

## Contract Portfolio Optimization and Complete Vendor Lifecycle Management Assessment and Road Map

Are you confident that you are receiving value for every dollar you spend on technology? Do you understand all the components of your information technology budget? Does your company buy different solutions to solve the same business problem? Does your company buy hardware that will be obsolete in six months? Are the high-priced consultants whom you hired just telling you things you already know? Have you done things because a vendor told you to?

— Brad L. Peterson and Diane M. Carco, *The Smart Way to Buy Information Technology* (AMACOM Books)

**W**e at Swingtide are on a mission: to help organizations realize maximum value from the money they spend with technology vendors. We know that vendor goals can be at cross purposes with the best interests of the organizations we help. Think of us as special advocates for your vendor relationships.

Third-party spend makes up the majority of IT budgets. Managing these IT vendors is more than framing favorable contractual relationships. It is a constellation of activities, from elicitation of business requirements, to market analysis, to procurement coordination, to framing the terms and conditions under which the supplier is obligated to deliver and protect your data, to governing performance and the health of the relationship, all to assure continued value until it is time for an uneventful exit.

Work with us and you can expect to realize these benefits:

- **Reduced spend** through contract portfolio optimization and clean-up and improved negotiations (often exceeding 10%)
- **Improved terms** that strengthen the vendor's security obligations and establish the foundation to hold the vendor accountable (including SLAs and other terms updated to reflect the way services are delivered now, in heterogeneous multi-vendor environments)
- **Increased value recognition** through actively, and continuously, managing contracts and supplier performance (from invoice validation to satisfactory dispute resolution)
- **Greater flexibility** to enable digital and organizational transformations

### Contract Portfolio Optimization

So how does **Contract Portfolio Optimization** work? Think of it as an expert assessment of your third-party contracts with an eye to lowering costs and improving vendor performance. It typically proceeds along the following lines.

- Identify and prioritize vendors by spend and events that will contribute to increased renegotiation leverage (e.g., an expiration, vendor year-end)
- Surveys to rapidly determine current usage and future needs. Example questions include:
  - Where is the implemented product in its lifecycle: Adoption, Steady State or Sunset?
  - Are you paying for more products or services than you are using?
  - Are you on the current version or getting the most from the vendor?
  - Is the product or service critical?

- Results of the simple surveys guide prioritization and further discovery
- Review of contract provisions and vendor offerings that most impact price. Examples include:
  - Ability to have use of licenses without paying support/ability to pay T&M support
  - Refund of prorated (unearned) support upon client termination
  - Current Discount Tier/Next Tier relative to Current License Level
  - Availability of different levels of support (e.g., Silver, Gold, Platinum)
  - No Cost or Lower Cost for Non-Production Licenses (DR and Backup, Development, etc.)

## Complete Vendor Lifecycle Management (CVLM) Assessment and Road Map

While optimizing your portfolio, we will learn a lot about your CVLM process maturity. Think of CVLM as the modality by which you enter relationships and maintain control of third-party spend and vendor performance. We will assess your current state against best practice processes that include sourcing, contracting, procurement, and vendor management. From this assessment, we'll identify process improvement opportunities and suggest a road map to efficiently move up the maturity scale to maximize value.

Some key activities we assess:

- Do you have a contract calendar that guides all actions and ensures that the best deal is done when needed for the business, and that all negotiations with a single vendor are combined for maximum leverage or do you react to expirations and renewals?
- Do you know if an incumbent vendor has fulfilled its obligations from the last contract before entering the next?
- Are you sure you have paid the right amount on invoices – counts and valid charges?
- Are you in compliance with your obligations under the contract (such as using the product within your rights)?
- Are you using a competitive process in your sourcing activities to get the best deal?

The game of acquiring technology is inherently unfair. Sellers play it all the time, buyers only once in a while. Swingtide can help you level the playing field by showing you how to buy only what you need, staying on top of what you own, and assuring that you have achieved the best match of vendor services and organizational business need.

## About Swingtide

Swingtide helps clients with technology business issues. Swingtide's financial, sourcing, and technical consultants address challenges from options analysis to RFP development, negotiation, mid-deal corrections, disputes, bill audits, and terminations. Swingtide helps with the complete life cycle of vendor relationships (CVLM) and the processes you need to successfully manage these relationships. Swingtide also helps with IT Finance functions such as service catalogs and chargeback, complex business cases, and benefit realization. Swingtide offers large and small project support, staff augmentation, and business process outsourcing of CVLM and IT Finance functions.