

AI Is Revolutionizing the RFP

Nine aspects of how AI will impact the RFP for the buyer and seller

By Steve Jeffery

AI Is Revolutionizing the RFP

We are asking ourselves interesting questions nowadays regarding the impact of artificial intelligence (AI) on the request for proposal (RFP) process from both the buyer and the seller perspectives. While there is much to explore, for this introductory discussion we have identified five such questions for the buyer and four for the seller:

Buyer Side:

1. Will AI make creating RFPs obsolete?
2. How will AI impact drafting RFPs?
3. Can AI create and write requirements?
4. With AI, will we no longer have to evaluate RFP responses?
5. Will AI improve the efficiency of the RFP cycle for the buyer?

Seller Side:

1. Will AI assist the seller in deciding whether to bid on RFPs?
2. Will vendors require less time to respond to RFPs?
3. How will sellers leverage AI in their response proposals?
4. How is AI influencing sellers' RFP responses?

Despite some saying RIP to the RFP, AI will not lead to RFP obsolescence. However, AI will significantly contribute to the evolution of the RFP for both the buyer and the seller. Let's explore how AI will impact the RFP process.

Buyer Side

1. Will AI make creating RFPs obsolete?

AI will not eliminate the need for humans to review RFP drafts, final versions, and processes. There are too many variables in technical requirements and specifications. Specific standards vary from one organization to another, and integration points are not standardized across all organizations. Thus, human intervention is necessary to ensure the RFP's accuracy. As I said in the first line of my coauthored book, *The Art of Creating a Quality RFP*, "A bad RFP is the gift that keeps taking – your time, resources, and ability to accomplish your goal." Don't let the hype make you think AI is a magic bullet for your RFPs. AI will not make RFP creation an obsolete task; rather, it will assist and improve the efficiency of creating RFPs.

RFPs will remain a crucial part of the procurement process, but AI will streamline the RFP process. Leveraging AI will save time and increase the effectiveness and quality of the sellers' RFP requirements and the vendors' responses.

Will AI be a valuable tool in our RFP toolbox? Absolutely. Machine learning and AI can assist the buyer in vendor prequalification. AI can provide the buyer with a list of vendors that meet specifications beyond technical requirements, such as security, reputational, operational, and location requirements, and eliminate any vendors that appear on a government list of unacceptable vendors.

2. How will AI impact drafting RFPs?

AI will allow us to leverage all previous RFP documents to provide an organizational "right practice" for RFP templates in real time. AI will enable us to compile separate RFP documents, templates, and pricing matrices to draft a preferred template based on historical sourcing efforts.

Instead of a one-size-fits-all approach to RFP templates, AI will provide a template best suited for the deal's complexity. Specifically, AI will create a category (Telecom, Hardware, Software, Professional Services) based on the latest version and other similar RFPs from the past. The pricing template will also be generated from applicable statements of work (SOWs) and similar RFP documents. Regardless of the source of any templates or drafts of RFPs and pricing templates, however, any AI RFP template is just that – a template – and it does not excuse you from thinking!

3. Can AI create and write RFP requirements?

AI will significantly ease the challenge of generating RFP requirements. It can collect technical, functional, and nonfunctional requirements from various internal and external sources, including:

- Scorecards
- Business alignment meeting minutes
- SLA compliance
- Purchase orders
- Invoices
- Internal and external communications, including emails, chats, and voice recordings
- Contractual requirements from current contracts, amendments, SOWs, and order forms
- Vendor websites
- Large language models (LLMs)
- Government websites
- Universities and research institutions

In the not-so-distant future, AI will save time and improve RFP requirements. You will open your email in the morning to find that an AI sourcing solution has automatically

created an RFP with draft requirements and evaluation criteria in your preferred template for a contract expiring in six months. Or you will prompt your AI generator to create an RFP for certain goods and/or services, and you'll have a draft in a matter of minutes instead of weeks or months.

Humans will still need to review and validate requirements. Inaccuracy in this foundational aspect of any RFP process will result in inadequate responses. Additional examination of the RFP requirements is necessary to ensure we are asking just enough questions to qualify the vendor for further discussions.

Besides, as Timothy Foote said, "Everyone needs an editor."

4. With AI, will we no longer have to evaluate RFP responses?

The thought of slowing all the noise in your brain to focus on evaluating RFP responses is daunting for many. AI provides significant assistance and directional decision-making when evaluating and scoring RFP responses. AI will save time by identifying responses that meet your minimum viable and mandatory requirements. We envision AI will review vendor responses and provide a shortlist of vendors with acceptable scores in each section.

This is the second example where we cannot say RIP to the RFP: As the saying goes, you must inspect what you expect! This is precisely why the RFP owner and team need to validate the scoring and review the top RFPs. What about the remaining RFPs that didn't score competitively? Again, a human in the loop is required. All stakeholders need to review the RFP responses to see if AI overlooked any critical or creative proposals worth returning to the RFP team.

5. Will AI improve the efficiency of the RFP cycle for the buyer?

AI will save considerable time in RFP process in three areas:

- Requirements gathering
- Vendor response and proposal
- Response evaluation

Most organizations struggle to allocate sufficient time to gathering requirements. It is an arduous task requiring significant effort from the cross-functional team. Team members often overlook this step, resulting in bare minimum, non-comprehensive requirements. I have often spent not weeks but months trying to gather, review, and approve RFP requirements. We anticipate that AI will reduce the requirements-gathering stage of the RFP process to a few weeks, if not less.

AI will filter through all the unnecessary information, reading/reviewing only the components that apply to your RFP. AI will save the RFP team significant time by

providing them with recommendations for validation. AI will further save time during the evaluation process by helping to create follow-up questions for further qualification discussions.

RFP processes without AI often take three to six months to complete. Depending on the quality and quantity of the information available from the organization's data sources (listed under question three above), leveraging AI can reduce the RFP process time between 25% and 33%.

Seller Side

There is far more information on how AI will assist the seller in responding to RFPs than there is on how it will help the buyer create them. Since at least 2021, [there has been talk](#) about how AI would improve the RFP response process by qualifying RFPs and creating response libraries. Sellers are far more advanced in leveraging AI in the RFP process than buyers. Understanding how sellers are leveraging AI will assist us in crafting our RFPs to ensure the best quality responses while avoiding the pitfalls of receiving boilerplate or canned responses. Let's explore how sellers are currently leveraging AI to respond to your RFP.

1. Will AI assist the seller in deciding to whether to bid on RFPs?

Upon receipt of an RFP, most sellers do what is referred to as "shredding" the RFP. The RFP proposal manager combs through the RFP to pull or shred the requirements, often scattered throughout the RFP, to create a compliance matrix. From this compliance matrix, the seller will start to create a business case to bid or not bid on the RFP.

Vendors can use AI to automate this formerly manual process. AI will extract and parse the RFP's critical information and requirements, including legal and compliance requirements, and create the compliance matrix. AI will also evaluate the degree of compliance – e.g. thoroughly, partially, or not all compliant – with the buyer's requirements. This analysis includes identifying red flags, such as conflicting requirements, unreasonable time frames, and unusual or extremely restrictive contract terms. AI will also perform a profitability prediction and compare it to other opportunities to recommend a bid or no-bid decision.

2. Will vendors require less time to respond to RFPs?

Yes, sellers are gaining significant efficiencies and time savings by leveraging AI to respond to RFPs. AI solutions are saving sellers at least 66 hours per proposal response ([VisibleThread](#)), with some vendors ([Vendorful AI](#), [Loopio](#), [Responsive](#), [QuorusDocs](#)) touting as much as 90% savings in time and effort.



Source: [VisibleThread](#)

AI-generated knowledge libraries also estimate the likelihood of the response's success by assessing responses to similar questions included in winning RFP responses. However, this does not remove the need for human intelligence to review and edit the RFP response before submission.

3. How will sellers leverage AI in their response proposals?

Historically, sellers have relied on boilerplate or canned responses to populate answers and requirements in their RFP responses. With the high volume of RFPs, sellers occasionally receive questions or requirements that have never come up before, but for the most part response teams have been able to leverage answers from previous proposals.

Vendors are now leveraging AI-based RFP response tools to provide automated responses to RFP requirements and questions, creating draft responses within a matter of minutes instead of days or weeks ([Bidify](#)). AI reviews the RFP to interpret the emotional importance of the requirements. It will identify the language patterns and tone of the questions and adjust the language of the response accordingly.

AI improves win rates by generating more accurate answers. As shown in the graphic above, AI-developed responses improve proposal win rates (pWin) by almost 10%. The seller's business development team will still need a human to audit the AI-generated draft. The AI tool predicts the response's scoring and tracks how often that score is associated with a winning bid. We can expect to see more sellers choosing

not to bid on RFPs when AI indicates their chance of winning is below a specified threshold.

4. How is AI influencing sellers' RFP responses?

Sellers use AI to predict and understand how their competitors will respond to your RFP. AI will compare their strengths and weaknesses against those of their competitors. AI tools analyze the competition and suggest strategies to differentiate their proposal from other vendors.

AI will also use predictive analysis to predict how other vendors will respond to your RFP based on their competitive advantages and strategies. AI will then modify the vendor's response accordingly to provide the vendor with a more competitive response.

In Summary

Imagine this situation in the near future: You (a buyer) have a contract due for renewal, marked for an RFP or go-to-market opportunities. AI will provide an estimate on the end-to-end time frame required to complete the RFP process, including execution of the final contract. AI will automatically draft an RFP, capturing content from email, scorecards, text messages, SLAs, SOWs, change orders, order forms, purchase orders, and meeting invites. The AI machine will distribute the sections to the appropriate internal stakeholders for humans to review, edit, and approve. Finally, the RFP goes to the executive sponsor for approval and budget finalization based on AI's should-cost prediction. What used to require many weeks can be done in a few days to maybe a week or two with AI.

Once it is ready, you issue the AI- and human-created RFP to potential sellers. Upon receipt, the seller will have AI shred and disperse your RFP to the appropriate teams with draft responses for a bid/no-bid decision, including gaps that may require clarification to complete the response. The vendor forwards these questions to you, and your AI will draft responses to the vendor's questions for human review and consolidation.

The sellers craft their AI-assisted response in a week or so, providing one final review and approval, to forward to you. Upon receipt of the responses, AI immediately scores them based on predefined criteria, identifying gaps and potential questions. AI will rank the sellers' proposals and provide a risk assessment. Next, AI will suggest follow-up questions for human validation. Finally, AI will draft a contract based on the RFP and the selected seller's response, emails, and chats in the same manner we collected the requirements above. AI will draft your negotiation strategy, and in some

instances, the buyer's AI can negotiate with the seller's AI to create a draft meeting of the minds.

Insight #1

Human intervention and review are a constant theme throughout this discussion. AI is revolutionizing the RFP response process on the sell side. However, the buy side will be a laggard in RFP AI adoption. Their reluctance to adapt and adopt will be primarily due to their typical underfunding for automation and the general apathy to source and acquire automation that can potentially reduce a chief procurement officer's headcount.

Insight #2

Eventually, a three-to-six-month RFP process, from requirements gathering to contract execution, will be reduced to one to three months by leveraging AI. You can start testing this prediction by asking your RFP respondents if they will leverage AI to respond to your RFP. If the answer is affirmative, consider reducing their proposal response time by a week or two based on AI saving at least 60 hours required to respond to an RFP.

For more information regarding RFPs, please check out Info-Tech's related publications and research:

- [The Art of Creating a Quality RFP](#)
- [Drive Successful Sourcing Outcomes With a Robust RFP Process](#)

INFO~TECH

R E S E A R C H G R O U P