



Supplier Agreement Management (SAM) Procedure

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Revision History

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1. Purpose

The purpose of this process is to ensure that the organization selects the appropriate vendors for the hardware/software/infrastructure requirements as required by the projects. Also assesses the vendors regularly based on their performance and continue the agreement for effective project delivery.

2. Scope

This process is applicable for the projects that are executed in ePathUSA and has an agreement with third party vendors for the acquisition of products or services.

3. Entry and Inputs

3.1. Entry Criteria

This process starts as soon as there is a need identified in the project plan for the acquisition of any product or service from vendors.

3.2. Inputs

- SOW
- Contract
- Project Management Plan.

4. Activities

Activities involved in vendor management includes

- Identification of Acquisition Type
- Vendor Requirements
- Vendor Evaluation
- Vendor Selection
- Vendor Assessment
- Continuing the Services

4.1. Identification of Acquisition Type

- Depending on the project requirements the organization identified acquisition types. Acquisition types may include purchasing, rent, partner, COTS, vendor, services etc.,
- In our organization we will be having independent vendors who are going to provide the services based on the agreed terms and conditions.

- IT team will coordinate with the project managers to ensure that the appropriate products or services are provided as required by the project.

4.2. Vendor Requirements

- The project manager will understand the project objectives and the supporting products or services required from third parties to effectively manage the project objectives.
- The requirement could be
 - Tool / Software
 - Hardware
 - Infrastructure
 - Service
 - COTS (Commercial of The Shelf)
- The project manager will identify the requirements that need to be fulfilled from the third-party vendors in the project management plan.

4.3. Vendor Selection

- The IT coordinator / project manager will identify the list of vendors from different sources
- Some of them could through advertisement, references, Magazines, sales calls etc.,
- Identified vendors will be evaluated for the adequacy and company reputation before approaching them for their inputs
- Vendors will be evaluated for their capability, service history, reputation, availability, quality etc., and the filtered vendors will be compared against each other before finalizing the vendors and go ahead with agreement.
- The organization may use DAR process for critical component where the vendor selection is required.
- There are several criteria to be considered when choosing a vendor:
 - How long does it take for the products/ services to arrive?
 - Can they manage the volumes and faster cycle times if required?
 - Can the team have visibility on the performance with regular reports?
 - What kind of offers/packages they provide?
 - Are there hidden costs like service fees or shipping and handling?
 - How are the after-product-purchase services?
 - Reputation of the company?
 - Compliance with required standards?
 - Does the provider have experience with the work you want it to do?
 - Have its staff worked in an environment like yours?
 - Is it financially stable?

- Does it have standardized processes?

4.4. Vendor Selection

- Based on the identified criteria the vendors will be filtered initially.
- IT team will send the requirements and expectations to the vendors and request the vendors to come up with their proposals
- The proposal will be evaluated by the project manager and they may would like to check the samples if required
- They also evaluate the cost and other factors based on the proposal they provided
- Use DAR for vendor selection
- The finalized vendor will be contacted and have an agreement signed with the requirements and expectations.

4.5. Receive product or setting up service

- The product received from the vendor has to be evaluated with respect to the following parameters by the IT team or Project Manager
 - Meeting the Requirements
 - Safety or Security of requirements
 - Legal requirements
 - Configurations
 - Testing the product / Service
 - Training or orientation required to understand or use
 - User Manual if any
- Any issues during the assessment will be reported back to the vendor and request him to fix the issues before accepting the product or service

4.6. Vendor Assessment

- The decision to change vendors, or even bring a function or process back in-house is a costly one and not to be taken lightly.
- The continuous evaluation of results will allow the project to maximize the return on investment and effectively meeting the project objectives.
- Periodically that is once in quarter/six months the vendors will be assessed for their performance.
- Continuous assessment is done through the agreed service level agreement
- Periodic assessment will be done against the other parameters
- Assessed vendors will be scored on a scale of 1-100 and if the score is below 60 the team will check the need for stopping the agreement

- Vendors with score 60 to 80 will be monitored for improvements and above 80 will be continuing with the services as they met the expected score.

5. Exit Criteria and Outputs

5.1. Exit Criteria

This is a continuous process and gets executed until the agreement is valid with the vendor.

5.2. Outputs

- List of vendors
- Vendor Assessment
- Vendor Agreements
- Vendor evaluation
- Service Level Reports.

6. References

- **Templates**
 - Vendor Management
 - Project Management Plan
 - Internal Audit Checklist