

Secrets for Buying Your Next Big Project from an IT Solution Provider

So you have a big IT project coming up next year that can make a big difference to your company's operations as well as your career. What can you do to make sure it goes right?

Having been on the IT Solution Provider side of the business for many years, I have seen many different organizations go through many different project implementations. Here's my recommendations for getting the most out of your vendors at the best price. And you'll get a successful project and an ongoing system you can be proud of.

First off, just like Stephen Covey says, begin with the end goal in mind. At the end of the process you want to have a successful system implementation that brings value to your organization. During the process, which can go from 3 months to 2 years, there may be some changes to your preconceived plans. As long as the end goal is achieved, changes are OK. Technology improves rapidly, and one of the best ways to find out what is new and what works is from your local IT Solution Providers.

Start talking to solution providers before you create your budget. It sucks to find out that the improvements you are planning on getting done just are not economically feasible and you have to delay until next year's budget. IT Solution Providers are happy to talk to customers well in advance of the project start. It is very straightforward for a solution provider to put together a budgetary, high level proposal for a project because they do it all the time. With this document in hand, you should be able to get close to the right budget amount.

Getting new budget money is certainly tough. IT Solutions Providers, however, are used to identifying existing budget allocations that can be redirected to your project. After all, they have worked with hundreds if not thousands of customers in similar situations, and can get very creative. It's much easier to get approval for a project if you can find a way to fund a portion of it through hard or soft dollar cost savings. Solutions providers are masters at doing this, and usually don't even exaggerate much!

Before going down the path of engaging a solutions provider to help you work up a budgetary number, you may want to consider how to get a commitment to good service at a good price. This is where the manufacturer and solution provider relationship comes in. My recommendation is to not fixate on one manufacturer too early, because if you do, you will give up a whole bunch of bargaining leverage.

Most IT Solution Providers focus their time, energy, and effort on implementing products from only a few manufacturers. By doing this they get very good at designing, installing, and supporting those vendor's systems. They work closely with the vendor's salespeople and engineers, know how to get the best pricing, and know who to call if something starts to go sideways.

Resellers who work with many different manufacturers usually position themselves as best-of-breed providers who evaluate many different vendors and put together a complete system using a mix of the optimal different available products. This can work, but in many cases that one solution provider is the only organization that is experienced in that specific combination of products. Furthermore, their lack of focus tends to limit their ability to put together a complete system at the best price with full manufacturer support.

As you line up your two to three different potential providers, evaluate different solutions provider/manufacturer combinations. This way you are able to engage the competitive energies of the different manufacturers against each other. Solutions provider's profit margins are pretty thin compared to the original equipment manufacturers (OEM's), so one of the ways you can get the best pricing is to get the OEM's competing against each other through what they see as their proxies, the solution providers.

Conversely, if you start to work with three different IT Solutions Providers that all focus on the same OEM, I can guarantee you the end result will not be everything you desire. In that case, the OEM has no incentive to discount pricing much, and the solutions providers will do everything possible to differentiate on their capabilities. Unfortunately, the IT Solutions Providers will have to cut their profit margins to almost nothing to match their competitor's price and win your business. And if you think they are going to give you their best effort when they have agreed to a contract with little profit...well, all I can say is stand by for change orders and price increases once the project starts.

Once you have picked your IT Solutions provider and vendor candidates, what next? Put them to work! Describe your situation, what you are looking to do, tell them they have a fair shot at winning your business, and ask them for their best proposal. Tell them you would like to get their recommendations and justifications for three different scenarios:

1. Minimum system that would work at the best price.
2. Well endowed system with all the bells and whistles.
3. Optimal system they would recommend to a company run by a good friend.

By doing this, you get to take advantage of all the education, training, and experience the solution provider account managers and design engineers have built up over the years. You'll learn much more from them than if you read the latest articles in the trade magazines.

But what about consultants? Shouldn't you engage one of them? You could, but be aware of what consultants are good at and what they are not. They do a great job staying on top of industry trends, seeing what different organizations are doing, and producing well-written deliverables. What consultants don't do is design, install, support, and troubleshoot these systems on a daily basis. As a side note, that's also the

case for the engineers at OEM's! The best source for a system design that will work and stand the test of time is from your local IT solution provider.

Local? Yes, local, if possible. The vast majority of IT Solutions providers are localized to a state or region. Very few are of national size, and the ones that are that big work with the organizations at the bigger end of the scale. Think of IT solution providers as analogous to builders, most of which operate on a local scale.

What you want from an IT Solutions Provider is results. Results are delivered by people who take pride in their work and who are part of a team that values success and their local reputation. So in your evaluation, look for a few different things:

1. They employ full time engineers locally who are experienced and certified in the OEM's systems that you are potentially looking to deploy.
2. Has reference customers of about the same size for whom they have done similar work. Technology changes rapidly, so you might not get an exact match, but make sure you get the names of the people they worked with, and call them to find out if they are happy and why.
3. Provides a complete solution within their area of technology expertise. This includes:
 - a. Assessment of current system and recommendation for improvement.
 - b. Account manager who brings together the key people for you.
 - c. Design engineers with operational experience who will provide a good design and a solid scope of work.
 - d. Purchasing team who will source the products from authorized channels, will get them ordered correctly, and will get them delivered at the right time.
 - e. Project management team who will hold a kickoff, coordinate the disparate elements required for the project, and work to getting the project completed properly.
 - f. Deployment engineers who know their stuff and don't have to constantly call back to the experienced guys back at the office.
 - g. Can provide ongoing support of the system after it is turned over to you.

Make sure they are good at partnering with other providers who may be necessary for a complete solution. IT Solutions Providers tend to focus on being good at a few different areas, and as systems become more complex these areas may become even narrower. Companies usually specialize in a few of these different areas:

1. Servers, storage, hypervisors, and operating systems.
2. Data networking.
3. Power and Cooling.
4. Cabling.
5. Data security.
6. Physical security.
7. Voice and video systems.
8. End user systems.
9. Applications.

10. Training for End Users and Administrators.

If an IT Solution Provider tells you they can are good at everything, dig a little deeper and find out who would actually be doing the work. Ask for the names of the engineers. You want to find out what the provider is really good at, and what is not their core competency. Just as in everything else, details and the names of people are always important. And if they need to partner to put together a complete solution, be open to that and talk to the partners they bring in.

At this point you should have some solid proposals from a few different vendors. It takes up quite a bit of time to meet with them all, dig up the information they ask for, and allow them to come in and run assessments on your equipment. If, however, you are serious about giving all of them a chance at winning your business, you will get some really creative and detailed proposals with a few different options on price and capabilities.

In the evaluation of those proposals, have the design engineers go through and explain the pros and cons of their different designs. Tell them who their competitors are and ask them why they think the system they designed for you is better. Ask if you are going to have to change out this system in a few years. Ask them if the system has any single points of failure.

Since price should always be part of the design, ask them where they would cut if the budget was reduced by 20%. Ask where they would add if, theoretically, you could find additional budget.

Ask about support. As part of the proposal, have them price out 3 and 5 year support for the system separately. And not just manufacturer's support, but also support from someone who knows their system inside and out. If you wanted to take a 3 week vacation and not get constant phone calls from the office, could they offer the level of support to make that happen?

Find out about different ways to pay for the system. Some manufacturer's are awash in cash and have a financing arm that will offer all sorts of free money just for buying their products. Have your finance people talk to their finance people to get it figured out properly.

Regarding price, IT Solutions Providers get different pricing for every customer from the manufacturers. A few decades ago, providers who sold a lot of volume got better pricing, but that's not the case at anymore. If a solutions provider acts as an effective part of the manufacturer's team by promoting, selling, installing, and supporting their equipment they get good pricing. So if you disrupt that by going to the manufacturer and demanding that all of the OEM's providers are on a level playing field regarding price, expect some or all of these things to happen:

1. You probably won't get the best price from anyone on the hardware.

2. Services pricing will be higher than if you had not interfered because you just took away all the hardware profit from the solutions providers.
3. The vendors and solutions providers won't like you and won't do their best for you.

That's the way it is right now, and it works well for the manufacturers, solution providers, and customers. It's better to work within the process than against it, because you will get the lowest price overall and the most commitment for a successful project.

Now's that you have your proposals and pricing is when it starts to get serious. Salespeople, if they are good, are going to be doing a few different things at this point:

1. Trying to get you to agree that it is critical to have the features that only their solution has.
2. Working to identify a time frame and next steps for a financial commitment from your company.
3. Push their manufacturer's to get even better pricing.
4. Invite you and the other decision makers to a demo at their office or one of their customers.
5. Identify and deploy every avenue of influence they have to get you to choose their solution.

At this step it's best to be impartial and fair, because most of these IT Solutions Providers have been in the industry for a long time and know a lot of different people. Try to limit your time in this phase!

As soon as you start narrowing down your choices, you are going to want to negotiate the best price from the different vendors. Keep talking to all of them until you make the choice! From a sales representative's point of view, when a customer goes silent, it means they have lost the opportunity and that the customer is negotiating with a competitor, who is just about to get a purchase order. At that point some salespeople might think that should derail those negotiations in whatever way possible. Be on the lookout for that.

After making the final selection, move to get a valid purchase order issued quickly. Make sure you have lined things up internally so the approval happens rapidly. That will serve as final notice to the solution providers who did not get your business that this cycle is complete. Of course, now the real work of making the project a success begins!

Hopefully during the sales process you met a few senior representatives of the IT Solutions Provider, maybe even the owner, and have all of their contact information just in case things start to go sideways and you have to escalate and make them aware of the problems with the project.

As the new systems are deployed, there will be problems. Usually no one knows the exact state of the systems that are currently in place. During the upgrade process, you will find out things that were unknown and will have to be ready to make adjustments. Accept it as part of the process and work with your provider to fix things and move on. If you have held back part of your budget for change orders that will definitely help. You could also have made sure in your negotiations with the solutions provider their commitment to a firm price no matter how much extra work is required.

With the project just about done, there are just a few last hurdles to complete. Before the solutions provider's deployment and project management team check out, make sure:

1. You get a full operational demonstration of the system. You want to make sure everything works and they don't have to come back and fix things.
2. The punch list of uncompleted items is mutually agreed upon in writing and a timeframe and person is identified for the completion. Get a specific person to agree on this and sign it.
3. You have a copy of the As-Built documentation with license information, tables, diagrams, serial numbers, usernames, and passwords.
4. Manufacturer support is activated and verified for everything that was installed.
5. You know how to get support on this system when you need it.

That's the high level overview of working with IT Solutions Providers when you have a new project to do. Follow this guide and you should have a successful implementation, leading to better operational capabilities for your organization and an outstanding demonstration of why you deserve a promotion, a raise, and at least five weeks of vacation per year. Good luck!