

Secrets in Choosing a Reliable Vendor

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The main consideration of companies when deciding to outsource is to save money. Cost efficiency is on the top of their list of things to consider for a vendor. Thus, most companies end up collaborating with different outsourcing firms to cater to their different needs. However, recent studies have shown that there is a change in this trend as more and more companies now hire service providers that offers different services and can supply most of their companies' needs.

These trends in outsourcing has made most vendors evolve into a more reliable and effective outsourcing companies. Further since the practice of outsourcing is now an acceptable practice for most companies there are now many vendors that can deliver its promises and can work with buyers on long term partnership. However there are still vendors out there which are not as good as they seem. For a buyer, knowing which vendor to trust and choose can make a difference in the success of his own company.

Cheaper and faster is Out, Performance is in

According to the survey conducted by Brown Wilson Group consultancy, one of the main changes in the trend in outsourcing is that most of the companies now choose a vendor that are better and more innovative; whereas before, most of the companies' main consideration is cost efficiency and speedy performance. Another main consideration now is the ability of the vendor to respond effectively to a crisis. Now the trend is not to save the company money but to hire a vendor that can help the company grow.

This is quite apparent in the way that China has seen an increasing growth in their outsourcing trade but they ranked very low in terms of client satisfaction. The same thing happens for Latin America wherein despite the growth they failed to meet client satisfaction. This is the opposite of India's WNS Global, which ranked highest in terms of client satisfaction. While in human resources outsourcing, Affiliated Computer Services is on the top of the ranking and is expecting to earn \$26 billion by the end of 2007.

Thus, when choosing a reliable vendor it is important to consider the performance and services of the outsourcing companies. Most companies, which opted to hire because of the saving costs, found the hard way that they are now way behind their competitors that invested in their vendors.

Location is irrelevant, relationship management and security is the priority

While in-sourcing has been the preferred type of outsourcing, the survey found that location is no longer as relevant as it used to be. India still ranked as the highest in terms of clients' preferred location. This is followed, second in ranking, by Canada. Respondents of the survey however said that they would consider other outsourcing locations given that the company can provide their needs. The current trend demonstrated that companies would choose a particular vendor, regardless of its location, if it can offer good management and is highly secured.

Companies are now smarting up and one of the secrets of those who gained much from their vendors is that they know that relationship management and the ability of the company to handle IP and technology security takes precedence over delivery location opportunities.

Remember that it's a partnership

One way of having a reliable vendor is to realize first hand that these vendors shall be your partner. Together you have a common goal and together you achieve this goal. According to Rex Bare, president of Omnica Corp., one of the secrets of choosing a reliable vendor is to keep in mind that you are choosing a partner. Thus, Rex advised that it is pertinent to choose a vendor that can offer the right mix of services.

One of Rex's favorite quotes is, "If the only tool you have is a hammer, you will see every problem as a nail." Before choosing a specific vendor, it is important to check if the company has the right and ample resources to finish project or perform the task. Remember it is a partnership and you would definitely want your partner to live up to its promise otherwise there is no point in the partnership.

The issues you must be aware of

Several important issues should be considered before outsourcing for a company. These issues will more or less give you an idea whether a vendor is reliable or not. The first thing to do is **background checking**. It is important to check the vendor's years in business, its current number of staff and its financial status. This will give you the right information when evaluating for its reliability, trustworthiness and capacity.

Second is to **check for quality services and products**. Check if the vendor has certifications such as ISO and CMM. Check for solid and reliable references. Then **make sure there are no hidden costs**. Most companies are later on get surprised by hidden charges, training costs, etc. You would be well advised to check before hand. **Safety of your data should be ensured**. Check the vendor's infrastructure security since it will be your data that is at risk. Check for firewalls, data encryptions and even non-disclosure agreement.

You should **evaluate and minimize your risk** before making the final decision. Before partnering with the vendor you should have enough evidence of the vendor's Business Continuity plan, risk mitigation plan or Disaster recovery plans. Last is to **evaluate its culture**. Since your teams will be working with the vendor's team it is important to see if the two groups will fit. Even with all the best outsourcing company, the success of the partnership still depends on the ability of both parties to work together.

See beyond the website

According to Arthi Ramesh of Flatworld Solutions Co., since most of the vendors are found and can be reached through the internet, it is important to appraise a virtual company the same way one appraises a “physically present” company. To ensure the success of the project it is important to select or choose a vendor that has the capability to deliver. However, it is hard to evaluate a vendor from the internet especially for those who are new to outsourcing. Most of the vendors in the internet claim many promising abilities and services. They present themselves as the company that can deliver and do practically anything and everything. By distinguishing the companies, which can really deliver from the companies that are just full of promises, the company is ensured of having the best service or product for their money, time and effort spent in outsourcing.

The first thing to consider then is evaluating the vendors' vision/mission, financial records and documentations, reference clients and its infrastructure. By thoroughly checking these items you can separate the “virtual company” from the legitimate company. This will also give you enough information to compare one company from the other and choose the best one from the lot.

Ramesh gave few helpful pointers in checking the information of the vendor. The first is to examine its expertise. Check the company's previous works. How was it delivered? Then check for its competitors. This will give you an idea of how the company stands in the industry. Second according to Ramesh is to scrutinize the company's expertise with its promises and strategies in developing the project or handling the task. The company's strategy will give you enough idea on how to work with the vendor and how you both can achieve the goal.

Third is to analyze its competencies. You must analyze if the vendor has the technical capability to develop, maintain and do the project or task until its completion. In this it is important to remember that no company can offer everything. Last is to review everything you have compiled and gathered. If it is not possible for you to check out the site by a visit at least with your data at hand and with a thorough review, you shall be able to "see" the company, from its hardware to employees to standing with the local government. Following all these you shall be able to see beyond the website of the company and you can then have a good feel of the company before hiring them.