**Procurement Management Plan**  **Date:** 06/03/2020

**Project Name**: E-Pharma

**Guidelines on Types of Contracts:**

**Types of Contracts: -**

There are generally 3 types of bilateral (signed by 2 parties) contracts:

1. Cost reimbursable (or Cost Plus)
2. Fixed price
3. Time and Material contracts.

Cost reimbursable (or Cost Plus) Cost reimbursable (CR) contracts involve payment based on sellers’ actual costs as well as a fee or incentive for meeting or exceeding project objectives. Therefore, the buyer bears the highest cost risk.

Fixed Price Contracts Fixed price (FP) contracts (also called lump-sum contracts) involve a predetermined fixed price for the product and are used when the product is well defined. Therefore, the seller bears a higher burden of the cost risk than the buyer.

Time and Material Contracts

Time and material (T&M) contracts (sometimes called Unit Price Contracts) contain characteristics of both fixed price and cost reimbursable contracts and are generally used for small project cost amounts. These contracts may be priced on a per-hour or per-item basis (fixed price) but the total number of hours or items is not determined (open-ended cost type arrangements like CR contracts). T&M contracts are often used for staff augmentation, acquisition of experts and any outside support, when a precise statement of work cannot be quickly prescribed. A Purchase Order is a simple form of unit price contract that is often used for buying commodities. It is a unilateral contract and only signed by 1 party instead of the above bilateral contracts that are signed by both parties.

**Few Tips: -**

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| **Contract Type** | **Priorities ( Least to Important )** |
| Costs plus fixed fee(CPFF) | Cost, Time, Performance |
| Costs plus award fee (CPAF) | Cost, Time, Performance |
| Costs plus incentive fee(CPIF) | Time, Performance, Cost |
| Time and material (T&M) | Performance, Time, Cost |
| Fixed price plus incentive fee (FPIF) | Time, Performance, Cost |
| Fixed Price Contracts (FP) | Cost, Time, Performance |

**Standard procurement documents or templates:**

**Types of Procurement Documents**

A few types of procurement documents are:

* **RFP -** A request for proposal is an early stage in a procurement process issuing an invitation for suppliers, often through a bidding process, to submit a proposal on a specific commodity or service.
* **RFI -** A request for information (RFI) is a proposal requested from a potential seller or a service provider to determine what products and services are potentially available in the marketplace to meet a buyer's needs and to know the capability of a seller in terms of offerings and strengths of the seller.
* **RFQ -** A request for quotation (RFQ) is used when discussions with bidders are not required (mainly when the specifications of a product or service are already known) and when price is the main or only factor in selecting the successful bidder.
* **Solicitations:** These are invitations of bids, requests for quotations and proposals. These may serve as a binding contract.
* **Offers -** This type of procurement documents are bids, proposals and quotes made by potential suppliers to prospective clients.
* **Contracts -** Contracts refer to the final signed agreements between clients and suppliers.
* **Amendments/Modifications -** This refers to any changes in solicitations, offers and contracts. Amendments/Modifications have to be in the form of a written document.

**Guidelines for creating procurement documents**:

* **Information Gathering -** A potential customer first researches suppliers, who satisfy requirements for the product needed.
* **Supplier Contact -** When a prospective supplier has been identified, the customer requests for quotations, proposals, information and tender. This may be done through advertisements or through direct contact with the supplier.
* **Background Review -** The customer now examines references for the goods/services concerned and may also consider samples of the goods/services or undertake trials.
* **Negotiation -** Next the negotiations regarding price, availability and customization options are undertaken. The contract regarding the purchase of the goods or services is completed.
* **Fulfilment -** Based on the contract signed, the purchased goods or services are shipped and delivered. Payment is also completed at this stage. Additional training or installation of the product may also be provided.
* **Renewal -** Once the goods or services are consumed or disposed of and the contract has expired, the product or service needs to be re-ordered. The customer now decides whether to continue with the same supplier or look for a new one.

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| **Roles and Responsibilities** | | | |
| **Name and Signature** | **Role** | **Position** | **Contact Information** |
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