

Guide to Writing an RFP for Data Center Facility Operation Services

White Paper 273

Revision 0

by David Gentry

Executive summary

Some organizations choose to outsource the management of their data center facility operations to a third party. Developing and managing the request for proposal (RFP) process is critical in ensuring a data center is operated and maintained efficiently and effectively. Poorly written and managed RFPs can make data centers costlier to run and increase risk of downtime. This paper provides guidance on how to properly write and manage RFPs ensuring qualification criteria are well-defined, performance requirements are clearly communicated, and vendor responses are de-tailed and complete enough to enable an objective and thorough evaluation.

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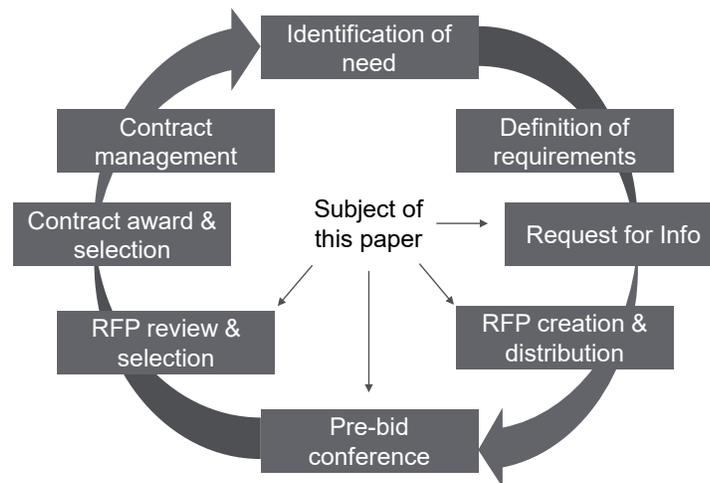


Introduction

The purpose of an RFP is to communicate requirements, define the vendor qualification criteria, and to solicit complete and detailed responses that enable an objective, thorough evaluation. Specificity is the key to success when writing an RFP. A good RFP is clear and concise. It explains expected outcomes with sufficient detail to allow accurate pricing while leaving room for potential innovation and helpful suggestions by the participating vendors. Ineffective RFPs, on the other hand, often lack detail which prolongs the process or makes it fail to deliver expected results. Poor RFPs, in some cases, might offer too much detail without explaining the expected results. This over-specification makes it very hard for vendors to show any creativity or to highlight their value or innovation. Over-specified proposals have the ill-effect of making all vendors look the same.

This paper will provide the reader with a view of the RFP process, from the perspective of an experienced mission critical facilities specialist service provider. The goal is to help streamline the procurement process (see **Figure 1**), while ensuring the best results. The focus will be on process best practices, technical specificity, and tips for success.

Figure 1
A basic flow diagram of the procurement process showing where the RFP process fits



RFP process overview

There are 4 fundamental stages of the RFP process:

- Request for Information (RFI)
- Creation and distribution
- Pre-bid conference/questions
- RFP review, interviews, and selection.

Each stage is an essential aspect of the overall process. Assuming the process is not being outsourced to an industry consultant, a project manager should be selected to manage all 4 stages of the process. Key stakeholders should be identified and participate in the process. Obvious stakeholders include IT operations management, existing facility operations management, property management, Chief Financial Officer, and any facility engineering group, if they exist.

RFI, RFQ, RFT, & RFP

These terms are often confused.

RFI: Request for Information is the first step in the process. It is used to solicit basic information (e.g., pricing, product info, services offered, etc) from a larger group of potential suppliers or vendors. This serves as an input into the next step. It helps the procurer determine their strategy or hone in on their precise sourcing needs.

RFQ: Request for Quotation is used when procuring highly commoditized, standardized products. RFQs are sent to suppliers with a very detailed and exact description of the items to be priced (quoted). This is used when the top goal is achieving the best price.

RFT: Request for Tender is an open invitation to suppliers to respond to a defined need of the business, as opposed to being about a specific part or service that is needed to be quoted.

RFP: Request for Proposal, the subject of this paper, is a procurement solicitation that seeks a more creative relationship or partnership. The RFP leaves the precise structure and format of the response to the discretion of the suppliers. This process is used when there is a known problem, but the solution is not yet known.

Source: <https://www.negotiations.com/articles/procurement-terms/>

Request for Information (RFI)

The first step is to identify which vendors are qualified. The way to sift through the universe of potential vendors is by issuing an RFI. The responses to an RFI will also assist in developing the RFP, by gathering information about best practices and the capabilities of the vendor community which you might not have been aware. Further, it will reduce the need for changes and clarifications later in the process. Types of information to request include:

- Description of core competencies
- Types of services offered
- Geographic coverage
- Staffing levels and training program description
- Clients served in similar industries or customer referral list
- Description of any potential competitive client conflicts
- Management tools used

RFP creation & distribution

An effective RFP should include information about the process itself, background on the facility to be managed, and a detailed list of the qualification criteria (discussed in detail in the next two sections). A common mistake is not providing enough detail about the existing data center facility and the business it serves. **To help ensure accurate responses, it is important to clearly explain your goals, challenges, and the current state of operations with the data center.** You want to give a clear picture of how things are today and what the expectations are once the new operations team takes over. The RFP should begin with this basic background information to help set the stage for describing the general and technical qualification criteria that bidders must then respond to. This background section should include topics such as:

- Operational objectives
- Business model
- New build vs. taking over an existing operation
- Description of relationship between IT operations, facilities, and management
- Current resource constraints and challenges

Next, details about the data center facility itself should be provided.

- Facility information: age, power capacity, redundancy, area, and layout
- List of assets (type, manufacturer, quantity)
- Description of existing service contracts: scope of work, length, termination date
- List of preferred vendors & suppliers for equipment and other services
- Existing staff size and schedule
- Challenges, constraints, and future facility plans/objectives (if known)

Pre-bid conference/questions

Once the RFP has been written and distributed to the service providers identified from the analysis of the RFI responses, bidders should be encouraged to ask questions and obtain further information or clarification. A forum for doing so should be provided. This may be as simple as providing time to answer questions and providing an email or phone contact. Conference calls could be scheduled. Or depending on the number of respondents, it may be feasible to offer a facility walk-through to each bidder. Aside from ensuring a more accurate or realistic response to the RFP, this stage of the process can provide insight on how the bidders operate and how they might work with you in the future. It is a good practice to supply all bidders with answers to any questions posed during this process. This helps keep the process objective and fair.

Proposal review, interview, and selection

The final stage of the RFP process is the step of reviewing the returned proposals and holding interviews with leading candidates. Review the proposals with your key stakeholders. Check for relevance and fit to your needs. Do they show attention to detail? How mature is their proposed solution in terms of services offered, thoroughness in documenting their capabilities, people, and process? Are they offering innovative ideas for addressing your needs and challenges? These are the types of questions the review team should consider. Once obvious bidders are removed for non-compliance, face-to-face interviews with remaining candidates should be held (ideally at the site) in order to choose the winning bid. This final interview can be a good forum to meet with the vendor's operations service delivery team in person.

General and process-related qualification criteria

This section and the next describe the types of information that you should ask the bidders to provide in their RFP response. First, bidders should be asked to provide some general background information that can help confirm their claimed capabilities and level of expertise and success. This should include items such as:

- Client references from comparable or similar facilities
- Evidence of business reputation, strengths, and financial stability
- Value-added services
 - Engineering, construction, energy management, project management, commissioning services, etc
- Description of strategic plans or planned service improvement initiatives (i.e., what are they doing to improve and take advantage of newer technologies)

The next set of key qualification criteria are the process-related items. Note that you should ask the bidder to describe their process for each of these in terms of both the mobilization (service start-up) and sustained operation phases. A common mistake is not addressing how the new management team will take over operations from the facility. Particularly in an existing facility, this is a critical step to map out and plan well together. So, asking the bidder to describe their process for managing this phase is an important decision criterion.

- Project methodology
- Project management
- Issue management
- Scope and change management
- Quality system

Technical qualification criteria

We have identified 13 essential elements of a data center operations and maintenance (O&M) program that the bidders should comment on. Human error and inattention can compromise the performance of any data center design. Mitigating these threats and their effects requires an effective and efficient O&M program that focuses on and attends to the essential elements described here. For each element, bidders should be asked to document their approach, capabilities, and experience. The following is a list of those elements along with their key components that should be addressed in their response to the RFP. For a more detailed explanation of these topics, see White Paper 196, [Essential Elements of Data Center Facility Operations](#).

Safety

- Policies and procedures for maintaining a safe workplace
 - Electrical safety
 - Injury and near-miss reporting
 - Lockout/tagout (LOTO) program
 - Personal protective equipment (PPE)
- Methods and procedures for performing hazard analysis
- Hazardous material handling
- Hazard communications

Security

In this case, specify **your** requirements and ask bidders to respond with how they have complied with similar requirements with other clients:

- Background checks/clearances
- Vendor/subcontractor access control procedures
- Vendor/visitor orientation
- Security protocol compliance

Emergency preparedness & response

- Emergency preparedness
 - Emergency operating procedures
 - Emergency drills
- Emergency response
 - Incident management
 - Escalation procedures
 - Failure analysis

Maintenance program

Determine who will hold the maintenance contracts, either the owner or the bidder.

- Capability for conditioned and predictive-based maintenance programs
- Capabilities, experience, and certifications
- Critical spare parts planning
- Subcontractor management

Change management

- Risk analysis and communication
- Change control process for performing work around the critical facility infrastructure equipment
- Notification and alerting
- Methods of procedure

Performance

First, define your criteria and provide any guidance you may have on the following:

- Service level agreements
- Key performance metrics
- Performance measurement and reporting

Then ask the bidders to provide examples of best practices and metrics templates they find the most useful.

Efficiency

- Performance benchmarking
- Efficiency measurement and reporting
- Systems optimization
- Continuous improvement

Note that bidders should provide examples of efficiency projects that include savings metrics.

Documentation

- Document control
- Maintaining record drawings
- Critical facility work rules
- Standard operating procedures
- Administrative procedures

Operations management

First define your service responsibilities and exclusions, staffing requirements, and/or parameters for staffing headcount and schedule. Then ask them to comment on:

- Facility Monitoring, to include site walk-throughs and methodologies (digital, handhelds, bar coding, etc.)
- Shift turnover
- Recommended tools and test equipment
- Familiarity & experience with existing BMS/DCIM/EPMS tools

Training

- Training program structure and methods
- Trainee qualification
- Technician certification/recertification
- Training records management
- Lessons learned/near-miss program
- Ongoing education program

Financial management

- Define your processes, requirements, and expectations for the following:
 - Purchasing
 - Billing
 - Financial reporting
- Have the bidders describe their methods and approach to cost containment

Operational support systems

- Computerized maintenance management system
 - Asset management
 - Work order management
 - Inventory management
- Electronic document management system
 - Document storage and retrieval
 - Document review and approval workflow

Reporting

- Capacity report
- Weekly report
- Monthly report
- Quarterly review
- Special projects

Tips

This final section of the paper describes 8 simple pointers for keeping the RFP process on time and streamlined while ensuring good results.

Tip #1: Provide enough time for bidders to competently respond

It is common for delays in the RFP creation process to compress the response period. Short response times result in less thoughtful, boilerplate proposals and can even cause highly qualified bidders to drop out. Additionally, this also applies to the “pre-bid conference/questions” phase as well.

Tip #2: If you’re looking for a partnership, begin in the RFP process by sharing “inside” information about your operation and the process.

Doing so builds trust between both parties. This “inside” information (as described in the “RFP creation and distribution” section previously) will ensure more accurate RFP responses and pricing, while also reducing the risk of change orders.

Tip #3: Provide the mobilization/transition timeline and goals.

Provide the bidders with information about the construction and commissioning milestones, as well as key completion dates. This will help prepare bidders for service startup. Sharing commissioning data can help potential O&M teams with developing specific Methods of Procedure (MOPs) and Emergency Operating Procedures (EOPs) based on how the actual systems are interconnected and what their operating modes are.

Tip #4: Don’t be afraid to provide a budget guideline.

This will set the boundaries for bidders on an important dimension of the project and will help them optimize their solution accordingly. It also allows the flagging of unrealistic expectations by the owner early in the process. Finally, it offers an easy method for eliminating bids that are out of acceptable range.

Tip #5: Provide insight on the key evaluation criteria and how will they be weighed from a technical and procurement perspective.

This ensures bidders can tailor their solution response in a way that best meets the objectives and goals you deem most important.

Tip #6: Allow for the use of “alternate bids” to compare bids competitively yet allow the bidder to propose alternates...perhaps a new solution that you hadn’t thought of.

The purpose, of course, is to ensure you allow the opportunity for an unforeseen innovation to be put forward. A unique approach to pricing or to the staffing model may better suit your needs, for example, that your RFP might have ruled out because of its structure.

Tip #7: Ask to see specific examples of and references for past accomplishments on similar project

These examples, if well documented, can help confirm a bidder’s true capabilities and experience.

Conclusion

Effective RFPs are written clearly and concisely. They describe the expected outcomes and performance of the Operations team with enough detail to ensure accurate pricing, but not so specific that all vendors end up appearing to have the same capabilities. It is important to leave room for, or to encourage, innovation and helpful suggestions from bidders. A common mistake to avoid is not providing enough information about the business and the facility to be managed. Sharing your challenges and problems with bidders can result in uncovering helpful new strategies. In the end, this openness will help you better differentiate and evaluate the bidders based on how they respond to these opportunities. Following the guidelines and tips outlined in this paper will help ensure your RFP process is streamlined while ensuring effective responses.

About the author

David Gentry is Vice President of Global Facility Operations at Schneider Electric. David brings more than 38 years of experience to his role and leverages his background in multiple business disciplines helping customers in the mission critical infrastructure industry. Currently he leads the global delivery of Schneider's Critical Facility Operations offer supporting many of the largest players in the data center world.

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