

# Day 2 course Part2

VSAT Equipment and bandwidth procurement

# 1- Define your needs

## Purchasing end-to-end services vs. purchasing component services

In order to use a VSAT, you will need to acquire both VSAT equipment and network services. Services can be divided into four categories.

You can purchase all the services together (end-to-end services) or individually (component services). The four categories are:

- Supply, installation and maintenance of VSAT equipment installed at your premises
- Satellite space segment or bandwidth
- Hub or teleport services
- Connection to public or Internet backbone.

# 1- Define your needs

## Some common technical considerations

### Shared vs. Dedicated Bandwidth

Shared bandwidth is desirable when you will not be using all the bandwidth all the time. If your primary applications will be email and web surfing and you do not have many users e.g. a community telecenter, then shared bandwidth may well work for you.

However, if you have a large volume of users accessing the system throughout the day or if you intend to run real time applications such as telephony or videoconferencing, then you will need dedicated bandwidth.

## 2- Acquire the VSAT

### Selecting a partner provider

The acquisition process involves either competitive or non competitive selection of your VSAT equipment and service provider(s). Under competitive selection, two and usually more service providers are asked to submit proposals or “bids”. The selection is based on the best offer, arrived at by comparing all the proposals received using a pre-determined evaluation scheme.

Under non-competitive selection, only a single service provider is invited to submit a proposal, and no other service providers are considered. Non-competitive selection is also referred to as single sourcing or direct contracting.

As you can imagine competition is healthy in order to obtain the best solution that matches your business requirements at the best price and in the most efficient way.

## 2- Acquire the VSAT

### Selecting a partner provider

In case of competitive selection when you have analyzed your requirements and completed your vendor search, you are ready to start the vendor selection process.

You can then proceed by the following ways :

- Request For Proposal (RFP)
- Request For Quotation (RFQ)

## 2- Acquire the VSAT

### Selecting a partner provider

#### RFQ and RFP Content

The RFP or RFQ should contain the following sections. Keep in mind, that each document will be different depending upon the type of company and product you are searching for. Tailor each section for your individual needs.

- **Submission Details**
- **Introduction and Executive Summary**
- **Business Overview & Background**
- **Detailed Specifications**
- **Terms and Conditions**
- **Selection Criteria**

## 2- Acquire the VSAT

### Partner provider factors to be considered

Before buying VSATs, an enterprise has to consider many factors.

Though cost has remained the main discussion point for enterprises, the importance of factors like feasibility, bandwidth capacity and reliability should not be underestimated.

## 2- Acquire the VSAT

### Partner provider factors to be considered

#### Dedicated vs Shared Bandwidth

Depending on your business requirements you should decide the bandwidth type dedicated or shared. Your choice of bandwidth type also has a bearing on what access scheme you choose, as some access schemes only support shared bandwidth approaches.

## 2- Acquire the VSAT

### Evaluating proposals

This step involves the comparison of Proposals or Bids to determine whether the solutions offered by the Bidders meet your business, functional, technical and financial requirements.

There are a few points to note here:

- Evaluation is only meaningful if you use clear, unambiguous and measurable criteria
- You should determine, in advance, which criteria are mandatory and which ones are not. Mandatory criteria are scored on a pass/fail basis while non mandatory criteria are scored on a sliding scale, say using a range of 1 to 5, where 1 means the proposal does not meet the criterion and 5 means the proposal fully meets the criterion. A higher score translates into a better and more cost effective technical solution.
- All Bidders should be made aware of the evaluation criteria, including which ones are mandatory or not, upfront.

## 2- Acquire the VSAT Evaluating proposals

### Non Mandatory Criterias

These criteria could include:

- Minimum availability and overall performance of satellite link
- Technical characteristics of the Hub including redundancy schemes, size of antenna
- Quality of preliminary project plan including implementation schedule that will meet your target dates for receiving services
- Quality of proposed project management team (from Curriculum Vitas)
- Quality of proposed acceptance testing and commissioning plan

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Negotiations

Negotiations are an art of their own, acquired through extensive experience and training.

This section is not meant to make you an expert negotiator but rather to provide you with a few pointers that may help you obtain a better deal. Negotiations also involve clauses of the contract and culminate in signing the contract. Because of the contractual implications, you should plan to involve your lawyer or provide for some legal consulting in your budget for the negotiation and contracting stages. You should ensure that your lawyer is familiar with your intended business objectives and that he or she can advise you in context.

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Types and length of contracts

If you do not have your own standard contract template, you may have to use the Bidders own contract format. In fact, it is not advisable to try and draft your own contract as legal fees can be very high. It is far cheaper to have a Lawyer review the Bidder supplied contract.

A major question usually arising during contracting is how long the contract should be. The answer is not very simple- it should not be too short or too long. A good contract length is 2 to 3 years with a provision for an extension usually of no more than 1 year.

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Types and length of contracts

Contracts more than 5 years should be avoided because:

- Technology advancement is rapid and a new and more efficient or cheaper technology may arise during your contract period and so you need some flexibility to be able to switch
- Prices of technology reduce over time either due to newer technologies, competition or maturity. You do not want to be saddled with a high cost contract when prices are reducing.
- There is a high turnover of companies in the technology industry because of cut throat competition and you want to guard against your provider going under and still holding you hostage to your contract (creditors may want to collect and continue running the company with reduced quality of service!)

## 2- Acquire the VSAT

### Negotiate and award the contract

#### What to include in the contract

Your lawyer should advise you on the standard clauses that a commercial contract should have, as well as any other clauses to cater for your particular set of circumstances.

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Service Level Agreement

The SLA is a collection of measurable performance metrics that ensures that you are getting the service you are paying for all or most of the time. The following metrics are common:

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Acceptance testing

It is advisable to explicitly define how and when you will perform acceptance testing in your contract. As noted above, your services start date and start of payments should be linked to acceptance testing and not to the date when the contract is signed.

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Contract termination

You should be aware of one important fact- unlike most other commercial contracts, VSAT contracts usually have a termination clause that requires you to pay off the remainder of your bandwidth costs through the life of the contract if you decide to terminate the contract.

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Review the Preliminary Project Plan

You should insist on receiving and reviewing a draft project plan from your potential service provider during negotiations, and before contract signing.

The draft project plan should include the implementation plan, schedules and proposed or anticipated roles and responsibilities including the capabilities and qualifications of the service provider's staff.

You should be aware of or negotiate how long it will take to begin receiving services, how the service provider will approach implementation and what your obligations are. All these should be agreed upon prior to contract signature.

## 2- Acquire the VSAT

### Negotiate and award the contract

#### Signing the contract

Once you are happy with all the contract provisions and clauses, it is time to sign the contract.

At least two original copies of contracts should be signed, one each for you and the service provider

# End of Day 2 course

VSAT Equipment and bandwidth procurement