Tips for Evaluators: Better Business Intelligence RFPs

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Many of the business intelligence (BI) RFP data-collection exercises that Gartner analysts see won't actually help evaluators differentiate between vendors or their offerings, if used as intended. This report describes how to make the RFP process more useful in selecting a BI platform.

Key Findings

- The purpose of an RFP is to enable organizations to evaluate the suitability of vendors and their BI offerings by providing an objective framework for comparison.

- Undertaking an exhaustive RFP process is time-consuming and onerous for vendors and evaluators, often to the extent that it becomes too unwieldy and degenerates into a generic "fill the blanks" exercise for vendors and a "cover your back" exercise for buyers.

- Without the necessary rigor, BI RFPs can be ill-suited to the task of differentiating vendor offerings and add little value to the selection process.

- Given the maturity of the BI platforms market, most vendors can do most things well — don't expect a BI RFP to uncover many glaring gaps in functionality.

Recommendations

- A BI RFP does not have to cover every single point of functionality to be effective. Craft shorter, weighted RFPs — this approach is much more likely to be useful in helping you select the BI platform that's most fit for purpose.

- Do not rule out vendors on the basis of their RFP submission alone — make sure that IT evaluators and representative end-users see and rate software demos, and give this step equivalent value when it comes to selecting the vendor(s) to take forward to proof of concept (POC).

- Gather customer references as part of your RFP. The earlier you get input from vendor references the better — this activity should never be used just as the final check step in evaluations.

ANALYSIS

For some organizations, conducting an exhaustive RFP data-collection exercise with a large number of potential suppliers is a mandatory part of the procurement process for any purchase, including BI platforms. If that's the case in your firm, then Gartner's "Toolkit: Request for Proposal Template for BI Platforms" provides a very comprehensive 200+ row spreadsheet across all 12 BI platform capabilities that's been tried and tested in evaluation processes since its publication in 2006.

However, when Gartner used this format to evaluate vendor offerings itself, it found that all 15 vendors examined delivered the required functionality "out of the box" for most commonly used capabilities like reporting, dashboarding, online analytical processing and so on. In fact, at the time, based on this exercise, a typical RFP conducted with four leading vendors on the then current Magic Quadrant (Business Objects, Cognos, Oracle and SAS), omitting the lesser-used capabilities of data mining and workflow/collaboration, would only have identified gaps in 31 out of 183 functions for any of the vendors. (A gap was defined as either where the function was entirely absent or where it was provided but required customized integration with a third-party product to work). It should be borne in mind that this exercise was conducted in early 2007, before Oracle bought Hyperion, SAP acquired Business Objects, and Cognos acquired Applix, all of which will have closed some of the gaps apparent at the time. The same RFP carried out today would likely find even less scope for differentiation, based on these acquisitions and the subsequent two years of development effort and integration across all vendors.

So is it worth doing an RFP at all? Yes, but it should be approached with the understanding that the BI platforms market is functionally mature. In many cases, RFPs are still being used as they were 10 years ago — that is, in a market where vendors were still building a complete set of capabilities and the prevalence of functional weakness was more common and needed to be considered formally.

Not only are many BI RFPs seen by Gartner inappropriate for today's market, they are also at best lacking rigor, at worst abused — either by displaying obvious vendor influence (known by vendor salespeople as "setting the agenda"), or by being little more than a mechanistic exercise lacking any real use in making an informed selection.

With these factors in mind, here are seven tips to help you conduct more valuable BI RFPs that will differentiate vendors by reflecting your business requirements in a customized questionnaire:

1. **Never be tempted to use a vendor-supplied RFP template.** It seems obvious, but you'd be surprised at the prevalence of this. Using a vendor's RFP spreadsheet template may save a lot of work, but will skew your evaluation toward their capabilities rather than your firm's needs. Collecting RFP templates from competing vendors and collating them into a more objective superset could work, but would cost a lot in time and effort. A better starting point would be either Gartner's "Toolkit: Request for Proposal Template for BI Platforms" or an RFP template supplied by an independent external service provider.

2. **Avoid subjective line items and tightly specify terms.** Whichever start point you use, the RFP should have a quantitative self-scoring aspect and a qualitative comments field per functional item. The quantitative scoring method should be clearly defined and unambiguous (the Gartner RFP toolkit uses a five-point scoring system), as should each of the functional items you've asked the vendor to provide information on — for example, a line item that says "dashboard capability" is not granular enough, while one

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that says "strong report caching" is too open to subjective interpretation. The more specific and definitive you can be the better.

3. **Apply weighting and remove low-weighted criteria from your functional list.** Your organization's immediate and any phased BI requirements must be reflected in the RFP form by weighting the functional criteria you are gathering data on. Further, by then removing low-weighted functional items from the RFP it will be easier to differentiate vendors' answers across the resulting areas of comparison. Pruning out these items will also reduce the risk of the RFP simply becoming a blunt exercise in scoring — it's hard for it to be anything else if you're trying to make sense of, say, six 200-row spreadsheet responses from vendors. When asked by Gartner about the inclusion of low-weight items in RFPs, BI evaluators have said "we thought we'd use those like casting votes" — which, of course, would have the effect of undermining the weights established in the first place. The cumulative effect of a large number of low-weight items can unbalance the results of an RFP and fail to reflect buying priorities. Reducing the level of detail must be applied with caution in some areas, however; data gathered by Gartner in the research for the "Magic Quadrant for Business Intelligence Platforms" clearly shows that a minority of areas of BI capability are less widely used than others across the spectrum of vendors (see Figure 1). BI requirements and RFPs that include these lesser-used areas (namely scorecarding, workflow/collaboration and predictive modelling/data mining) should cover functionality in detail. For more information on the relative use and strength of capabilities by vendor, see "BI Platforms User Survey: How Vendor Customers Rate Their BI Platform Functionality."

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Figure 1. The BI Platform Usage "Conch:" Mean Percentage of Vendor Reference Customers Using BI Capabilities
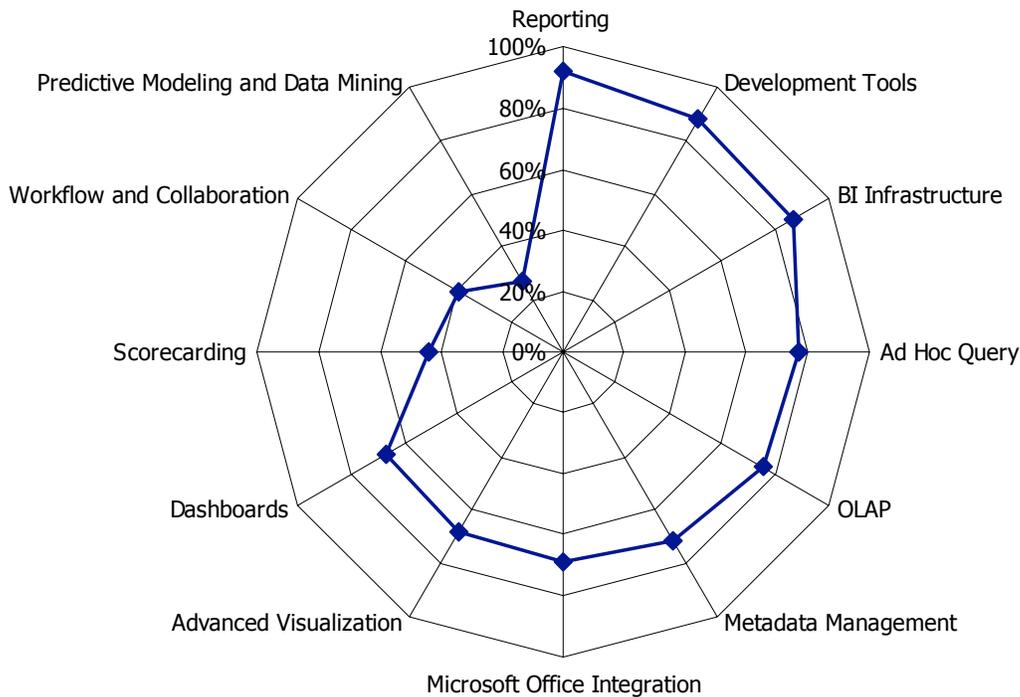
N=480
BI = business intelligence, OLAP = online analytical processing
Source: Gartner (May 2009)

4. **Make company questions BI-specific (or drop them altogether).** Pretty much all RFPs include a section to gather data about the supplier firms, as opposed to product functionality. You could say that this is a hangover from earlier in the BI market's evolution, with these questions originally intended to reduce the exposure to risk associated with buying from smaller vendors, by checking their resources and viability. As such, if you're only planning to send out your RFP to large or megavendors (SAP, Oracle, Microsoft, IBM), and your business is in North America and/or the larger European countries, you could consider dropping this section entirely. If you must gather company-level data then make the questions here specific to vendors' BI business in your region — simply asking Microsoft for its global total revenue and staff numbers won't be useful, for example. Asking for these metrics as they relate to BI locally is of more use. Bear in mind that some large vendors will not disclose this data — so asking for an indicative percentage may yield better results. In the end, gathering company-level data is only useful if your RFP includes smaller or niche firms.

5. **Don't use an RFP to assess usability.** Occasionally the RFPs that Gartner gets asked to review include functional line items such as "business-user-friendly report writer," "nature of tool-specific skills required to effectively perform tasks," or "requires minimal time to become proficient with the tool." The assessment of these factors is best dealt with as part of a detailed demo usually before the RFP stage, or as part of an on-site POC after the RFP, with an audience that includes a broad sample of constituent users. Asking the vendor to assess its own usability is unfair; vendors believe in their products

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and their answers to this type of subjective question will inevitably be positive. Only you can gauge based on your users and proposed use cases which offering has the right level of usability for your organization's BI requirements.

6. **Beware of "business benefit"-type questions — they're unlikely to gather useful information.** Questions asking vendors to supply information on either expected or previously proven business benefits appear in some RFPs. Other than proving that the products work, and being of general interest, these questions are unlikely to yield useful RFP information, for three reasons: first, the case study responses that form the basis of the answer received will be from marketing collateral and will therefore lack detail; 2) the customers quoted in published case studies have a vested interest in showing success; and 3) these stories are not directly comparable from vendor to vendor — the main purpose of an RFP. Further, this type of information can usually be found on vendors' Web sites and should form part of your background research.

7. **Include data collection on customer references.** Demand the right to speak to them, unaccompanied. Traditionally, talking with customer references has been one of the final stages of making a software purchase, conducted with one vendor's contacts prior to price and contract negotiations, as a kind of rubber-stamp activity. At that late stage it is very unlikely that the information sourced from the vendor's reference customer will have any impact on the buying decision, given that a consensus will already have been reached to go with the vendor. This is a lost opportunity. Ideally the RFP should be used to gather two or three relevant customer references per vendor early in the evaluation; that is, in the same locality, vertical sector or with similar scaling. Spending time with them on the phone — initially with the vendor and subsequently unaccompanied — is one of the most valuable evaluation activities, providing information on performance, user adoption, staffing questions and, very importantly, real-world hardware requirements that can provide a better indicator of the likely success and cost of each product. The earlier you get input from vendor references the better — this activity should never be used just as the final check step in evaluations.

Conclusion

The RFP is only one component in a sound BI evaluation process, which should include demos, RFP/reference checks and a POC. Keep your RFP as short as you can, and focus its outcome via weighting. Remember that vendors will almost always answer "yes, we do that" to every question posed/function detailed, and the job of the RFP is to frame questions that will minimize subjectivity and reflect your organization's BI needs.

RECOMMENDED READING

"Toolkit: How to Negotiate With Business Intelligence Vendors"

"Toolkit: Request for Proposal Template for BI Platforms"

This research is part of a set of related research pieces. See "Roundup of Business Intelligence and Information Management Research, 2Q09" for an overview.

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