



Supplier Relationship Management (SRM) Across Federal Government

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AGENDA

- **Current Environment and Challenges**
- **What is Supplier Relationship Management (SRM)**
- **SRM Goals and Objectives**
- **Expected Outcomes of SRM**
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Current Environment and Challenges

- Current Environment...
 - 430 Federal Agencies, Departments and Sub Agencies
 - IT within all Agencies managed and funded discretely
 - All Agencies have their own administration, operations and IT staff
 - Hundreds and thousands of IT Suppliers (OEMs, Resellers, SIs, etc.) within the Federal environment
 - As a result, almost all Federal organizations manage their Key IT Suppliers independently, even down to the program level, if they do at all
- Supplier Management challenges:
 - Immature relationships with Key IT Suppliers
 - Limited SLA performance measurement across Agencies
 - Limited understanding of Supplier capabilities
 - Terms and conditions may be similar at the summary level, but very different at the detailed level
 - Limited buying power within and across Agencies
 - Differing pricing and discount percentages for the same IT products and services across the Federal Gov't which leads to limited buying power both across Government and within Agencies / Sub Agencies
 - Multiple products performing the same core functions, e.g., Applications, Mobile Devices, Desktop/Laptop, etc.

What is Supplier Relationship Management (SRM)?

Supplier Relationship Management (SRM), also commonly known as Strategic Vendor Management (SVM), is a discipline that focuses on enhancing the Government's strategic relationships with Key Suppliers and maximizes the value that customers receive from these Suppliers. SRM is fundamentally different than traditional vendor management in that it is strategically focused on the most important Suppliers (primarily OEMs) and goes well beyond just conducting procurement transactions.

Goals and Objectives of SRM

Bring together Key Suppliers, IT Category Managers, Agencies, Sub-Agencies, and CIOs to leverage to accomplish the following:

- Institutionalize new ways to communicate and collaborate with Key Suppliers
- Develop a two-way communication at the senior executive level (Government and Supplier) to deliver greater levels of innovation
- Reduce multiple conflicting relationships between an Agency (or Sub-Agency) and a Key Supplier
- Proactively uncover and discuss common problems that impact operational, engineering and technical/business risk topics
- Provide centralized communication and resolve for: new issues, services, innovation, reporting, 360 reviews and an escalation path affecting enterprise applications and services
- Explore process efficiency and cost reduction opportunities
- Explore opportunities for Sub-Agency wide, Agency-wide, and/or Government-wide agreements
- Establish a recurring meeting Agenda to meet with Key Suppliers
- Implement consistent baseline SRM goals, objectives and framework across all IT Category Management

Note: SRM is not just about acquisition or contracting!

Expected Outcomes of SRM

- **Enhanced Supplier Relationships**

- Staying abreast of supplier capabilities, change management, problem areas, innovation and how it impacts Government IT Category Management and Agencies
- Standardized and effective metrics, balanced scorecards, spend analytics, performance management and trending services
- Developing 360 review sessions – how are we doing, from the Suppliers perspective? How is the Supplier performing?

- **Simplify Processes**

- Reduce time spent on selection and contract negotiation
- Reduce numbers of staff that support contracts and communication with same Suppliers

- **Enhance service quality, escalation responsiveness and flexibility**

- **Reduce Cost – Leveraging buying power with Key Suppliers – Typically 80% of spend is with top 20 Suppliers or top 5 Suppliers within each IT Category**

Building The Framework

- **Established and being developed:** Recurring collaboration with IT Category Managers, Agencies and Key Suppliers on building the goals, objectives, program governance, and sharing of information
- **In Progress as we establish relationships with Key Suppliers:** Ensure Managers, Agencies, and Key Suppliers share information on common problems and solutions
- **In Progress:** Make certain we are consistent with repeatable processes
- **In Progress:** Ascertain who are the Key Suppliers within each IT sub-category
- **In Progress:** Invite Suppliers to program “Kick Off” meeting (already underway)
- **Established and being developed:** Establish recurring status meetings with IT Category Management teams, Agencies, and Key Suppliers to discuss: innovation, performance management (scorecards), program tracking, change management and risk mitigation
- **Established and in Progress as necessary:** Engage procurement, operations, contract administrators, stakeholders, legal, IT engineers, CIOs, and others to ensure strong collaboration of SRM, IT Category Management teams, Agencies, and Supplier initiatives

What is the Impact to SRM, ESCT, Agencies and Suppliers

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- SRM, ESCT team, Agencies and Suppliers require a dedicated experienced workforce
- Representation should include senior executives
- Engagement of external expertise may be required of engineering, procurement, operations and legal staff as applicable to resolve specific issues
- Strict adherence to “common” products/services, standards, documentation, good communication and sharing of information
- A regular cadence of operational and strategic planning review meetings will be established
- Well defined escalation procedures to ensure speedy resolution of “common” problems and conflicts at the appropriate organizational level
- Developing metrics (balanced scorecards) across Agencies using common practices and data to meet OMB reporting requirements, performance management and risk assessments
- Identifying necessary process changes, tools and developing Best In Class (BIC) services will be a key objective of the team

What does all of this mean to you?

The SRM Team will help you (Agencies / Sub-Agencies) by...

- Providing a centralized view of common problems and service issues. Where appropriate, collectively we'll discuss and take action on problems and be consistent across Agencies, rather than developing separate solutions
- Providing insight on innovation, upcoming changes, and capabilities planned by the Supplier. We'll also have a better understanding of impact of these changes by sharing information
- Working with strategic Suppliers, collect and discuss 360 reviews on issues they're having with Government and look to find solutions
- Providing guidance on how to implement SRM internally from the ground level up to complement SRM at higher levels
- Leveraging buying power at the Sub-Agency, Agency, and / or Government-wide level to gain better discounts and pricing as part of achieving best value and lowering Total Cost of Ownership (TCO)

Next Steps for Us

- Brief OMB and CIO Council as appropriate
- Formalize agendas for IT Category Managers, Agencies, and Key Suppliers for consistent communication across all IT Sub Categories
- Identify the initial set of Key Suppliers (probably no more than 5) in each Sub Category
- Agree on the goals, objectives, framework and roadmap to achieve the following:
 - Gather information on status of contracts
 - Gather information on issues and concerns
 - Prepare agenda for discussion with Key Suppliers
 - Formalize common sessions amongst all IT Sub Category teams
 - Invite Agency participation and Key Suppliers to SRM/ESCT program

SUMMARY and QUESTIONS
