EBOOK

The **True Cost** of your Paper RFP Process

T he concept of 'the paperless office' is not a new one. The phrase first appeared in 1975, in a Business Week magazine which made the bold prediction that "by 1990, most record-handling will be electronic."

In the years since that prediction, offices have transformed to bring key processes online, dramatically reducing their reliance on paper files and gaining greater efficiency and insight. However, in procurement, bankers boxes of paper and overstuffed filing cabinets continue to be the norm, with many teams still relying on paper-based processes for their sourcing.

Procurement teams have multiple reasons for keeping paper around even while other areas of the organization modernize, whether it's lagging laws that require paper copies, a lack of funding for digital tools, or simply comfort with the 'way things have always been.' However, it's becoming increasingly apparent to procurement leaders that the status quo is no longer sustainable.

Public sector teams are under immense fiscal pressure and face ongoing challenges to cut down on spend and improve efficiency. Meanwhile, 51% of procurement leaders do not believe their teams have the capability to deliver on their procurement strategy.[1]

In Deloitte's 2018 CPO Study, the authors noted that the adoption of digital technology has historically lagged in procurement. However, they are unequivocal in their position:

"Digital transformation is inevitable, and high performing organisations are leading the way on adoption."

In this eBook, we investigate the real cost of 'status quo' paper RFP processes to your team and to taxpayers, across five key areas. We'll reveal how real teams are using eSourcing to eliminate paper, and why you need to address this gap to realize time and money savings for your organization.

"Digital transformation is inevitable, and high performing organisations are leading the way on adoption."

1 The Deloitte Global Chief Procurement Officer Survey, 2018

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5 Key Areas Where Paper Processes Cost Your Organization:
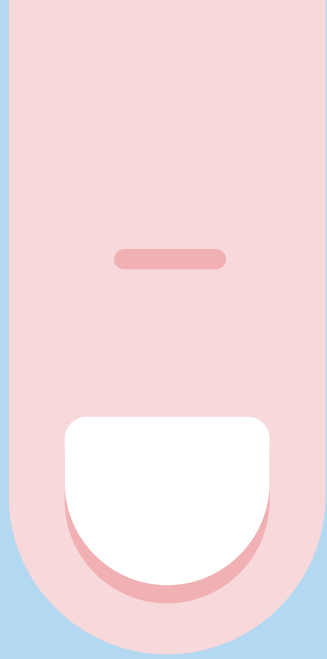
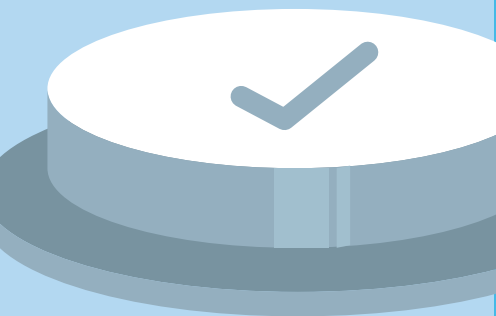Submission costs and vendor participation

Wasted time

Unrealized cost savings

Difficulty retaining top talent

Risk of costly errors or legal challenges

132
x5
=660

Submission Costs and Vendor Participation

Paper may literally grow on trees, but it is anything but free.

Our State of the RFP Study,[2] a comprehensive benchmarking study of billions of dollars of RFP decisions, shows that the average RFP submission is 132 pages in length. Considering that the average project receives five submissions, with copies for an average of four to five evaluators, a single RFP project requires a total of 2,970 pages of paper.

2 Bonfire State of the RFP Study, 2017

660
x4.5
=2,970

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For a mid-size organization running 75 projects per year, that adds up to:

22,750	1	$1470
pages of paper	full pallet	bulk paper cost

There's also the shipping cost of sending submissions:

500	$50 - $80	$18,750
miles average distance between vendor and procuring organization	for next day shipping on the average RFP submission	in shipping costs for one year of RFP submissions

After the RFP, the expenses continue to pile up. Storing a year's worth of RFP documents requires:

1	$650	$445
5-drawer filing cabinet	for external storage over a 7-year retention period	for secure shredding

While the paper and postage costs of RFP submission come out of vendors' pockets, savvy procurement teams can expect to have some or all of that expense overlaid on the costs presented to them in each bid. But the bigger concern for procurement's bottom line is the limiting effect that an inconvenient, resource-intensive paper process has on the vendor pool.

Especially for small businesses, the paper and postage expense can be a deterrent to of participation. Given that every additional supplier brought to the table results in a 5 - 20% increase in pricing spread, this is a critical concern for teams in their ability to drive the best value for their organization.[3]

eSourcing software removes many of these barriers by providing a free, intuitive, and easy online platform for vendors to participate in opportunities. As a result, procurement teams attract more qualified suppliers to their competitive pool. More vendors equal more competition, which means cost savings for your organization.

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3 Bonfire State of the RFP Study, 2017

CASE STUDY:

Milwaukee County

Milwaukee County recognized that their paper-based submission process was daunting to vendors, limiting participation in their opportunities. They transitioned to an online submission portal which allowed them to advertise opportunities and receive submissions digitally. Now, it is easy for vendors to view and submit to their opportunities, without the expense of paper and shipping. Furthermore, the procurement team can invite relevant vendors by commodity codes, reaching a wider vendor community.

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The biggest benefit is consistency across the board. [...] It gives vendors one place to go, and it gives us one place to go—so the whole process is better organized.

Lacy Parson, Contract Manager, Milwaukee County

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Wasted Time

The old cliche 'time is money' hits home when applied to

procurement teams and their ability to manage the ever-

increasing demands on their time.

Running the RFP process through paper is a labour-intensive process: at each step, manual administrative actions monopolize buyers' time.

These include:

Timestamping bids and issuing receipts by hand

Checking bids for compliance and completeness

Conducting manual data entry of bid details

Distributing and collecting signed Conflict of Interest forms

Distributing and collecting scorecards and bids to evaluators

Reminding evaluators to complete their scoring

Aggregating and tabulating scores

Creating scorecards

Creating an award notice

Each of these steps can be automated in an eSourcing platform, saving hours to days of effort. In fact, teams using Bonfire report 200% faster projects, compared to their prior paper process.

Paper's time-consuming footprint affects other internal stakeholders as well. Evaluators, too, are bogged down by binders and boxes of paper. Paper is an added burden for evaluators on what can already be a demanding process. Research shows that 27% of scoring on RFP projects is completed outside of business hours, meaning that evaluators are either staying in the office on evenings and weekends or carrying paper files home to get their scoring done.[4]

eSourcing platforms provide evaluators with one online location to review documents and complete scoring. This flexibility gives evaluators the convenience and ease they need to get their scoring done—whether during their commute to work, in a fifteen minute break between meetings, or at home on the couch. All the information they need is readily available, saving them time and hassle.

Time savings in the administration of your RFP process means that your deadlines are met and your team's efforts go further—whether taking on increased project volumes, investigating more sophisticated pricing techniques, or undertaking strategic initiatives—which translates to dollar savings for your organization.

Deloitte's 2018 CPO study reports that public sector CPOs considered internal client satisfaction equally important as supplier performance as a measure of their success.

4 Bonfire State of the RFP Study, 2017

CASE STUDY:

San Antonio ISD

SAISD knew that accepting hard-copies in their RFP process resulted in impractical volumes of paper and time-consuming manual tasks. They implemented Bonfire to streamline their process on one online platform, realizing significant time savings. As a result, their team has greater capacity to add value where it matters most: the decision itself.

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We're now finding time to do other things, like make improvements into our own office and our procedures, versus being constantly bogged down with issuing solicitations and doing all that paperwork.

Andrea Tena, Contract Administrator, SAISD

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Unrealized Cost Savings

Teams who use a paper-based RFP process are not only missing out on time savings and greater vendor participation; they are leaving cost savings on the table in every RFP they run.

In a paper process, buyers are consumed by administering the RFP, juggling a variety of moving pieces to keep the project on track. Once the burden of paper is removed, buyers are free to focus more of their time and attention on the decision itself, investing in better requirements gathering, deeper bid evaluation, and comprehensive price optimization—all of which drive cost savings.

When running an offline paper process, buyers are limited in their evaluation to the functionality that a spreadsheet can offer. eSourcing platforms, on the other hand, equip buyers with powerful, purpose-built evaluation tools.

Instant what-if analyses, line item comparisons, reverse auctions, and other tools can help buyers drive significant savings in each RFP. The power of these platforms to unlock more value will only multiply as emerging technology such as machine learning and artificial intelligence begin to find wider applications in sourcing software.

Another significant source of cost-savings for procurement teams is the consolidation of spend across the organization. With paper records housed in filing cabinets, it's difficult to see the big picture. Streamlining online means that procurement teams instantly gain visibility and insights into all RFP projects across the organization. This gives procurement leaders the crucial macro view of their sourcing activities, so they can identify and quickly act on cost-saving opportunities.

CASE STUDY:

Pinal County

By eliminating paper and implementing an eSourcing solution, Pinal County freed up hours of staff time and gained more visibility into their spending decisions. As a result, they have been able to invest more time in strategic considerations, driving countywide savings. In one particular example, they received a requisition for a new printer, but after analyzing printing spend for the whole County, chose instead to run a managed print services RFP that saved the County approximately $200,000 per year.

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Before Bonfire, we were so pressed for time that when you got a requisition in, you processed it—that's all you had time to do. Now we have that time to analyze and add more value.

Lori Pruitt, Procurement Officer, Pinal County

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Difficulty Retaining
Top Talent

The procurement talent shortage has been much discussed as a looming challenge for procurement teams. Even for those who are not feeling the talent pinch, the realities of the changing workplace demographics affect every team.

By 2020, 50% of the workforce will be made up of millennials (the generation born between the 1980s and early 2000s). This demographic has grown up integrating technology into their lives seamlessly, and as a result they bring adaptability and technological skill to the workplace. They are accustomed to making data-driven decisions, an asset as data analytics become more central to the procurement function.

For organizations hoping to benefit from millennials' unique skill set and retain millennial talent, outdated paper processes have to go. Organizations need to prioritize the right tools to attract and empower the fastest-growing segment of today's workforce.

But it's not only millennials who need to be equipped with the right tools in order to succeed — and stick around. The time-consuming, often tedious labour associated with paper processes offers little personal satisfaction for buyers who have deep skill sets in negotiation, analysis, and policy. Moving away from paper processes enables procurement teams to level up their contribution for greater personal satisfaction, more flexibility in their work, and improved morale.

In this talent climate, procurement leaders can't afford not to create a modern environment for their team.

51% of workers at organizations whose tech lags behind the industry standard report frustration with their employer, compared with only 6% for those who work for tech leaders.[5]

5 The New Digital Workplace Divide, Unisys, 2018

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CASE STUDY:

# Metropolitan Transporation Commission

When selecting an eSourcing platform to replace their paper-based RFP process, the Metropolitan Transportation Commission prioritized an intuitive and modern user experience. Beyond efficiency gains, they have also reported that the successful implementation of eSourcing technology has helped raise the status of the contracts group and promote trust and confidence in the process.

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Psychologically, both for our team and for the rest of the staff, it makes people feel good when they can use a tool that works the way it is supposed to, that looks good, has a good user interface, and that your business partners like.

Michael Brinton, Principal, Contracts Manager, Metropolitan Transportation Commission

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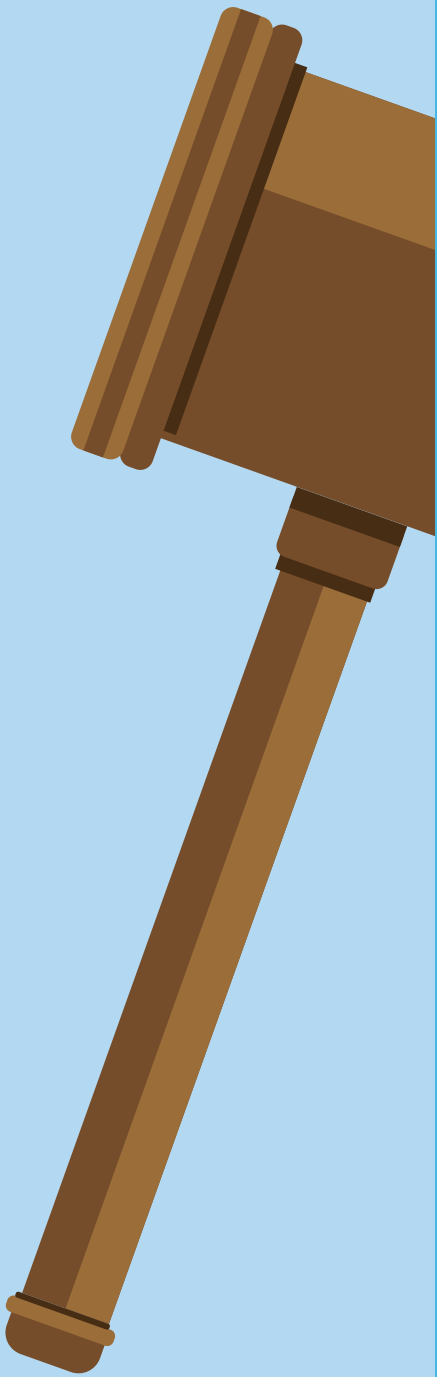
Risk of Error or
Legal Challenge

Procurement professionals are experts at risk reduction when

it comes to the decisions they make for their organization.

But what about the risks in the decision-making process itself?

20%

**of paper records
are misfiled[6]**

50%

**of spreadsheet models
used operationally in
large businesses have
material defects[7]**

6 Infographic: Pay-Per, Docusign 2017
7 Basic Research, European Spreadsheets
Risk Interest Group, 2008

Lost or misplaced documents, Excel formula errors, incomplete score justifications, gaps in the audit trail: the paper process is fraught with potential errors which can put your decisions at risk and open your organization up to bid protests or even legal action.

A quick Google search shows the risks and costs associated with getting sourcing wrong. As recent court decisions have shown, the onus is on procurement teams not only to follow a fair and transparent process but to document the decision thoroughly. Precedence shows that courts will not presume in the organization's favour if they fail to keep such records.

eSourcing platforms automate many of the error-prone steps in the RFP process, automatically distributing the right documents to the right people, and automatically aggregating and tabulating scores. Many platforms go further, giving procurement teams the ability to enforce controls to ensure compliance. For example, teams can ensure that evaluators cannot view submission details until a conflict of interest form is signed, or require that every score is justified with a mandatory comment.

After the decision, each and every action is captured in an audit trail that can be exported at the click of a button. In the case of uncertainty, detailed system logs show every single document viewed, score recorded, and action taken.

These records are always at your fingertips, in one secure, online, searchable database. Cloud storage offers greater security than paper options which are susceptible to tampering, theft, and fire. But more significantly, cloud platforms offer scalability, flexibility, and further optimization options that go far beyond what a filing cabinet can offer.

Whether it's a headline-grabbing error or missing pieces in your audit trail, paper processes jeopardize the defensibility of your RFP process. The control and risk reduction alone makes eSourcing platforms a worthwhile investment for public procurement teams. After all, you can't put a price on peace of mind.

CASE STUDY:

Western University

The Western University procurement team recognized that every manual step in their RFP evaluation process carried with it a risk of error. They chose to streamline their evaluation process online, ensuring better visibility, control, and comprehensive decision records.

Now, the procurement team can access complete and thorough reports capturing every step of the decision. In the case of vendor debriefs, they can quickly view the scores and comments to see how a decision unfolded.

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From a perspective of risk reduction and convenience, the investment in Bonfire has been absolutely worthwhile.

Peter Jeffs, Associate Director, Procurement, Western University

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Paper processes come at a cost: to your competitive vendor pool, to your team, and ultimately to your organization's bottom line. It's clear that status quo paper processes can no longer be relied upon to help procurement deliver on an increasingly steep mandate.

eSourcing platforms mitigate risk and deliver time-savings, higher vendor participation, and greater visibility over your procurement activities. This means a swift return on investment and an acceleration in your team's organization-wide impact—not to mention a cleaner desk than you've had in years.

2x	18%	3x⁺
Faster Projects	Cost Savings (on average)	Return on Investment

At Bonfire, we work with public procurement teams every day who are facing the transition from paper RFP processes to eSourcing. If you're interested in finding out how to eliminate paper for a faster, easier, and more effective RPF process, get in touch with us today.

Contact Us