# OpenChain and Procurement

The OpenChain Project defines the key requirements of a quality open source compliance program. If such a program is implemented by a supplier, then a customer company reduces risk exposure while increasing their ability to ingest open source technology. Put simply, if your suppliers are doing the right thing around this technology space, and if you can use a simple industry adopted measure to validate this, it negates or at least reduces the need for complex, bespoke approaches and remediation practices.

## Efficiency in Standard Procurement

Using the OpenChain industry standard to triage supplier pitches is a quick method of determining which suppliers are aligned around industry-wide open source compliance best practices and which suppliers are not.

The efficiency gain in standard procurement is illustrated by the following model:

* A customer company puts out a call for tender to various suppliers.
* This call for tender includes a provision allowing or explicitly requesting for open source components to be used in the solution proposed.
* Two supplier companies offer proposals including open source components.
* One supplier is offering the open source components using an individual set of terms and open source compliance measures.
* The other supplier is offering the open source components using the terms and compliance measures of the OpenChain industry standard.
* The customer company’s procurement department is faced with the choice of accommodating an individual approach to receiving open source components or a best practice methodology applied to other suppliers and customers in the market.
* Relying on a tested and widely spread industry stand like OpenChain does ease the process of negotiation and allows trust in appropriateness of methodology without in depth evaluation of individual supplier specific approach and therefore reduces required time and efforts
* Futhermore, in any sequence of transactions involving more than one company, the OpenChain industry standard will additionally save resources.

## Efficiency in Procurement-Related Remediation

Using the OpenChain industry standard offers specific advantages to customer companies when an error is identified in the compliance of open source components due to the predictability of approach taken by all parties in the transaction.

The efficiency gain in procurement-related remediation is illustrated by the following model:

* A customer receives an open source component as part of a supplier solution.
* This transaction is completed with a supplier which is OpenChain conformant.
* The open source component is found to have an error related to compliance.
* The customer company knows precisely the inflection points where the supplier company has OpenChain conformant processes.
* The customer company can ask for confirmation regarding compliance analysis at these inflection points, quickly identifying the break point in the compliance process.
* The customer company and the supplier can work towards a shared solution to the compliance issue with mutual understanding and expectations.

## Practical Adoption for Procurement Departments

Utilizing the OpenChain industry standard in procurement is conceptually similar to the utilization of ISO standards such as ISO9001 or ISO14001.

* The relevant standard is cited in requests for tender as providing preferential status or as a requirement in supplier relationships.
* Adherence to the standard may be tested during procurement discussions via requests to see “Compliance Artifacts”, required documentation in Section 5 of the OpenChain industry standard.
* A review of this documentation will disclose the supplier approaches to fulfilling identified OpenChain process inflection points.
* The customer company can then determine if they are satisfied with these approaches or if they require adjustment to suit expectations.
* The customer company and the supplier company can then formalize the usage of the OpenChain industry standard in the final procurement paperwork in the same manner as which other industry standards are cited.

Alternatively and more efficiently a certification according to the OpenChain standard is prerequisite for submitting a tender.

* The supplier company has to prove its compliance to OpenChain through a third party auditor or certification body.
* The customer company can rely on the certificate by the independent third party and has no further effort to review the supplier company in this regard.Also for the supplier company it reduces cost to prove open source software management compliance against one assessment scale and only against one auditor / certification body and not individually per customer company, which ultimately leads to lower prices

## Help for Procurement Departments

The OpenChain Project has extensive resources to help set expectations and approach options for customer companies. Examples include:

* Reference [general education materials](https://github.com/OpenChain-Project/Reference-Material/tree/master/Supplier-Leaflet/Official) that by be shared with suppliers
* Reference [training materials](https://github.com/OpenChain-Project/Reference-Material/tree/master/Training-Slides/Official/en) that may be adopted by suppliers
* Reference [policy materials](https://github.com/OpenChain-Project/Reference-Material/tree/master/Policy-Templates/Official) that may be adopted by suppliers
* Reference [compliance professional materials](https://github.com/OpenChain-Project/Reference-Material/tree/master/Guides/Community/Recommended%20Practices-For-Compliance-Professionals/en) that may be adopted by suppliers
* Reference [engineering practice materials](https://github.com/OpenChain-Project/Reference-Material/tree/master/Guides/Community/Recommended-Engineering-Practices/en) that may be adopted by suppliers
* Reference [software reuse materials](https://github.com/OpenChain-Project/Reference-Material/tree/master/Guides/Community/Reusing-Software/en) that may be adopted by suppliers
* Reference [tooling overview materials](https://github.com/OpenChain-Project/Reference-Material/tree/master/Guides/Community/Tooling-Overview/en) that may be adopted by suppliers

The full OpenChain Project reference material library can be found on GitHub:  
<https://github.com/OpenChain-Project/Reference-Material>

Procurement departments can also receive direct assistance from project management and the broader project community by email, conference call and physical meetings. Details for all of these activities can be found here:  
<https://www.openchainproject.org/about/contact>