Price Evaluation

You should complete the price/commercial evaluation of tenders.

To enable an easier comparison, you should include a price schedule (or use the commercial envelope if **PCS-Tender** is being used). This should include a breakdown of the product/service areas for bidders to complete.

The evaluation should identify and compare all the costs and benefits' which can be quantified in monetary terms.

In order to achieve the Most Economically Advantageous Tender (MEAT) you can select from several costing models to support your procurement exercise. This ensures that the evaluation is more than simply a “price for price” comparison.

It is important to differentiate between whole life costing and lifecycle costing. Further helpful information can be found in **Additional Resources**.

You may find the Supplier Cost Drivers Checklist useful when developing a pricing schedule. This document can be found at the bottom of the page.

Price/financial evaluation criteria should include:

•Whole life cost comparisons

•Quantifiable financial benefits arising from the technical evaluation (e.g. speed, fuel or electricity consumption, coverage, shelf life etc.)

•Fixed or variable pricing

•Cost of components, spare parts, consumables and servicing

•Risk analysis and financial appraisal (for major contracts of strategic importance, especially those of an innovative nature

Life Cycle Impact Mapping

Open or close

Focuses on social and environmental impact rather than cost.

Life cycle impacts help the user identify and assess impacts. For example, it may help to focus attention on the disposal phase before the procurement is carried out. This would allow your organisation to build end-of-life management requirements into its performance clauses for successful contractors and its own internal management procedures

Every product and service has a ‘life cycle’ or number of stages it goes through from:

- the extraction and sourcing of raw materials, such as mining
- to the transportation of sub-assemblies and parts, often through a global supply chain
- to the use of products or works
- to the delivery of services
- to the re-use, recycling, remanufacture and
- to the final disposal of materials.

Supplier Cost Drivers

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