

IT Vendor Management – Managing For Financial Success

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Abstract. This paper is a presentation outline of the transition to the road to best business and procurement practices as planned and initiated by Inovant, A Visa Solutions Company. It begins with a highly decentralized and delegated procurement environment where the business and procurement focus was tactical and uncoordinated and examines the steps taken to firmly embark on the road to become a best of breed organization.

The Transition Objective. Organizationally, the goal was for Inovant to present itself to the market place and its vendors as a well coordinated, single company with a business focus that will achieve the timely delivery of cost effective IT products and services necessary to meet business requirements.

The Opportunities. The opportunities for this program included; managing the procurement of Inovant's total requirements for IT products and services in order to gain maximum leverage in the marketplace, achieving necessary vendor performance with fair and reasonable pricing, pricing that was both tactical as well as strategic and solid vendor management through contract award to product and service delivery and live production.

Getting Started. Developing and marketing the program's potential included breaking down best business and procurement practices into a staged program to be executed in order to achieve the agreed result. The first step was to get the go ahead from Executive Management starting with the President. In order to get through this first hurdle a number of procurement success had to be achieved as the starting point for where the vision for transition could take the company.

Executive Management. After six months of proving the concept, Executive Management was sold on firmly centralizing procurement in IT Vendor Management (ITVM). ITVM's approach was to market the "centralization of teamwork" and not the centralization of procurement, leaving that description the Executive Management.

The Internal ITVM Organization. During this six month period new and strong position descriptions were developed and approved by Human Resources for the new breed of procurement professionals to be hired. There were three critical objectives with each. First was the requirement for demonstrated solid and accomplished IT procurement experience; Second, a background that demonstrates the achievement and exposure to professional procurement training. Third, was the all important reason for hiring anyone, good chemistry where that person will fit in with the ITVM organization and its technology and business partners throughout Inovant. These hires allowed new staff to hit the deck running in their teaming up with our partners.

Organizing For Service. In addition to designing an organization, writing position descriptions and hiring staff the goals and teamwork approach had to be communicated throughout the

organization. This was complicated by the fact that Visa is made up of semi independent regions that needed to be partnered with in order to maximize the opportunities. Additionally, procedures, formats, templates and standard contract documents under Inovant's name needed to be produced. Then, with these in progress communications and training had to be developed and implemented. Training included training for ITVM staff to ensure that all were on the same page and for our partners and colleagues in order to generate teamwork. The focus with our partners was to highlight that all procurements were to be designed to bring Inovant and them the business solutions for success.

Key Features Of The Transition Program.

- First and foremost, it must be recognized by all that we are in transition to an ongoing work in progress with new horizons to climb to and challenges to conquer constantly confronting us from within and outside.
- Developing and getting approval for a product and service charter of authority to buy.
- Inovant ITVM is chartered to buy all IT Hardware, Software, related Maintenance, Telecommunications products and services and all consulting service only.
- Understanding risk in our procurements is critical for our negotiations and the management of our vendors under contract.
- Clearly planning and managing the cross functional teams that comprise most of our procurements.
- Developing sourcing strategies for now and the future with our vendors.
- Developing an ITVM web site for our colleagues to see our procedures, procurements in progress with targeted dates for contract award, contracts awarded, Key and Preferred Vendors.
- Managing and charting vendor performance through a contract specific "report Card."
- Reporting on work in progress including non contract related projects and contracts awarded including savings and costs avoided.

Some Of The Major Challenges.

- Over coming Inovant's "vendor friendly" environment and exchanging it for a more business focused environment.
- The urgency to make everything a fast paced need it now requirement.
- Making up for the strong team training of our major vendors.
- Taking the mystique out of IT selling and buying.
- The need to give our partners a better understanding of negotiating issues and practices.

Results To Date. There is a solid team approach to procurement, in general on the average, however, there are too many instances of having traded maverick spending for "just in time spending." Contracts and vendor performance under those contract are more Inovant business focused with deliverables and milestones plus criteria for acceptance and remedies for non performance becoming more of a routine part of procurement. Vendor disputes are rare as are disputed invoices. The bottom line is that we have achieved significant cost saving over previous contracts and significant costs avoided through competitive procuring. Finally, with templates and formats plus other information on our web site we get about 400 hits a month by our colleagues who have proven that this is a valuable way to communicate.

Audit And Compliance. With our focus on best practices and time to market for our contract awards and vendor results under contract, a recent audit of our records, procurements and practices, our first, concluded with no discrepancies worthy of comment. A very satisfying result to say the least.

The Work In Progress. Our main focus as we enter the third fiscal year of our transition has to do with improved pre procurement planning, integration with our Asset Management system, working with our colleagues and teammates to further streamline our processes, improving training throughout the company and improving our communications and marketing while we improve our visible web site.