

# Supplier Selection

## Checklist

Version 1.0, Issued February 2002

# Contents

|  |           |
|--|-----------|
| <b>1. INTRODUCTION.....</b>                        | <b>3</b>  |
| <b>2. SUPPLIER STATUS .....</b>                    | <b>4</b>  |
| 2.1. EMPLOYEES.....                                | 4         |
| 2.2. GEOGRAPHY.....                                | 4         |
| 2.3. CREDIBILITY.....                              | 4         |
| 2.3.1. Reputation in the Market.....               | 4         |
| 2.3.2. Reference Clients.....                      | 4         |
| 2.3.3. Partners.....                               | 4         |
| 2.3.4. Strategic Direction.....                    | 5         |
| 2.3.5. Existing Relationship.....                  | 5         |
| <b>3. DELIVERY CAPABILITY.....</b>                 | <b>5</b>  |
| 3.1. SERVICES.....                                 | 5         |
| 3.2. QUALITY OF DELIVERABLES.....                  | 5         |
| 3.3. RESOURCES.....                                | 5         |
| 3.4. GEOGRAPHY.....                                | 5         |
| 3.5. CUSTOMER INTERFACE.....                       | 6         |
| <b>4. PROCESSES .....</b>                          | <b>6</b>  |
| 4.1. PROJECT MANAGEMENT.....                       | 6         |
| 4.2. ACCOUNT MANAGEMENT.....                       | 6         |
| 4.3. DESIGN/BUILD.....                             | 7         |
| <b>5. TECHNICAL STATUS .....</b>                   | <b>7</b>  |
| 5.1. INFRASTRUCTURE.....                           | 7         |
| 5.2. DEVELOPMENT ENVIRONMENT.....                  | 7         |
| 5.3. SECURITY.....                                 | 7         |
| <b>6. SUPPLIER CULTURE.....</b>                    | <b>8</b>  |
| 6.1. PROFESSIONALISM.....                          | 8         |
| 6.2. FLEXIBILITY & COMMITMENT.....                 | 8         |
| 6.3. OPEN/FRIENDLY.....                            | 8         |
| 6.4. INTEGRITY.....                                | 8         |
| 6.5. UNDERSTANDING YOUR BUSINESS GOALS.....        | 8         |
| 6.6. PROACTIVE.....                                | 8         |
| 6.7. UNDERSTANDS BUSINESS ENVIRONMENT.....         | 8         |
| 6.8. INNOVATIVE.....                               | 9         |
| <b>7. FINANCIAL/COMMERCIAL.....</b>                | <b>9</b>  |
| 7.1. SUSTAINABILITY.....                           | 9         |
| 7.2. OWNERSHIP STRUCTURE/HISTORY.....              | 9         |
| 7.3. CASH FLOW.....                                | 9         |
| 7.4. INTELLECTUAL PROPERTY.....                    | 9         |
| 7.5. NON-DISCLOSURE.....                           | 9         |
| 7.6. COMPETITIVE PRICING.....                      | 9         |
| 7.7. SCHEDULE COMPLIANCE.....                      | 9         |
| <b>8. SUPPORT.....</b>                             | <b>10</b> |
| 8.1. COSTS.....                                    | 10        |
| 8.2. AVAILABILITY.....                             | 10        |
| <b>APPENDIX 1 – TABLE OF SCORES .....</b>          | <b>11</b> |
| <b>APPENDIX 2 – SPIDER DIAGRAM OF SCORES .....</b> | <b>12</b> |

## 1. Introduction

It is useful when selecting a supplier to have a checklist with which to evaluate the supplier's suitability. How much of the checklist is used and how thoroughly will depend on your own needs. However, even a brief review using this checklist may help raise points that could otherwise be overlooked and become issues later.

This checklist has been designed primarily for suppliers that offer IT development services e.g.

- Consultancy
- Application design
- Software development & implementation

It also has relevance to...

- Services
- Software support
- Application hosting
- IT services (running infrastructure)
- IT product suppliers

...but is not targeted for these suppliers.

Remember that this checklist is primarily for use as an aide-memoir and is not designed to be an exhaustive list of all possible issues to consider.

The format of this checklist has been designed to provide a simple list of issues for you to consider. A tabular and diagrammatic format is provided at the end of this document.

## 2. Supplier Status

### 2.1. Employees

- How many are there?
- Where are they based?
- Are any of them critical?

### 2.2. Geography

- How widespread are the offices? (Head Office, Local, National, Regional, Global)
- What is the nature of the offices? (Sales, Development, Implementation, Support)

### 2.3. Credibility

This is a key area addressed by the sections below.

#### 2.3.1. Reputation in the Market

Consider things like: -

- White paper publication
- Involvement in industry bodies
- Public seminars
- Main competitors
- Identification of industry trends

Use can be made of consultants like Gartner and Giga

#### 2.3.2. Reference Clients

- Who have they worked with before on similar projects?
- In particular, explore work with other parts of your business
- Talk to these clients
- Are there other clients that they don't quote as references?
- Have they done any work for your competitors?

#### 2.3.3. Partners

What is the quality and range of their formal partnerships? If this is weak do they have an informal network that can be called upon to provide additional or specialist resources?

#### **2.3.4. Strategic Direction**

Is it appropriate or necessary to develop a long-term relationship with this supplier? If so, do they have the vision to innovate in the way you would like?

#### **2.3.5. Existing Relationship**

- Is there an existing relationship with the supplier?
- Who are the account managers? (from both sides)
- What work has been done? (treat this as a critical reference client)
- What are the terms and period for any co-operation?

### **3. Delivery Capability**

#### **3.1. Services**

Can the supplier provide the complete range of services required for completing the project? - E.g.

- Technical - software design, implementation and documentation?
- Typical implementation time for this scale of project?
- Project Management?
- Support?
- Graphic Design?
- Design Creativity?
- Application Hosting?

#### **3.2. Quality of Deliverables**

- Can they produce evidence of good quality work?
- Does it comply with their standards?

#### **3.3. Resources**

- Are there enough to execute the work?
- Is it clear what dependence there is on key individuals?
- Is there contingency in the resource planning?
- Would they be able to deal with the unexpected?
- Are specific, named, resources allocated?

#### **3.4. Geography**

- Is there an appropriate geographical presence to execute the project?

### 3.5. Customer Interface

Is there a suitable customer interfaces for the project? E.g.

- Account Management
- Business Consultant
- Technology Consultant

## 4. Processes

- Do they have robust, repeatable, measurable processes for creating their deliverables?
- Are they formally certified (e.g. ISO9000)?
- Are project tracking & reporting procedures in place?
- Processes should cover: -
  - Documentation
  - Project Team Communications

### 4.1. Project Management

- Do they recognise the proposed work as a project?
- How do they carry out Project management?
- Is there: -
  - A formal methodology?
  - Resource management within projects?
  - Project tracking and progress reporting procedures?
  - Change management & control processes?
- Do they fit with your own project control procedures, or can they be modified to do so?

### 4.2. Account Management

How is the relationship managed outside the context of specific projects, e.g. where a long term partnership exists or is proposed.

- How are projects planned within a portfolio?
- How do you take advantage of economies of scale across projects?
- How do you ensure reuse of technology 'components'? (Library Management)
- What complaints/problem escalation procedures exist?
- How willing are they to invest in a long-term relationship?
- Is there a user group? Is it independent?

### **4.3. Design/Build**

- Are there formal processes?
- Do they have standards e.g. SSADM, RAD, DSDM, JAD etc?
- Do we understand the methodology that they will use?
- Do you have the capability to interpret and sign off the design documents that they will create?

## **5. Technical Status**

### **5.1. Infrastructure**

- Do they have the necessary technical infrastructure to develop the application?
- Can they test in an environment compatible to yours?
- Is there portability across operating systems, hardware etc?
- Are the system management tools used in support industry standard?

### **5.2. Development Environment**

- Do they use appropriate standard or proprietary tools?
- Will the output be supportable at reasonable cost?
- Will it generate re-usable modules for them and for your developers?
- How productive are they? (proprietary tools may be of value here)
- Do they provide the ability to review progress on-line, securely
- Is their documentation, clear enough for hand-over to others?

Under some circumstances the supplier's use of your standard development tools may also be important. Consider the ability (capability, security) of the supplier to remotely access your networks to speed delivery.

### **5.3. Security**

Is their environment secure to the level required by the application and its content?

## 6. Supplier Culture

### 6.1. Professionalism

What constitutes 'Professionalism' depends on the business environment and may need to be judged by other people in the same field ('fellow professionals'/domain experts).

### 6.2. Flexibility & Commitment

How well will they handle schedule upsets, changes to requirements etc? This may be best judged in informal discussion and by checks with reference clients.

### 6.3. Open/Friendly

- How honest are they about problems faced & overcome?
- Are they suitably discrete about their other clients?
- Do you feel comfortable with them?
- Do they appear to communicate openly and freely internally?

### 6.4. Integrity

- Do they stand by their offerings?
- Are they consistent in what they say:: -
  - during trade-off negotiations? (e.g. if budgets are limited)
  - about their capabilities?
- Are they happy to be technically/financially audited if necessary?

### 6.5. Understanding Your Business Goals

- Does the supplier really understand why you want to do this project, from a Business perspective?

### 6.6. Proactive

- Do they offer sensible & appropriate advice on potential solutions?

### 6.7. Understands Business Environment

- Are they willing to work with other 3rd Party development environments and yours?
- Where relevant, the supplier should understand multilingual requirements for content delivery and its impact on maintenance complexity.

## **6.8. Innovative**

- Look for an approach that is imaginative, flexible, and problem solving driven.

# **7. Financial/Commercial**

## **7.1. Sustainability**

- Will they exist for the length of time we need them?

## **7.2. Ownership Structure/History**

- How new are they?
- Who owns them?
- Services such as Dun & Bradstreet can help in this assessment.

## **7.3. Cash Flow**

- Will they go broke during the project/product lifecycle?
- Can be tested by checking whether they can accept payment at the end of the project.

## **7.4. Intellectual Property**

- Is there a clear agreement about the ownership of any deliverables?

## **7.5. Non-Disclosure**

- Is an appropriate security agreement in place to protect yours and the Supplier's interests?

## **7.6. Competitive Pricing**

- Consider daily rates, and how these may vary.
- Headline rates are not the whole story - consider ability to execute.
- Trade off fixed price against time & materials.
- Consider balance between cost, time & quality.

## **7.7. Schedule Compliance**

- Do they have the ability to execute within the project time-scales.

## 8. Support

- Decide what support will be required from the supplier, if any.
- What will the user helpdesk role be?
- Will the solution be created in a way that permits others (e.g. internal support functions) to support it?
- Is there a standard SLA with various levels of service?

### 8.1. Costs

- Fixed (annual Contract).
- Variable (per call, per hour).

### 8.2. Availability

- Work hours (for international support – time zones)
- Holidays
- Response times
- Help desk functions - who, how, where
- Do they have proper call management processes?
- Are the escalation procedures clear?

## Appendix 1 – Table of Scores

| #             | Description          | Comment | Score (1-10) | Pass (Y/N) |
|---------------|----------------------|---------|--------------|------------|
| 1             | Supplier Status      |         |              |            |
| 2             | Delivery Capability  |         |              |            |
| 3             | Processes            |         |              |            |
| 4             | Technical Status     |         |              |            |
| 5             | Supplier Culture     |         |              |            |
| 6             | Financial/Commercial |         |              |            |
| 7             | Support              |         |              |            |
| <b>Total:</b> |                      |         |              |            |

## Appendix 2 – Spider Diagram of Scores

