

Caltech

Market Research Training

Objectives

- The objectives of this training are to:
 - Enhance awareness and understanding of the importance of competition in the purchasing process;
 - Provide a fundamental understanding of competition and its benefits; and
 - Provide a fundamental understanding of the noncompetitive purchasing process.

Key Drivers of Competition

- Government and Sponsor Regulations
 - Competition is not an alternative, it is a requirement of the Federal Government.
- Benefits to Caltech include the following:
 - Ensures appropriate stewardship of sponsored funds and obtains favorable pricing and terms that are most advantageous to Caltech;
 - Drives cost savings for Caltech;
 - Expedites the purchasing process;
 - Improves quality of goods and services;
 - Promotes fairness and openness leading to public trust; and
 - Prevents waste, fraud, and abuse.

Competitive Purchasing Requirements

Purchase Threshold*	Competitive Requirements
Up to \$5,000	<ul style="list-style-type: none"> No requirement for competition; however, prudent and competitive business practices are encouraged
Exceeds \$5,000 up to \$10,000	<ul style="list-style-type: none"> Cost/Price Analysis conducted by Purchasing Services <i>Preferred:</i> Provide 2 quotes or supporting information to Purchasing Services
Exceeds \$10,000	<ul style="list-style-type: none"> Informal Competition: At least two (2) quotes/proposals solicited by phone, e-mail, mail or fax Formal Solicitation process conducted by Purchasing Services: If the Division or Department needs assistance for complex requirements, noncommercial goods and services, or for very high-value purchases. Formal solicitations include Request for Information (RFI), Request for Quotes (RFQ), and Request for Proposals (RFP)

*Acquisition total, including taxes/S&H

Competitive Purchasing Requirements

Cont'd

Purchase Threshold	Competitive Requirements
Exceeds \$10,000	<ul style="list-style-type: none">• A Procurement Summary Justification (Non-Competitive), completed by the Division or Department, is required for the following:<ol style="list-style-type: none">1. sole-source purchases;2. emergency purchases for supplies and/or services, if not procured immediately, will cause serious operational or financial loss, or where life and property must be protected;3. it is a follow-on purchase; or4. after solicitations to a number of sources, competition is determined inadequate

Competitive Purchasing Requirements Cont'd

- The end user solicits at least two potential suppliers for a good or service either verbally or via email.
- If all suppliers submit quotes/proposals that meet the minimum requirements of the good or service, then the end user should use the Procurement Summary Justification Form (Check off: Competitive Justification) to document the rationale of their selection.

Competitive Purchasing Requirements Cont'd

- If the selection decision is based on the **lowest priced** quote/proposal, then the end user checks the “**Awarded to Lowest Bidder**” box on the Competitive Procurement Summary.
- If the selection decision is based on **best value** instead of price, then the end user checks the “**Not Awarded to Lowest Bidder**” box on the Competitive Procurement Summary and must **explain the rationale** of not selecting the supplier that submitted the lowest priced quote/proposal.

PROCUREMENT SUMMARY JUSTIFICATION

INSTRUCTIONS

This form must accompany any purchase requisition that exceeds a total of \$10,000.00 (which is inclusive of shipping, handling and tax rates).

1. Please type or print legibly and complete all categories and sections that apply.
2. Provide full explanation, complete description, and/or list all relevant reasons where space has been provided. The rationale must be clear and convincing, avoiding generalities and unsupported conclusions.
3. Incomplete forms or forms lacking sufficient detail may not be approved and may be returned, possibly delaying issuance of a Purchase Order.
4. Form must be signed and dated at the bottom.

Date:	<input type="text"/>	Requisition No (if known):	<input type="text"/>
Preparer:	<input type="text"/>	Estimated Price:	<input type="text"/>
Proposed Supplier:	<input type="text"/>		
Product/Service Description:	<input type="text"/>		

Type of Procurement Justification (Check one):

- Competitive Justification:** Two or more suppliers were contacted to provide pricing (bid/quote/proposal) for this procurement. Please complete page 2 in its entirety.
- Noncompetitive Justification:** This procurement was entered into without competition, based on research that only one supplier could fulfill the specific procurement requirements and there was no means of supplier and price comparison. Procurement by a noncompetitive method requires explanation, written justification, and market research evidence by completion of pages 3-4.

COMPETITIVE PROCUREMENT SUMMARY

Please complete the table below with a minimum of two or more suppliers.

Supplier Name	Bid Amount (\$)	Technically Acceptable? (Y/N)	Comments (Identify low bidder)
		Select ▼	
		Select ▼	
		Select ▼	
		Select ▼	
		Select ▼	

Awarded to lowest bidder

Not awarded to lowest bidder

(Explain rationale below, e.g., more aggressive schedule, better delivery terms, etc.)

I have attached the competitive bids/quotes/proposals submitted by each of the bidding suppliers.

Submitted by:

Signature:

Date:

Printed Name:

Exceptions to Competitive Purchasing Requirements

- Sole-source purchases (e.g., good or service has unique performance specifications, essential in maintaining experimental or administrative continuity, staff have specialized training for a specific good or service, firm schedule requirement, and only known manufacturer/service provider of the good or service);
- Emergency purchases for goods or services, if not purchased immediately, will cause serious operational or financial loss, or where life and property must be protected;
- Follow-on purchase (e.g., continuing goods or services for an ongoing project and goods or services that are compatible with existing equipment); and
- After solicitations to a number of sources, competition is determined inadequate (e.g., only one supplier responded to a solicitation).

Noncompetitive Purchasing Requirements

- A Procurement Summary Justification Form (Noncompetitive Justification) must be completed by the Division or Department with documented market research, including:
 - The identification of other suppliers along with their technical capabilities for a specific good or service being purchased (e.g., suppliers' published prices/technical capabilities found on websites, catalogs, and advertisements); and
 - Documented deficiencies and capabilities of why a specific good or service from a specific supplier does not meet the minimum requirements.

Noncompetitive Justification Form (Instructions)

Reset Form



PROCUREMENT SUMMARY JUSTIFICATION

INSTRUCTIONS

This form must accompany any purchase requisition that exceeds a total of \$10,000.00 (which is inclusive of shipping, handling and tax rates).

1. Please type or print legibly and complete all categories and sections that apply.
2. Provide full explanation, complete description, and/or list all relevant reasons where space has been provided. The rationale must be clear and convincing, avoiding generalities and unsupported conclusions.
3. Incomplete forms or forms lacking sufficient detail may not be approved and may be returned, possibly delaying issuance of a Purchase Order.
4. Form must be signed and dated at the bottom.

Date:

Requisition No (if known):

Preparer:

Estimated Price:

Proposed Supplier:

Product/Service
Description:

Type of Procurement Justification (Check one):

Competitive Justification: Two or more suppliers were contacted to provide pricing (bid/quote/proposal) for this procurement. Please complete page 2 in its entirety.

Noncompetitive Justification: This procurement was entered into without competition, based on research that only one supplier could fulfill the specific procurement requirements and there was no means of supplier and price comparison. Procurement by a noncompetitive method requires explanation, written justification, and market research evidence by completion of pages 3-4.

Noncompetitive Justification Form (cont.)



NONCOMPETITIVE PROCUREMENT SUMMARY

A noncompetitive or "sole source" procurement is defined as any procurement entered into without a competitive process, based on justification that only one known source exists or that only one single supplier can fulfill the requirements, as competition is not deemed feasible.

SECTION 1: Identify why this is a noncompetitive procurement

Please select the appropriate rationale as to why this procurement is considered noncompetitive.

Select all that apply:

- Only one known source exists for supplies or services as determined by documented research.
- No other reasonable alternative source exists that meets the Division/Departments requirements.
- Commodity/service is unique in nature to business need or research requirement.
- Compatibility (e.g., a public safety agency requires a specific piece of equipment to be compatible with an existing equipment system).
- Limited or proprietary systems (e.g., additional licenses, updates, specialized replacement parts, etc.)
- A professional expert is requested.
- Sales territories or product availability are limited by geographic boundaries.

SECTION 2: Explain the basis for your selection(s) in Section 1

Provide a justification/explanation to support your selection(s) in Section 1 as to why it is necessary to contract in a noncompetitive manner for this procurement.

EXAMPLES: Description of the unique features that prohibit competition; documented research conducted to verify the supplier as the only known source; description of the marketplace to include distributors, dealers, resellers, etc.; known compatibility issue; delivery timeline constraints, etc.

Noncompetitive Justification Form (cont.)



NONCOMPETITIVE PROCUREMENT SUMMARY

SECTION 3: Supporting Documentation and Declaration

Attached are the required documents that demonstrate why this procurement is noncompetitive in nature and why other suppliers cannot be utilized for this procurement. Below is a summary of other suppliers that were contacted in our efforts to demonstrate this procurement is noncompetitive.

Supplier Name	Deficiency	Comments

I certify that:

- This procurement meets the requirements of a noncompetitive procurement, and I have fully explained and demonstrated why this was not competed.
- I am aware of Caltech's requirements for competitive bidding for purchases over \$10,000 and the criteria for justification for noncompetitive procurements.
- I have gathered the required technical information and have made a concerted effort to review comparable/equal equipment (e.g., market research such as comparable items online, Google research, previous PO, etc.).
- I have attached the pertinent documentation (screen shots from websites, previous PO's etc.) showing what market research was conducted to preclude other items from consideration.

Signature:

Date:

Printed Name:

Noncompetitive Justification Form (Section 3)



NONCOMPETITIVE PROCUREMENT SUMMARY

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Attached are the required documents that demonstrate why this procurement is noncompetitive in nature and why other suppliers cannot be utilized for this procurement. Below is a summary of other suppliers that were contacted in our efforts to demonstrate this procurement is noncompetitive.

At Least
1 Other

Supplier Name	Deficiency	Comments

I certify that:

- This procurement meets the requirements of a noncompetitive procurement, and I have fully explained and demonstrated why this was not competed.
- I am aware of Caltech's requirements for competitive bidding for purchases over \$10,000 and the criteria for justification for noncompetitive procurements.
- I have gathered the required technical information and have made a concerted effort to review comparable/equal equipment (e.g., market research such as comparable items online, Google research, previous PO, etc.).
- I have attached the pertinent documentation (screen shots from websites, previous PO's etc.) showing what market research was conducted to preclude other items from consideration.

Signature:

Date:

Printed Name:

Noncompetitive Justification Form Compliance

- Below are reasons for forms being Noncompliant:
 - Lacks sufficient market research
 - Does not promote fairness and openness (only 1 product/service was considered)
- To be compliant:
 - Documents sufficient market research
 - Promotes fairness and openness (other products/services were considered but did not meet minimum requirements)

References

- Purchasing Services Policies
 - *General Purchasing Services Policy*
 - *Purchasing Services Goods and Services Policy*
- Forms
 - *Procurement Summary Justification*

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