

# Tellabs® Global Services

## Service Providers: Getting the Most from RFPs

10 key questions to ensure project success.

### Introduction: The Importance of RFPs

Service providers are under tremendous pressure to invest in data infrastructure and move to new solutions such as IP backhaul and LTE. To stay competitive, they must continue to minimize cost, monetize services and accelerate growth.

Service provider executives know that enhanced network capabilities are essential for new business opportunities. However, figuring out the right approach and timing for network investments poses a number of difficult organizational and financial questions, such as:

- How can we best expand network capacity to support growing customer demand?
- How do we optimize performance with existing capacity to avoid overspending?
- How can we tie revenue generation more effectively to network usage and expanded network capacity?

The Request for Proposal (RFP) process lies at the center of solving these challenges. Service providers depend on network equipment and service partners to ensure maximum value from network upgrades. They often rely on the formal RFP process to make their partner selections. Falling short in the RFP process can lead to poor network design, implementation, and operation. In this white paper you will learn how to enhance your RFP process and ask the right questions to ensure project success.

### The Challenge: Crafting RFPs for Maximum Business Value

Crafting the right RFP is a critical step toward selecting the best partners in network upgrade projects. Knowing what questions to ask is key to conducting the due diligence necessary to make the best selection.

Typically, RFPs for network infrastructure initiatives emphasize project cost, time to market and equipment capabilities. While important, they represent only a sub-set of the requirements for optimizing the project's business value.

Ultimately, service providers are most concerned that network upgrade projects lead directly to improvements in cost control, revenue growth and customer experience. These are the issues that should drive the RFP process.



*The essence of the RFP challenge is optimizing Time to Value: Crafting RFPs that focus on the right investments at the right time, and managing the RFP process to select the right partners to generate substantial business value quickly, efficiently, and with minimal risk.*

### Opportunity: Good RFP Design Includes Critical Success Factors

When designing RFPs, service providers can increase the value of the responses by making sure to include key questions that get to the heart of project success.

For example, most service providers require extensive testing of new equipment to prove that promised features actually work. Yet, they often fail to apply the same rigor and focus to network architecture and design in the RFP process. Without sufficient attention to network architecture and design, service providers may encounter integration issues and inefficiencies that lead to project delay and additional expense.

Similarly, many service provider RFPs give little attention to the range of services typically required to ensure success with complex projects. These RFPs ask a question or two about installation and support, or even just "What services do you offer?" while ignoring critical issues such as network integration, training, and knowledge transfer.

A typical misstep in the RFP process is equating partner size with speed and quality. Questions such as “How many people do you have on staff in this area?” or “How many locations do you have?” may not adequately determine a partner’s ability to turn up new systems quickly or provide specialized expertise that maximizes system value.



### Three Keys to Improving the RFP Process

Along with including better questions, service providers can do three other things to improve the RFP process:

- *Engage a partner with services expertise in your RFP development process:* A trusted partner with expertise in the main technology areas covered by your RFP can provide valuable insights into key items that may be missing or by crafting more effective questions. Choosing a partner that has a “neutral” position on the largest portion of the hardware business covered by the RFP helps to ensure objectivity.
- *Provide enough time in the RFP process for vendors to help them prepare the best possible proposals:* Many service providers shorten their RFP response time — sometimes as a “test” of the partner’s ability to move quickly. Squeezing time out of the RFP process may seem like a useful way to get started on the project faster. But if it weakens the scope of the proposal and rigor of the proposal process, trade-off is likely undesirable. Conversely, partners capable of completing complex proposals in an unreasonably short time may not indicate competence. They may simply have more staff dedicated to proposals.
- *Strengthen selection criteria and due diligence around business value drivers:* Equipment quality, price and time to market are important decision criteria. However, if the process downplays or ignores other business value contributors — such as partner flexibility, design and testing, cultural fit and knowledge transfer, optimization capabilities, and “trusted advisor” orientation — service providers run a risk of making the wrong selection.

By focusing questions on size versus expertise and ability to scale, service providers often overlook smaller, niche partners who can bring substantial value to a project. As Current Analysis has noted, service providers looking to mid-tier vendors “may find more commercial flexibility as well as market agility (with quicker decision-making and smaller organizations leading to faster project delivery).”\*

### Current Approaches Leave Too Much to Chance

A review of recent RFPs for telecommunications network upgrade projects reveals a number of common shortcomings. The failure to emphasize several key areas of project delivery creates substantial risk of project weakness, delay, or even outright failure. Typical RFP shortcomings include:

- *Too little attention to network architecture and design and/or other services:* Buying the best equipment is necessary, but is only the first step in a successful project. Making sure that the enhanced network is appropriately designed and the new equipment is effectively integrated is equally important.
- *Too little attention to ensuring network flexibility for future growth and change:* Today’s projects can quickly become tomorrow’s obstacles if RFPs don’t keep future flexibility front and center.
- *Too much focus on near-term fees and not enough on longer-term total cost of ownership:* Minimizing equipment purchase, installation, and maintenance fees are critical for cost control, but failing to consider broader costs over time can lead to decisions that are penny wise and pound foolish.
- *Failure to involve partners in the RFP development process:* Vendors often submit proposals based only on the questions in the RFP. However, the team developing the RFP may inadvertently leave out elements needed to ensure project success. Partners may see these gaps but decide not to respond for fear of being perceived as too complex or expensive compared with other proposals that do not include these elements.
- *Too much focus on technical inputs and not enough on business outputs:* The specific elements of a network upgrade (e.g., new equipment, support services, training days, etc.) are just means to larger business objectives which should provide the primary emphasis of the RFP (e.g., improved network capacity, faster time to market for new services, etc.). If the RFP doesn’t focus explicitly on business objectives and metrics, vendors may fail to deliver.
- *Too little attention to organizational fit and knowledge transfer:* Along with product and service capabilities, the way vendors work with service provider clients and share expertise is a key to overall project success.

\* Source: Current Analysis, July 2009



## Top Ten Questions for RFP Success

Beyond requesting solution details, an improved RFP process would highlight 10 essential questions that help service providers make better informed decisions:

1. What network architecture and design services are required to ensure both near-term success and long-term flexibility for additional network growth and change?
2. What planning, integration and/or implementation services are required to ensure we meet our business objectives?
3. What relevant experience do you have in providing similar solutions to service providers in comparable network environments? What lessons did you learn from those experiences?
4. How will you facilitate a comfortable and highly productive fit between your project team and our organization, network structure, and company culture?
5. How will you ensure sufficient knowledge transfer to help us take full advantage of the new capabilities in the shortest possible time?
6. What do you consider to be the most important metrics for project success in terms of business value (e.g., cost reduction, improved customer experience, new revenue streams, etc.)? How can we best measure those results?
7. How will you minimize the time required to receive maximum business value from the project?
8. In your experience, what are the most important risks to project success? How will you minimize those risks?
9. What do you need from us to make sure we reach our business objectives and deliver the expected results?
10. What is missing from this RFP that is essential to success?

## Do Your RFPs Include the Right Information and Questions?

<b>Network architecture, design, and other necessary services</b>	<b>Network flexibility for future growth and change</b>	<b>Long-term TCO, not just short-term fees</b>
<b>Business issues and priorities</b>	<b>Business outcomes, not just technical inputs</b>	<b>Organizational fit and knowledge transfer</b>

## A Final Thought

The RFP process is essential to the success of any project — yet is fraught with risk. Service providers rely on their partners to deliver maximum business value, but often fail to consider all the elements of success when designing RFPs and managing the selection process.

Service providers focus on improving cost control, revenue growth and the customer experience. Therefore, these issues should also drive the RFP process. The typical approach of focusing RFPs on equipment specifications often leads to inadequate focus on the services required to achieve desired results. Asking the right questions in the RFP can make all the difference in ensuring project success and maximizing the business value of the solution.

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