

GARTNER TELECONFERENCE

IT Asset Management

How to Stay in the Driver's Seat When Acquiring PCs

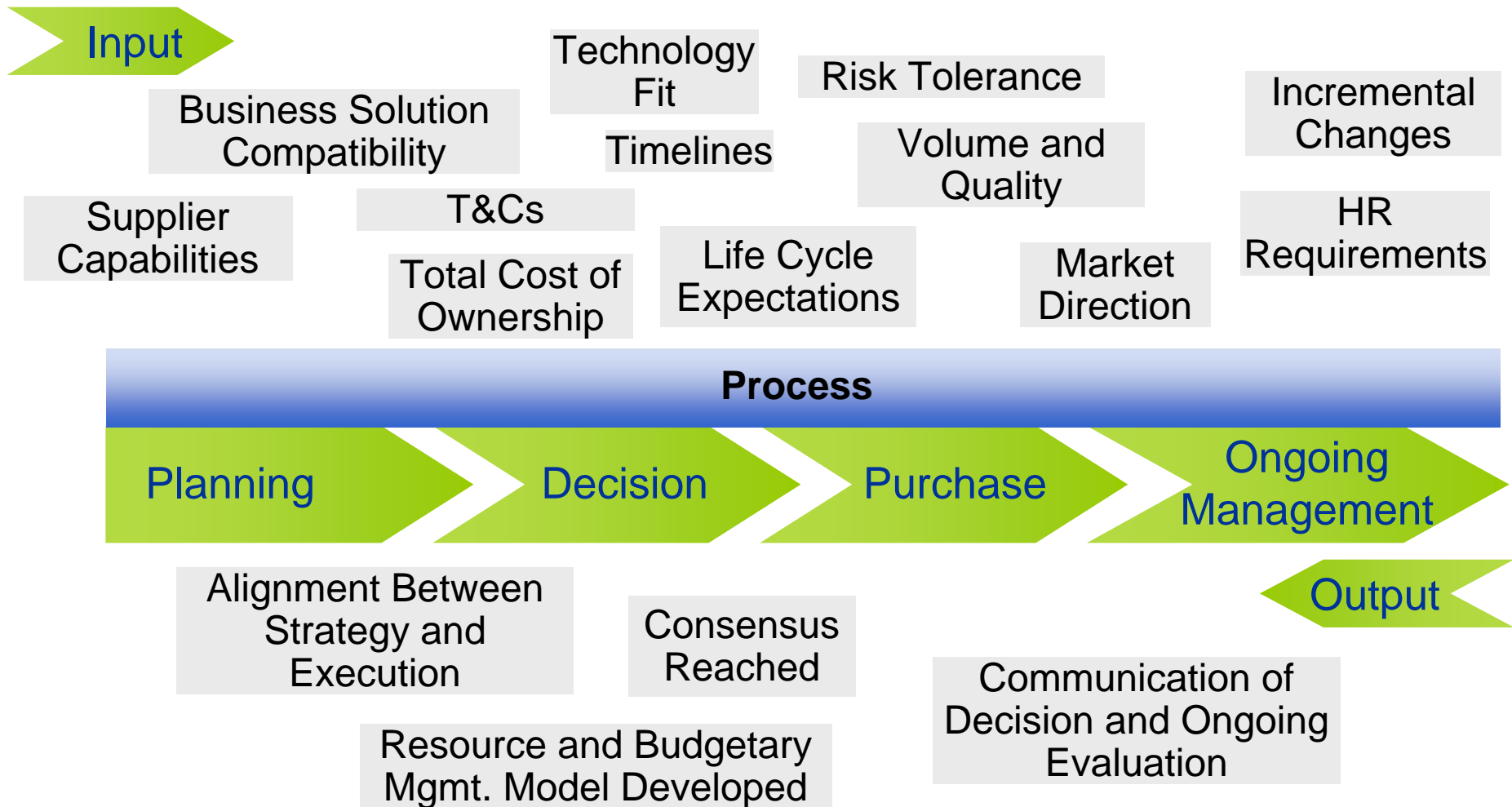
Lars Mieritz

2 February 2007

Notes accompany this presentation. Please select Notes Page view.
These materials can be reproduced only with Gartner's official approval.
Such approvals may be requested via e-mail — vendor.relations@gartner.com.

Gartner[®]

Good Procurement Is About Good Process



For the best result, follow a managed acquisition process.

Allocate Enough Time for the Process

Procurement Process	Time
– Identify suppliers	1 to 4 months
– Solicit bids	2 weeks to 1 month
– Supplier evaluation	1 to 2 months
– Contract negotiations	2 to 4 months
– Supplier award	1 to 2 weeks
– Project begins	1 week to 1 month
<hr/>	
<i>Total</i>	<i>5 to 12 months</i>



Determine when you need to receive the product or start the project; then work backward to set the procurement timelines.

Establish the Team

Choose the Team

- Required IT/business functions
- Related business units
- Senior executive
- The champion

Select a Champion

- From the team
- Politically capable
- Long-haul probability

Define Roles and Responsibilities

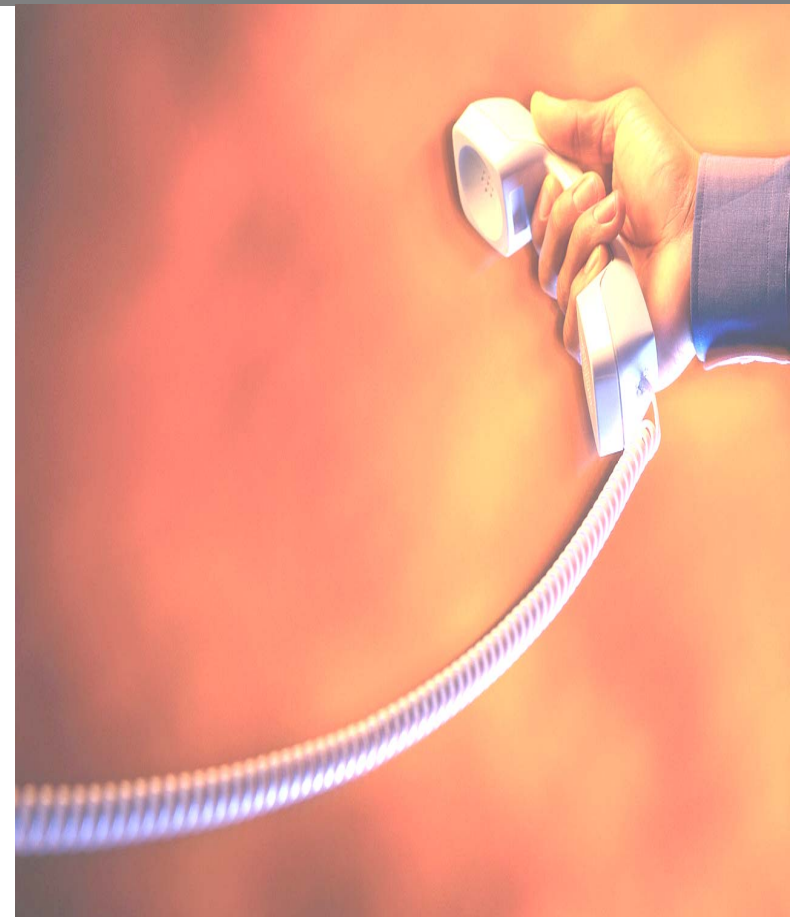
- Get commitments



Cross-function and cross-business procurement teams are a powerful way to build consensus and define goals.

Establish and Communicate the Rules of Engagement

- Establish someone to communicate with potential suppliers.
- Advise suppliers that they'll be disqualified for communicating outside the designated chain.
- Advise all other personnel (team members and nonteam members) not to communicate with suppliers.



Bypassing the procurement team is an established, proven supplier sales strategy, so plan for it. Establish the ground rules and *enforce* them.

Define Precise Requirements

Time

Quantify and Prioritize Objectives

- Business
- Technical
- Financial
- Service
- Service-level agreements (SLAs)
- Legal
- Contractual
- Timing
- Staffing

Establish and Weight Decision Criteria

Identify Negotiation Points

Know When to Walk Away

Remember: Failing to plan is planning to fail.

Prioritize and Assign Weights to the Evaluation Criteria

Category	Weight	Score
Company		
– Financial viability and stability	15%	Points
– Ease of doing business		
– Management and other personnel		
– Flexibility of business arrangement		
Technical		
– Product/image stability		
– Product breadth and scale, global presence	30%	Points
Value-Added Services		
– Depth and breadth		
– Quality	40%	Points
Cost		
– Price		
– Recurring and nonrecurring	15%	Points

**These are sample weights and criteria only.
Weighted criteria will vary by business.**

Set Service Levels for All Deliverables

SLAs Should:

- Be based on business expectations and requirements.
- Be defined by function, service type and location.
- Include a quality factor.
- Be measurable using objectively defined (and transparent) criteria.
- Be monitored by reports, tracking tools and feedback sessions.
- Be defined *before* the contract is signed.
- Provide a framework for escalation, root-cause analysis and resolution.



SLAs are among the critical success factors and warrant particular attention.

The Contract Is Everything

Get It in Writing:

- Image-stability guarantees
- Warranty entitlements
- Pricing commitments
- Notification periods
- Escalation procedures
- Conflict resolution
- Mergers, acquisitions and divestitures
- Termination clauses



Don't take delivery or sign letters of intent until the contract is signed.

Do Not Select Suppliers Solely on the Lowest Price

Does the Proposal:

- Meet corporate objectives?
- Satisfy business, financial and technical requirements?
- Fall within our tolerance for risk?
- Give up something that will haunt us later?
- Have a solution that will achieve consensus across the team?
- Provide us with a good deal?

"The bitterness of poor quality is remembered long after the sweetness of low price has faded from memory." — Aldo Gucci

Recommendations

- ✓ Use a formal evaluation process.
- ✓ Understand the time required.
- ✓ Focus on deliverables.
- ✓ Learn from experience.