



# Vendor Management

## How Cisco IT Improved Strategic Vendor Management



## A Cisco on Cisco Case Study: Inside Cisco IT

# Overview

- Challenge

  - Lack of consistent process for new IT products & services between vendors and Cisco

- Solution

  - Vendor Management Office (VMO) was formed to provide consistent policy to vendors

- Results

  - Benefits of the VMO: Lower costs to both Cisco and vendors, better productivity, better communication

- Next Steps

  - The VMO focuses on process automation

# **Challenge: Lack of consistent process for new IT products & services between vendors and Cisco**

- Too many negotiated contracts with the same vendors:
  - Employees had to deal with more contacts, which reduced work flow
  - Significant amounts of money were spent
- Negative affect on customer relationships:
  - No formal agreements between seller or buyer
  - Cisco vendors are important Cisco customers

# **Solution: Vendor Management Office (VMO) was formed to provide consistent policy**

- Goal to develop strategic, consistent approach to selecting vendors to reduce cost and risk:

Work only with vendors aligned with strategic needs, marketplace, and business

Renegotiate contracts and repaired relationships

# Solution: Vendor Management Office (VMO) was formed to provide consistent policy (Contd.)

- Created process to ensure continuous improvement by working closely within Cisco groups:

Engage

Investigate

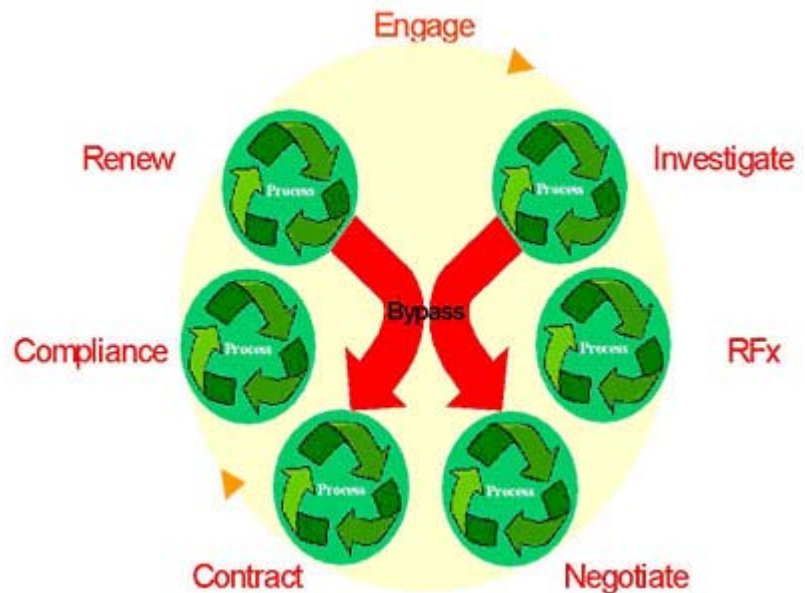
Evaluate

Negotiate

Contract

Compliance

Renew



# Results: Benefits of the VMO

- Increased Flexibility and Simplicity
- Lower Costs to Cisco:
  - IT recovered US\$33M
  - US\$64M recovered over life of contracts
- Lower Costs to the Vendor
- Better Communication with Vendors
- More productive Partnerships with Vendors
- Industry Recognition

# Next Steps: The VMO focuses on adding value to the company

- Efficiency through automation:
  - Contract management
  - E-procurement
- Keep internal clients and stakeholders up-to-date on vendor management

To read the entire case study, or for additional Cisco IT case studies on a variety of business solutions, visit Cisco on Cisco: Inside Cisco IT

[www.cisco.com/go/ciscoit](http://www.cisco.com/go/ciscoit)



**CISCO**



**Americas Headquarters**

Cisco Systems, Inc.  
170 West Tasman Drive  
San Jose, CA 95134-1706  
USA  
[www.cisco.com](http://www.cisco.com)  
Tel: 408 526-4000  
800 553-NETS (6387)  
Fax: 408 527-0883


**Asia Pacific Headquarters**

Cisco Systems, Inc.  
168 Robinson Road  
#28-01 Capital Tower  
Singapore 068912  
[www.cisco.com](http://www.cisco.com)  
Tel: +65 6317 7777  
Fax: +65 6317 7799

**Europe Headquarters**

Cisco Systems International BV  
Haarlerbergpark  
Haarlerbergweg 13-19  
1101 CH Amsterdam  
The Netherlands  
[www-europe.cisco.com](http://www-europe.cisco.com)  
Tel: +31 0 800 020 0791  
Fax: +31 0 20 357 1100

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at [www.cisco.com/go/offices](http://www.cisco.com/go/offices).

 ©2007 Cisco Systems, Inc. All rights reserved. CCVP, the Cisco logo, and the Cisco Square Bridge logo are trademarks of Cisco Systems, Inc.; Changing the Way We Work, Live, Play, and Learn is a service mark of Cisco Systems, Inc.; and Access Registrar, Aironet, BPX, Catalyst, CCDA, CCDP, CCIE, CCIP, CCNA, CCNP, CCSP, Cisco, the Cisco Certified Internetwork Expert logo, Cisco IOS, Cisco Press, Cisco Systems, Cisco Systems Capital, the Cisco Systems logo, Cisco Unity, Enterprise/Solver, EtherChannel, EtherFast, EtherSwitch, Fast Step, Follow Me Browsing, FormShare, GigaDrive, HomeLink, Internet Quotient, IOS, iPhone, IP/TV, iQ Expertise, the iQ logo, iQ Net Readiness Scorecard, iQuick Study, LightStream, Linksys, MeetingPlace, MGX, Networking Academy, Network Registrar, Packet, PIX, ProConnect, RateMUX, ScriptShare, SlideCast, SMARTnet, StackWise, The Fastest Way to Increase Your Internet Quotient, and TransPath are registered trademarks of Cisco Systems, Inc. and/or its affiliates in the United States and certain other countries.

All other trademarks mentioned in this document or Website are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (0704R)