SAi360
RISK FROM EVERY ANGLE

Your ultimate guide to RFPs for GRC

Introduction

Requests for Proposals, or RFPs, have been a cornerstone of the procurement process since the late 1800s. But whilst advancements in technology have automated much of the distribution and response gathering workflows, the overarching premise remains much the same. These formal documents issued by buyers aim to solicit bids from potential vendors for a predefined project or business need. At a high-level, the RFP will outline the project and/or vendor requirements and the subsequent criteria for selection, providing detailed and structured insights into what the business is looking for.

RFPs publicly demonstrate buyer appetite which, in theory, makes the procurement process more transparent and competitive, however, a growing number of critics have called into question both the efficiency and effectiveness of this age-old buying process. In the following whitepaper, we will be evaluating some of these criticisms to unearth how buyers can improve the efficacy of their RFP process in the context of GRC software procurement.

The typical buyer journey

Requests for Information (RFI)

If an organization has chosen to leverage the public call for input as the primary engagement method for their procurement, more often than not, they will begin by issuing an RFI. In short, this is a formal process for gathering information from suppliers in the market, serving as a preliminary evaluation step, including questions relating to experience, credibility, company infrastructure and project management.

Requests for Proposal (RFP)

The RFP follows by asking the longlist of vendors to outline their proposed solutions for a business need or challenge. It will be more detailed, relating specifically to the business problem that the buying organization is looking to address, providing enough information and context so that suppliers can propose creative solutions to meet the need.

Proof of Value (POC) / Proof of Concept (POC)

Both POV and POC aim to demonstrate that a proposed technology solution can meet the specific needs of the organization. A POC is often used to show feasibility in a technical sense, whereas a POV is more focused on the business value or impact the solution can have.

Request for Quote (RFQ)

RFQs are typically used when the requirements are clear, specific and quantifiable, it focuses on obtaining detailed pricing information for a specific list of items or services.

The "One-Too-Many" evaluation

In the context of RFPs, the one-to-many approach sees organizations issuing a single RFP to invite proposals from multiple vendors or suppliers simultaneously, potentially leading to a host of benefits:

- **Reduce the administrative burden:** Vendor research is time consuming and fraught with hidden complexities. It can be particularly difficult in the realm of risk and regulatory technology to identify and collate a comprehensive list of solution providers and navigate marketing speak to drill down into key differentiators and USPs. By leveraging RFPs, firms hope to receive a broad range of proposals, enabling them to leapfrog the product identification phase, and focus on *evaluation*.

- **Supplier inclusivity:** RFPs aim to ensure that procurement opportunities are not limited to companies within a closed network. They should be written and advertised in a way that is accessible to a broader range of potential vendors, including smaller and newer firms who may otherwise be overlooked for such opportunities.

- **Fairness and transparency:** RFPs promote fairness and transparency in the procurement process by ensuring that all vendors are evaluated against the same criteria. This, in theory, eliminates biases and ensures that each proposal is assessed objectively based on predefined parameters. For instance, when evaluating proposals for GRC software, vendors are typically screened on predefined criteria such as functionality, scalability, compliance features, and pricing, ensuring a level playing field for all participants.

- **Leverage competitive dynamics:** Open competition among vendors can lead to better pricing, enhanced features, or more favorable terms than if the buyer were negotiating with a single vendor at a time. Additionally, receiving multiple vendor bids enables buyers to approach further conversations better informed. By reducing the information asymmetry in favor of the buying organization, they are inherently better positioned to negotiate.

Challenges

While the RFP process appears straightforward in theory, practical experience can deviate significantly. Neglecting to allocate the necessary resources can hinder the buying firm from uncovering the solutions they seek.

Time consuming research

In reality, RFPs rarely reduce the research overhead for buyers. For "big ticket" items that impact almost every part of an organization, such as GRC software, RFP authors must liaise with multiple teams - compliance, operations, IT and so on. Each needs to provide inputs as to what they're looking for, these need to be researched, validated for feasibility and synthesized into a single document, without alienating vendors by making the requirements too far-fetched.

IT TAKES AN AVERAGE OF 30 HOURS JUST TO WRITE AN RFP AFTER THE REQUIREMENTS HAVE BEEN GATHERED.[1]

Over Standardization

The RFP process, by virtue, is very structured, and whilst this may offer some benefits as highlighted above, it also presents potential risks. Vendors are often invited to respond to specific points and are asked to stick to the outlined requirements. This can leave little room for creativity and innovative solutions, potentially limiting the potential for unique or out-of-the-box ideas that might better solve the project's needs.

Patience

There are a lot of catalysts for buying GRC software, some stem from a business case, others from regulatory sanctions. In respect of the latter, firms are often under pressure to implement solutions quickly and may be inclined to shorten the vendor response deadline. In reality, it takes just as much time, if not more, to respond to an RFP as it does to draft it.

Research from Open Asset suggests that vendors tend to respond to approximately 63% of the RFPs they receive, indicating a strategic evaluation process where teams consider about two-thirds of the bids as worthwhile pursuits. Notably, there's a discernible correlation between the time invested in crafting RFP responses and success rates, with larger enterprises dedicating an average of 27 hours per response, surpassing the investment of mid-market and SMBs. Consequently, this translates into a substantial annual time commitment for larger firms, underscoring the importance of strategic allocation of resources in RFP management. Failure to account for vendor response timelines could lead to unrealistic time expectations, limiting the quality and quantity of responses received.

1. https://www.warmcall.com/purchasing

Top tips to elevate your RFPs

Do your research

Before drafting the RFP, it's crucial to conduct thorough market research to gain insights into the latest trends, technologies, and capabilities within the GRC software domain. This proactive approach ensures that your requirements are realistic and aligned with what the market can offer. Consider initiating preliminary, non-committal discussions with potential vendors to gauge the feasibility of your needs. These early conversations provide valuable insights into vendor capabilities, potential solutions, and industry best practices, allowing you to refine your RFP criteria and ensure a more targeted and effective procurement process. Additionally, engaging with vendors at this stage fosters transparency and establishes a foundation for collaborative partnerships, ultimately enhancing the success of your GRC software implementation.

Assemble a cross-functional team

It's essential to bring together representatives from key departments such as compliance, operations, IT, and any other relevant areas from the outset of the procurement process. This collaborative approach ensures a comprehensive understanding of needs across the organization, leveraging diverse perspectives and expertise to inform the RFP development. This not only streamlines the decision-making process but also reduces the time required for individual consultations, as key requirements and considerations are addressed collectively. Furthermore, assembling a cross-functional team promotes buy-in and ownership of the procurement process, enhancing the likelihood of successful implementation and adoption of the chosen GRC software solution.

Leverage technology

Explore the use of specialized RFP software to streamline the creation, distribution, and analysis of your documents. These innovative tools offer a range of features designed to optimize the RFP process, including templates, automated workflows, and centralized document management systems. By adopting RFP software, organizations can save valuable time, enhance collaboration among team members, and improve overall efficiency in managing the procurement process. Despite the wide availability of sourcing software solutions, many companies still rely on manual drafting processes and email-based RFPs, leading to administrative challenges and inefficiencies. Embracing technology not only addresses these hurdles but also empowers organizations to adopt a more agile and streamlined approach to RFP management, ultimately driving better outcomes in the procurement of GRC software solutions.

Share the business case

Communicating the business case with potential vendors can yield valuable insights and foster innovation in the procurement process. By transparently outlining project objectives, challenges, and desired outcomes, organizations invite vendors to propose innovative or alternative solutions that may better align with their needs. This collaborative approach acknowledges that, despite thorough research, there may be aspects or perspectives that were overlooked. By leveraging the expertise and creativity of vendors, organizations can uncover new opportunities and optimize their GRC software procurement strategy for enhanced effectiveness and success

RFPs in practice: Get the most out of your GRC software

A common pitfall of the RFP process is an overemphasis on price, often at the expense of other critical considerations. Instead, the evaluation process should encompass a comprehensive assessment of the vendor's experience, service capabilities, and innovative problem-solving abilities.

Crafting an evaluation framework that emphasizes creativity and innovation is essential. By asking the right questions and structuring evaluation criteria to reward novel approaches, organizations can encourage vendors to propose solutions that push the boundaries and deliver superior outcomes. This approach ensures that the procurement process remains dynamic and responsive to emerging trends and technologies, ultimately leading to the selection of the most innovative and impactful GRC software solution.

Some questions to consider in your next RFP

1. How will your product be implemented? Provide real case examples examples.
2. How does your software integrate with internal and external systems, current and planned?
3. Are the GRC solutions connected to enable collaboration across the lines of defense or does achieving this require a billable integration effort?
4. What support is provided for driving enablement and adoption?
5. What investment is made to ensure the continued success, KPI attainment and ROI of the project?
6. What do their clients think about their project success management?
7. What track record do the project managers and consultants have in delivering GRC transformation?
8. Does the provider have experience delivering GRC transformation in critical industries and/or business functions?

RFPs aren't dead, but they could use a revamp

The efficacy of RFPs is set to be significantly enhanced through a subtle, but strategic, overhaul. By leveraging a proactive approach grounded in active market research and cross functional collaboration, underpinned by technology, organizations can amplify the impact of their RFPs in the acquisition of GRC software solutions. These initiatives not only ensure that requirements are realistic and aligned with market offerings but also foster transparency, collaboration, and innovation throughout the procurement journey. So, while it would seem that RFPs aren't going anywhere anytime soon, they certainly stand to benefit from a well-deserved revamp, paving the way for more targeted, efficient, and successful procurement outcomes.

SAI360's unified approach to risk sets us apart

Today's complex risk landscape demands more. SAI360 leads the way with an integrated GRC platform and Learning solution that spans the entire risk and compliance spectrum.

Risk Management Solutions

- Risk & Compliance Management Solutions
- Enterprise & Operational Risk Management
- Regulatory Compliance
- Policy Management
- Third-Party / Vendor Risk Management
- Internal Controls
- Internal Audit
- Incident Management
- Conflicts of Interest (COI)
- Gifts and Hospitality
- IT & Cybersecurity
- Business Continuity Management

Ethics & Compliance Learning Solutions

- Anti-Bribery & Anti-Corruption
- Competition & Anti-Trust
- Conflicts of Interest
- Data Protection & Privacy
- Exports, Imports & Trade Compliance
- Harassment & Discrimination