



MANAGING COMPLEX BIDS IN A SHORT TIME FRAME

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EXECUTIVE SUMMARY

For the procurement professional, the necessity of keeping supplier partner networks at a manageable number has never been more necessary in order to both gather information and put together complex bids in short time frames with data and information they can trust.

To achieve the right contract price, manage complex procurements such as Software as a Service (SaaS) & Enterprise Resource Planning (ERP) programmes and ensure on-time delivery to meet user demands, deadlines and company service level agreements (SLAs) – procurement teams require access to a wide range of skills. These include talents in category expertise, facilitation, negotiation, vendor management and data analysis. It is unlikely to expect every procurement team to retain all of these skills in-house.

As software and infrastructure services are continually evolving, so too is the role of the procurement department. In order to meet time and budget constraints, ensure standardisation and satisfy resource demand, it is important to find an approach that delivers on objectives without requiring excessive management.

Traditionally, procurement departments are focused on making savings and minimising the operational supply risk. However, the use of

multiple suppliers in itself creates risk. Multiple vendors add more variable factors and can leave procurement professionals overstretched by the extra management required to interpret often complex responses.

Using a partner to operate a cohesive vendor-management platform can allow for the complete management of all bid components. This provides a single-point of contact for all procurement needs, helping to manage the risks around complex bids and procurement. Such a partner will have pre-existing relationships with multiple vendors, can handle tricky vendor negotiations, and deliver innovative cost effective solutions that will enhance your overall bid.

Adopting a more collaborative approach and working in tandem with an IT services partner company will let internal procurement teams manage risk through collaboration. This relationship will allow companies to move towards a point of trust with their partner network and enable them to create more innovative solutions.

This paper explores how forming strategic partnerships can assist the procurement professional.



THE CHANGING ROLE OF PROCUREMENT

Contemporary procurement teams require an enormous range of skills. With the ever evolving nature of IT software, hardware and services, procurement specialists must display in-depth knowledge in category expertise, change management and business partnering.

“Around 53% of senior executives are looking for more value from their procurement functions.”

To deliver the expected objectives of reduced costs, improved efficiencies and streamlined vendor management, the procurement team must:

- Use all available resources to meet demand and deliver results on-time
- Achieve a level of standardisation and quality for products and solutions
- Address compliance issues
- Be equipped to respond to unexpected variables
- Work within the tight boundaries of budget and time
- Offer a detailed level of expertise to a range of scenarios
- Be flexible

It is extremely difficult for a procurement department to retain all these skills in-house.

Nonetheless, expectation and pressure on the procurement team is high. Around “53% of senior executives are looking for more value from their procurement functions.”¹ For procurement to maximise efficiency and continue to deliver on its objectives, it is important that it evolves.

Procurement teams are evolving by developing IT procurement partners with subject matter expertise that help to resolve issues quickly and easily, allowing the procurement department to focus on the overall bid.

¹ Enhancing and Redefining the Role of Indirect Procurement – Research Findings and Results, conducted in association with NelsonHall

THE PROBLEM WORKING DIRECTLY WITH MULTIPLE VENDORS

Multiple vendor engagement can create risk of ‘failure’ for the procurement professional in terms of best value, timely delivery and quality. The source of these risks can include:

- Each vendor having their own processes
- Mediation between vendors where there are interdependencies for delivery
- A multiplicity of payment schedules, terms & conditions further complicated when they are not tied to a common deliverable

Often when a new vendor is added to the process the level of risk also increases.

The management of multiple vendors within a procurement programme requires workflows that can become complex and communications that can make tracking progress more labour intensive. Procurement professionals, who are already challenged by financial and delivery targets, can ill-afford to spend time managing a growing set of vendors and risks.

It is much more difficult to give accurate time-delivery predictions or to make concrete guarantees about solution quality when engaging with multiple vendors where the quality of the relationship with individual vendors varies. The additional due diligence

involved makes it harder to guarantee on-time delivery, which impacts on meeting deadlines and company SLAs. Compliance issues also become more complex to supervise – with varied levels of experience and familiarity with process, testing, standards and time-management.

MULTIPLE VENDOR MANAGEMENT CAN ALSO CREATE:

- More standards to inspect
- Greater levels of responsibility on the procurement team
- Complex and difficult-to-manage work-streams
- More complex cost management solutions
- Less confidence due to imbalanced knowledge levels

All of this can be a significant challenge to the procurement professional achieving a successful bid outcome.

“Procurement professionals, who are already challenged by financial and delivery targets, can ill-afford to spend time managing a growing set of vendors and risks.”

HOW STRATEGIC PROCUREMENT PARTNERS CAN HELP

“A third of CPOs expressed very high dissatisfaction levels with the strategic sourcing capabilities available to them”² If much of this dissatisfaction is down to inefficiencies, how can this be improved?

“A third of CPOs expressed very high dissatisfaction levels with the strategic sourcing capabilities available to them.”

Using an IT procurement partner that has subject matter expertise in software, hardware and services as a single point of contact can create increased efficiency, make cost savings and help to increase the chance of a successful bid.

CPOs understand the importance of establishing well-defined, consistent vendor-management processes. The development of a strategic procurement partner relationship can be a part of this improvement process and deliver real business results – 75% of technology company CEOs consider strategic partners to be ‘critical’ to the success of their companies.³

Some of the advantages of streamlining and managing processes from beginning to end using a strategic IT procurement partner include:

- Delivery of procurement support focused on business requirements
- Simplified processes

- Simplification of support renewal
- Reliable control for the whole procurement process
- Accountability and transparency
- Reduction of delivery timelines

If you have a single procurement partner as the interface with all vendors then that partner has the responsibility to present a single consistent identity to all vendors on your behalf which can help to protect your corporate image. This can cast the procurement department in the role of corporate protectors rather than mere functionaries or worse, obstacles.

² NelsonHall, Enhancing and Redefining the Role of Indirect Procurement – Research Findings and Results

³ 2009, PricewaterhouseCoopers, Strategic Partnerships

“75% of technology company CEOs consider strategic partners to be ‘critical’ to the success of their companies.”

COLLABORATION: THE NEW WAY TO SHAPE INNOVATION IN IT PROCUREMENT

The business and technical requirements underpinning today’s complex IT procurement require a greater knowledge base within the procurement team than ever before.

“Collaboration with a specialist IT partner helps manage risk, shares burdens and provides a degree of freedom to the team that creates space for innovation.”

The specialist IT procurement partner will have “complementary capabilities that drive value through collaboration”⁴. These complementary capabilities include:

- Extensive software, hardware and services partnerships
- Subject matter expertise in all areas of IT management
- Experience in applying IT software, hardware and services in various business sectors

Collaboration between procurement professionals and specialist IT procurement partners present opportunities for both cost savings and innovation. The kinds of innovation that a specialist IT procurement partner can provide are:

- Streamlining multi-vendor IT procurement operations

- Proven use-cases for improving and simplifying workflow processes
- Insight from other partnerships in the sector
- Cost savings

The procurement team’s collaboration with a specialist IT partner helps manage risk, shares burdens and provides a degree of freedom to the team that creates space for innovation and the creation of real business value. An innovative procurement experience can do more than simply streamline workflows and make financial sense. Innovation born from the collaboration of a strategic IT procurement partner and the procurement team has the power to influence attitudes and behaviour to make a positive change to the way procurement and the whole business is perceived.

⁴ 2012, Capgemini Consultancy, “Innovation In Procurement: A new era of innovation in procurement process”

CONCLUSION

With the demands placed on procurement professionals at an all-time high, it is increasingly important that vendor numbers are kept at a manageable level.

Adopting a strategic IT procurement partner can help keep track of workflows, maximise outputs and manage risk through collaboration.

The specialist procurement partner can help companies to build trusting relationships with their vendors and help them work together more collaboratively.

Taking the procurement management away from the vendor/customer intersection allows for more focus on the requirement and

fulfilment of the business need. Thus making the procurement function a professional service which truly supports the business.

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