

Ten (10) Ways to Improve Your Kiosk RFP

..and tips on how to win the bid

Lessons Learned



Alex Richardson
Managing Director
Selling Machine Partners

22 February 2005

1 203 376 8877

Arichardson@SellingMachinePartners.com

Alex Richardson Speaker's Background

Recognized pioneer and architect of kiosk industry.

Management Experience with over 100 Large Scale Enterprise Kiosk and Digital Signage Projects on a Worldwide basis.

Over 20 years of providing kiosk and digital signage solutions to retail industry leaders: Ticketmaster, BMW, Borders Books, Target Stores, Kraft/Starbucks, Menards, John Deere, Fidelity Investments, Fleet/Bank of America, US Postal Service, JC Penney. Co Holder of two kiosk patents. MBA Yale University. Founder/Director/Former CEO of Netkey, Inc.

A member of the National Ski Patrol and advisor to Special Olympics Worldwide, Kiosk.Org, Hygeia and Managing Director of Selling Machine Partners.

Keen understanding of retail consumer experience

Strong marketing and design background (Ogilvy & Mather Advertising). Led teams to win 40 awards for design excellence. BMW project won ten (10) industry awards and was referred to by BMW's CEO, Tom Purves, as the "*Ultimate Selling Machine*".



Find electronic coupons.

A Quick Audience Poll:

Why Are You Here?

- ✓ My Kids Like Disney
- ✓ My Parents Live in Florida
- ✓ I'm Tired of Winter and it's Spring-break
- ✓ I Dream of my Kiosk RFP at Night



Why do I need a great RFP Process?

The ultimate failure of any kiosk investment is that it does not save money or increase revenue, but rather sucks up resources, adds cost and damages existing revenue streams.

What are three (3) features of a great RFP Process?

- 1) The Right T _ _ _.
- 2) The Right P _ _ _ _ _ M.
- 3) The Right Process for _ _ I.

What are three (3) features of a great RFP Process?

- 1) The Right T e a m.
- 2) The Right P r o b l e m.
- 3) The Right Process for ROI.

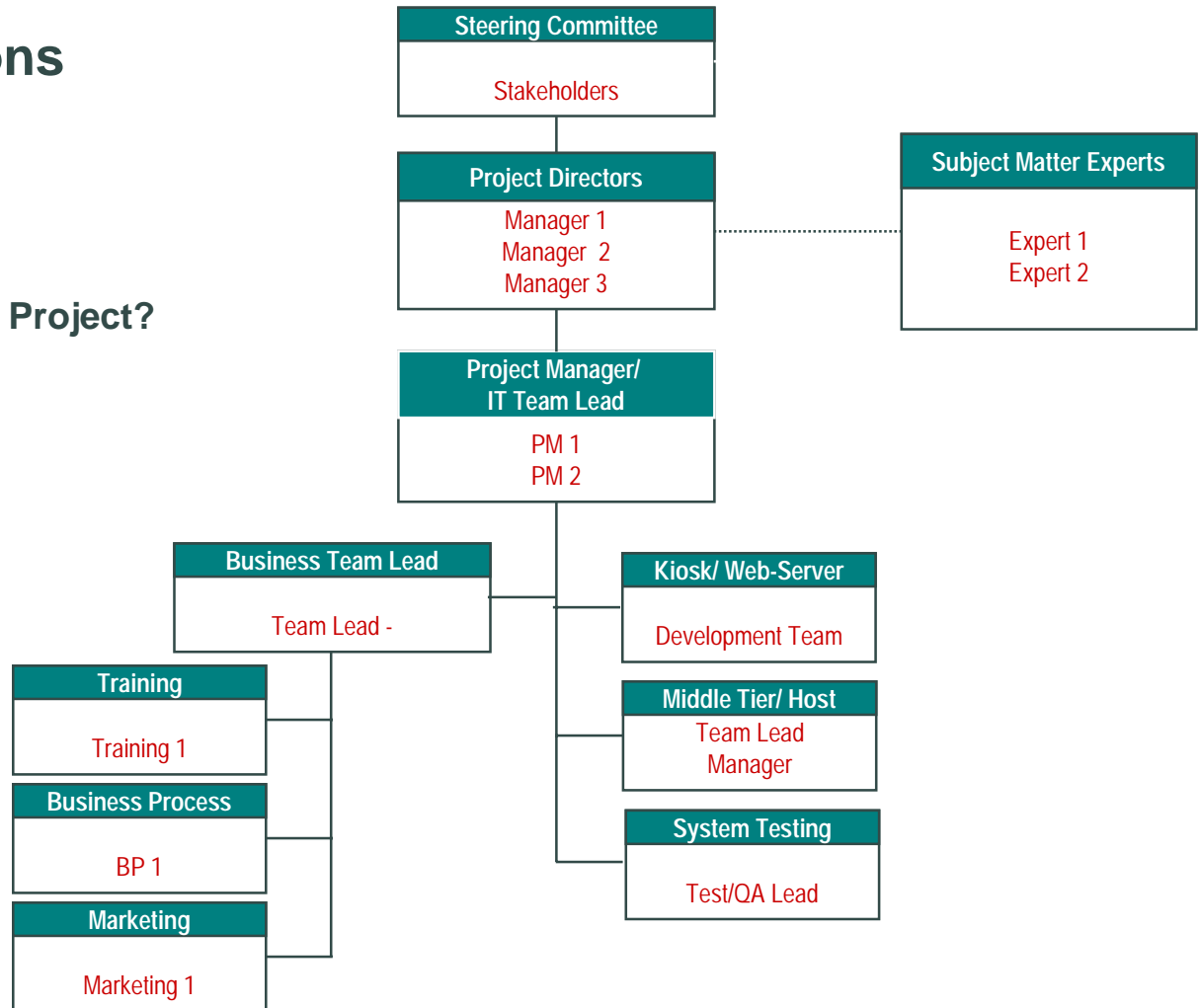
The RFP Big List—Top Ten

- 1) The Right Team: Are all key business function areas represented?
- 2) The Right Problem: What problem are you solving for the customer?
- 3) The Right Process: for ROI, Business Case Analysis
- 4) A Systematic Needs Assessment Process
- 5) Pre Procurement Discussions, RFI Process with Select Vendors
- 6) The Right Process for Procurement/RFP Specifications
- 7) Pick the Right Vendor(s): How to compare apples and oranges
- 8) Balanced Negotiation Process/A Fair Contract
- 9) Project Management Best Practices
- 10) Plan for On-Going Vendor Management, Monitoring, Upgrades

1: The Right Team

Obtain Buy-in, Representation & Participation from Key Business Functions

Does Upper Mgmt Support The Project?



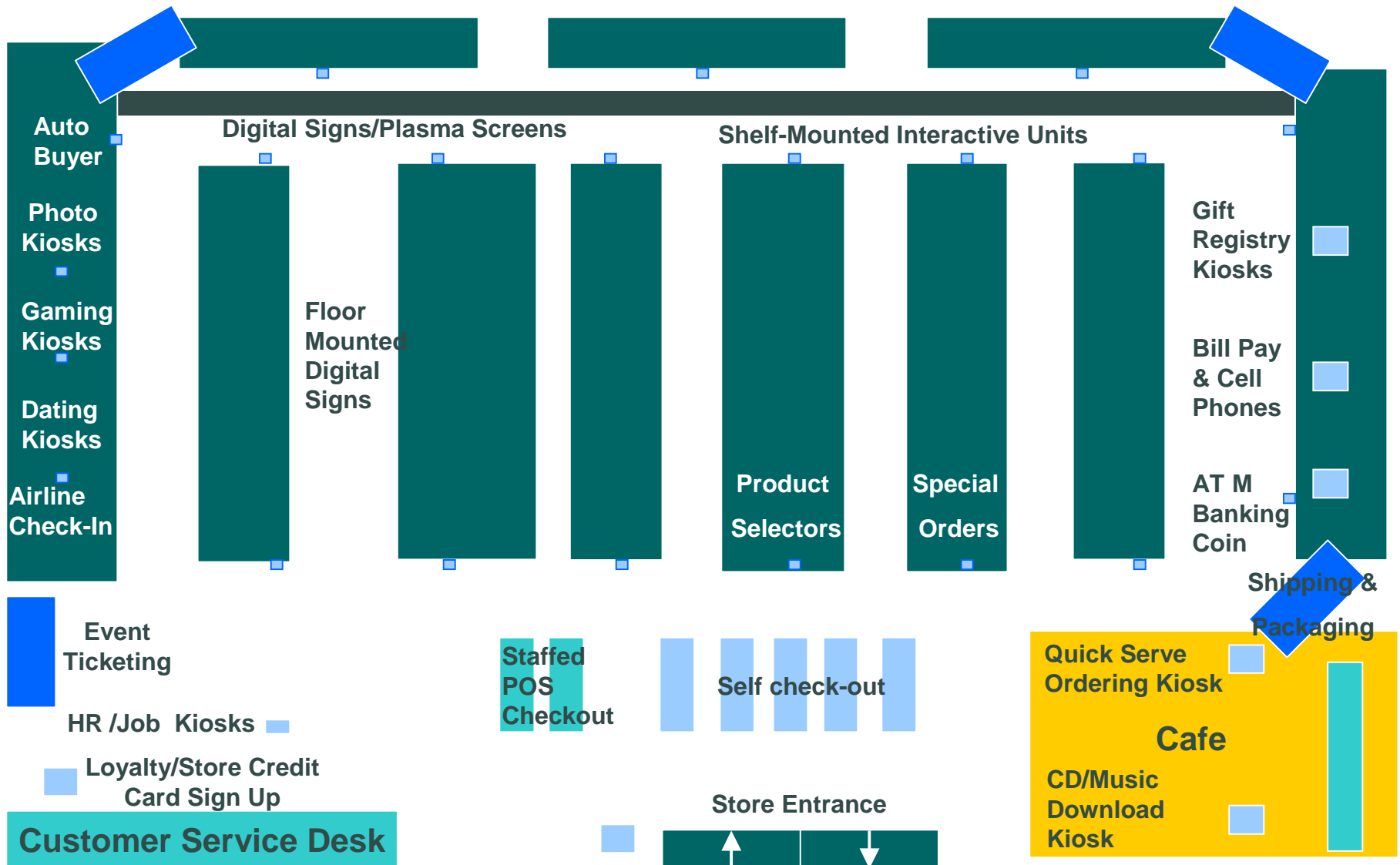
2. The Right Problem:

Are you creating an RFP that addresses the Right Problem for your Customer?

What problem are we solving for our customer at that moment of time, in those Five (5) Square Feet of space.

It's all about relevance!

Welcome to the Mega Turbo Shopping Store—Kiosk Enabled



3. The Right ROI Process

The Traditional View of ROI Calculation

$$\frac{\text{Cost Reduction} + \text{Revenue Increase}}{\text{Total Cost of Ownership}} = \text{ROI}$$

The New ROI Equation for the Self Service Industry

$$\frac{\text{Quality Self Service} + \text{Customer Intelligence}}{\text{Total Cost of Ownership}} = \text{ROI Success}$$

4) Needs Assessment Process

■ Make decisions, decisions, decisions...

- Single-solution vs. multi-service provider
- Hardware (monitor, touch screen, processor speed, printer, etc.)
- Software—Internal vs. 3rd Party—Detailed Specs
- Integration with other customer facing systems
- Professional services
- Metrics
- Remote monitoring
- Maintenance: 1st line, 2nd line
- Third-party outsourcing for Service, Cleaning
- Budgeting/CapX/Store Renovation Budget

Conduct a Systematic Needs Assessment

page 1 of 20

A. Market Segmentation

1. What is the business model? Describe in terms of revenue, cost and ROI.

2. What is the market segment targeted by this application?

- a. Retail
- b. Brand manufacturer
- c. Automotive
- d. Financial services
- e. Government
- f. Other

2. How large is the market segment?

3. Who are the target customers?

B. What are the key business objectives?

- a. Drive cost out of my customer service center and increase customer satisfaction
- b. Create competitive advantage
- c. Increase customer satisfaction
- d. Promote brand
- e. Increase customer loyalty
- f. Increase revenue

4. Common Kiosk Pitfalls: The KBS—(*Kiosk Box Syndrome*)



Kiosk Box Syndrome) Retailers focus first on the hardware allowing the hardware vendor to drive the process. Expensive big-box solutions rob the budget. Kiosk Hardware Vendors Drive the Process. Different kiosks around the store create the Newsstand effect.

Common Pitfall: Select the right hardware

Custom Design

Multimedia Center:
Digital Signage, Cameras

Integrated Units/
With off the shelf enclosure

Off the Shelf With Touch

Off the Shelf, Zero Footprint,
No SKU Displacement, track ball



5) The Right Pre-Procurement Process

- RFI to Industry Vendor Leaders
- Do your homework, Industry Conferences
- Background investigations
- Case Studies
- References
- Benchmarking
- Coordinate with Finance/Purchasing/Store Ops

Create realistic budgets for finance / purchasing ahead of the RFP

Item	Estimated One Time Costs	Estimated Annual Expenses
Initial Phase		
Kiosk & Digital Signage Hardware	\$XX,XXX.XX	
Kiosk Maintenance		\$X,XXX.XX
Store Level LAN and Electrical Wiring	\$XX,XXX.XX	
Data Lines and Associated Hardware	\$XX,XXX.XX	\$XX,XXX.XX
Software, Services, Training	\$XX,XXX.XX	
Software Subscription Model		\$X,XXX.XX
Contingency (20%)	<u>\$XX,XXX.XX</u>	
Interim Solution Estimated Costs	\$XX,XXX.XX	\$XX,XXX.XX
Follow-on Phase (Q3 – Q4 2005)		
Kiosk Hardware (XX kiosks)	\$XX,XXX.XX	
Kiosk Maintenance (XX kiosks)		\$XX,XXX.XX
Store Level LAN and Electrical Wiring	\$XX,XXX.XX	
Data Lines and Associated Hardware	\$XX,XXX.XX	<u>\$XX,XXX.XX</u>
Travel	\$XX,XXX.XX	
Integrator Services Fees	\$XX,XXX.XX	
Software/Programming/Design/Maint	\$XX,XXX.XX	
Contingency (20%)	<u>\$XX,XXX.XX</u>	
Estimated Costs	\$XX,XXX.XX	\$XX,XXX.XX
Total Estimated Costs	\$XX,XXX.XX	\$XXX,XXX.XX

6. The RFP

- Add a full description of the intended installation environment(s), include pictures and addresses
- Include a full description of the intended servicing of the kiosks (i.e. we expect to have to replace receipt stock every day, week, month, etc or remove cash or whatever)
- Clearly denote required components and optional components

Sample Outline of RFP Project Book (Internal Use)

Tab	Category	Description
1	Master RFP Document	General Terms & Conditions
2	Timetable	Draft Timetable (Internal Use Only)
3	Kiosk Component Specifications	List of Hardware Components for RFP
4	Estimated Kiosk Pricing	Estimate for finance office
5	Sample Kiosk Designs	Various Kiosk Designs/Configurations
6	Vendor List	List of Prospective Kiosk Fabricators
	Software Issues	Software Specifications for internal and 3 rd party development
8	Pre-installation Survey	Checklist for Kiosk Pre-installation
	Kiosk Service Options	Standard Service Options for Hardware
	Security	Security /Customer Privacy

The RFP Outline (Simple version) Without Terms and Conditions

1. About Your Company

In this section, tell the vendor about your company, background, culture, key financials.

Client Hint:

Even if you are IBM, tell Vendors about your background, market size, competitive landscape.

Vendor Hint:

Make sure your company description is relevant and focuses in on how you are focused on this industry and in making clients successful for the long run. Industry specific info is key.

Relevance!

2. RFP Overview

Our Company is requesting proposals and bids to provide self-service (application) kiosks to its clients. These kiosks will be used for (list purpose) as well as for general selling of (other items) . This initiative is part of Our Company’s strategy to improve the consumer experience as well as to extend and expand the Our Company brand and enhance the in store based distribution channel for our services

We seek a partner who will provide world-class design capability, impeccable production quality, excellent project management, financial responsibility and industry-proven expertise to fully develop the potential of this self-service solution.

The chosen vendor will be responsible for providing Our Company with a complete general business services including, but not necessarily limited to, the requirements specified. Additional service requirements may be forthcoming.

CLIENT HINT:

Make this a brief section on the global goals of your RFP. Describes if you want a vendor to deliver complete solution or just a components

components and characteristics for a final selection made.

VENDOR HINT:

Read this section FIVE times. It is the beginning of the rating and comparison criteria. .

2a. Scope of Capabilities

We seek a partner capable of providing a range of kiosk services, including manufacturing, integration, production management and coordination of the Our Company Program. Proven expertise in general business is required. You will be expected to be able to adhere to the established production calendar for the design and production of the Our Company Kiosk program. Your ability to facilitate the production of large scale, kiosk systems will be an important consideration.

Describe other relevant capabilities that your firm possesses which may not be addressed within the scope of this RFP but which may be of value to the Our Company general business efforts or which you feel will enhance your ability to provide the most value to Our Company in your role as described in this RFP.

2b. Coordination with Our Company

Maximum effective integration with Our Company staff will be part of the selection criteria. We will ask you to articulate and reference your ability to operate with flexibility under difficult conditions and a cooperative and solution-oriented approach to often rapidly changing customer and vendor requirements at Our Company.

2c. Technology Solutions

Technological solutions that you currently use or propose to implement or deploy to enable the requirements stated in this RFP are considered of value. They will be considered not only on your demonstrated delivery capabilities but also on ease of adoption and use, ability to be integrated into existing business processes and technology environment, and economies achieved. Our Company is not soliciting to purchase or license any such advantageous technology with this RFP, and reserves the right to decline its application in meeting the deliverables of this RFP.

2d. Project Plan

You will be required to provide a detailed project plan to ensure complete continuity of the kiosk production schedule and negligible disruption of internal staff productivity.

Client Hint:

Outline your requirements.

Vendor Hint:

Note that the client wants you to be creative, think outside of the box, play well with others and have a great project plan.

Client Hint:

Send out the NDA/Non Compete PRIOR to the RFP. I would even suggest you send out your standard Terms & Conditions Prior to the Bid.

Vendor Hint:

Don't force the client to use Your NDA. Don't argue too much about this phase. If non-compete, suggest a carve-out.

2e. Confidentiality

You have entered into a mutual confidentiality agreement with Our Company (**PRIOR TO THE RFP**) in order to participate in this RFP. Strict confidentiality with respect to Our Company's marketing and merchandising strategy, operations is paramount. You will be required to document your internal policies that ensure all employees and partners working on Our Company general business activities maintain strictest confidentiality with regard to all activities.

3. Scope of work

3a. General Assumptions

Please provide pricing for the production of the kiosk application as specified in Specifications. **Please use Standard kiosk offerings or off the shelf units.** overall total cost of the kiosk enclosures and personalization.

Vendor Hint:

"Standard Offerings.." means how can I save money from prepackaged or ready to go hardware/software. All clients are budget conscious.

4. Description of capabilities

4a. Staffing/Production Facilities

Please provide a proposed overall staffing plan that supports your response to this RFP, with background on all staff included. Address the following in your staffing plan:

- Provide a description and bios of the team structure that would be in place to support your proposed solution and support the Our Company account
- **We would prefer that the individuals involved with the development of key areas of this response be the same individuals who may be assigned to this work** if you are selected as the Our Company kiosk provider. You may be asked to substantiate this, in particular if you are invited to present your response at Our Company

Please provide a list of various best of breed/quality assurance programs, processes or facility

Client Hint:

Though you are shopping for hardware and software, it's the people that counts...though, don't be impressed by fancy offices.

Vendor Hint:

Have relevant bios that will **REALLY** be assigned to this gig. Good, client oriented project managers are key foundations to long-term client relationships

Client Hint:
Make sure Hardware vendors are UL, FCC, CAA, ADA Compliant, FCC, understand local building costs and really understand ADA.
Suggest a live presentation at your offices prior to award.

4b. Facilities

Describe your facilities which you will commit to in order to meet the requirements of the project. If you foresee the need to subcontract any items to meet the requirements of the project, include the timeframe within which you will do so

4c. Quality/UL Control/Local Building Code

Describe your systems to ensure Quality, UL, and Local building code standards.

4d. Financial Control

Describe systems in place to ensure maintaining budgeted costs for each design and production cycle

4e. ADA Standards

Describe systems in place to ensure the ability and certification of kiosk enclosure used in accordance with ADA guidelines.

4f. Presentation

Candidates will be required make presentations to Our Company on or about XX/XX/XX

Vendor Hint:
Don't just answer the question, show that you know UL, ADA, etc in depth. Get ready for live presentation and schedule team.
Alex Richardson



5. Requirements of RFP response

5a. Response Format

Please submit your responses in the presentation format of your choice and provide copies by email in word, excel or PDF format. This may include text and/or graphics (file type indicated below), or a combination. Please have your response cover all of the following areas and conform to the following order.

5a1. Summary Statement

Summarize in no more than two paragraphs your company's capabilities, strengths and experience in the general business field.

Summarize in no more than three paragraphs why your company would be the best choice for Our Company.

5a2. Vendor Information

Please provide us with the following information about your company:

- COMPANY NAME AND ADDRESS:
- HISTORICAL DATA: \
- SIZE:.
- FINANCIALS:
- CLIENT BASE:
- CONFLICTS OF INTEREST: **If you are currently engaged in business with any company that can**

reasonably be deemed a competitor of Our Company, you must acknowledge this fact and provide information on how conflicts of interest will be prevented. Engagements with specific key competitors may disqualify you from consideration.

- INSURANCE: Please provide levels of coverage of insurance.

Client Hint:

Always get hard and soft copies. Get PDF. Set this section up to make it easy to create a vendor comparison chart. Try to lock up your vendor from working with your key competitors.

Vendor Hint:

Be responsive and make your proposal is in the same format.

Client Hint:

References and case studies are key. Make the quantity realistic.

5a3. Customer references

Please provide the names, titles, and telephone numbers of at least three customer references, with which you have related experience, which we may contact at our discretion. Please provide 2 or 3 case studies that most closely match the scale and applications outlined in our RFP. Please contact names.

5a4. Pricing (Your Pricing Grid to compare apples and oranges)

You will be required to provide the following cost estimates and related information per specifications).

Please provide pricing on a per unit basis as specific in Exhibit A.

- 0-25
- 26-50
- 51-100
- 101-250

Please provide extended warranty pricing
Please provide pricing for on-site service per Exhibit B (Service Options)
Travel and other miscellaneous expenses (materials, express delivery, postage,
Detail any assumptions you consider key to delivering the kiosk estimates

Vendor Hint:

Give relevant references that are open to a 30-45 minutes telephone discussion with the client.

PRICING—give the lowest possible, honest price, without expectations to upsell and change order

6.0 Proposed Schedule

Our Company proposes to conduct the RFP process on the schedule outlined in this section and all efforts will be made to adhere to it. Our Company reserves the right to modify this schedule and will advise all participants with reasonable notice of any modifications.

All completed proposals are due by 5 P.M. PDT, Thursday, XX, 2005. No late proposals will be accepted. Additional printed materials or samples will be accepted but may not be able to be distributed to all internal parties reviewing your response, and therefore will not necessarily affect our evaluation of your response.

Please mail all proposals to the following address only:

Our Company
41 Smith Neck Road
Old Lyme, CT 06371
1 203 376 8877

Selected vendors will be asked to present their RFP response in person on Month, XX 2005. Please allow up to for 2 hours for the presentation of your RFP response.

Our Company's appointed representative will advise you of any modifications to this RFP or timetable, to provide contact info for written questions, and to schedule any appointments for conference calls or presentations. **Please do not contact Our Company directly with unscheduled or unsolicited inquiries during this RFP process.**

Client Hint:
Give Vendors at least three–four weeks to respond.

Vendor Hint:
Don't deliver at the last minute. Don't assume that the email works. Don't Call the purchasing agent and contact unless approved.



Activity	Dates	Owner
NDA, RFP and printed materials to selected candidates	XX/XX/XXXX	Our Company
Schedule telephone conferences with respondents to answer questions	XX/XX/XXXX	Our Company
RFP responses due back to Our Company	XX/XX/XXXX	
Schedules Presentations by Respondents	XX/XX/XX	
In-person presentations by Respondents	XX/XX/XX	
Our Company Final Decision	XX/XX/XXXX	
Complete Final Purchasing Contract	XX/XX/XXXX	Our Company
Post Procurement Timetable Is Outside this Document—INTERNAL USE ONLY		

Client Hint:
Keep to your schedule. Make it reasonable. An expedited schedule makes it look like the bid is “baked”-- targeted to one vendor, ready to go.

7. Basis for Selection

Client Hint:
Another key section
for the vendor grid

The chosen vendor will be selected based on a number of criteria but not limited to:

We are interested in the highest quality standards and attention to detail in your kiosk solution and so we expect the same from your RFP response

- **We are interested in the latest, yet cost effective, ideas in kiosk design** and production that can make the user experience easier, more cohesive, more valuable or that increase sales and/or customer satisfaction
- **We are looking for a partner as well as a vendor.** We are also looking for a turn-key solution which handles all aspects of the general business process
- The vendor we select will have a track record of performance and stellar customer service. The best way to demonstrate this is through measured business results and customer testimonials
- **Price is always a factor in our choice of vendors**

Vendor Hint:
Note the last line,
price is a factor.

Client Hint:
**Boilerplate from
purchasing and legal.**

Rejection of Proposals

Our Company reserves the right to reject any or all proposals received. Our Company will consider automatic rejection of a proposal for the following additional reasons:

- Missed deadline - Failure of vendor to submit proposal(s) on or before the due date stated herein
- Subsequent failure to respond - Failure of the vendor to respond in a timely fashion to a request for oral/written clarification
- Omission of data - Failure to provide complete responses to all of the requirements

7. Pick the Right Vendor/Partner—Create a systematic Vendor Comparison Grid

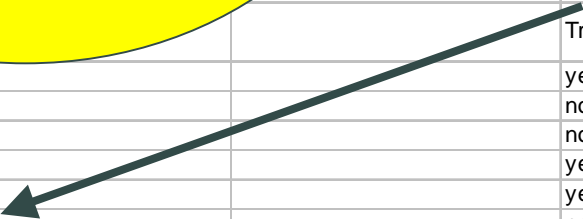
- Create Excel Comparison Grid with Ranking
- Are they compliant on your specs? Did the vendors answer all your questions—thoughtfully, or through their boilerplate/

The Vendor Comparison Chart

	Vendor 1	Vendor 2	Vendor 3	Vendor 4
	same		same	same
Base Component Details				
Card Reader	17" Touch Screen		17" LG 260 NIT LCD	yes
Monitor			ELO Resistive Touch Screen	yes
TouchScreen			ELO SecureTouch Touch Screen (\$300)	
touchscreen upgrade				
			DE SA U	
CPU				
UPS	yes		Tripp	
Heavy Duty Wheels	yes		yes	
Front Service Doors	not clear		not covered	
Rear Service Doors	not clear		not covered	
UL and FCC compliant	yes		yes	yes
ADA compliant	yes		yes	yes
Prevent Printer Jams	not clear		not covered	
Steel Powder Coated finish	not clear		\$225 extra	yes
Protected power/ethernet connections				
Printer Shelving	not clear		\$40 extra	yes
Surge Suppression/Line Conditioner	yes		yes	yes
Vandal proof locks	yes		not covered	yes
	not clear		not covered	yes
Internal keyboard & mouse				
Static Signage Mount				
	yes		yes	yes
Base Pricing (complete indoor system)	yes		\$285 extra	yes

Client Hint:
 Use a simple excel comparison grid in order to compare vendor proposals.
 Add comments if vendors were non-responsive or have additional charges for the features.

Vendor Hint:
 Respond to each requirement. Note the purchasing agent wrote **NOT CLEAR** and **not covered** on this feature.



8. Balanced Negotiation/A Fair Contract

- Use this process as a form of Due Diligence. Similar to the hiring of a key partner or employee-- can you work with them for the long-run?
- Confidentiality
- Liability
- Insurance
- Termination
- Conflicts of Interest
- Software Escrow
- General & Special Provisions
 - Change Control

8. Ensure Contracts Include Key Clauses (cont'd)

■ Product Pricing/Protection:

Hardware

■ Trade-in

Software

Set up

Annual Maintenance &
Support Fees

Installation

Time & Materials

Guarantee of pricing for X
years.

Conflicts of interest

Payment Terms

Ability to modify contract

Training

■ T&E Policy

■ Site Specifications

Service Level Agreements

■ Problem Resolution

Downtime Credits

Severity levels (1, 2, 3, 4)

8: Balanced Negotiation Process: Negotiate a “Win-Win” Contract

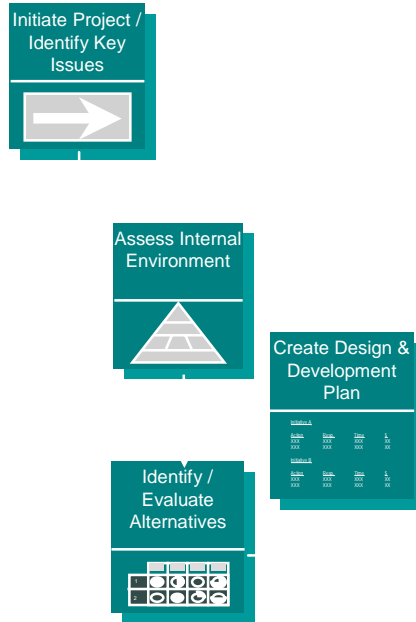
- Negotiate, negotiate and negotiate! Make sure that you drive the process vs purchasing and legal.
- Benefits to both you & your vendors
- Service Level Agreements (SLA's)
 - Acceptability vs. non-acceptability
 - 100% uptime
- Know the gross margins of your key vendors: Hardware, Software, Professional Services
- Length of contract
- Understand Revenue Recognition Issues for Vendor

Step 9: Utilize Best Project Management Methodologies

- Ensures buy-in and commitment to responsibilities/tasks & completion dates
- Employ change control process
- Ensure periodic budget review

Project Timeline

Phase 1 Pilot Concept Validation & Assessment

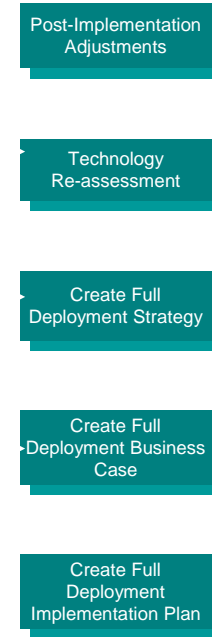


We Are Here!

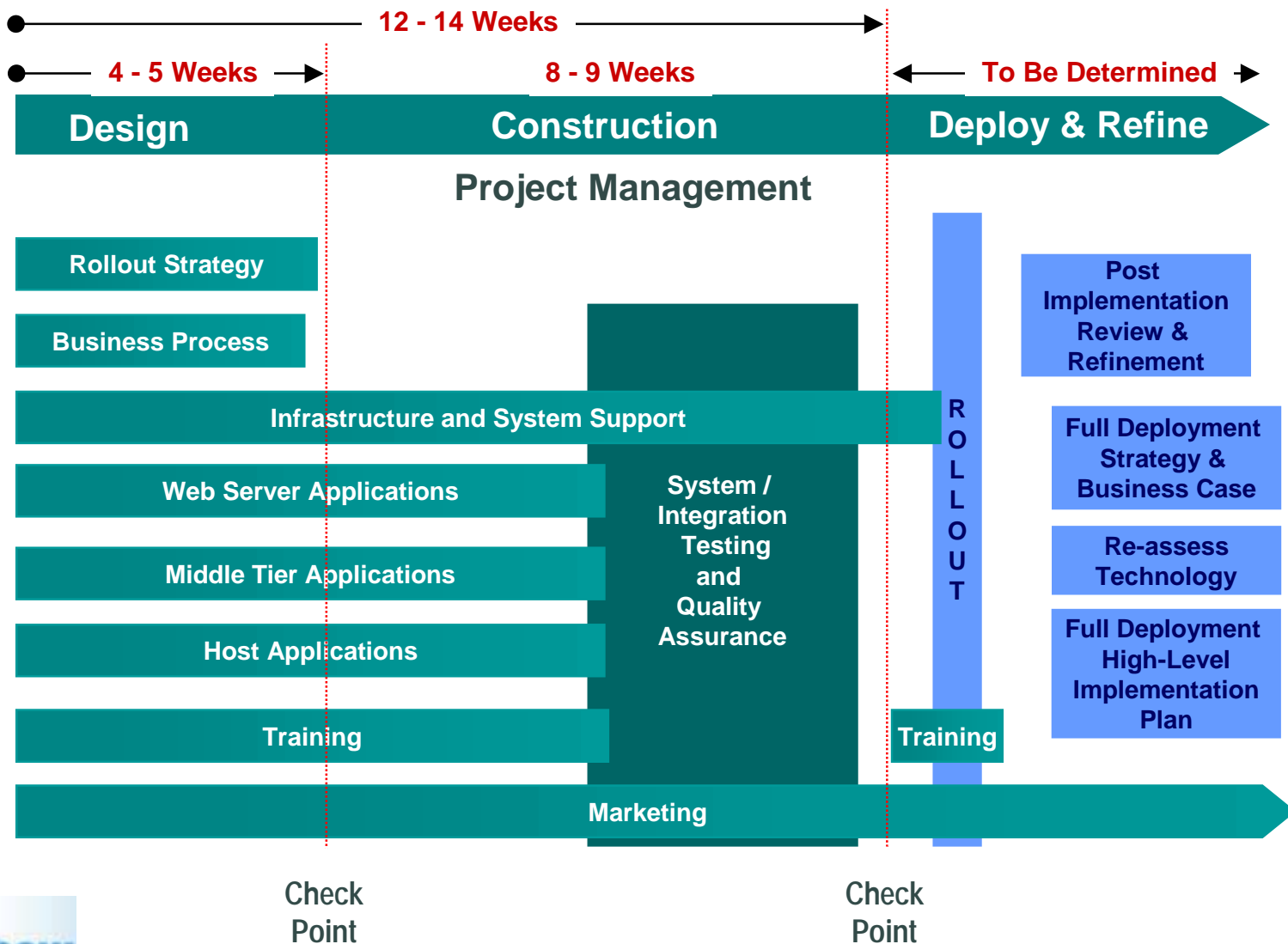
Phase 2 Pilot Development & Implementation



Phase 3 Full Deployment Strategy & Business Case



Project Management Best Practices



Step 10: Utilize Best Practices for Ongoing Vendor Management

- Build successful partnerships
- Share knowledge
- “What’s in it” for stakeholders (internal & external)
- Measurable metrics in place
 - Quantitative
 - Qualitative
- Leverage opportunities for sharing positive PR
- Pay them on Time...
- *(...cheers from the audience!!!)*

10. On Going Vendor Mgmt, Performance Metrics

- 100% uptime goal
- Necessary for key deliverables
- Milestones for review & vendor payments
- Vendor scorecards
 - Evaluation criteria:
 - Performance
 - Project Team
 - Reliability
 - Commitment
 - Quality
 - Innovation
 - Creativity
 - “Out of the box” thinking
 - Do “whatever it takes”

Other: Use Pilots & Post Mortems

- Test and re-test!
- Strive for continuous improvement
- Incorporate & operationalize learnings
- Upgrades: software/hardware versions & enhancements
- Marketing/Sales Plans for in store associates and consumer usage.

Questions?

Thank You.

Alex Richardson
arichardson@SellingMachinePartners.com
1 203 376 8877

Ten (10) Ways to Improve Your Kiosk RFP

..and tips on how to win the bid

Lessons Learned



Alex Richardson
Managing Director
Selling Machine Partners
22 February 2005

Arichardson@SellingMachinePartners.com