



WHITE PAPER

# Why your ERP may not be the right idea for Internet bidding

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## Summary

Many agencies are seeking to implement Internet bidding and online solicitation management due to the significant benefits that this process offers. While several Enterprise Resource Planning (ERP) systems offer modules for Internet bidding, they tend to lack many of the technical and security measures required for this highly specialized process, and can cost thousands of dollars to implement. This paper describes how the procedures and requirements for Internet bidding are unique, discusses the key pieces that most ERPs are missing, and offers points to consider when moving forward.

## Introduction

Government agencies all across the U.S. are awakening to the benefits of procuring goods and services over the Internet. Internet solicitation management presents numerous benefits to agencies that are following mandates to increase the use of technology to streamline operations and improve productivity. Once agencies know what they want to do, the question becomes what tool is the right fit for the agency. If your agency has implemented a standardized ERP system, you might think this decision has been made for you. You simply put the module into production and begin accepting bids. The reality, however, is that the highly specialized task of Internet bidding brings with it a host of detailed requirements that most ERPs are simply not equipped to handle; security, 24x7 availability, vendor/ bidder training, customer support and ongoing IT support expenses are just a few of the factors that you'll need to consider.

## Factors to consider

### Fees and direct costs

Just "turning on" the bidding module for your ERP will likely cost your agency. Some ERPs charge license fees, consulting/implementation fees, plus ongoing fees for maintenance and support. These may or may not be combined with fees for modules that are already in use, so be sure to read your license agreement to determine what the upfront costs and ongoing annual costs will be. Conversely, service providers that exclusively offer online solicitation management often charge little or nothing to the agency.

### Identification

Companies that specialize in Internet bidding go through great lengths to ensure a bidder's identity and protect that identity from others. They issue and manage digital signatures and typically keep notarized forms on file. Does your ERP system simply require a password or a PIN? This could mean trouble in the form of security breaches that jeopardize the integrity of the sealed bid process. Managing digital signatures is a highly specialized task. Be sure to learn the



details and prepare to involve your legal team to ensure proper procedures are being followed in regards to verifying vendors' identities digitally.

### **Forms or Uploads?**

When reviewing proposals, it is vital that the evaluators can compare apples to apples. Is your ERP just going to let bidders upload any attachment? This could be a disaster for a long, complex project. You'll want to know ahead of time if your server even handle the upload of multiple documents approaching 500 pages each.

If the system allows for price and basic text entry, ask yourself if that will be enough. Can the system replicate existing, required forms? This could be costly to customize with a basic bidding package from your ERP. It would be ineffective and counterproductive to have to require paper form submission with your online bidding service.

Specialized Internet bidding providers will allow you to create online forms and templates so that the information you collect will be orderly, streamlined and easy to score. This also allows the system to check for avoidable errors and omissions, and to overtly alert bidders to make the needed corrections. They can handle all types of solicitations - RFPs, RFIs, ITBs, ITQs, etc., so you can have one system for all of your solicitations.

### **Who is running the system?**

Specialized Internet bidding providers pride themselves on 24/7/365 uptime, redundant data centers and defensive security monitoring. Can your in-house IT shop promise the same? If they need to hire to fulfill this requirement, can they? Your ERP servers will have to allow public connections to accept bids. This can mean procuring an entirely separate, powerful set of servers for this one task and having the multiple data centers necessary for uninterrupted operations. Make sure your IT is prepared to accept this responsibility. Specialized vendors offer online solicitation management as a hosted service, so the burden is shifted away from internal resources.

### **Support for vendors**

Your vendors may not be the most tech savvy bunch. When you implement online bidding, they will need initial training, ongoing training, upgrade/enhancement training, and constant access to customer support. Support requests will peak just prior to bid opening time, so additional team members may need to be on call during those times. Think through this responsibility and the staff involved to manage it. Will the responsibility fall to procurement or IT? How much staff will you need to provide adequate support? A specialized provider has a dedicated support team that is available during a wide range of hours to serve vendors.



### **Future features**

Your ERP probably has a standard, basic module for online solicitation management. As this area is growing, however, specialized providers are quickly adding new features. Private bidding, online bid bond verification, customizable items lists, and customized forms are just a few of the extras that your vendors will come to expect. Your ERP may have trouble keeping up since this is not their core business. Compare available features to ensure your ERP's bidding module is staying ahead of the curve. How often do they release updates to this module?

### **Other options abound**

Due in part to the above factors, many public agencies seek specialized providers for this important task. Specialized providers have teams of professionals that provide Internet bidding and online solicitation management services exclusively with years of experience. The solutions are hosted, so there is no IT burden and your agency team can access the service from a standard web browser. As such, implementations can take as little as a few weeks. These firms implement best practices in security, back-ups, support, and digital signature creation/management. Plus, data from these systems can be easily imported/exported to your ERP as needed.

These providers often implement agencies at low or no cost and then generate revenue from the volume of bidders; however there are many cost models available, including agency and vendor pay options, so agencies can provide and pay for the service they choose.

### **Conclusion**

Agencies need to begin accepting bids online and must select the right software to deliver this service to their vendors. While the bidding module of an existing ERP might seem like an obvious choice, the highly logistical and technical requirements of this task can represent an enormous investment for an agency. Conversely, outsourcing this process to a dedicated, specialized provider will likely represent significant cost savings to an agency.

## About the author

Dr. Joseph Rowland has been actively engaged in the development and promotion of Internet bidding and bonding technologies since 2007. He works directly with public agencies who are researching and/or implementing Internet bidding services. Dr. Rowland works for Infotech, a company that has been providing Internet bidding and online bid bond verification services since 1999. Dr. Rowland is currently Director of the Infotech products team. In this capacity, he collects and manages product and service development input from various stakeholders and channels it to the development teams. He works closely with the development teams for Infotech's Internet bidding applications.



Prior to joining Infotech, Dr. Rowland worked as the Lead Instructional Designer for the V-22 Osprey Pilot Training Program. As a civilian contractor, he worked with United States Marine Corps, Air Force, and Navy pilots and trainers, graphic designers and subject matter experts to develop and maintain training courseware for incoming and transitioning pilots. He has also worked on a variety of instructional media projects and has experience as a university level educator and teacher trainer both in the United States and abroad.

Dr. Rowland holds a Ph.D. in Instructional Technology from the University of Texas at Austin. He specialized in Instructional Media and the integration of technology into curricula and instructional training programs.

## About Infotech

Established in 1977 and based in Gainesville, Florida, Infotech provides software development, Internet bidding and systems integration services for infrastructure construction management, and also provides highly technical consulting and network communications services. Infotech' software products, services and professionals serve public agencies, consulting engineers, contractors and bidders. Infotech has a highly skilled workforce of more than 230 professionals, and maintains regional and project offices throughout the U.S.

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