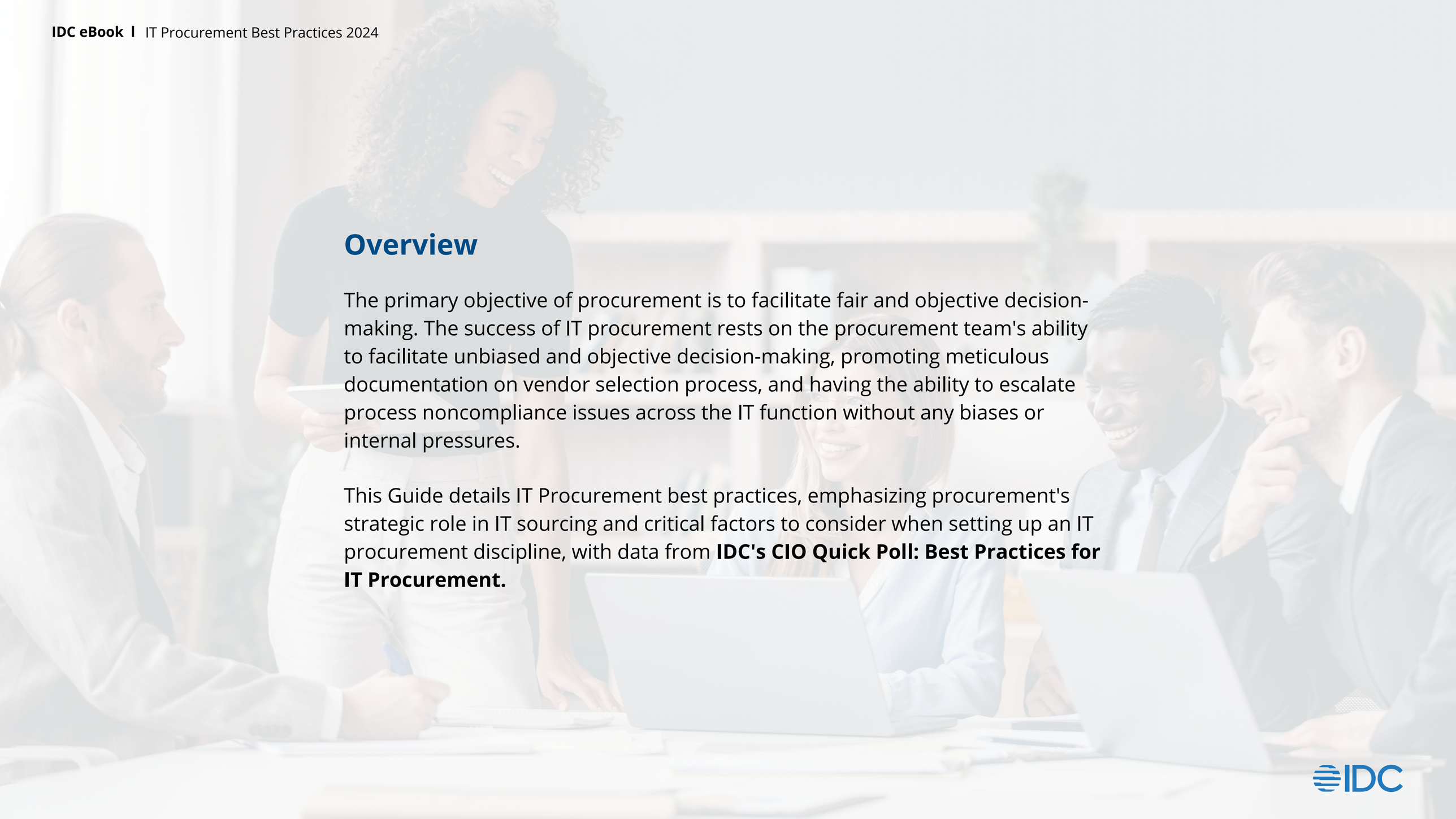
IDC Sourcing Advisory Services

IT Procurement Best Practices 2024

IDC's Guide on Procurement Best Practices for Tech Executives





Overview

The primary objective of procurement is to facilitate fair and objective decision-making. The success of IT procurement rests on the procurement team's ability to facilitate unbiased and objective decision-making, promoting meticulous documentation on vendor selection process, and having the ability to escalate process noncompliance issues across the IT function without any biases or internal pressures.

This Guide details IT Procurement best practices, emphasizing procurement's strategic role in IT sourcing and critical factors to consider when setting up an IT procurement discipline, with data from **IDC's CIO Quick Poll: Best Practices for IT Procurement.**

Process Best Practices

For the success of IT procurement, it is crucial for both the IT and procurement teams to acknowledge each other's distinct contributions to the process. This mutual recognition fosters a collaborative environment in which both teams can leverage their collective capabilities to negotiate and secure favorable deals. The technical complexities of IT procurement necessitate the involvement of enterprise architects and IT experts, as these complexities may not be fully comprehensible by the procurement team alone. Expert guidance from enterprise architecture regarding IT requirements and governance, along with support from procurement in contract execution, can help prevent technology acquisitions.

Consider the following factors and best practices for effective IT procurement:

- ☐ **Engage procurement from the initial stages** of business case development, as opposed to waiting until the RFP phase, to enable them to leverage their expertise to negotiate pricing and other contract details. Their early involvement allows them to offer market guidance on pricing and implementation modalities.
- ☐ **Consider measuring the sustainability maturity of vendors** and produce reports on sustainability for CIOs to support their decision-making process.
- ☐ **Establish governance as the fundamental principle** guiding the team's operations.
- ☐ **Treat IT procurement as a process of elimination**, progressively narrowing down the list of vendors through objective company and product evaluation.



Policy Best Practices

Consider the following factors and best practices for effective IT procurement:

- ☐ **Vendor selection/deselection decisions must be made in consultation with procurement** as they can help with evaluating different vendors across multiple parameters beyond just their product, including contractual terms and pricing.
- ☐ **Maximize the use of internal contract templates** to ensure preferred terms are included in the contract.
- ☐ **If a nondisclosure agreement (NDA) is required, opt for a one-sided agreement** to prevent the organization's ideas from being replicated or claimed by others.
- ☐ **Ensure cybersecurity reviews are conducted** for all contracts.
- ☐ **Ensure procurement's involvement during commercial discussions.** Even casual discussions about pricing or budget while building the business case must be avoided as it can inadvertently reveal the organization's pricing threshold to the vendor, which can be potentially used to gain advantage during negotiations.
- ☐ **Sign an agreement for proof of concept (POC)** that holds the vendor responsible for potential system breakdowns and data breaches.
- ☐ **Try to finalize contract pricing prior to initiating a pilot.** Given that a pilot uses the organization's live data, the vendor may know the business value of their product, which can be used to negotiate terms for contract extension or expansion.



Key Takeaways

1

Involve procurement in the IT sourcing process from the outset so they can facilitate effective vendor engagement, secure internal clearances, and manage IT contracting responsibilities. Their early participation during business case development enables them to leverage their expertise in fine-tuning the contract details and minimizing the potential risks.

2

Ensure that MSA outlines all the necessary terms and conditions and clearly specifies the liabilities. It's also important to establish MSA as the primary document, superseding all other contractual documents.

3

Encourage collaboration between IT and procurement teams so they can understand and appreciate each other's unique contributions to the IT procurement process.

4

Embed governance so deeply into the IT procurement process that it becomes central to the team's operational conduct.

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