

# Mastering RFP Vendor Selection



A Madison Advisors Brief  
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## INTRODUCTION

For enterprise firms, selecting the right print service provider (PSP) is often the deciding factor in delivering personalized, consistent customer communications while leveraging the latest in print technology to build economies of scale. In a competitive marketplace, companies typically rely on requests for proposals (RFPs) to select a vendor, but the RFP process can yield less than optimal results when organizations lack in-depth knowledge of print industry best practices or a systematic method for evaluating vendors. Without sufficient expertise, organizations may lack the insight to objectively score RFPs and select the vendor that best meets their needs.

Madison Advisors offers research and consulting services that provide objective analysis, client-specific guidance and in-depth market knowledge in customer communications management (CCM). Our expertise provides organizations with strategies for reducing costs and enhancing services in print and mail production. In the past five years, Madison Advisors has conducted over 20 Best Practices Assessments (BPAs) of industry-leading PSPs. During the COVID-19 pandemic, we maintained a physical presence on production room floors to evaluate major PSPs in terms of quality, workflows, hardware and software technologies, compliance requirements and pricing.

Madison Advisors is presenting this Brief to summarize how we can assist enterprise firms nationwide when using the RFP process to select the best PSP partners for outsourcing print and mail production.

## SELECTING THE RIGHT PSP – THE LIMITATIONS/GAPS OF INTERNAL RFPs

When selecting a PSP, companies often rely on RFPs to identify potential partners. However, even the most discerning organization may lack sufficient experience to identify a vendor that can deliver on-brand, on-budget communications. In a worst-case scenario, an organization may end up with a vendor that lacks the capacity or capability to meet their minimum requirements.

When conducting their own print and mail RFPs, internal enterprise operations are often hampered by the same biases and thinking that led them to seek out an external PSP in the first place. For many firms, the problems begin at the very start, during the gathering of requirements, because knowledge of complex business processes, like CCM print and mail operations, is restricted to a few key people.

Not knowing what questions to ask can get firms into trouble when selecting a PSP, even when a line of business (LOB) thinks it knows what it wants. Unless decision makers know what questions to ask (e.g., Does paper allocation come with your print work?), firms may not be able to accurately evaluate whether a PSP is the right fit. Lack of knowledge can also hinder objective scoring of RFPs, because evaluators may not have the

experience they need to validate a PSP's claims. For example, one banking client that ran its company's own RFP failed to negotiate deliverable deadlines that came with penalties for failure-to-deliver transition dates. Due to lack of contract/requirement clarity, the bank is now at the mercy of the PSP's production schedule.

When evaluating PSPs, collaborating with consultants who understand the print services market and have the industry knowledge to match vendor capabilities with your business requirements can head off some of the pitfalls associated with vendor selection and ensure you choose the right PSP partner for your needs.

## PSP MARKET ASSESSMENT

When engaging assistance with RFP evaluation, it is important to work with a firm that has a thorough and tested understanding of today's print services market. Madison Advisors has developed a comprehensive assessment process to examine best practices across the converging markets of high-volume output, print on demand (POD) and electronic delivery operations, including those of captive or internal document services operations and for-profit service providers. The resulting BPA offers detailed analysis of PSPs working in the print services space.

The BPA is designed to provide enterprise clients with an objective assessment of the PSP market and potential cost savings to be gained. The process begins with an on-site review and interview sessions. Once the on-site review is completed, the information is compiled and collected as a set of confidential scorecards, each of which measures the quality of individual participant's customer communications practices, document production capabilities and ancillary processes. During the final stage of the process, Madison Advisors compiles information across scorecards to yield a blind, vendor-neutral data set from which to evaluate participants.

## PSP VENDOR COMPARISON

Once an objective basis is generated for evaluation, aggregate scores are assigned to each vendor's operational site. These scores enable a high-level ranking and comparative segmenting of participating sites. Figure 1 shows the stack ranking of production sites by aggregate scores. This chart is used to differentiate participating PSPs and help clients decide between multiple vendors.

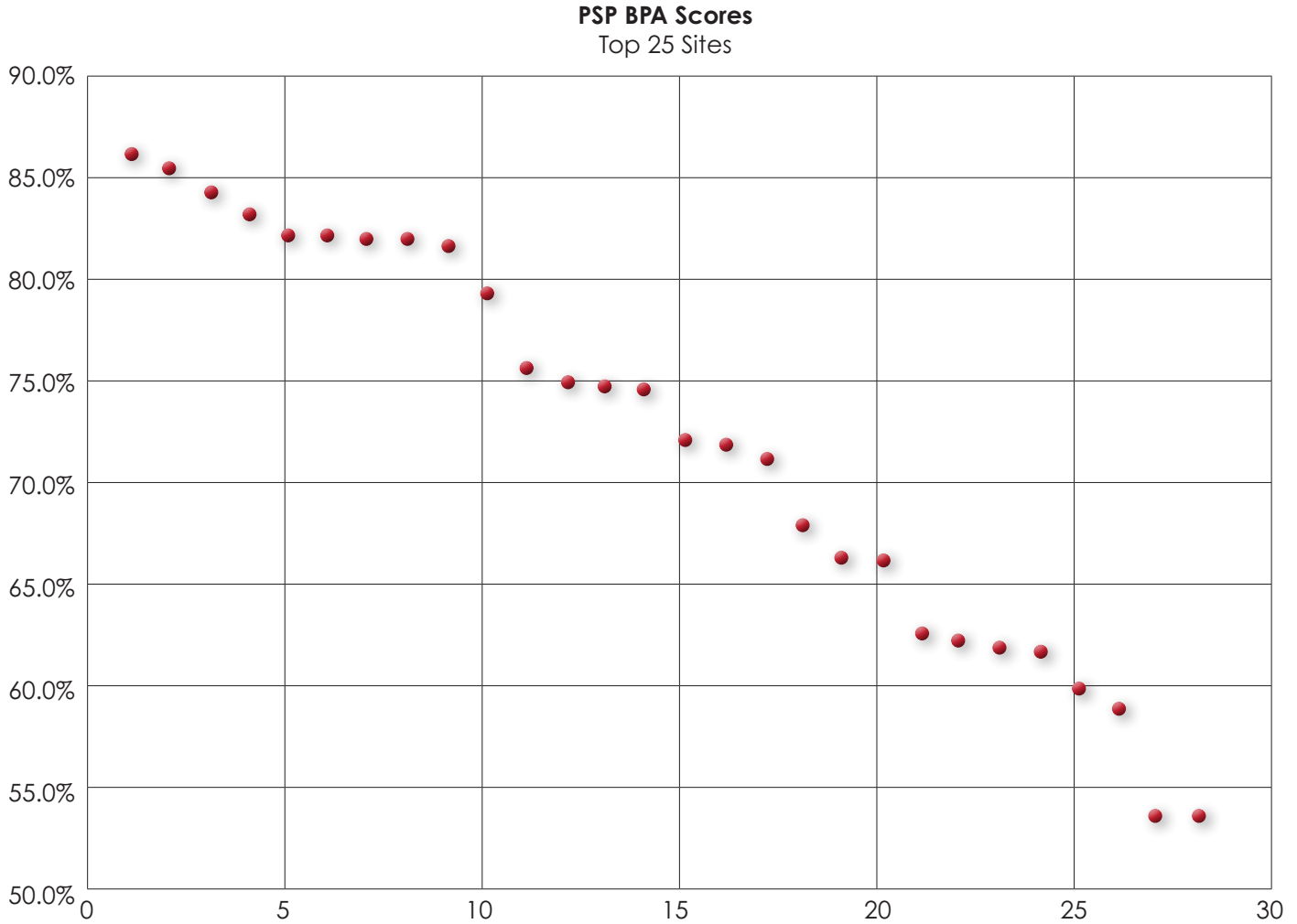


Figure 1 - PSP BPA Aggregate Scores

Madison Advisors classifies PSPs into three tiers—national, regional and local—based on production site distribution and monthly page production volume. Table 1 identifies the number of vendors in each tier according to classification criteria.

Service Provider Tier	Production Site Distribution	Monthly Page Production Volume	Number of Providers
<b>National</b>	Production sites in two or more geographic regions	More than 100 million	15
<b>Regional</b>	Production sites in one geographic region	25-100 million	40
<b>Local</b>	Production sites in one geographic region	Fewer than 25 million	2300

Table 1 – Print Service Provider Tiers

Plotting BPA aggregate scores against the average monthly envelope volume for each vendor is another tool used to help our enterprise clients find the best fit with potential PSPs. Figure 2 shows how this tool can assist clients in understanding which provider is best able to accommodate their print and mail volumes.

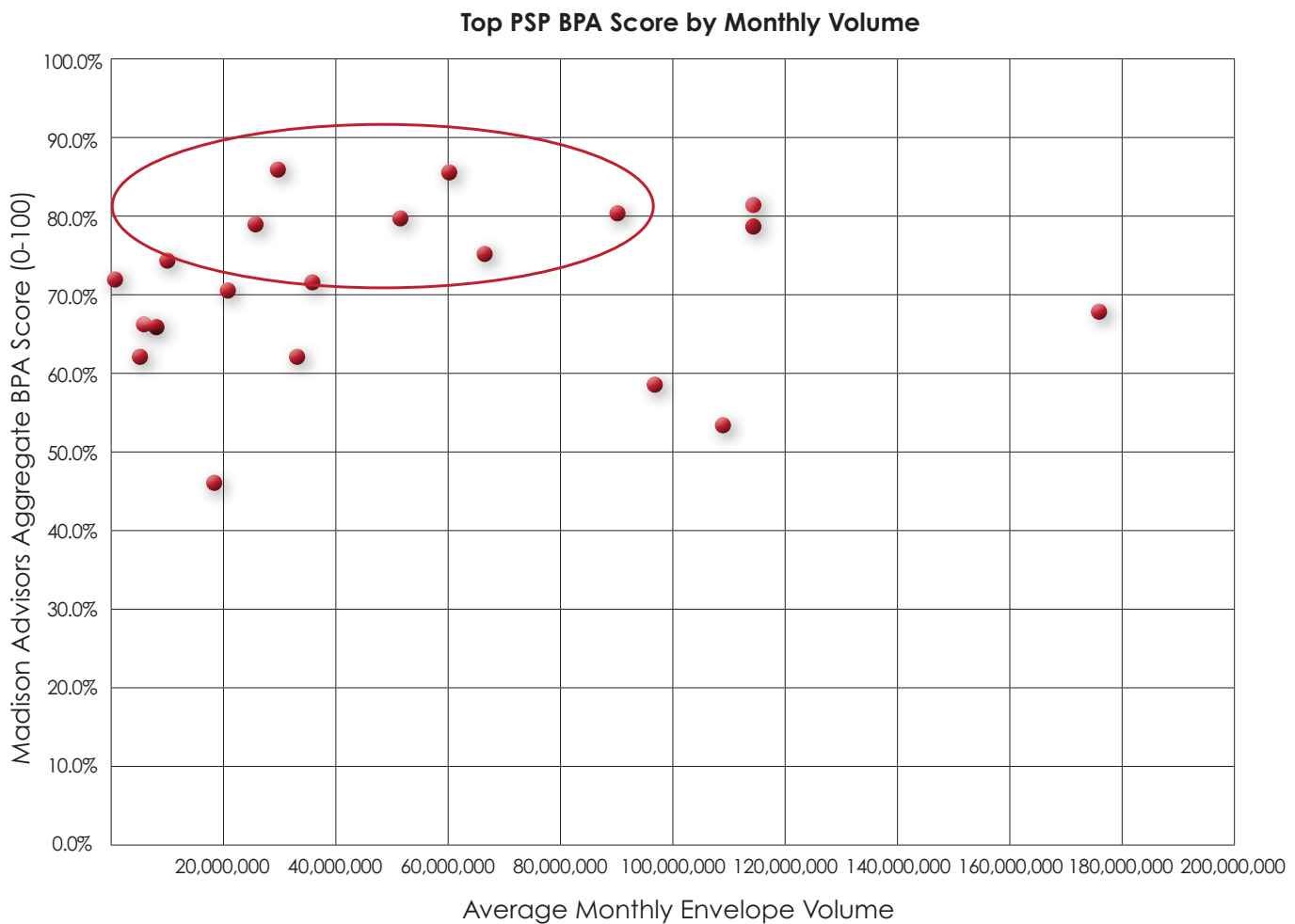


Figure 2 - PSP BPA Aggregate Scores by AG Monthly Volume

When selecting a PSP as a partner, Madison Advisors cautions clients against becoming the big fish in a medium-sized pond. Our research indicates that firms fare best when working with vendors of like or comparable size to ensure adequate support and attention to client-specific requests or issue resolution. In Figure 2, the firms within the red ellipse indicate the optimal intersection of best practice scores and sufficient volume for scalability. These firms demonstrate the capacity to offer fair pricing while absorbing most enterprise client volumes without stressing existing systems or processes.

## PSP DIGITAL TRANSFORMATION BEST PRACTICES

Madison Advisors' extensive BPA process makes it possible to identify the PSPs that can leverage leading-edge technology to help organizations build economies of scale in their customer communications. When vetting PSPs, we examine the portfolio of software and solutions, assessing the ability to support the transformation from traditional paper-based hard copy delivery to digital delivery. The BPA searches for new enhancements that deliver advanced levels of functionality and performance to ensure greater flexibility in the production of customer communications, including digital delivery and accessibility.

We are constantly searching for high-performance, scalable solutions that drive excellent customer experiences by simplifying the creation and delivery of customer communications. Our review specifically looks for digital-first processes to aid enterprise clients in the accelerated transition to digital channels.

The transition to digital-first does not necessarily begin with outbound customer communications, but it often requires enhancement or modification to upstream systems and procedures. For example, new functionality automates the tagging of fillable PDF forms. This enhancement leverages AI techniques to help end users significantly reduce the time and cost to generate accessible fillable forms.

Best-in-class PSPs also offer omni-channel delivery support and solutions. Top-tier providers continuously add new services and delivery channels, such as IVR, SMS, IPV and MMS along with hosted managed services (HMS) and both short-term and long-term archive solutions.

The advantages these service providers have is twofold. First is the scale that providers possess to distribute these services to numerous communications. Second is the ability to spread the development and execution cost over a much broader client and communications base.

These PSPs are then able to experiment with innovative capabilities to perfect and offer these services to clients that are unable to afford or perfect this delivery on their own.

## PSP PARTNER SELECTION RFP SUPPORT

Selecting the right business partner for CCM delivery is a critical task, which is why shrewd organizations rely on a comprehensive RFP process to find the best match. A well-crafted RFP helps gather information about prospective vendors, so you can compare technology, operational performance standards and pricing. At Madison Advisors, we utilize the extensive data gained from the BPA process to assist in creating the partner candidate long list. And because of this comprehensive pre-work, we can eliminate many PSPs that do not meet our clients' base requirements, thereby saving valuable time and expenses for all parties.

Even when correctly executed, RFPs can be a drain on buyer and seller alike. Enterprise clients are savvy enough to know that, while there is not an upfront vendor fee for RFP participation, any costs associated with the RFP are ultimately borne by their customers. Because Madison Advisors has conducted pre-work with potential PSPs—and has interfaced with clients that know and may even use the prospective partner submitting the RFP—we save clients time and unnecessary expense by eliminating the need for calls with references to determine how (and if) the prospective partner is a viable candidate.

Once we have narrowed the long list of potential providers to a short list of eligible prospects, there is one more key step before the final selection: a site visit to each vendor. The site visit is a critical step as it adds important insight about the vendor. Seeing the actual equipment, layout and work environment allows you to compare what is written in a bid response to what really takes place at the printing facility. As a result, RFPs can be won or lost during site visits.

During COVID-19, Madison Advisors provided an added benefit to clients by conducting site visits as their proxy. Over a two-year period, Madison Advisors performed 14 BPAs, including site visits, enabling our clients to make informed decisions about their PSP partners despite the challenges of pandemic-related travel restrictions and social distancing.

## SUMMARY

With the changes brought about by COVID-19, rising costs due to inflation and the supply chain disruptions impacting businesses globally, selecting the right PSP is imperative. However, lack of market awareness and a systematic evaluation process limit the ability of organizations to identify PSPs that are the best match for their near- and long-term strategic goals. Madison Advisors helps organizations streamline and optimize the vendor selection process through our Best Practices Assessments and site visits. Whether you are navigating ongoing challenges due to the pandemic or looking to enhance the effectiveness of your RFP process, working with Madison Advisors can help you validate potential PSP partners to save money during vendor selection and head off potential problems during production. As market conditions evolve, Madison Advisors will continue to offer expertise on print services through our advisory and assessment services.



## APPENDIX A ABOUT THE AUTHOR

### Kemal Carr

#### **President**

Under Kemal Carr's direction, Madison Advisors has established a market niche as an independent analyst and market research firm that addresses the needs of the electronic and print customer communications management (CCM) marketplace. The firm provides retainer and project-based strategy services designed to assist clients with technology selection and alignment and business process optimization decisions.

Kemal is regularly sought out by some of the leading output technology publications to write about or comment on the industry's key issues and topics, including articles on the impact of eDelivery and multi-channel delivery, advancement in communication technologies, and electronic document presentment. He is also asked to speak at trade events, including key sessions at Xplor's global conference, DOCUMENT Strategy Forum, Inkjet Summit, and numerous vendor trade events.

In 2017, Carr received the Brian Platte Lifetime Achievement Award from Xplor International at its global conference. The award was in recognition of Carr being one of the industry's most respected resources and thought leaders who is known for his insight, vision and passion.

## APPENDIX B

### ABOUT MADISON ADVISORS

Madison Advisors exists to advance the print and electronic communications objectives of Fortune 1000 companies. Madison Advisors specializes in offering context-specific guidance for a range of content delivery strategies, particularly those addressing enterprise output technologies and customer communications.

Madison Advisors offers services and expertise primarily through short-term, high-impact consulting services. With no-nonsense, quick engagements (measurable in days or weeks, not months), Madison Advisors directly helps our clients achieve very hard and specific return on investment (ROI) related to their print and electronic communications initiatives.

Madison Advisors' analysts are dedicated to technology and market research that is delivered through short-term project engagements as well as articles, publications, and presentations. We specialize in customer communications technologies, including enterprise output management, content management, customer relationship management, e-billing, and infrastructure technology.

For more information about Madison Advisors, visit our website: [www.Madison-Advisors.com](http://www.Madison-Advisors.com)