

Why Your
Supplier's
Technology Matters



A White Paper
For CIOs

Introduction

As such, today's chief information officer (CIO) has a much broader role in a company's business than ever before. Well beyond just technology itself, CIOs need to understand how a complex internal environment functions with a diverse range of complex external environments. And what used to be management of servers or the company's software and hardware, is now typically expressed as management of the "vision" or "roadmap" for the company's technology future.

According to a 2007 *State of the CIO* survey by CXO Media, Inc., the top strategic priority for a CIO (67%) was "aligning IT and business goals".

Enter: your supply chain. From companies selling office supplies to contract services, many want to integrate their systems or portals into your technology infrastructure to provide a seamless experience and make it easy for their products and services to make it to the desktops of employees. But why should a CIO care about what technology a supplier uses?

In short, on many levels, your supplier's technology is *your* technology. There are several key things to consider when talking about integrating with a supplier and in many cases, supplier agreements negotiated in purchasing make only vague references to promised technology, use of technology and even integrations.

In the following pages, we'll shine some light on why it might be more important than you think to stop and ask what technology your supplier is using.

Technology "Ecosystems"

In today's business world, everyone is trying to make the most of what they have. Technology is no different. The more you can leverage your technology relationships, the better chance you have of negotiating better prices on multiple services or equipment, and reducing total cost of ownership (TCO) as you support fewer platforms, models, versions, etc.

But capitalizing on technology goes beyond pricing or TCO. A driving factor in the consolidation of many hardware and software companies over the past few years is the idea of creating a "one-stop shop" from which to sell to and service customers. Why search for multiple vendors, when you can get what you need from one big vendor with multiple business offerings? But simply buying from the biggest is not the only way, and with so many big companies and technologies out there, how do I know I'm getting the right deal, service, price, support, etc.?

Trust is the key word. The concept of the technology ecosystem is similar to social networking sites on the Internet. Would you rather have a total stranger referred to you for a job or advice, or would you be more comfortable with someone who is a trusted friend or the friend of a trusted friend? When a technology company creates an effective ecosystem, it carries with it the value of knowing that the partners in the system understand the trust that has been placed in them, and the importance that relationships bring to the deal. As noted business author Zig Ziglar states, "Every sale has five basic obstacles: no need, no money, no hurry, no desire and no trust."

Technology “Ecosystems” (cont’d)

When you purchase from or provide service to someone who is part of a reliable ecosystem, you know that they are committed to maintaining their standing in that environment by performing as a trusted member. Also, because it’s a technology-based ecosystem, the members of that system generally share a platform or provide some level of interoperability with the other partners. Lastly, while you may not be able to leverage it directly, being part of a strategically aligned network allows you to influence that ecosystem and its members. And as we all know, it’s always better to influence from inside the circle, rather than outside.

In short, the ecosystem may not be the most important factor when selecting a supplier for your company, but think about your favorite restaurant or your favorite store where you buy your shirts, or get your haircut. What would happen if they suddenly closed? How would you go about finding a new place and who would you ask?

It’s Not Just About the Data

OK, maybe it’s not stating the obvious, but it’s probably pretty close. While the data itself is important, what system the data runs on and who owns the data (or the system) are even more important. Thankfully, the days of using flat files to transfer data have been replaced by more innovative and real-time methods such as XML, but even today, when a supplier’s system stops, or the supplier goes out of business, so does the data stream, leaving users in a quandary.

We have read too many times recently about companies that go out of business, leaving their former partners to fend for themselves. In the extreme case of a contingent workforce system ceasing operations, many temporary employees were looking to the customer (who, by the way, was not their employer) for a paycheck, or at least the promise of a paycheck. Proving once again that the delineation between your organization’s technology and services, and what the vendor is responsible for providing, is typically not clearly outlined and unfortunately, is therefore often misunderstood.

When choosing a supplier, especially a service supplier who brings their own system, understanding their system, the platform, and ownership is critical. Perhaps even more critical is that the evaluation should be done by someone experienced in purchasing technology. The glossy brochures and presentations may sell the service, but only someone who has taken the call at 2:00 am or in the middle of a board meeting that the system is “down” can make an educated evaluation of solid technology.

Are You Buying Services or Technology, or Both?

In many companies, the negotiation for services is left to purchasing. Getting the best price and terms for the company is paramount. If a service supplier also brings technology, that just sweetens the deal, right? And if we get it at the best price, then it’s even better, right? Not always.

Are You Buying Services or Technology, or Both? (cont'd)

It's generally accepted that the CIO is the last word on bringing technology into an organization. This holds true only when the purchase is for technology. In many cases, a services partner is brought in with technology and only after the deal is completed, is the IT department asked to work with the supplier's technology. And while the coordination of the technology may work, it's often too late in the process to change suppliers if it doesn't, and as a result, workarounds are developed or the technology is not fully utilized. Even worse, the technology may effect processes covered by in-house technology, or create exceptions to standard use of in-house technology.

To avoid being the last to know, the CIO should always be made aware of technology used by suppliers and always be provided with the insight as to how its presence impacts the deal well in advance to signing any contract. Understanding the supplier's technology and how it's intended to work, from the perspective of the CIO, can shed valuable light on the real value of the supplier's technology. This can also help set realistic expectations for determining how and when the technology will be used. Is the supplier selling single sign on in an environment where it's not possible? Are there components that won't run off a locked-down desktop or browser? These types of questions are critical to getting the most value from the technology.

A recent survey of CIOs reveals the importance of delivering on promises with 2 out of 3 respondents stating that "it is the most critical attribute they look for when it comes to choosing and remaining with an IT vendor". Another 58% of respondents say they "believe that ongoing support from a vendor after that vendor implements its products and services is most essential to their loyalty". With that in mind, it's imperative that if technology is involved in a vendor relationship, someone in IT (guess who?) should be involved in the process.

Conclusion

A supplier, even a services supplier, is also a technology partner. When choosing a supplier, make sure to fully review your supplier's technology. What advantages does it provide to your company? Is the supplier already a part of your ecosystem, running on the same platform or bringing other relevant partners to the table? Make sure you know who owns the system and that you are comfortable with how the technology is developed, supported and deployed. Lastly, make sure you are present when "minor" details like the supplier's technology plans are discussed – before the contract is signed. If a supplier isn't asking to speak with you, then they probably don't understand their responsibility as a technology partner to you and are probably hoping you didn't just read this whitepaper.

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