

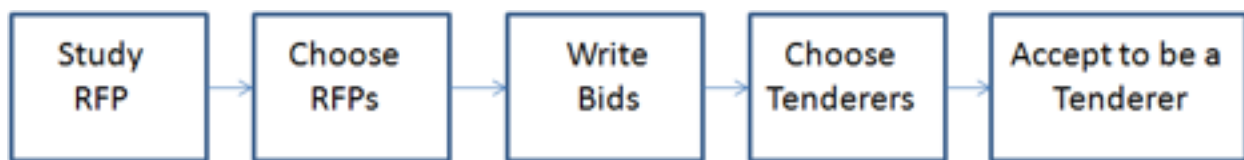
Assignment 3

Tendering

Deadline: See separate date specification

Roles involved

- Process Owner: Mrs. Mira Kajko-Mattsson
- Process Executors
 - External Consultant: Mr. Bengt Koren
 - No-fee Financial Advisor: Mr. Bengt Koren
 - Practitioners: IV 1300 Students



Process

In this phase, you, as a customer, have just issued RFP, and you, as a supplier, being on a constant watch to find customers, have just noticed several RFPs. Therefore, you start acting immediately. There is no time to lose. Your utmost goal is to win as many customers as possible so that your business will be secured in the future. During this phase, you will do the following:

1. *Study all RFPs:* Your task, as a supplier, is to get acquainted with all the RFPs and get some opinion on which RFPs you would like to work on. You should be ready with this task as soon as possible. Another of your tasks is to make sure that your advertisements are really visible to your future presumptive customers.
2. *Choice of RFPs:* This step will have to be done in form of a seminar. In reality, it is conducted in a completely different way. Due to time restrictions, you won't be able to work on all of the RFPs. Therefore, the goal of this step is to evenly distribute RFPs among the companies. The selection process is going to be managed by the external consultant during a seminar. The seminar is going to consist of the following steps:
 1. *System presentation:* Each company will present the system to be developed. You, as a customer, are requested to present your system and your user requirements. You will do it within 7-10 minutes. If your presentation is longer than that, then the seminar moderator, that is the external consultant, will interrupt you. Only one customer representative is going to present the system. When presenting your system, do not forget to present your company first. Then, present the system and motivate why you wish some other company to develop it.
 2. *Interest notification:* You, as a vendor, notify which systems you would like to work with. You are allowed to report interest for at least three systems. Assign priorities to your systems. The system you would like to work with the most should get *Priority 1*. The notification will be provided to the seminar moderator. This will be done after the system presentation.

3. *RFP distribution among suppliers:* The seminar moderator, that is the external consultant, will make decisions on which suppliers will work on which RFPs. Of course, the moderator will consider your priority list and willingness to develop a specific system and the customer's willingness to be served by your company. **The result will be that you, as a supplier, will be assigned three systems for which you are going to bid.**
3. *Writing on a Bid (bidding document):* In this step, you, as a supplier, will make and write a bid by following the templates in Appendix A. When doing it, you will have to estimate the effort and cost. Guidelines for how to do it are in Appendix B. In your bidding document, you will have to provide information that has been requested by the customer. For more information, please follow the template for the bidding document in Appendix A. The bidding document should be ready by the day before the deliverables for the Assignment 3 should be ready. It should be delivered to Bilda under "Bidding Documents".
4. *Tenderer choice:* Now, you, as a customer, have received three bids. You will choose two bidders who will become your tenderers. In this step, you will determine which of the bidders are candidate tenderers. Since some suppliers may be more popular than the others, there is a risk that some groups will not manage to work with the suppliers that they have picked. In order to make sure that each supplier is picked twice, the choice of the tenders will be supervised and approved by the external consultant on the day the Assignment 3 should be ready. After the choice has been approved, you will then formally notify all the bidders about your decision. You will do it using the template provided in Appendix D. Even the bidders who were not chosen for tendering should be notified about your decision as well. **The result will be that you, as a supplier, will be a tenderer for two systems and you, as a customer, will get two suppliers who will try to convince you that it is them you should choose as your future supplier.**
5. *Tender acceptance:* You, as a supplier, must inform the acquirer that you are accepting the tender for a contract by following the template provided in Appendix E. The tender acceptance should be conducted on the day when the Assignment 3 should be ready.

Phase 3 Deliverables

The assignment will result with the following deliverables:

- *Bidding Documents*
- *All tenderer and non-tenderer notification letters*
- *Tenderer acceptance letter*
- *All the minutes of the meetings, if any*
- *A specification of all the changes made to your processes (see **Appendix C**)*
- *Effort required for the bidding phase in the BCPM.* The effort should be provided for each task and individual practitioner/student and it should compile the results for the whole company.
- *The company's expenditures so far to be delivered by the Financial Manager.*
- *Experience gained during this phase.* Here, you list problems, good sides of the BCPM process phase, important decisions made and motivations behind the decisions.

Appendix A Template for Bidding documents

When writing your bidding documents, you may follow any template. However, it is important that your bidding documents include the following items:

1. Date and place
2. Title of the document
3. Introduction informing that this document is a bidding document.
4. Vendor information
 1. Legal Name of the Vendor
 2. Contact Information
5. Acquirer information
 1. Legal Name of the Vendor
 2. Contact Information
6. A description of the items as requested by the vendor
 1. References from its former acquirers
 2. Staffing
 3. Recent projects
 4. Specification of the recently developed products/applications, business alliances and partnerships
 5. Years in business
 6. Skills available
 7. Indication of the financial stability of the company
 8. Overview of the development process
 9. Price
 10. Schedule from contract writing to delivery.
 11. Sample project plan with a timeline
 12. Spec. of the documentation provided
 13. Application manuals
 14. System administrator manuals
 15. Operating system manuals
 16. Training manuals
 17. System documentation
 18. Training offered
 19. Duration
 20. Location
 21. Associated costs
7. Signature of the bid issuers

When writing on the bidding document, make sure that your language is clear and concise. Also, during this time, act in a professional manner. You may contact the customer for clarifying certain

issues. Here, you do it on a very general level. You simply do not go into details of the requirements. This will be done later on during the tendering phase. Do not attempt to bribe the customer with free lunches, banquet dinners or some other means. Finally, do not attempt to convince the customer that it is not necessary to write a bidding document. You, as a customer, beware of the unethical behaviour of the suppliers. For the suppliers, it is a matter of death and life that they win the contract. Therefore, they may not always behave in a proper way.

When contacting the customer for clarification, you do it via a telephone or you simply have a meeting with the customer. When meeting your customer, think of the dress code.

Appendix B Effort and Cost Estimation

Effort estimation is one of the most difficult and frustrating tasks in the industry. During this course, you will be exposed to it. However, you probably won't be that frustrated as practitioners. Their estimations, if wrong, may lead to disastrous results. To simplify your work, we suggest that you do the following:

- *Determine LOC*: Instead of using any of the effort and cost estimation models (they are difficult), we suggest that you determine that you will measure the size of the system in Lines of Code (LOC). Here, you measure all lines in a similar manner. If you have 2 blank lines, 2 comment lines, 2 variable declaration lines and 10 code lines, then you have 16 LOC altogether.
- *Determine the cost of each LOC*: This is another difficult issue. As an organization, you do not only write code. You test it, you document it, you plan it, etc. Determine first how much it would cost to write 1 LOC and then how much overhead it requires. For instance, you may write one LOC may cost 1 man-hour, but all the overhead software engineering and non-software engineering activities might cost additional 2 man-hours. This means that to develop one LOC costs 3 man-hours.
- *Estimate the size of each of the user requirements*: Estimate the size of each requirement in LOC. You will probably have to shoot from the hip, that is, you will make a more or less educated guess, just as some of the practitioners do. The difference is that their guesses will be somewhat more educated than yours. So, please do not feel frustrated. It is better you are exposed to it now than in the industrial reality.
- *Estimate the size of the whole system*. You simply sum up the sizes for all the requirements.
- *Estimate the effort and cost of the whole system*. This is one of the trickiest things. Not everybody has the same salary. Business managers earn more than developers, etc. Our suggestion is that you create some kind of average cost for one man-hour and use it in your estimations.

Finally watch out for non-functional requirements. The customer might have forgotten to write them. Make sure that you know all his important non-functional requirements. There may also be some high-level domain requirements. Check all this before you count the effort.

Appendix C Specification of Changes within your Organization

While doing your work, you will notice that some of the processes that you have defined are not optimal. You will find some deficiencies here and there. THIS IS NORMAL! Do not distress. Processes are never optimal, and therefore, you will have to improve them. For this reason, all the owners of all their respective processes will always check their processes and make suggestions for improvements. All those suggestions will have to be agreed upon by the Advisory Board and documented. This means that you will create two types of documents:

1. New version of the improved/changed process model.
2. Minutes of the meeting reporting on the decision made to change the process. All the decisions will have to be motivated and the motivations should be recorded.

Appendix D Templates for writing tender and for accepting tender

Tender for a contract

Bidding result

We/I hereby inform you that your proposal Bidding Document ID has been accepted for further elaboration.

Conditions

Acceptance letter of a tender for a contract

Acceptance result

We/I hereby inform you that your tender Tender Document ID has been accepted.