1. List at least four reasons why Vendor Management is becoming central to IT management today. Provide supporting rationale to explain your reasons.

Ans:

IT is one of the evolving domain in today’s world. The growing demand of IT simultaneously grows the demand to

manage the IT resources. Most of the company focus majorly on their IT department as it is one of the major revenue generating areas and hence managing these resources by hiring vendors.

1. The major goal of vendor management is profitability. The companies are generating huge amount of revenue just by lending the work to the vendors.
2. Companies might need some internal and some external resources to make a good IT team.
3. Most of the companies just outsource many of the works to number of vendors. So for them vendor management becomes a full time job.
4. Vendors are hired to take care of the entire IT department: Some of the companies are not expertise in IT.
5. Describe in detail why IT strategy is important to organizations, and how vendor management comes into play in supporting the execution of an IT strategy.

IT strategy leads to the company’s business goals and profitability. Strategy is set of procedures or goals or principles which that the company lays out to achieve their aim or goal. It has a major part in enhancing the profitability of the company. The company might need the combination of both in-house and external resources to increase the profitability. Vendors are hired for the below reasons.

1. To keep the business up to date: Compared to the competitors and the new trends.
2. Technology: To keep the company highly digitalize and fast in terms of technology.
3. Customer: To reach the customers in the way want to be reached.
4. Infrastructure: All the companies want themselves to have the best Infrastructure.
5. Resources: to hired talented people. As knowledgeable people are hard to get.

3.Mark with a T or an F in the space before the question or statement, to indicate whether the statement is **T**rue or **F**alse

* IT Architecture is far removed from vendor management and there is no relationship between the two – False
* Vendors are engaged only when there are insufficient number of trained people in the organization-– False
* IT organizations that are mature in their thinking, view IT as a cost to be managed- True.
* Transformation initiatives can best be done with the help of specialist vendors-– True
* Shifting to newer technologies (Big data, analytics, and mobile platform) is essential for businesses and they are able to do it as well as support legacy applications without increasing their budgets, by adopting new approaches-– True
* A business can have a sourcing strategy without an IT strategy-Ture
* Outsourcing of IT Infrastructure is the same as migration to cloud computing-False
* Starting with management of legacy applications is a good first step for most IT organizations considering vendors to help them achieve their overall goals – Ture.
* IT vendors provide assistance in the area of process and technology but are of not much help when it comes to people- False
* Fierce competition is one of the reasons many vendors fail- Ture
* RFIs are a must for a good vendor selection process-True
* Sourcing strategy will never become a part of a business strategy-False
* A customer retains ownership in a cloud services environment-False
* A proprietary software cannot be copyrighted by its author- False
* Business clients never have a role in the IT vendor selection process-False
* Intangible benefits of a sourcing decision cannot be quantified- False
* Pricing is addressed only at the time of initial contract signing-False
* A cost-plus pricing model is used when requirements are not firm or clear - True
* A T & M approach provides a learning opportunity for both customer and vendor when they are new to the relationship- True

4.Explain what IT SWOT analysis stands for. Give an example from the real world that illustrates ONE of these factors

Taking an example of Amazon below

IT SWOT stands for

Strength – Online Business

Weakness – May be no physical stores for the people who do not know online shopping

opportunities – To increase there business in the country like china where there are tough competition

threats – competitors like Alibaba, Walmart etc.

5.Give two examples of digital technology that has threatened old line businesses and transformed the industry. Explain how the transformation has imperiled the old line business

The two major examples would be

1. Online Business: Companies like Macys and Sears have been majorly affected by not adopting and promoting there online business like Amazon and Walmart
2. Cloud Computing(Data storage) : These affect mainly the people who deal with big data. The companies now do not afford to keep the data locally as the it’s the world of BIG data have to manage to secure the data. Goggle and Facebook would be best examples.

6.Name the components of IT Architecture. What drives the development of an IT Roadmap or blueprint for an organization?

Ans: The IT Roadmaps and blueprints are driven by the continuous improvement of the technology and managing the cost and resources overtime and carrying out the due diligence on what went wrong and what can be improved next time to improve it further.

The components of IT Architecture are

1. IT Infrastructure
2. IT Data availability
3. IT Resources
4. IT costs

7.What is vendor management and why do organizations need it?

Ans: Growing demands of outsourcing the work to other companies to grow faster which leads to generate high revenue and leads to the term call Vendor management.

Vendor management is a disciplined process of managing the multiple vendors of a company. The company might consider the vendor management as a full time job as its very crucial. It’s a crucial task right from selecting the vendor and assigning them the task. Vendor management leads to a stable positon for both the Customer and the Vendor. It always leads to a Win – Win situation.

8.Select ONE of the following items to complete this sentence: Vendors are often utilized to assist IT organizations \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* 1. When the right skills are in short supply
  2. Because other companies are doing it
  3. Because the vendor is well known to the CIO

Ans: When the right skills are in short supply.

9.What are the differences between a niche vendor and a systems integrator?

Ans:

Niche Vendors: are the one who are very highly preferred by the company for a particular area or filed, there might me the very costly to hire and are contacted rarely like SAP.

System Integrators: are the one who appoint few more vendors to do the work for the customer as they cannot do all the work themselves. Ex: Accenture.

10. You are aware that many vendors focus on a niche area of expertise. Why is it difficult for them to be all things to all people?

Ans:

Some of the new vendors who are new players in the industry can try to increase the foot prints into the customers company by offering them to handle few more services for them. They by all means try to convince the customer to expand the business to try themselves out in the new areas.

11. What are the primary drivers of cost for a vendor? List at least 3

Ans: There may be many drivers for cost to the vendor if they are not mentioned in the SLA or the contract

1. Extra Resources: If the vendor must bring in the resources for specialized area do to the job, which might cost a lot of extra money.
2. Software Licenses may cost the vendors a lot when they are not shared by the customer.
3. Travel cost: If the customer relocates to e new area, travelling everyday will be cost factor.

12.What is the purpose of an RFI and when is it most often used?

RFI – Request for Information plays a major role in the vendor selection. The vendors put there best things in this document to get an contact with the company.

It is often used when there are many vendors on the list to assign a task or to be outsourced. This document can help to short down the list due to the information provided in that documents.

13.In establishing a partnership between a vendor and a customer, we have to address conflicting demands. Name three such conflicting demands

Ans:

Both the parties will try to put there company to way of profit. There might be many conflicts while dealing with a vendor.

1. Cost: vendors will try to retrieve high profits while the customer might cut down the cost.
2. Resources: vendor will always try to do the work with less resources and the customer would expect to utilize as many as resources possible
3. Maintenance
4. When the goals are not clear: when the customer not know what exactly to demand from the supplier or vendor.
5. Outcomes can also be a fact of conflicts. Most of the time customer expectations are higher.

14.What is the purpose of an NDA and when is it most often used?

Ans:

NDA- Non-disclosure agreement is one type of agreement where the customer and vendor do not want to disclose the details of the agreement to the outside world as want to keep it confidential with the small team.

15.Select ONE item from the following list to complete this sentence: CopyLeft is a feature of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Proprietary software
2. Open software
3. Public domain software
4. Internet software

Ans: Open software

16.How does a customer protect themselves when they buy software from a very small vendor who runs the risk of going out of business?

Ans:

In this scenario the customer would always try to own the software as the vendor might terminate the contract anytime or would like to keep the ownership with both the vendor and the customer to be in favor of both of them.

The customer cannot take risk of sharing the code and software with the competitors.

17.Why is a win-win arrangement the most desired relationship between a vendor and a customer?

Ans: It is always a better idea to have a contact which pleases both the customer and vendor for the following reason.

1. To have a good will and loyalty towards the company.
2. To improve the productivity of the process
3. To have a give and take relationship
4. At times when the company majorly depends on the vendor this might be very helpful
5. To keep up the motivation.
6. To create a Win-Win situation
7. To make the deal profitable to both the parties.

18. Complete this sentence: The service integrator is the primary operational interface between the customer and \_\_\_\_\_\_\_\_\_\_\_\_\_\_ and is accountable for \_\_\_\_\_\_\_\_\_\_\_\_ of all the relationships

Ans

1. The Vendor
2. Base(root)

19. Why do customers have to ask vendors to indemnify them from third party IP matters?

Ans: Most of the time the vendors might include third party vendors to do the job. The customer here does not want them to be the part of the contracts as they have no idea who they are not are not willing to take risk if something (legal issues) takes place. They are always kept far from the contract.

20. What is a software audit? Who performs them and when?

When the company uses a software license like Microsoft word from Microsoft company and violated the rule by not following the instruction then the Microsoft company carries out the software Audit.

Ex: IIT has 500 approved licenses from Microsoft and used more than that by violating the agreement. The activity might be identified as suspicious by Microsoft and can perform software audit. It may lead to high penalties.

21. The right sequence to determine your requirements when considering bringing in vendors is as follows: Rank these in the right order by placing 1 to 5 against each entry

1. What
2. Who
3. Where
4. Why
5. How

Ans:

Why

What

Who

How

Where

22. Which aspect of application software development and maintenance is a candidate for outsourcing?

Ans: The main aspect would be the lack of talented resources and the continuous improvement to keep them updated to compete in the competitive world.

23. Explain the differences between on-site (or on shore), near-site (or near shore) and offs-site (or off shore) , and when vendors will provide services at each type of location

On-site – at the same location as the customer, it’s the easiest way to provide the services.

near-site – when there is a need to travel to another city as per the contract with the customer, maybe once or twice a week.

offs-site – when the company demands the vendor to go to a different country to work for them, this may be a reason where there was complete shut down of a site in one country and the services have to provided by going to the off site location.

24. Provide / list three reasons why companies consider outsourcing/sourcing and engage vendors. Elaborate your answer with a brief summary of the supporting rationale for each of the reasons.

Ans:

1. To draw more profits: Sometimes sourcing the vendors to do the job is more profitable by doing I themselves.
2. When there is not new or updated technical knowledge in the staff to compete with the other players.
3. When there is older staff, they might need vendors to come in to do there job.
4. When the vendor is Specialized in a particular field.

25. List at least four criteria one would use to evaluate RFPs. And explain the rationale one would use to assign weights on a score card.

Ans:

1.The biggest thing is the price (deal breaker)

2. The references

3. Experience of the vendor in dealing with the same industry

4. Length of the contract

5. Resources (Knowledge)

6. History(Background)

7.Performance.

26. What are the reasons a site visit is highly recommended as a part of the due diligence in the vendor selection process? Provide supporting rationale.

Ans:

1.Its always better to visit the company’s site as you can get as real time experience on the work culture and work ethic of the vendor.

2. You can talk to the employees to take the gist of the employee relationship of the vendor.

3. By visiting to can distill the Tall – claims of the vendors if they are wrong in providing them

4. Also see the infrastructure and research centers to come to a final conclusion.

27. Customer data confidentiality and privacy are critical to the success of the outsourcing relationship. Complete the following sentence:  Vendors ensure customer’s objectives are met by (select one) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Providing secure access to facility
2. Disabling the USB port in work stations
3. Having a clean desk policy
4. Having a shredder to destroy written documents

Ans: Providing secure access to facility

28. Since IT is selecting a vendor for its use, why is it still important to communicate to the business about it?

Ans: Contributes majorly to a company’s strategy. IT is the place where most of the money comes from and it is always a good idea to keep everybody in the loop and communicate what’s going on in the company.

29. Why is it important for members of the RFP team to maintain confidentiality in their proceedings leading up to the final selection of the vendor?

Ans: It is always better to keep the information confidential as this might lead to threats in mind of the employees if the company work is going to be given to a vendor or may lead to miscommunication.

30. As a customer negotiating with a vendor, explain the reason why you need to be clear on

1. Must haves – They must be the motive to hire a vendor, the deal breaker.
2. Want to haves – additional demands of the customer. This is place where vendor can lead himself to more projects

31. How does a customer accurately measure the risk, reward and values before making a decision on whether to engage a vendor or not? Explain what tools or methodologies ensure a realistic and accurate projection of the risks and rewards.

1.A reference call to the company they previously worked with.

2. Background checks

3. Performance reports generated by Gartner(an example)

32. Direct costs are clearly identifiable.  List some of the other costs that a customer must measure and include in their calculations, to obtain an accurate picture of the risk/rewards.

Ans:

1.Software licenses costs

2.Miscellaneous costs

3. Updating the technology

4. Storage(cloud)

5.More resources than estimated

33. When and why would senior management get involved in a sourcing decision?

Ans:

Higher the cost, higher the management involved.

34. List the four different pricing models that could be used when a vendor does application maintenance. Provide brief explanation on each of the models

Ans:

1.Time and material

2.Cost plus

3. Fixed price model

4.Cost reimbursement model

35. List some examples of metrics that can be used to measure the performance of a vendor in the application development and maintenance space? And explain what each metric measures

36. Identify the metrics in the list below that apply ONLY to Infrastructure support, with a Y next to the item

1. Help Desk first call incident resolution
2. “high” server availability - y
3. Network reliability -y
4. Ticket routing
5. Customer satisfaction
6. Root cause analysis
7. Budget management

37. What are the levers available to a vendor that gives them the flexibility to manage their costs and stay profitable? List and provide brief explanation

Ans:

1.To use less resources to carry out the work

2. To draw maximum profit by finishing the work before hand to save the operational cost

3. By outsourcing the work.

4. By outstanding performance.

38. When it comes to vendor management, why is it a good idea to have a clearly defined escalation path? And what gets escalated?

Ans: The escalation path should be according to the hierarchy as it will be better to escalate to the right person where the response is fast and relative to the person.

39. Why is it important for a vendor to foster good relationships with the customer?

Ans:

1. Increase the foot steps into the company
2. Get more projects
3. Earn more profit by being loyal and honest to get a good feedback and rating.

40. In which pricing model, is a rate card mandatory?

Ans: Fixed cost pricing model.