

Research shows 99% of tender decisions could be challenged based on flawed pricing

Consulting firm says organisations at risk of reputation, financial loss and even jail time as a result of oversights.

Brisbane consulting firm Acquire Procurement Services has today released a report claiming that nearly every tender decision could be challenged as a result of flawed pricing evaluations.

The revelation means that organisations are likely overpaying on contracts or awarding contracts to the wrong bidders - costing taxpayers and shareholders billions.

The report suggests Government departments, Public Companies and private businesses are exposed to reputational and financial damage and raises the possibility of severe legal reprimand for those who are involved in the process — including company directors.

Director Simon Thompson said, “Our recent research has shown that nearly all tenders are compromised by flawed pricing calculations due to errors introduced in the collection and evaluation of the suppliers’ pricing information.”

Thompson, a 13-year veteran of the procurement industry, said the catalyst for the research was his firm’s own experience in the field.

“We were seeing so many irregularities while working with our clients that we decided it was important to see just how deep the problem ran. We found it to be systemic to the industry, which calls hundreds of thousands of tenders awarded every year into question.”

Acquire's research evaluated 100 publicly available tenders recently run by governments and organisations around the world and assessed the response documents and the review criteria for errors or likelihood of error in completion.

Data validation, a form of data security that ‘locks’ the user into a certain way of responding, was used in less than 1% of the tenders reviewed.

“In the absence of standalone tender pricing analysis software, data validation is your best chance of consistent and comparable responses. We were deeply concerned to find its use in so few tender response templates.”

Mr Thompson attributed the overwhelming findings to a combination of factors, namely technologically inexperienced procurement managers, a dominating focus on process and probity at the expense of pricing evaluation rigour, and acceptance within the industry that a few errors will always slip through.

“We believe that there’s no excuse for errors in pricing evaluation in this day and age. Not only are they expensive to fix, but with the technology that exists today — from the ubiquitous Microsoft Excel, to the emerging tender pricing analysis software that’s built-for-purpose — government departments and businesses must be seen to be doing all they possibly can to remove uncertainty in pricing decisions. Or prepare to face expensive and embarrassing challenges from suppliers more regularly.”

The full report is available from the company's website: <https://acquireprocure.com/tendering/research-99-of-tender-decisions-challenged/>

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