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More effective vendor engagement

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Over the last few years, the ICT industry has gone through enormous change and many services, particularly those from the telcos, have become commoditised. However, the relationships you have with those vendors are still critical to your organisation's success in driving out cost and improving efficiency. Vendors are an invaluable source of information. The key, however, is to remain in control of your organisation's destiny through stringently preserving your institutional knowledge and ICT architecture, and ensuring flexibility and review options in your commercial arrangements.

Conversely, if you don't value the relationship with your vendors, and treat their offerings as a commodity, you can expect to be treated like a commodity purchaser.

AN EXECUTIVE GUIDE TO INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

ABOUT IT BRIEF

IT Brief is published with the sole editorial purpose of assisting senior executives in New Zealand to make informed decisions regarding the planning, evaluation, acquisition, implementation and management of their information technology and telecommunications investments.

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Managing your vendor relationships

The telecommunications and ICT industry has gone through enormous change in the past few years. Some services that may have been considered technological wizardry a decade ago are now often regarded as commodities. But beware – if you treat a vendor's offering as a commodity, then expect to be treated like a commodity buyer.

You sign a five-year contract for services from an IT vendor or service provider and halfway through the contract you begin to despair at the apparent incompetence of the team you now have to work with; discover that market rates for the contracted services have dropped dramatically and you are now paying over the odds; or another service provider has "better" technology. What do you do?

In a fast-changing world, it's an issue that was likely to be inevitable, but the problem seems to be rearing its head on an increasingly regular basis. Any five-year contracts signed in 2002-3 are only now coming up for renewal and so much has changed that it is difficult to recall what the technological stars were way back then.

If your organisation has IT contracts signed in that era, it's likely that you are still living with those decisions today. But Moore's Law, now more than 40 years old, continues to prevail. It suggested that "data density will double and there will be a 50 per cent cost reduction for the same level of performance every 18 months". That means – cheaper, faster.

A few years ago, when your organisation made a decision on service provision and signed a contract which may still be in effect today, the deal would have seemed fair and reasonable or you wouldn't have signed. At the time, a stake had to be put in the ground and, accepting Moore's Law, it would be recognised that, over the term of that contract, other customers of that vendor would ostensibly get more for less. At the time you signed, the vendor or service provider had to be competitive and strike the cost of the system to be delivered. They had to make a profit, and so did your organisation.

It's a fact of life that prices for commodities will continue to come down, and telecommunications has become a commodity. We recognise that contracts for telecommunications services signed three, four or five years ago are now hopelessly out of date.

The costs of telecommunications have dropped dramatically in that time for a variety of reasons – greater efficiencies in the telco infrastructures, lower hardware costs, and competition. Over that period, some of the telcos have made a significant profit, others haven't. But telco bashing has become a favourite pastime of the business media over the past couple of years. We regularly hear customers' caustic complaints about being gouged by a service provider when they discover that another organisation may be paying less for a service, irrespective of time difference between when the contracts were signed or the volume of business placed.

Somehow, even if the service provider is meeting the agreed SLAs, the customer seems to feel that they are getting fleeced because the service provider wants the contracts to be honoured. Enforcing those contracts seems fair and reasonable.

Take a hypothetical example: a vendor launches a new system and sells 10 only in the first year, cuts the price 10 per cent and sells 50 in the second year, cuts the

price another 20 per cent because they are getting favourable terms on hardware and sells 100 in the third year. Would you expect the vendor to refund the price difference to those who were the early adopters? Not likely.

So if your company signed a contract some years ago and now wishes to exit before completion, who's not acting in good faith? Don't blame the vendor, blame the procurement process at that time.

Vendor capture

This could be defined as "the inability to instigate significant change because of vendor arrangements". The problem for those sitting on aging contracts isn't that the market didn't expect change. It should have, simply based on Moore's Law and history over the past two decades. However, neither customers nor service providers really had any way of predicting the magnitude and rapidity of the changes that eventuated in performance or price.

With the benefit of hindsight (a wonderful thing, that), we can see that technology has advanced far more quickly than the evolution of the relationship with vendors. Back in the days when technology was much simpler and moved at evolutionary pace, contracts of four, five or seven years would not have been considered inhibiting or constrictive. More recently, however, technology has been revolutionary and disruptive, and parties to those longer-term contracts may now feel locked-in or "captured".

The simple reason is that the contract, as originally written, has outlived its useful economic life. The customer made an investment and is no longer getting an adequate return on it. What you want now isn't what you wanted then. Times changed, and the contract terms didn't. Don't blame the vendor, but don't let it happen again. Add it to your institutional knowledge.

Preserving institutional knowledge

The institutional knowledge or know-how within your organisation is what separates your company from every other company and creates a lower cost-structure. It keeps you from repeating mistakes, aligns action and thinking and keeps it current, raises efficiency by removing false steps and traps for the uninitiated, and minimises disruption from organisational structural changes. The institutional knowledge your organisation has is, without doubt, its most valuable asset. It has cost your company every last cent of what you have ever invested in the business. It is the distillation of all past events. (See *IT Brief*, Issue 29, "The value of know-how".)

Now, consider outsourcing. If you are handling your ICT in-house, your ICT people are holding a huge amount of institutional knowledge or know-how.

They are “in the family” and, with a reasonable level of formal and informal communication, they will know where the organisation has been and understand where the organisation is going. Individual members of the team will unwittingly and casually trade nuggets of information all the time, and orally pass on information and knowledge in the same way that indigenous people pass on their history from generation to generation.

However, when you outsource, much of the institutional knowledge associated with the services that are outsourced will go with the outsourced contract. When these structural changes happen and people transfer to the outsourcer or are made redundant, the institutional knowledge is withdrawn from your organisation's account and goes with them.

From the point at which the outsourcing begins, the accumulation of the institutional knowledge associated with all aspects of the outsourcing activity will severely diminish. Any further deposits into the knowledge base will be to the outsourcer's account (unless you have a way of sharing this). It won't take long before your service provider will know considerably more about that aspect of the business – the service you outsourced and the whole community of interest surrounding it – than your own organisation will. And you won't ever get that information back. It's gone. You won't even know what you don't know.

Here's a litmus test – *if any activity is going to add valuable information to the organisation's institutional knowledge, consider outsourcing very carefully*. In other words, irrespective of the kind of services vendors might be providing, keep talking to them directly. Learn what they learnt; find out what they found out.

Don't, under any circumstances, delegate the vendor interface to others outside your organisation or you'll never really know what is going on and what nuggets you missed. If you contract an outside group to manage your vendors, you'll only hear from them the answers to your questions and/or what they think you should know, based on their interpretation of what they consider may be important to you.

Your vendors and service providers are experts in their field, and you'll be amazed at how much they know, what institutional knowledge they have. Ensure that you have open, honest and continuous dialogue with them.

Your vendor management group

The vendor management group has two core purposes: one, to ensure that vendors are or will be delivering to the business the services it wants or needs, at a competitive price; and two, to ensure that service providers fulfil their contractual obligations.

What your organisation most certainly does *not* want is the vendor management group acting like a gatekeeper. Don't let your vendor managers be a barrier in any way between the vendors and your ICT Strategy and Planning people. Vendors have a huge amount of knowledge and experience that can be of immense benefit to your ICT people. If there is not a free flow of information from vendors and service providers – both those who already have a relationship with you, and those who would like to have a relationship with you in future – then your organisation will only be working from part of the information set. Your ICT people need to be kept up to speed with everything that is going on in the market, and this information is most easily obtained from those at the coal-face, vendor representatives.

It's also important to raise the “IT-IQ” of the business people in your organisation. Those in the business units who are striving to reach monthly and quarterly sales and profit targets also need to become well versed in what IT does and can do for them. A great means of educating people from the business is

through the vendor community. Sales people from vendor organisations are very used to talking about their technologies to non-technologists. Don't inhibit this flow of information.

Preferred suppliers

First and foremost, you want systems and telecoms that will do the right job for your organisation. Thereafter, you want to acquire those systems at the best possible commercial terms.

The vendor management group is responsible for defining the needs of the business in such a way that prospective vendors or service providers are able to clearly interpret the outcomes that the business is expecting to obtain. More often than not, the documents which detail these requirements will be issued as a RFP (request for proposal), and are usually prepared with the assistance of outside consultants who are well-versed in translating business requirements into the dialect of the vendors' techies.

Entering an ICT project without an adequate interpretation of the business requirements can be a career-limiting step for the party responsible. Over and over, studies have found that the biggest single cause of project failure is the dislocation between what the business really wants or needs, and what the project delivered.

One of the most widely quoted pieces of research in this area comes from the Standish Group. In the most recent edition of its aptly named *CHAOS Chronicles*, it found that only 29 per cent of IT projects succeed – finishing on time and on budget, and meeting their objectives. More than half (53 per cent) are “challenged” and 18 per cent are total flops.

A study from Aberdeen Group states that 90 per cent of all IT projects are delivered late. According to Gartner, half of all deployed applications are rolled back to some extent.

The commercial IT industry is now more than 50 years old, and after generations of experience things still go wrong. The failure rate of large IT projects is as high as it has ever been and there is relatively consistent agreement why: misalignment between the business and ICT.

ICT is the only engineering discipline that operates without a proper plan or blueprint. This means that everyone is likely to have a different view of the end goal. The project owner, the project manager, the code-cutter, the tester – all with different ideas as to what they are trying to achieve. And the end user, whose interests are most at stake, often barely gets a look-in.

It is the job of the vendor management group to ensure that the required commercial outcomes are achieved. They cannot, however, be held accountable for the usability of the system or the business outcomes. This is between the business sponsor and IT Strategy and Planning.

Procurement and contracts

Commercial expertise can vary dramatically from one organisation to the next. ICT contracting is a legal speciality and outsourcing contracts, in particular, are fiendishly complicated and difficult to get right.

Vendors often have you at a disadvantage because they do their particular flavour of ICT contract all day, every day. Your organisation, on the other hand, may only negotiate a contract for telecommunications services every five years. Commercial expertise in this instance is more than contract terms and conditions. It's about the optimal way to engage vendors through a procurement process, selecting the appropriate style and term of commercial agreement for your specific

requirements, and understanding where your risks lie and how to mitigate them.

The ICT landscape is littered with organisations that have entered contracts with vendors in good faith, only to end up in a commercial straightjacket. There is one simple rule of thumb: the term of your contract should be as long as it needs to be, but no longer. If you can contract for three years at no penalty relative to five years, *don't contract for five years*, unless you can get flexibility built in.

For these longer-term deals, ensure you get technology refresh provisions or price benchmarking provisions part way through. At least with these provisions, you have the flexibility to make changes that may be difficult and expensive to do otherwise. The importance of these provisions will vary depending upon which type of ICT the vendor is servicing.

Gregory Smith, the CIO of World Wildlife Fund, had this to say in the March 2006 issue of *Optimize* magazine: "To gain the upper hand in vendor relations, my CIO colleagues and I have resorted to a number of approaches and techniques. These include clarifying expectations, terms and deliverables; using SLAs to guarantee service levels and spell out penalties for failures; getting business leaders involved when applications that impact them are in play; using RFPs to force competition; using standardised IT contracts to decrease complexity; and going short on deals with renewable-option year terms instead of locking in long term contracts. In essence, we have learned how to negotiate to win."

The two distinct roles of ICT

There are two distinct groups within your ICT organisation: IT Operations, the business-as-usual team who manage and administer the "stay in the game" ICT; and IT Strategy and Planning, who are responsible for instigating and managing change in how ICT systems are used or deployed.

At many organisations, the CTO (the highest-ranking line manager directly responsible for the ICT group – he or she could be a CIO, IT director or IT manager) and their IT departments struggle against the perception that the IT department is there to keep the email running (and the spam at bay) and to deliver on narrowly scoped projects. ICT is generally not seen as the group to champion innovation.

This limited view became more prominent at the turn of the century when the e-boom ended and CEOs tried to rein in spending. The "Do more with less" mantra became the catch-cry that still echoes around the majority of corporate corridors. However, focusing solely on the bottom-line costs stifles any top-line potential. By forgoing any commitment to innovation, companies are passing up the opportunity to gain any competitive advantage or change the rules in their industry.

However, it is possible to do both – manage the basic transactional functions of IT as efficiently as possible, and invest in innovation. Consider the two types of IT service provision:

1. Business-as-usual IT

Where ICT is managed at the day-to-day project level, the priority is inevitably to gain efficiencies and stay in the game. These business-as-usual (BAU) projects

A single outsourcing relationship is easier to manage than several and gives customers with large volumes more bargaining power. Above all, the responsibility of managing end-to-end integration of IT and telecom services passes from the customer to the vendor, thereby freeing CIOs to focus on strategic priorities.

"A rising demand for integrated IT and telecom services", McKinsey Quarterly, May 2006

are usually approved through a business case which provides solid evidence of a payback within a defined period while maintaining or improving service and quality levels. Typically, these projects are at the infrastructure and/or transactional level and may involve consolidation of back-office operations, removal of duplication or automation of repetitive processes. This allows a company to speed up and reduce costs, but typically doesn't have any effect on its market or generate any competitive advantage. The majority of ICT investment is in this category.

Often these types of projects will fall into the commodity category and involve little or no unique intellectual property. The most common commodity is telecommunications – the space where the carriers play, and where you haggle over the cost of tolls or network connections and bandwidth between sites or to the Internet. These are commodities. A toll call made via one carrier will likely be indistinguishable from that made on another carrier's network – one carrier's electrons look pretty much like the next guy's. Projects which have the objective of "doing more with less" will quite likely involve negotiating down the cost of those electrons, or developing more efficient ways to use the allocation of electrons you are paying for.

Reducing the cost of the commodity is one thing; finding more efficient ways of using the electrons is another and invariably involves brainpower and cunning. Therein lies the dilemma – you need low-cost telecommunications services to stay in the game, but you may also want access to the vendor's experience, expertise and institutional knowledge to assist in those services' most efficient use and wring out the highest return. Who better to help you devise the means of being more efficient than those who work with that commodity every day, and have a breadth of specialist knowledge which your IT department is unlikely to ever acquire?

But here's the rub. Many organisations think that they will get a better deal if they divide and conquer by introducing multiple vendors for the same services into the business to foster competition. How likely is it that a vendor will impart their hard-won institutional knowledge and expertise if their competitor is occupying the next cubicle? Will they openly discuss the new systems, ventures, networks they are working on and plan to introduce to the market in the coming months? If they worked in an environment where their commercial security was assured, at least for the duration of the contract, then you could possibly gain a lot more information and an efficiency/cost/market advantage. Since they don't have this confidence and security in a multi-vendor environment, it's likely you'll get little information and no advantage. Remember, if you are going to treat your vendor's offering as a commodity, then you have to expect to be treated like a commodity buyer.

Top banks negotiate flexible vendor contracts and monitor them continually to allow for timely renegotiation when opportunities arise.

"Smart IT spending: Insights from European banks", McKinsey Quarterly, January 2006

As CIOs seek to reduce costs and complexity, many of them would prefer to purchase end-to-end service level agreements from providers offering a combination of IT and telecommunications services rather than contract for each service separately.

“A rising demand for integrated IT and telecom services”, McKinsey Quarterly, May 2006

A recent survey by McKinsey of 50 European CIOs (“A rising demand for integrated IT and telecom services”, *McKinsey Quarterly*, May 2006) found that 98 per cent (all but one) agreed that they would like to purchase integrated IT and telecommunications services on end-to-end service level agreements from providers who offer a combination of both services rather than contract for each separately. The report went on to say that few providers in Europe “had sufficient skills in both domains to offer a complete package. Thus, an opportunity exists for companies that can deliver both types of services – in particular, for telecom providers that can boost their IT skills and for IT service providers that can expand into networking and telecommunications.”

Perhaps it's just a function of the small size of the New Zealand market, or maybe it is the can-do attitude, but that capability exists here in New Zealand in a number – albeit a very small number – of service providers.

2. Innovative IT for competitive advantage

Investments in innovative ICT are intended to improve service, cut prices or increase the effectiveness of decision-making or efficiency in the organisation. Sometimes IT

innovations will create products or services that have distinct cost advantages and are hard to replicate. These initiatives are intended to provide an organisation with a distinct competitive advantage and, by definition, must be very closely aligned to the operations of the business.

For example, in Tom Peters' 1982 best-seller *In Search of Excellence*, he discussed the huge competitive and cost advantages the early adopters of ERP systems gained with just-in-time inventory. More recently, significant first-mover advantage was gained by the airlines that first introduced electronic check-in kiosks at airports. Electronic check-in significantly reduced the airline's costs while offering a faster, more convenient service. Getting to the airport 30 minutes later was a bonus in anyone's book.

Once a project is finished and is ostensibly “in production”, it is transitioned from IT Strategy and Planning to IT Operations and becomes BAU, business-as-usual.

An ICT structure

Although the names and titles will probably be different, it is likely your ICT structure will look like the generic organisational diagram in Figure 1, where a clear distinction is made between BAU operations (the IT Operations team on the left-hand side of the structure) and the change instigation part of the ICT organisation (the Strategy and Planning team on the right-hand side).

All contract establishment, management and the home of commercial expertise is in the vendor management group (coloured). They monitor the performance of vendors against contract and SLA month by month, but also drive procurement processes. The Strategy and Planning group will package and prioritise programmes of work for procurement and contracting. Strategy, Architecture and Business Analysis will manage the stakeholders and feed the strategic planning, budgeting and architectural design cycles. The Architects will also explore new technologies, approaches, case studies from other industries (which is why ready access to the vendor market is so crucial).

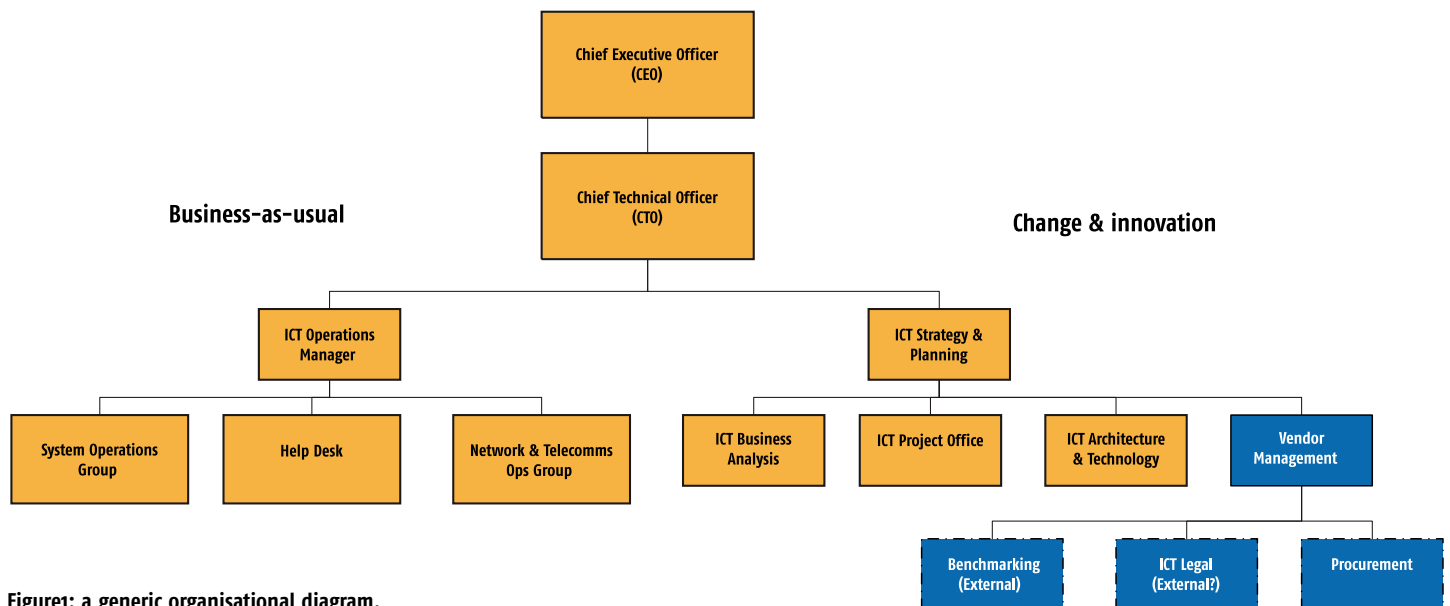


Figure1: a generic organisational diagram.

The Operations teams will liaise with vendor Customer Services groups, while the Contract Management Group will liaise primarily with vendor Business Development teams.

Generally, members of the Architecture and Technology Group would be internal hires from senior technical members of the Operations Group. This provides a career path for talented technologists and helps with the retention of institutional knowledge within the organisation. It also creates an important touch point between Operations and Strategy/Planning.

The Project Management Office will manage the portfolio of projects underway, providing consolidated reporting to management and ensuring that methodology and change control processes are followed for changes to the production environment.

Getting the most from your vendor management group

The vendor management group should be an in-house function. It is not appropriate to outsource this to a third party such as a consulting company, although external consultants may be used to assist and provide subject matter expertise from time to time. Keeping vendor management in-house builds a depth of commercial expertise, which is a key principle in the avoidance of constraining commercial contracts.

Consider the vendor management group to be an information conduit which encourages and facilitates the flow of information from the outside world to the ICT people and to the business units, and the reverse.

It is critical that you monitor the group's ongoing effectiveness. Here are three ways to do so:

1. Benchmarking. Benchmarking through an outside organisation will ensure that your commercial arrangements are comparable to other similar organisations in the market.

2. Feedback from ICT. Determine if the rest of the ICT feels they have ready access to vendor/service provider organisations, or if the vendor managers are acting like gatekeepers and getting in the way. Do the rest of ICT think that your vendor relationships are valuable assets, or are vendors being marginalised and treated with a degree of contempt and distrust? How do vendors and prospective vendors think they are being treated?

3. Talk to the rest of the business. Is the ICT group doing a good job in delivering value to the individual business units? This applies to both the business-as-usual team for day-to-day administration and maintenance, and the Strategy and Planning group whose results will figure somewhere amongst the Standish statistics in CHAOS.

How to avoid vendor capture

If you are still concerned about vendor capture and losing the ability to instigate change due to vendor arrangements, herewith a short primer on capture avoidance. It is a three-step process: recognise those parts of your ICT environment where you are potentially at risk, understand the principles of avoiding vendor capture, and embed these principles into your organisation.

1. Make a clear organisational distinction between BAU and Strategy and Planning. The process of managing your environment on day to day is completely at odds with the need to manage major change, so think ITIL (Information Technology Infrastructure Library – see “What is: ITIL?”, *IT Brief*, Issue 19). At a basic level, it is very difficult for people to manage the conflicting interests of BAU work and project

Although competitive pricing remains an objective of vendor management, it is no longer the primary one. In today's growth-obsessed business climate, constructive relationships with technology providers often prove to be a source of innovation.

Dennis Gaughan, Director of Research, AMR Research, quoted in “The ROI of Nice”, CIO, January 2007

work (change instigation). As a colleague once said, “It's hard to service the engines on a plane when it's in flight.”

The process of gathering and articulating changing business requirements, identifying market trends and disruptive technologies, assessing the potential fit of alternative solutions and vendors with your current architectures and strategies, developing the ISSP and business cases, identifying budget, running procurement processes and establishing implementation programmes requires a dedicated organisational focus. Obviously this group needs to have a good understanding of the BAU environment and operations. However, it needs to be distinct from it and empowered to instigate disciplined change.

2. Ensure that all major enterprise systems have a business owner. Those organisations that are best at responding to change are invariably those where business ownership of a system lies with the business group primarily responsible for using it. There is a clear distinction between determining what a system should do (the role of the business), determining which technology should be used to do it (ICT Strategy and Planning), and the care and feeding thereof (ICT-BAU).

Good ICT governance is about managing the relationship between ICT and the business, system by system. Furthermore, it keeps the ICT organisation strongly aligned to the business and focused on what is important – not merely what is urgent.

The exception to this is core infrastructure. The ICT organisation is the business owner of core infrastructure, because it doesn't provide a business outcome in and of itself, but is the key enabler of other systems in the enterprise. Consequently, all decisions relating to the network, fixed and mobile telecommunications, the desktop environment and the server environment can be made solely by ICT Strategy and Planning without input from other parts of the organisation. From the executive perspective, the business only needs to know two things about the core infrastructure: is it as available as it needs to be, and is it as cost-effective as it can be?

3. Maintain institutional knowledge of ICT systems. We noted above that a real risk in outsourcing arrangements is the erosion of the organisation's institutional knowledge. If the historical, often anecdotal, institutional knowledge of your enterprise is held solely or primarily by vendors and service providers, you become captive and can effectively be held to ransom.

Care must be taken in these arrangements to ensure that knowledge continues to be captured by the vendor management group and retained in the organisation in such a way that it will survive the inevitable movement of people in and out.

4. Maintain control over both ICT strategy and architecture: The corollary to

the loss of institutional knowledge is the effect this has on ICT architecture decisions. It is not enough to have control of strategy: organisations need to retain control of architecture as well.

Architecture is, by definition, vendor-independent. Decisions around the selection of protocols, hardware platforms, operating and application systems, network topologies and service offerings are critical to independent decision-making. Losing, or not maintaining, this ability in-house makes the organisation reliant on external parties to make these decisions. Organisations can find themselves inadvertently careering down a path that seems reasonable in the short term but may severely curtail flexibility.

5. Select technology carefully. One of the more difficult areas of managing vendor-capture risk is in technology selection. All ICT organisations have to make decisions about the brands of software, hardware and services they will standardise upon. In every category, there are usually one or two brands with the bulk of the market share, and a number of niche suppliers or smaller players. The challenge for planning and architecture teams is in determining whether the market-leading product or service will adequately address the business requirement, or whether an alternative product with a unique feature set is best for the job.

The problem with selecting products from the smaller players is not in the technology per se, but in the depth of support in the market from local resellers and value-added service providers. A classic example is Cisco networking equipment. There are a large number of resellers of Cisco locally, and a large pool of networking professionals trained in the Cisco product line available in the recruitment market. This means that if a particular reseller fails to perform or goes out of business, your organisation can easily supplant support for your Cisco environment from a number of alternative vendors, or hire your own if warranted.

This is not to say that Cisco is any better or worse technically than any other networking platform. It simply means that high market-share products have inherently lower vendor risk. This is also not to say that you shouldn't select another platform. It does, however, imply that local support for that platform and the depth and breadth of expertise in that platform are critical considerations.

This is well illustrated by an example in the local market a couple of years ago. A large finance-sector organisation selected a telecommunications hardware platform (manufactured by a large and reputable global player) for its New Zealand operations, based on the fact that the same platform was being used successfully in its sites overseas, and was technically well suited to the task here doing very similar work. They were keen to standardise on one platform across the enterprise both here and overseas. Unfortunately, the platform was sold and supported by only one relatively inexperienced vendor here, who did not do a great job of designing and implementing the solution. The company endured a blizzard of serious technical problems over the ensuing couple of years and the vendor eventually went out of business. The support problems with the platform continue and don't look like abating any time soon.

This is an example of a firm making a decision for the right reasons, but finding itself captured by a single vendor and paying the price. The key point is that in a small market like New Zealand, vendor risk is often greater than inherent technology

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risk. Balancing this risk against selecting the best technical solution to meet the business requirement is not easy, but is a critically important outcome for the Planning, Architecture and Vendor Management groups. Select mainstream, if you can.

The bottom line

- ▣ Establish a vendor management group in-house. Do not delegate this responsibility to an external, third-party.
- ▣ Protect and preserve your institutional knowledge and know-how at all costs.
- ▣ If outsourcing will hinder the collection, retention and distribution of valuable institutional knowledge, think twice before you outsource.
- ▣ Control of your strategy is not enough. Your organisation must also maintain control of the ICT architecture.
- ▣ If you treat your vendor's offering as a commodity, expect to be treated like a commodity purchaser.
- ▣ Ensure that all parts of the business have ready access to ICT vendors. Increase your organisation's "IT IQ".
- ▣ Sign vendor contracts for no longer than they need to be. Build in periodic reviews and flexibility options.
- ▣ Undertake periodic benchmarking, and apply the findings in those flexibility option reviews.
- ▣ Regularly monitor the performance of your vendor management group by canvassing feedback from the rest of ICT and the wider organisation.

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