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This is the first in a series of group discussions to help us learn how to work better together and build relationships. The topic focused on how we can work with vendors. The goal was to allow staff to have a conversation with coworkers about how to work with vendors.

The summary below tries to capture the discussion amongst and between panelists and audience members. The questions and answers are not necessarily in the order that they occurred, but have been grouped for continuity and flow.

Original Questions for Discussion:

- What advice do you have about the process and preparation for identifying candidates and choosing the final vendor? Basically, how did you identify the vendor you needed?
- What was the type of relationship you had with vendors? Temporary? Long term? What have you found to be important to note for each type of engagement?

- Each panelist has had various relationships with vendors. One or two probably stick out and come to mind first. What were the qualities that made those engagements successful?
- What have you learned about the negotiation process with vendors (scope of work, time line, price)?
- How did you get vendors "up to speed" on the project and the MIT environment? What are the critical steps?
- What are ways to manage communication between the vendor(s) and the team? What are the challenges/red flags?
- How did you facilitate the knowledge transfer during the engagement? What are the checkpoints to ensure milestones are being met and that deliverables meet expectations?

<u>Question: What advice do you have about the process and preparation for identifying candidates and choosing the final vendor? Basically, how did you identify the vendor you needed?</u>

Tips to get started:

- Track requests that come in
- Know what functionality you want/need
- Know technical references
- Gather necessary information
- Know who the vendors are in that space/area
- Narrow down who the vendors will be

When going through the selection process:

- There are a number of technical requirements that govern our selection of vendors
- There is a set of common characteristics that we have had with the vendors or pain points to avoid
- Find out how willing the vendors are to give access to the product before making a commitment. If they are not willing to do this, that is not necessarily a good thing. Having a chance to look at the product before making a commitment is helpful with decision making
- Are vendors willing to give you customer references and are they willing to let you talk with their other customers? Providers referrals are important!
    - Vendors are always willing to give you “good references”, but you need to reach out to your network of people and ask around about the vendors and experiences these people might have had with these vendors (and/or other vendors).
        - For example, when we needed to find references for a bid, we went to the Boston Consortium and talked to people about our needs and see if they had any referrals for us.
        - Other schools are doing the same things we are, so they are a good resource for us. Peer networking with Ivy League schools and other schools are important. They can give us insight and the other schools can tell us what we will be working with.
        - You need to do reference checks. Try to get some other references from peers in your network, because companies may only give positive/best references.
- It’s important to get a sense of the people in presales
- Your good relationship with them may cease to exist if you have to deal with them on other stuff

- Remember that sometimes we can only go to one place to get certain things, i.e. MatLab. There are single source providers for some products

Question: What have you learned about the negotiation process with vendors (scope of work, time line, price)?

- For product negotiation, you have to have a fairly good understood set of standards that have to be met
- We can bring a certain level of technical knowledge to the process
- You can vet products in a way you can't vet people
- You have to feel comfortable when you "have to walk the vendor out the door"
- Let the vendor know if they are not meeting your needs. Tell them to go back to the company and get someone who can meet our needs or let the vendor go
- It is critical to give negative feedback in a timely manner. It is very important to be able to do this even if you feel like a bad person
- Actual negotiation – vendor relationships are long-term and the negotiation process is on going always. Remember, the vendors are not your friends. You still need to scrutinize what they are putting in front of you
- It is easy to fall into, "I will treat vendors like a team member." But they are not and you have to stay on top of things
- It is important to have another person in the negotiation meetings that you can play off of (good cop/bad cop scenario)
- If we don't get what we want, then we need to get someone else or another vendor to deal with
- When shopping for products, get a number of vendors to provide information and let them know they are bidding against each other
- Vendors have their own connections amongst themselves and they can figure out the pricing of the other companies. They know each other well. They know who their competitors are. They meet and talk with one another even though they are from other competing companies
- Vendors tend to think they are bidding against "the wrong vendor"
- You need to know when you are ready to walk away from a negotiation and you need to know where you are going next

Question: What was the type of relationship you had with vendors? Temporary? Long term? What have you found to be important to note for each type of engagement?

- Many are long-term relationships, but every year some of the vendors try to renegotiate the contract(s)
- Every two or three years, you might end up dealing with new vendors (because the current representatives have left the company)
- You need to prioritize what you need in a contract and the relationship with the representatives
- A large number of long term relationships evolve into intense more specialized roles
    - For example, a professional service consultant may come in for one year because of staffing issues. In the past, this arrangement worked out well and the company person could be treated as a team member. This person would report directly to the team lead/manager in IS&T. These are called "residences"

- An important large component is the knowledge transfer component at the end of the effort. This is extremely important!
    - Language may be a short-term thing. The knowledge transfer can be tricky. Here are some things you should have or need to ask for:
        - Training classes
        - Having people on-site
        - Having clear understanding of how knowledge will be transferred
        - Vendor may have to provide some training classes

Question: Each panelist has had various relationships with vendors. One or two probably stick out and come to mind first. What were the qualities that made those engagements successful?

- Vendors have to be able to communicate well
- It is important to maintain the relationship with the vendors
    - This has to be a joint effort to build a relationship with the vendors. You should try and include the vendor, your team and the MIT Procurement Team in these lines of business

What stuck out with less successful engagements:

- Be wary of vendors (especially be wary of vendors who have not done their homework)
- You need to be able to recognize if the process was vendor or MIT driven. It has to be MIT driven or you will have problems
- You have to manage the vendor. Make sure the timelines are met
- You need to repeat back what vendors are saying to clarify and this will help direct how things will go
- You know there is a problem if the vendor's project manager says it will be so much work to do x….. It really is not so much work to do, but it will be different work they will have to do (and the vendors might not like that)
- Vendors are here and they want to stay.
    - DCAD had some problems with some outside vendors. Once you meet with one vendor, it can take on a life of its own. The vendors try to deal with a bunch of other MIT DLCs and they will tell the other DLCs, they have talked with you (use this to their advantage)
    - Once we had a vendor who after 5 years, started to implement things far away from what our expectations for them were. We had to redirect them on what are the needs and requirements of MIT
    - We had a "problem vendor" that had about a $100,000 worth of work on campus that we did not know about. We had to reign in the vendor
    - It is good to work with the MIT Procurement Office's list of "Preferred Vendors"
    - We don't always have good bidding processes/tools in place
    - We had an aggressive vendor, so we worked with the MIT Procurement Office to reign them in. The MIT Procurement Office can track every PO that MIT has with the vendor. So that helps reign in the vendors that are aggressive
- Be wary of bad products. Clients are sometimes not aware they are getting a bad product. The MIT Procurement Office is key in this type of situation and they can make sure the transaction does not go forward. The MIT Procurement Office will work with you on this type of stuff, but they will leave the technical decisions up to us

- Work closely with MIT Procurement, but they can't always help us judge if the product is a good technical product or if it is it what we need. MIT Procurement can let us know if the vendor has good behavior, good practices and if they have built good relationships here on campus

Question: How do you deal with agreement delays of 3-5 months or more in getting a contract executed?

- Some delays are caused by the vendor, and some are caused by the MIT end of things (such as the legal matters, etc.). MIT sometimes holds up a contract because of the language - liability issues and risk issues
- Risky things will always be big issues. Others big issues will be timeliness and costs
- If it is an institute-wide risk, it can be hard to get someone to "make that call", so it can be hard to get an answer. People are concerned about being responsible for making this type of decision
- You have to be able to look at and understand how an organization makes these type of decisions
- Lots of vendors want to add a limited liability clause into the contracts
- Sometimes you have to rephrase the wording
- Get MIT and the vendor's lawyers into one room. We found it was easier to get them together on the telephone to discuss things
- Sometimes companies may not budge on a contract because they will say, "Other schools are doing it this way". That is no reason for MIT to go along with it. Just because the other schools make a decision does not mean it is a good one or a right one for MIT
- If you come across a small vendor that does not have an in-house counsel, then you need to ask yourself, "Are they the right vendor for us to be dealing with?"
- It can get complicated. We have had to deal with multiple companies because one company could only provide one tier of support and the other companies had to provide the other tiers of support for issues the first company could not deal with
- Getting a contract done can be very challenging work when dealing with the risk side as well as the technical side

Question: How did you get vendors "up to speed" on the project and the MIT environment? What are the critical steps?

- People don't always read information that is given to them to read. Often you will give vendors a document on what the business needs are and unfortunately many people don't read this document even when it is provided
- Another difficulty is when a vendor does not realize how big the project is and the work it entails at first. Then this becomes a problem
- You need to know very specific technical things you need and make sure you get it in the contract and you get it from the vendor. Don't fall for vendors' "alternative technical solutions"
- If a new representative comes in, then that can be a problem. Some sales people are very department specific. The new sales person needs to be aware of what things the MIT culture will and will not take
- Product expectations, i.e. What if we don't get control on imprints, how do you get access to it?
- Big issues can be standardization and permanent defense
- Sometimes you have to re-educate the vendors on what MIT's interests and expectations are
- Sales people need to realize that dealing with Harvard vs. MIT is a whole different thing
- There are always going to be some organizational uniqueness

- It can take vendors a long time to figure out they can't do some things and what the implications of this are
- The market will continue to change (we find this with our virtual servers)
    - The virtualization clause in contracts was an unexpected thing. VMWare or any other virtual software thrown into the mix can add $$numbers and it becomes a very different negotiation
    - We had a contract with wording, "As long as you centralize the server…." And we were happy with this wording, but the MIT lawyers did not like this wording. It can be a challenge for the lawyers to understand what is a technical concept vs. a legal concept. We need to educate staff as things evolve and change on the technical side

<u>Question: What are ways to manage communication between the vendor(s) and the team? What are the challenges/red flags?</u>

- It is important to set up recurring Status Meetings, so you have feedback from both sides (vendor and MIT). The vendor may have multiple pieces and your side might have other pieces
- Setting up a mailing list, so people can interact with vendors regularly. You need to ask the vendors:
    - What is the next milestone?
    - How far are we away from meeting the milestone?
- It can be a problem just trying to get your account representative on the telephone. It is good if you have them come see you on a regular basis. This helps build and maintain good communication. This can help out when you need to figure out what are the approaches you will take and what it will be
- Don't do split meetings with vendors and your teams
- You need to figure out the types of communication you will need for specific things that will come up. Decide if a telephone call, email or an in-person meeting is needed to communicate about specific things
- Timing on communication is crucial
- You need to talk about if the vendor is comfortable communicating certain ways
- You should get the vendor's personal cell phone number and get their back-up's personal cell phone number
- Find out if the vendor is ok with non-standard type communication
- Sometimes sales people might have to talk to the MIT Procurement Office and the technical people need to talk with technical people. You need to align the right people for specific communication
- You might grow to like your vendor and then they get swapped out and you have to deal with a new vendor. You need to anticipate that your continuity with the vendor can be broken
- When dealing with certain vendors you have to:
    - Make it clear what your expectations are
    - Let them know this is what is important to our organization
    - You need a <u>useful</u> response within 24 hours
    - It is not ok to call you back a week later

<u>Question: How did you facilitate the knowledge transfer during the engagement? What are the checkpoints to ensure milestones are being met and that deliverables meet expectations?</u>

Knowledge transfer helpful hints:

- You have to ask for documentation. Sometimes you need to have someone actually onsite to figure out solutions for some of the problems that are coming up
- You may have to have someone who can be there a long time. You have to give some thought ahead of time about to handle support issues
- The testing phase is important. Having the vendor in-house to see what the implications are. Prior to implementation, this engagement needs to take place
- "Easiest" is important to describe in the contract, so there can be a low transfer bandwidth. It is better to work through some real life problems with the vendor
- You will also need people with strong communication skills. There are some things you are not able to put in a contract, such as strong communication skills, but you will need it
    - Even though you can't put strong communication skills in the contract, it is very important to have. You need to figure out ahead of time how the communication between the vendor and you is going to work.
        - For example, we once had a video meeting with a vendor and it proved to be a mess and it helped us figure out that we needed to eliminate that vendor
- For example, we had someone come to MIT for three days for the knowledge transfer and it was not successful. The vendor said they never saw anything so hard, but really they did see things like this, the representative just was not happy they had to do the work
- You have to negotiate ahead of time what your support model will be
- You need to know who their bosses are. It is good if you can send a letter to their bosses at the end of the year and let the manager know if you are happy or if you have complaints about the sales people. You have to learn to leverage their management to your advantage. Don't be afraid to ask who their boss is. Often this will get them moving, just because you asked this question
- A key thing for knowledge transfer is you have to identify how your people learn best and what is the pushed up process for knowledge transfers by your people
- You have to make sure you understand the knowledge transfer in detail
- You need to know <u>what you need to know</u>
- You need to do the work to know what the final steps are going to be. If needed, get additional documentation. Don't be afraid to ask questions even after you know what you are supposed to know. It is ok to ask more questions
- Don't let them say they will email the answer to you, because they most often won't do this

What to do if you know the knowledge transfer and documentation is not happening:

- Sometimes you give the problem to someone in your group and they just have to try and figure it out
- Be wary of incorrect documentation. Be careful with document and coding

Best practices tips:

- Archive documentation in an accessible place
    - It will depend on your use cases to figure this out. Take real world situations. Like, don't put documentation for when the wiki is down in a wiki page! (Sounds funny, but it did happen.)
    - Have remote website that people can download and scan pdf files to it. Have a centralized library created. We need to have this type of thing for IS&T. Make sure it is self contained and self sufficient

- Have all sorts of redundancy and have a disaster back-up plan. We don't exactly have this in place now
- Around products: Know where most recent versions of contracts are accessible. This can become especially very important if someone decides they want to sue you or something
- Don't let people store thing in their desktop or C drive
- Everyone needs to know where it is
- They need to know how to get into it
- It should be centrally managed
- Centrally available
- Centrally shared (at least to the team, but not necessarily to all of MIT)

Managing milestones and deliverables:

- Make sure <u>before</u> you sign-off on the final deliverable/end of the contract that you can support the product or otherwise, you will have problems
- It is important to have a scope of work and a code review.
    - It is good to have a peer code review process. Developers will submit the code, check on standards and more intense things we look for are fine-tuning things. You should put the information in an email and send it to the rest of the developers, so they can chime in
    - You should also include Quality Assurance, so they can chime in
- You need to make sure there are some reusable components. Basically, "I need to be able to get in there easily and it should be easy for me to know where to get started"
- You can tell a lot about how things will go depending on whom the vendor sends. If the vendor sends someone with a lot of technical knowledge, this is a good thing. It can be an issue/red flag if the person on the vendor's end (on the telephone) can't handle your technical questions

Other helpful tips:

- Some sales people pitch the technical product, but they don't have the technical knowledge themselves
        - Sales people are trained to pitch a product, so take what they say with a grain of salt
        - It can be hard to figure out what is a pretty sales pitch vs. what you really need the product to do
    - You need to gage how comfortable are sales people dealing with a small or big company or organization
    - You need to take into account things like the contract language and the technical issues
- Vendors want to see widespread adoption with things like personal computers. However, it is a whole different ball game when you deal with a big enterprise like MIT. Sometimes a corporation has to accept some new products. Google documents and iPhones are a good example of this
- Be wary of things sales people say. Saying yes to all of your questions can be a red flag. There can be a lot of bridge work with additional vendors because their product might not be able to do everything you need
- You need to get the sales person and the technical person together early on in a meeting with you to make sure you feel good about working with them. If you don't get a good feeling from the meeting, then trust your instincts about them not being good
- Don't allow the vendor to drive the meeting. They will take control and get you to do something you do not want. You have to be in the driver's seat
- You may need to create a wedge between you and the vendor in order to get them to open other doors to what you need

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Please let us know what you thought about the meeting. In addition, let us know what you think about video taping future meetings (to help facilitate knowledge transfer!)

Do you have any other topics for future meetings? Send your ideas, requests and questions to ist-cop@mit.edu.

Thank you to everyone that participated in the Café Talk!!!