

Beware of the Hidden Costs in RFP Responses

E-Rate guidelines specify that cost must be the most significant factor in vendor selection from RFPs, but it is important to note that "cost" is not just limited to the price of the vendor's proposal. It is important to consider the potential migration costs, both tangible and not, with non-incumbent vendors in your selection process. Some of those "hidden" costs may be significant and you need to have a method of quantifying these costs in order to make your best vendor selection.

With all things being exactly equal in quality, quantity, and cost between two RFP responses, there is always a higher cost with a non-incumbent vendor due to the migration factor. In order to migrate from the incumbent provider to another provider, your IT staff will have hours of work in the planning and execution of the migration.

Let's say we have a ten location WAN RFP. A good rule of thumb for a WAN installation or migration is 10 hours per location, with the time to include vendor meetings, schedule development, communication with management and staff, vendor coordination, site preparation, execution, and documentation work. For planning purposes, DPI uses \$53.90 per hour as a fully-loaded hourly cost for an IT employee. Given this, our estimated cost to migrate from one WAN vendor to another would be:
(\$53.90/hr FTE x 10 hours) x 10 locations = \$5,390

But that is just the base estimate. If the migration is to have the least amount of impact on school business, all actual transitions will need to be performed outside normal business hours, which will either create overtime costs, reduced coverage due to time-shifting of your IT staff, and/or frustrated IT staff that are losing personal time without any compensation. Add this cost to our estimate.

If the migrations occur during the business day, factor in the cost of "loss of use" (also referred to as the PIB-tax, for Pain in the Butt), which isn't tangible but does reflect the "pain and suffering" of the end-users during a migration. While it is likely that any interruption will be less than 30 minutes, there are no guarantees. Teachers will need to plan as though the entire day will be off-line, including all instruction and NCWISE access. Add this cost, too, to our estimate.

While we used WAN services in our example, the same principle applies to any existing product or service. As you can see, there is a cost to the LEA when migrating from one vendor to another. When developing your RFP evaluation model, be sure to include a method for evaluating the LEA's total cost in terms of time, talent, and any loss of use, for migration to a non-incumbent provider.

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