Vendor Management Office
Training

June, 2016
Agenda

I. Why VMO?
II. VMO Fundamentals
III. Roles and Responsibilities
IV. Policies
V. VMO Website
I. Why A VMO?
Revised Annual IT Spending

• In FY15, Harvard’s annual non-capital IT purchases totaled $186M
• Spend analysis for FY15 across 5 major IT categories:

- Technology (HW, SW, etc.)
- IT Consultants/Staffing
- Telecom Products and Services
- Audiovisual
- Data Centers

• Harvard purchased products and services from 533 vendors in FY15
• 51% of Harvard’s IT dollars are spent with 20 vendors

Source: GL data for FY15 non-capital IT expenditures
VMO Challenges

Current HUIT IT Procurement Challenges:

- Decentralized approach to spending
- Several contracts with different schools with the same vendor
- No visibility to contracts/contacts or contract values
- High risk engagements without proper protections – Example: Existing contracts using may not have the proper HRCI rider attached
- Accessibility
The Vision for HUIT Vendor Management

**Inform, support, and drive the full life-cycle of vendor management and procurement activities for IT products and services to increase the value received by Harvard**

### Objectives

With the core objective of improving value received by Harvard from its sourcing contracts, the HUIT VMO will work across the Vendor Management (VM) lifecycle to:

1. **Inform** the distributed practice of VM by developing and communicating standards and best practices, and by collecting and maintaining IT vendor reference data and information;
2. **Support** the performance of VM activities at key points in the lifecycle by providing subject matter expertise and necessary coordination with other functional areas;
3. **Drive** VM activities at an operational level for a subset of IT vendors, independently or in partnership with embedded VM resources.

*Assumption – The risks associated with vendor management and procurement will be addressed as part of the Manage Vendor Relationship process.*

### Guiding Principles

1. Build and maintain trusted relationships both within Harvard and with external vendors & service providers
2. Engage and act with a University-wide perspective
3. Leverage economies of scale and avoid duplication of effort
4. Serve as a key point of coordination between all stakeholders involved in IT Vendor Management Lifecycle, including
   - University groups such as OGC, SP, RMAS, HUIT Security, & HUIT Architecture & Engineering
   - The CIO Council
   - Local & embedded vendor and procurement functions within HUIT and across the University
5. Focus on continuous improvement to evolve the maturity level of vendor management practices within HUIT & Harvard

### Key Performance Indicators

**KPIs will be developed as we further define the role of HUIT Vendor Management and through engagement with the communities we will serve. The following are placeholders:**

1. Members of HUIT VM are actively engaged in working with the HUIT business units to negotiate IT contracts and support vendor relationships. The team is valued for the knowledge it brings regarding common- and best-practices relating to ongoing management of IT vendor relationships and IT procurement.
2. Harvard standard practices for RFXs and contract terms are well documented and broadly adopted. Contracts and master service agreements for over $1M reside within the FAD contracts management system.
3. Increase the value received through sourcing as measured by cost savings, cost avoidance, and added value provisions from contract and vendor management.
Where do I find out about VMO?

- HUIT VMO serves all of the HUIT community, CADM, and FAS for IT procurement assistance and support as well as serving as a central point for university-wide IT vendor engagements.

- HUIT VMO website is the primary source of information for users
  
  Link: [http://hwpi.harvard.edu/vmo](http://hwpi.harvard.edu/vmo)
  
  - Provides all the information you need to work on your own
  - Or get help from the VMO representatives

Information such as:

- VMO Life cycle that defines the procurement from sourcing vendors thru purchase to the contract end of life
- Within each are processes and templates that walk you through each activity
- Training will show you how the VMO life cycle processes and templates fit into the procurement process
- Requesting help from VMO team members
II. VMO Fundamentals
Vendor Management Life Cycle

Develop Strategy
1. Create Service Sourcing Strategy

Procure Products or Services
2. Evaluate and Select Vendor
3. Negotiate Contract

Manage Vendor Performance
4. Administer Contract
5. Manage Vendor Relationship
6. Manage Service, License, and Deployment
Vendor Classification Model
Three Classes of Partners

### Strategic
- Partner with whom we intend to build a longer term and more involved relationship.
- Relationship will require executive sponsorship by both parties (Harvard UCIO or DUCIO) and should involve a list of collaborative projects that have mutual benefits.
- Partner shares product roadmaps and implements Harvard’s suggested changes and enhancements.
- Partner and Harvard both derive value from partnering.

Example: Microsoft, Cisco, Oracle

### Coordinated
- University MSA exists and may have Harvard preferred pricing in place.
- Relationship is managed by a primary unit who coordinates activities with other units.

Example: Adobe

### Local
- No University Master Service Agreement (MSA) in place.
- Lower spending only with IT units.
- Product and/or services would likely only benefit one IT unit (e.g. legal software provided for HLS).
- Individual relationship with each unit.

Example: SalesForce

Size of section indicates relative number of partners in class
1. Create Service Sourcing Strategy

**Definition:** The process of targeting and deciding where a new service will be sourced
- Execute a Make or Buy Analysis
- Conduct a Market Analysis
- Conduct Vendor Scoping

**Benefits:**
- Enables HUIT to narrow its focus on select vendors

**Relationships between this and other activities:**
- Preceded by new business, service or innovations
- Completed prior to Vendor Evaluation & Selection

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<th>INPUT</th>
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| ● Scope  
● Product or Service Planning  
● Market Conditions | ● Make or Buy Analysis  
● Technical and Service Management Feedback  
● Contract Type Needed (Fixed, Materials, Labor and Materials, User License, Unlimited) | ● Targeted Vendors  
● VMO Procurement Worksheet |
2. Evaluate and Select Vendor

**Definition:** The process of identifying and evaluating suppliers to meet specific requirements
- Solicit proposals from appropriate suppliers
- Select the optimal supplier to meet the University’s requirements

**Benefits:**
- Increases the likelihood of an appropriate match between University requirements and supplier
- Aligns program objectives with University goals

**Relationships between this and other activities:**
- Follows Service Sourcing Strategy
- May be iterative with Contract Negotiation depending on negotiation progress

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| • Sourcing Objectives  
• Business Requirements and Specifications (Input to RFI, RFP, SOW) | • Standard Contract Templates (RFI, RFP, MSA, HRCI Rider, SOW, etc.)  
• Subject Matter Expertise  
• Vendor Selection Scorecard  
• Market Research (e.g. Dun & Bradstreet) | • Vendor Proposal  
• Evaluation Criteria  
• Weighted Rankings  
• Sourcing Decision |
3. Negotiate Contract

**Definition:** The process of developing the legal instrument that outlines and defines University and supplier obligations

- Engage in an interactive, iterative dialogue to articulate objectives and positions
- Execute of an agreement that binds the University and supplier to mutually agreed upon obligations

**Benefits:**

- Provides a clear and enforceable understanding of the rights and obligations of each party
- Provides financial, operational and informational protections for both parties
- Shifts appropriate risks from the University to the supplier and mitigates other risks

**Relationships between this and other activities:**

- May occur in tandem with Vendor Evaluation & Selection

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<td>● Proposals</td>
<td>● Contract Negotiation</td>
<td>● Contract</td>
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<td>● Contract Templates</td>
<td>● Weighting System</td>
<td>● Contract Riders</td>
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<td>● Negotiation Plan</td>
<td>● Screening System</td>
<td>● Executive Summaries</td>
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<td>● Legal Review</td>
<td>● Independent Estimates</td>
<td>● Communications</td>
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4. Administer Contract

**Definition:** The process of administering post-award contract activities;
- Maintain vendor and contract related documents in a contract management system
- Monitor contract delivery, manage the supplier and review delivery milestones
- Manage contract change control (post-execution addenda and licensing changes)

**Benefits:**
- Ensures the vendor is delivering on agreed upon terms and conditions included in the contract
- Maximizes the operational and financial benefits of the contract
- Mitigates the risk of non-compliance

**Relationships between this and other activities:**
- May occur in tandem with Contract Negotiation & Execution

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| • Contract  
• Work Results  
• Change Requests  
• Invoice Payments  
• Contract Administration Policies | • Contract Management System  
• Contract Analysis and Planning  
• Performance Planning Conference  
• Performance Measuring and Reporting  
• Payment System  
• Change Control System  
• Dispute Management | • Documentation  
• Contract Changes  
• Payment  
• Completion of Work |
5. Manage Vendor Relationship

**Definition:** The process of deriving strategic value from a vendor relationship by aligning University and vendor goals, driving innovation, and through collaborative partnering.

- Both parties derive increasing value from the relationship
- Improve vendor performance via goal setting, review and feedback, and raising the bar
- Manage supplier risk (i.e. financial risk, operational risk, reputational risk, info security)
- Drive innovation via introduction and piloting of new technologies and processes

**Benefits:**

- Establishes a vendor performance mindset and improves the quality of delivered services
- Focuses the vendor on critical HUIT programs and needs
- Minimizes disruptions through proactive communication and management

**Risk Definition:** The process of identifying possible future events related to a vendor, that create uncertainty and which may impact the program or University;
- Identify and establish the business context for vendor-related risks
- Conduct vendor risk review and analysis
- With key stakeholders (e.g. IT Security, IT Service Owner) develop vendor risk treatment plan
- Communicate vendor risk analysis and treatment plan and assign ownership

**Risk Benefits:**

- Enables risk avoidance through early identification
- Enables HUIT to develop contingency plans as needed
- Allows for risks to be transferred from HUIT to supplier

**Relationships between this and other activities:**

- Ongoing activity - follows Contract Negotiation & Execution
## 5. Manage Vendor Relationship

### INPUT
- Contract Terms, Conditions and SLAs
- Vendor Product Roadmap
- Vendor Research and Insight

### TOOLS and TECHNIQUES
- Vendor and Contract Monitoring Tool
- Contract Documentation
- **Contract Closeout Checklist**
- Moving Harvard requirements onto Vendor Product Roadmap

### OUTPUT
- Vendor Dashboard Reports
- Vendor Product Roadmap aligned to Harvard’s emerging needs.

### Risk:
- D&B Reports
- **Vendor Risk Assessment Tool**
- Social Networks
- Public Financial Tools
- Industry Analysts
6. Manage Service, License, & Deployment

**Definition:** The process of managing the purchase, use and deployment of software assets
- Facilitate the purchase and renewal of software and software licenses
- Manage deployed software through access and control processes and tools
- Communicate the availability of software and the terms and conditions governing use

**Benefits:**
- Reduces the risk of misuse of purchased and deployed software
- Improves access to software resources
- Translates contract terms and conditions into actions benefitting HUIT customers

**Relationships between this and other activities:**
- May occur in tandem with Contract Management
- Informs Contract Negotiation & Execution

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| Software Licenses | Service Desk  
|             | Managed Desktop Program and Tools  
|             | Vendor Portals  
|             | FAS Software Download Page  
|             | Reseller Channels | Distributed Licenses  
|             | Deployed Software  
|             | Compliance to License Terms and Conditions |
VMO Deliverables

Tools Techniques and Outputs

- Templates and tools on the VMO website are designed to help you follow the processes, ask the right questions, and document the decisions for others.
- VMO Procurement Worksheet is designed to guide any user to follow the process in the right order and document the activity,

Contract Tracking

- Once a contract is complete, the second part of the worksheet contains the final step in the procurement process – Contract Upload to Novatus
- By collecting all the IT contracts across the university into a single database we can
  - Better leverage existing agreements
  - See where we can consolidate our purchases into better agreements
  - Obtain automated reminders for contract renewals
- Simply submit the contract to the VMO and we'll do the rest:
  Step 1. Answer the Qualtrics survey questions (detailed on worksheet)
  Step 2. Upload the Procurement worksheet and the signed vendor contract via the survey
III. Roles and Responsibilities
Why do we need roles?

• The vendor management process is a collaboration between the vendor, the service owner(s), and the HUIT VMO.
  – The vendor is providing the service or product
  – The service owner is the HUIT staff member who is seeking a service or product as a means to deliver a service (relationship manager or relationship leader)
  – The HUIT VMO representatives (contract manager) will assist with
    • Identifying the best vendors for the needed service or product
    • Support the negotiation of terms for the contract
    • Ensure that Harvard’s terms and risk mitigation approaches are used
    • Ensure that all necessary reviews by OGC, Security, and Enterprise Architecture are conducted

• With each fulfilling their role, a favorable agreement for the vendor and HUIT can be achieved.
Roles and Responsibilities

Relationship Manager – This position is outside the VMO - This role is typically in the service area/school/unit, is a service owner or a representative of a service owner:
  • Strategically plans and manages all interactions with a vendor from selection, to providing product/service thru transitioning/closure
  • Monitors and works with vendor to improve performance as needed.
  • Manages and supports the delivery of contracted services for user community

Relationship Leader – This position is outside the VMO – This role is a senior IT staff member, often a CIO or managing director in a HUIT service area or school
  • Manages the vendor relationship representing several relationship managers within Harvard to coordinate stakeholders’ interests.
  • Serves as a single point of contact to leverage economies of scale and avoid duplication.

Contract Manager – This position is in the VMO
  • Reviews, negotiates and executes business and service terms of vendor agreements to maximize operational and financial performance, while reducing University risk.
  • Ensure appropriate legal review of any given agreement in collaboration with service owner & relationship manager.
  • Will engage Strategic Procurement, OGC, HUIT Security, and HUIT Enterprise Architecture representatives as needed for assessing contracts and services
  • Implements a periodic review of vendor financial, operational and technical support risks.
  • Provides advance notice of risk, an impact analysis and options to avoid, mitigate or transfer risk.
  • Researches and prepares vendor related data and reports that support overall vendor management.
  • Works closely with Service area/school/unit to monitor and manage delivery of vendor services under contract
Roles and Responsibilities

Service Owner – This position is outside the VMO - This HUIT service area/school/unit role is responsible for:
  - Defines the need for a vendor service. Therefore, leading the sourcing strategy.

License Administrator – This position is in the VMO:
  - Manages day-to-day operations associated with HUIT purchased product/services, including deployment, usage tracking and billing. Ensuring University compliance to agreements.
  - Provides feedback on vendor performance, especially support from vendor.

Vendor Management Director – This position is in the VMO:
  – Defines Vendor Management best practices
  – Obtains the best value for HUIT from our vendors
  – Monitors strategic vendor engagements & partnerships
  – Aligns vendor agreements with CIO council and other key stakeholders
  – Leads VMO team management
VMO Roles and Responsibilities Matrix

- VMO representatives are part of the procurement team
- Their expertise is available to help sort out complicated contracts and negotiate the best terms
- Not all purchases need the VMO

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<th>VMO Activities</th>
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<th>S=Support</th>
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<td>4. Administer Contract (?)</td>
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Indicates role filled by VMO staff
IV. Policies
VMO Related Policies

- **Harvard Procurement Manual**
  - Includes – Conflict of Interest, Code of Ethics

- **Vendor Contract - Review, Approval & Management Policy**
  - Includes – Management Approval Policy by $ Threshold, Contract Riders

- **Harvard Trademark Policies**
  - Includes – Use of Harvard Name, Endorsements
  - Links:
    - [http://trademark.harvard.edu/endorsement-guidelines](http://trademark.harvard.edu/endorsement-guidelines)
IV. VMO Website
VMO Website

HUIT VMO Website: http://hwpi.harvard.edu/vmo

Through the VMO website a visitor can:
• Request a consultation about a contract or challenges with a vendor
• Assess whether the contract negotiation requires VMO participation
• Access templates and tools
• Learn about our process for managing vendors
Core Practices is where you find:

VMO Life Cycle  - Process Activities

We have a 6 step process to manage a vendor from sourcing through expiration of an agreement.

We have organized our tools, templates, and processes within these steps to make it easy for a visitor to find what they need when they need it.
VMO Website

Resources is where you find:

Roles, Policies, Templates and Vendor Profiles

Along with our lifecycle activities there are standard terminology, policies and roles and responsibilities related to vendor management. You can find guidance about these topics in this section of the site.
Vendor Profiles under Resources in the menu is where you find information about the HUIT vendors and the internal HUIT contacts. This data will be updated monthly.

In this section is the top 20 IT vendors for HUIT with contact names and a link to a list of all the HUIT vendors with contact names. Finally, there is also information about our contract collection effort.
FAQs

When should I seek VMO representative help?

When the purchase is:
- Over $200K
- With a Strategic Vendor, they are Microsoft, Cisco and Oracle
- Involves Highly Confidential information (HRCI, FERPA)

When Can I work on my own?

When the purchase does not fit the above criteria. You are still expected to follow all university and HUIT policies, such as use of the Accessibility Rider.

Do all purchase require the use of the VMO process?

No, Staff augmentation is handled without the help of the VMO.

Can I request VMO representative assistance if the purchase does not meet the criteria?

Yes – Just open a Service Now ticket

Navigation through these criteria is easy – Just follow the questions in our quick survey on the site.
Questions? Contact us at HUITVM@Harvard.edu