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

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