prefer to sell products through product demonstrations and meetings with customers (in the case of enhanced library system products, these sales methods are the standard).

The RFP, however, is still a necessary tool in nearly all library system purchases, especially in the face of numerous new products on offer that layer on top of or coordinate with the ILS. The RFP helps a library get a feel for what is available, how much functionality the library needs, and how much it will have to pay for that functionality.

Smaller institutions are forming cooperatives and consortia at dizzying rates, using their new partnerships to provide patrons with access to a richer world of resources. The RFP processes among these consortia are increasingly daring, as consortia draw on their broad resources of informed staff.

As librarians tire of going through the motions with standard, boilerplate-laden RFPs, many institutions are revitalizing the process by creating nontraditional or hybrid RFPs that assume a basic level of functionality from the available library systems and proceed to ask challenging questions about advanced functions or common problems faced in the daily life of the library.

These new-model RFPs are discussed at length in Chapter 5. In the search for meaningful answers in the vendor's response, these efforts are the most interesting and influential developments in the form.

The model RFP that accompanies this issue, available online at www.techsource.ala.org, is a standard RFP. This issue seeks to update the form with suggestions and techniques throughout. Access information is on page 20.

The state of the vendor response

As mentioned earlier in this chapter, vendors really just want to circulate a one-size-fits-all description of their product, conduct a demo, and sell to you. Vendors dislike RFPs; they perceive RFPs as overlong, time-consuming, rarely original, and generally pesky. What follows is a pessimistic, but realistic insight into the RFP response process.

When the RFP arrives, the bid writer (often among the most junior staff in a library company) begins plugging in answers from the vendor's general information for a product. If the bid writer comes across a question for which the vendor lacks an answer, he or she will scramble to the product developers to find an answer that the bid-seeking library will favor.

In the worst case, the response that emerges is a grab bag of canned answers, with a few attempts to fit square pegs in round holes. Generally, two-thirds of the respondents answer the open-ended questions in the RFP by talking about other products the vendor is developing or selling.

This process sounds lackluster because it *is* lackluster. Unenthusiastic responses aren't entirely the vendor's fault. In the RFP, libraries do not ask questions in a meaningful way, making the ability of vendors to respond in a meaningful way impossible. Chapter 4 of this report discusses techniques for creating more effective RFPs that ask harder, more revealing questions.

Is the RFP worth your time?

Although the RFP suffers from a tarnished reputation among many librarians, the advantages of using an RFP (or other formal procurement document) far outweigh the potential nightmares of dealing directly with vendors.

- An RFP requires a library to examine its problems and issues in greater detail than would normally occur.

- An RFP forces vendors to assemble competitive solutions that not only respond to the stated requirements but also transcend them—providing additional value for a given price.

- An RFP that does not favor one vendor over another allows all to compete fairly from the same set of rules and requirements.

- Because vendors are working from the same set of rules and requirements, the differences between proposed systems are more apparent.

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  The next chapter of this report outlines the planning process that leads up to the RFP.