

As part of its determination to provide consistent, cost effective service to the enterprise, this IT organization's goal was to streamline the number of vendor contracts as well as provide the ability to tightly manage the hardware, software and services contracts it maintained. The goals were:

- Minimize the amount of time IT supervised contract activity
- Through the centralization of IT contract knowledge; reduce IT acquisition, maintenance, and management costs

The vehicle for achieving these goals was the implementation of the IT Contract Management Process. This process defined the way in which the organization engages and presents its contract management services to the business units, executes a contract, monitors compliance with the stated contract objectives, and creates new services to meet customers' and IT contract demands.

Description

The process was implemented with two workflows: IT Contract Management and IT Contract Administration.

This workflow begins either through a request for RFP preparation by a or through a request for a new contract with a vendor. RFP preparation can be a useful exercise since it gives

the Company the opportunity to screen vendors in a detailed fashion and impose contractual stipulations that shorten the negotiation cycle. However, RFP's are used sparingly as it takes time to generate one.

When a vendor has been pre-qualified to provide a hardware or software product or service, the process will begin with a contract request. The IT Contract Manager will search the Company database for current vendor contracts in use. If one is not in place, the IT Contract Manager organizes and facilitates a negotiation team consisting of Enterprise Legal Services, the IT Contract Management, and the Contract Requestor. The key aspect of this team-oriented approach is that each member department draws upon its expertise and knowledge to accelerate the process as well as to produce a more favorable contract for the Company.

This workflow begins after the contract has been successfully negotiated and executed. In short, the Contract Manager must review vendor invoices and approve all payments. Why this workflow is not a standard function of Accounts Payable is because invoices and contracts of an IT nature can be very technical and complicated. It is productive to rely upon the expertise of the IT Contract Manager to interpret the contracts and invoices. Finally, the IT Contract Manager will input all contract terms and conditions into management databases which monitor contract lifecycle and terms.

