CHAPTER 4 Analyze the Need

4.1 Need Identification

4.1.1 Identifying the Need

The procurement process begins with the identification of a purchasing need. The identification of the need may be made by an end user of the needed good or service, agency administration, information technology (IT) agency services, a subject matter expert, or the Purchasing Professional. A purchasing need may result from a new customer need, legislation, a desire to rebid an expiring contract, or guidance from a category plan.

The Purchasing Professional at the agency, or Central Procurement Services where applicable, must provide assistance when a purchasing need is identified. Assistance may include providing guidance about the purchasing process, assisting with a written purchase request, and entering the purchasing need in the Statewide Integrated Governmental Management Applications (SIGMA) system (a web-based tool for initiating and tracking state of Michigan purchases) on behalf of the non-procurement professional.

4.1.2 Identification of High-Level Requirements

High-level requirements related to the purchasing need must be provided to the Purchasing Professional by the business owner or designee. Business requirements detail the business owner's needs and objectives for a project and include, but are not limited to, performance requirements, delivery requirements, business continuity issues, data archiving, user access/interface, reporting and implementation. Technical requirements identify the general framework in which a system or product must work. Examples include capacity requirements, documentation, audit, and backup or recovery. Technical requirements also identify any standards that must be met, security requirements, service levels and interfaces. Functional requirements identify what a product or system must do to enable performance of work tasks and any applicable service levels.

4.2 Market Research and Request for Information

4.2.1 Market Research

Once a purchasing need has been identified, the Purchasing Professional must partner with the requestor to ensure that market research and analysis regarding the need has been conducted. The extent to which market research is performed will vary based on the complexity of the purchasing need and the anticipated duration of the resultant contract. Market research may take the form of identification of:

- Industry trends
- The supply base

- Similar contracts in other states
- Similar contracts within the state of Michigan's portfolio and any associated problems or issues that may have arisen
- Useful life of needed good or service
- Risk management strategies
- Projected value of contract

Market research tools may include market indexes, industry reports, and informal vendor presentations.

4.2.2 Request for Information

A Request for Information (RFI) is a process to conduct market research about a purchasing need and collect information about the capabilities of various suppliers. It is not a solicitation process or document, but must be posted formally on SIGMA using the approved RFI template. An RFI may be publicized in any manner deemed appropriate provided the requirement for posting on the SIGMA system is met.

Feedback to an RFI may include, but is not limited to, best practices, industry standards and technology considerations. A Request for Information does not constitute a commitment, implied or otherwise, that the State will take a subsequent procurement action.

4.3 Existing State Contract

After market research and/or an RFI has been conducted, a key question is whether a current contract exists to satisfy the purchasing need or whether the Procurement Professional will need to conduct a sourcing event.

4.3.1 Mandatory Statewide Contracts

Mandatory statewide contracts are established for use by all State agencies. By aggregating common purchasing needs of State entities, the most competitive levels of pricing and services for the State as a whole can be established. All State agencies must use a mandatory statewide contract unless approved, in writing, by the Chief Procurement Officer or designee or as specified by the criteria set forth by Central Procurement Services in a published exception process.

A new sourcing event must not be performed if the good or service is available on an existing mandatory State contract. All State contracts issued for the purchase of products and/or services, whether statewide or agency-specific, shall be interpreted and considered as mandatory use, unless otherwise specifically stated on the contract cover page or within a particular section of the signed contract agreement.

Contracts fall within one of three categories: 1) The entire contract is mandatory use for the products and/or services included; 2) The entire contract is one of several State contract "options" as identified on the cover page of each affected contract; or 3) A section or sections of a contact are specifically labeled as "optional" for a particular contact, either on the cover page of the agreement, or in the header of each affected section.

4.4 Category Plan Procurement Guidance

Some contracts within Central Procurement Services portfolio have Category Plans. If a contract has a Category Plan, any category-specific procurement requirements, exception criteria, and user guides for the covered goods or services can be found on the Contract Categories webpage or obtained from the Contract Administrator/Category Team Leader. Additional information about a Category Plan can be found in the MPPM in Chapter 3 Strategic Sourcing and Category Management.

4.5 Pre-defined Programs

The State has established pre-defined (or prequalification) programs that limit the selection of a vendor or a solicitation to a pool of prequalified vendors. These programs have been and will continue to be established through a competitive bidding process.

A second-tier solicitation process is required for pre-defined programs. The solicitation document for the prequalification program describes the second-tier solicitation process.

The Procurement Professional must determine if a pre-defined program exists for the needed good or service. If a pre-defined program exists, a separate sourcing event should not be undertaken.