Most IT environments today have infrastructures containing multiple technologies from multiple vendors, supported by multiple services contracts. Managing such a complex environment can get ‘messy’ when too much time and money is wasted on simple, run-of-the-mill tasks. It’s easy to lose focus on the things your IT department should be doing to add more value, things like innovation and transformation. You want your people to spend more time making the business better and less time simply ensuring the business runs as usual.

The Messy Costs of Multi-vendor Management

‘Networks support costs has little to do with the price of their support contracts.’

If these challenges seem familiar to you, Dimension Data’s Stefaan Hinderyckx, Networking and Security Director for Europe, and Christine MacKinnon, Global Managed Services Vendor Manager, believe you’re not alone. Many businesses struggle with the same problem. What they often don’t realise is that the largest share of networks support costs has little to do with the price of their support contracts and far more to do with how the multi-vendor estate is managed.
‘Support and maintenance services are not so much about devices and contracts as they are about delivering a business outcome that suits your organisation.’

What it really costs to support your network
Says MacKinnon,
‘Think for a moment how much time your IT division spends simply managing calls to vendors. Think about all the support calls made to various help desks, the frustration and time involved in explaining and re-explaining not only your specific problem, but also your environment and its unique requirements and configurations.
Instead, your engineers could’ve spent that time thinking about innovative ways to streamline the way you serve your customers using new technologies, which would’ve generated more income. ‘Think about all those costs adding up, when they could have been avoided in the first place if someone had just remembered to renew a minor contract when it was due. The bottom line is, multi-vendor management gets messy when it’s not done well, and all of it adds to your total cost of support.’

One number to call
Hinderyckx points out that most global and international organisations are familiar with these challenges.
‘Their environments can sometimes sprawl to more than 30 vendors, considering all regions and countries of presence. But we’re also seeing similar problems in larger local companies, albeit at a smaller scale. The more vendors there are in the environment, the more complex the management becomes. The solution, however, is the same for all: employing the services of a single ICT services provider to manage your vendors and support contracts on your behalf. It’s the central benefit of service aggregation: having one number to call when things go wrong’. ‘But it’s more than the size and complexity of the organisation that creates the need for one support number,’ adds MacKinnon.
‘Strategy can also play a significant role. It’s about what your organisation wants your IT department do as a core focus. Large global financial services firms, for example, often have a significantly skilled internal IT department. If they want their most qualified engineers to focus on more strategic projects, they need the help of a multi-skilled ICT services provider to take mundane and less critical tasks off their to-do lists. And this often happens in the form of contract and vendor management.’

Co-terming of contracts
‘In a typical estate of between 10-30 vendors, clients would tend to have a support agreement with each individual vendor,’ explains Hinderyckx.
‘Imagine tracking 20,000 individual assets and trying to determine which of those aren’t under support,’ adds MacKinnon.
‘And then the cost of trying to raise 20 invoices to take care of those, and the time and effort required.’ ‘Also, contracts would start at different dates and would therefore have to be renewed at different points during the year,’ says Hinderyckx.
‘They may also be varied in terms of their structure, conditions, and escalations. Co-terming means consolidating all contracts on a fiscal calendar so that all renewals are synchronised and occur at the designated time. It may seem like a simple task, but sometimes businesses forget to renew their contracts and run into operational problems some months later. This ramps up total cost of support unnecessarily, because problems are then more expensive to fix.’ ‘The benefits of co-terming are operational stability and efficiency,’ says Hinderyckx.
‘Instead of having many renewal points throughout the year, you would have one renewal date and one consolidated financial statement, which would help you budget and plan more accurately. Co-terming is extremely critical in the security arena. If you don’t get the required software updates when they’re due because your subscription has lapsed, your firewall or proxy becomes ineffective. This exposes your business to risk. So, the benefit of not forgetting to renew thanks to a warning from your ICT services provider, and the ability to prepare for the expense, amount to good governance, efficiency, and further cost savings.’

‘The bottom line is, multi-vendor management gets messy when it’s not done well, and all of it adds to your total cost of support.’
Good partnering

However, not all ICT services providers are up to the task of services and contract aggregation in equal measure. Both Hinderyckx and MacKinnon advise that you should look for a combination of factors that contribute to a partner’s suitability.

‘Firstly,’ says MacKinnon, ‘you need your services aggregator to have a high level of expertise across a broad range of the vendors you have in your estate. If the partner’s range is too narrow, it would probably pressure you to refresh and transition parts of your estate – which is not always ideal. If the range is too broad, chances are the partner will have to outsource a lot of the support to third parties. Given your particular vendor profile, what level of support would your partner be able to provide itself and how much would it need to back out? Remember that no match is perfect – there will always be compromises required on some of the smaller, more obscure vendors. But it’s usually better to choose a partner that’s able to do a larger portion of the work itself than having to sub-contract.’

‘Also ask how the services will be delivered,’ says Hinderyckx.

‘In other words, how well is your partner geared – in terms of its systems, processes, and infrastructure – to deliver the services to a consistent standard around the world. And if replacement equipment is procured, will the partner be able to deliver it on time, wherever in the world it’s needed, without incurring unnecessary duties in terms of taxes and clearance?’

‘Most importantly,’ says MacKinnon, ‘partner with an ICT services provider that understands your environment – even to the point of helping you design your architecture. The more in-depth that understanding is, the easier it will be and less time it would take for your services partner to solve problems as and when they occur. It’s a matter of building trust and rapport with a service provider that understands your strategy, goal, and ambitions as a business. Ultimately, even support and maintenance services are not so much about devices and contracts as they are about delivering a business outcome that suits your organisation.’