

SEVENCORE IT STRATEGY GROUP

Executive Brief

ARE YOUR IT VENDORS WORKING FOR YOU...OR COSTING YOU MONEY?

The Executive Guide to Technology Vendor Performance, Cost, and Accountability

A SevenCore Executive Technology Brief

Most organizations depend on technology vendors to operate.

Managed service providers.

Internet providers.

Telecommunications companies.

Cloud providers.

Software vendors.

Cybersecurity firms.

Hardware suppliers.

Consultants.

These relationships can provide expertise, scalability, and capabilities an organization cannot—or should not—maintain internally.

But as the number of vendors grows, an important executive question emerges:

Who is managing the vendors?

Not simply approving invoices.

Not calling when something breaks.

Not renewing contracts.

Who is evaluating whether each vendor is delivering the performance, value, and business outcomes the organization expects?

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Without structured vendor governance, organizations can gradually accumulate unnecessary costs, overlapping services, weak contracts, unclear accountability, and excessive vendor dependency.

Your vendors should support your strategy.

They should not define it.

1. MANAGED SERVICE PROVIDERS

Is your MSP delivering business value—or simply technical activity?

Managed service providers can play an important role in supporting infrastructure, users, cybersecurity, cloud environments, and day-to-day technology operations.

But the relationship should be evaluated periodically.

Leadership should understand:

- What services are included
- What services cost extra
- What performance standards apply
- Whether recurring issues are being resolved
- Whether recommendations align with business priorities
- Whether the organization has sufficient visibility into the environment
- Whether documentation remains accessible
- Whether critical knowledge is concentrated with the provider

Executive question

If our MSP relationship ended tomorrow, would we still have the documentation, credentials, knowledge, and control necessary to operate our environment?

Warning sign

If the vendor understands your technology environment better than anyone inside your organization—and leadership has limited independent visibility—you may have developed excessive vendor dependency.

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2. INTERNET PROVIDERS

Are you paying for the right connectivity for your business requirements?

Internet connectivity has become critical infrastructure for many organizations.

Yet connectivity contracts are often renewed without revisiting whether the organization's requirements have changed.

Leadership should periodically evaluate:

- Bandwidth requirements
- Pricing
- Contract terms
- Redundancy
- Service availability
- Outage history
- Support responsiveness
- Location requirements
- Business continuity needs

The lowest-priced circuit isn't necessarily the best choice.

Neither is the most expensive.

Executive question

What would happen to our operation if our primary internet connection were unavailable for four hours? One day?

The answer should determine how connectivity is designed and funded.

3. TELECOMMUNICATIONS

Telecom invoices are particularly vulnerable to hidden cost leakage.

Organizations can accumulate:

- Unused telephone numbers

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- Legacy circuits
- Old services
- Unnecessary mobile lines
- Excessive data plans
- Redundant features
- Services associated with former employees
- Charges associated with closed or relocated facilities

These expenses can remain on invoices for years because no single charge appears significant enough to attract attention.

Executive question

When was the last time someone independently reviewed our telecom invoices line by line?

Warning sign

If the answer is "I don't know," there may be an opportunity for cost optimization.

4. SOFTWARE VENDORS

Software costs can grow quietly as organizations expand.

A \$20-per-user subscription may seem insignificant.

Across 500 employees, that becomes:

\$10,000 per month.

Across one year:

\$120,000.

And that may be only one application.

Organizations should evaluate:

- License utilization
- User counts
- Pricing tiers

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- Duplicate functionality
- Renewal terms
- Implementation quality
- Adoption
- Business value

Executive question

Are we paying for software because employees are actively receiving value from it—or because the subscription continues to renew?

5. CLOUD PROVIDERS

Cloud spending requires ongoing financial governance.

Cloud technology changed the way organizations purchase infrastructure.

Instead of large capital purchases, organizations can add computing resources almost instantly.

That flexibility creates business value.

It can also create uncontrolled spending.

Potential cost issues include:

- Idle resources
- Oversized environments
- Unused storage
- Forgotten test systems
- Duplicate services
- Poorly configured workloads
- Unclear cost ownership
- Uncontrolled departmental consumption

Executive question

Can leadership explain what is driving our cloud spending and why those costs are increasing?

Cloud should not simply be considered an IT expense.

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It should be managed as a strategic operating investment.

6. CONTRACT NEGOTIATION

The best time to negotiate isn't after the contract renews.

Technology contracts often contain:

- Automatic renewals
- Annual price increases
- Minimum commitments
- Multi-year obligations
- Termination penalties
- Data retrieval provisions
- Support limitations
- Licensing restrictions
- Service exclusions

Leadership should know when major contracts are approaching renewal well before the deadline.

A stronger process looks like:

120–180 days before renewal

Review utilization, performance, business requirements, and alternatives.

90 days before renewal

Benchmark pricing and determine negotiation objectives.

60 days before renewal

Negotiate commercial and service terms.

Before signature

Confirm that the contract still supports the organization's strategy.

Executive question

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Are we intentionally renewing this vendor—or simply allowing the contract to continue?

Those are very different decisions.

7. SERVICE LEVEL AGREEMENTS

An SLA only creates value if it reflects what the business actually needs.

A vendor may technically meet its SLA while the business still experiences unacceptable disruption.

For example:

A vendor promises a four-hour response.

The business assumes that means the problem will be fixed within four hours.

Those are not necessarily the same thing.

Leadership should understand:

- Response times
- Resolution expectations
- Availability commitments
- Escalation procedures
- Severity definitions
- Performance reporting
- Service credits
- Exclusions

Executive question

Do our vendor service levels reflect the actual operational impact of technology downtime on our business?

If not, the SLA may protect the contract more effectively than it protects the organization.

8. VENDOR SCORECARDS

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Vendor performance should be measured, not assumed.

Organizations frequently evaluate vendors only when something goes wrong.

A more mature approach establishes measurable expectations and reviews performance consistently.

A technology vendor scorecard might evaluate:

Service Performance

Is the vendor meeting agreed service levels?

Reliability

How frequently do outages or recurring issues occur?

Responsiveness

How quickly are problems acknowledged and resolved?

Cost

Is pricing competitive and predictable?

Business Value

Is the relationship producing the expected outcomes?

Strategic Alignment

Does the vendor understand where the organization is going?

Security & Risk

Is the vendor meeting appropriate cybersecurity and compliance expectations?

Innovation

Is the vendor proactively identifying meaningful improvements?

Relationship Quality

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Does the vendor communicate clearly, escalate appropriately, and operate transparently?

THE SEVENCORE EXECUTIVE VENDOR SCORECARD

Consider rating each significant technology vendor from **1–5**.

1 = Significant Concern

2 = Needs Improvement

3 = Acceptable

4 = Strong

5 = Strategic Partner

Evaluate:

Performance: ____ / 5

Reliability: ____ / 5

Responsiveness: ____ / 5

Cost Competitiveness: ____ / 5

Contract Value: ____ / 5

Business Alignment: ____ / 5

Security & Risk: ____ / 5

Transparency: ____ / 5

Strategic Value: ____ / 5

Total: ____ / 45

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A low score does not automatically mean the vendor should be replaced.

It means the relationship deserves further evaluation.

9. THE HIDDEN COST OF VENDOR SPRAWL

As organizations grow, vendors accumulate.

One manages the network.

Another handles phones.

Another manages cybersecurity.

Another provides cloud services.

Another supports an application.

Another provides internet connectivity.

Another manages backups.

Eventually, no single party sees the entire environment.

Vendor sprawl can create:

- Duplicate services
- Conflicting recommendations
- Integration problems
- Unclear accountability
- Multiple support processes
- Higher administrative overhead
- Increased cybersecurity exposure
- Contract complexity

Executive question

How many technology vendors does our organization currently pay?

Then ask:

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How many of those relationships have been strategically reviewed during the last 12 months?

The difference between those numbers may reveal a governance gap.

10. BE CAREFUL WHEN YOUR VENDOR IS ALSO YOUR STRATEGIC ADVISOR

Your vendors may be excellent technology partners.

But organizations should understand an inherent commercial reality:

Vendors sell things.

A cloud provider benefits when you consume more cloud services.

A software company benefits when you purchase more licenses.

A telecom provider benefits when you purchase additional services.

An MSP benefits when you purchase more managed services.

That does not make their recommendations inappropriate.

It means leadership should distinguish between:

Vendor recommendations

and

independent technology strategy.

Executive question

Who evaluates whether vendor recommendations are actually in the best interest of our business?

For major investments, independent oversight can provide an important layer of governance.

11. VENDOR DEPENDENCY IS A BUSINESS CONTINUITY RISK

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Organizations often evaluate technology redundancy while overlooking vendor dependency.

Consider:

What happens if a critical vendor experiences a major outage?

What happens if the provider is acquired?

What happens if pricing increases dramatically?

What happens if your account team changes?

What happens if the vendor relationship deteriorates?

What happens if the provider goes out of business?

What happens if you decide to leave?

Leadership should understand the organization's **exit capability** before it becomes necessary.

Executive question

Could we replace this vendor without creating significant business disruption?

If not, leadership should understand and actively manage that dependency.

THE EXECUTIVE TECHNOLOGY VENDOR CHECK

Ask whether your leadership team can confidently answer **YES** to each statement:

- ☐ We maintain an accurate inventory of our major technology vendors.
- ☐ We know what each vendor provides and what we pay for it.
- ☐ We understand upcoming contract renewal dates.
- ☐ Significant contracts are reviewed before automatic renewal.

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- ☐ Vendor performance is measured against defined expectations.
- ☐ Major vendor recommendations receive appropriate independent review.
- ☐ Software license utilization is periodically evaluated.
- ☐ Telecom and connectivity costs are periodically audited.
- ☐ Cloud spending has defined ownership and governance.
- ☐ We maintain control of critical administrative credentials and documentation.
- ☐ We understand which vendors represent significant business continuity risk.
- ☐ We have an escalation process for poor vendor performance.
- ☐ Leadership understands where vendor consolidation may be possible.
- ☐ Technology vendors operate within an organization-defined technology strategy.

If several answers are **NO** or **UNSURE**, vendor governance may deserve executive attention.

YOUR VENDOR SHOULD NOT BE THE ONLY PERSON WHO UNDERSTANDS YOUR CONTRACT

A recurring vendor-management problem is fragmented ownership.

IT understands the service.

Finance pays the invoice.

Procurement manages the contract.

Legal reviews the terms.

Operations experiences the impact.

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Executive leadership sees the budget.

But no one evaluates the **entire relationship**.

Effective vendor governance connects:

Service

-

Cost

-

Performance

-

Risk

-

Contract

-

Business Value

That is how leadership determines whether the organization is receiving what it is actually paying for.

CHEAPER IS NOT ALWAYS BETTER

Vendor optimization should not become a race toward the lowest price.

A vendor that costs 15% less but creates recurring outages, poor support, cybersecurity exposure, or operational disruption may ultimately cost the organization significantly more.

The objective is not:

Find the cheapest vendor.

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The objective is:

Obtain the appropriate business value for the organization's investment.

Sometimes that means negotiating a lower price.

Sometimes it means changing service levels.

Sometimes it means consolidating vendors.

Sometimes it means eliminating unused services.

Sometimes it means paying **more** for a capability that reduces meaningful business risk.

Vendor management is fundamentally about **value—not price alone**.

FIVE QUESTIONS TO ASK BEFORE YOUR NEXT TECHNOLOGY CONTRACT RENEWAL

Before renewing a major technology agreement, leadership should ask:

1. Do we still need everything we're paying for?

Requirements change.

2. Are we actually using what we purchased?

Utilization matters.

3. Has the vendor delivered the expected performance?

Measure the relationship against evidence.

4. Is the pricing still competitive?

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Long relationships should not eliminate market validation.

5. Does this vendor still fit where the business is going?

A vendor that was appropriate three years ago may not support the organization's next three years.

YOUR VENDORS SHOULD EXECUTE YOUR STRATEGY

The strongest vendor relationships begin when the organization establishes its own technology direction.

The sequence should be:

Business Strategy



Technology Strategy



Business & Technology Requirements



Vendor Selection



Contract & SLA



Performance Measurement



Continuous Governance

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Without that structure, the sequence can easily become:

Vendor Recommendation



Technology Purchase



Contract



Another Technology Purchase

That is how vendors can unintentionally begin shaping an organization's technology environment without an overarching strategy.

FROM VENDOR MANAGEMENT TO VENDOR GOVERNANCE

Vendor management asks:

Is the vendor doing what the contract says?

Vendor governance asks broader questions:

Should we still be buying this service?

Are we paying the right amount?

Does this capability support our strategy?

Are we receiving sufficient business value?

What risks does this relationship create?

Are there overlapping vendors or services?

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Should this relationship change over the next three years?

Those are executive technology questions.

KNOW WHAT YOU'RE PAYING FOR, AND WHAT YOU'RE GETTING

SevenCore IT Strategy Group helps organizations evaluate technology vendors through an independent executive, financial, operational, and strategic lens.

A **SevenCore Vendor & Budget Review** can help leadership examine:

Vendor portfolio and technology spending

Contract and renewal visibility

Telecom and connectivity expenses

Software licensing

Cloud spending

Service-level expectations

Vendor performance

Redundant services

Vendor dependency

Consolidation opportunities

Technology budget alignment

Strategic fit

SevenCore does not need to sell your organization another software platform, internet circuit, cloud service, telecom system, or managed service contract.

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That independence allows us to ask a simpler question:

Is this vendor relationship producing the value your business should expect?

SCHEDULE A SEVENCORE VENDOR & BUDGET REVIEW

If your leadership team cannot confidently explain:

Who your major technology vendors are,

What you're paying them,

What they're responsible for,

How they're performing,

When their contracts renew,

and whether those relationships still support your business strategy...

it may be time for an independent review.

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