

# THE ULTIMATE CHEAT SHEET FOR REAL-TIME VENDOR PORTFOLIO OPTIMIZATION

## 25 questions for end-to-end portfolio visibility

### Make the move to turnkey vendor optimization

An optimized vendor portfolio maximizes your ROI by removing redundant business capabilities and meeting agreed spend commitments. Drive accountability across teams with a centralized view into your entire vendor portfolio.

However, vendor portfolio optimization is hard. Organizations consist of multiple departments with disparate operations across teams, resulting in siloed vendor relationships. Limited line of sight into overall vendor spend yields redundant contracts across multiple departments and missed opportunities to renegotiate.

## 5 REASONS VENDOR PORTFOLIO OPTIMIZATION FAILS

1	2	3	4	5
<b>DISPARATE PROCUREMENT</b> Negotiation leverage is lost when contract terms are in organizational silos.	<b>REDUNDANT CAPABILITIES</b> Duplicate applications receive vendor support without proactive detection.	<b>HIDDEN TRENDS</b> Disparate SLA and performance-level detail hide aggregated view of value.	<b>UNWANTED RENEWALS</b> Auto-extensions undermine performance-based contract evaluations.	<b>MISALIGNED PRIORITIES</b> Strategic plan alignment undercut by ad-hoc contract reviews.

### The 25 most important questions to ask

This document provides the most important questions to answer to drive vendor optimization. This makes analysis a turnkey process and helps build trust with a defensible single source of truth for vendor spend.

In our experience, there are three steps to execute vendor optimization: scrutinize to meet financial commitments, economize to cut waste, and rationalize to avoid duplication.

## STEP 1 SCRUTINIZE TO MEET FINANCIAL COMMITMENTS

Organizations take on risk when they veer from contract band thresholds. Project scope creep and disparate vendor management functions drive spend surprises and blown budgets.

Get ahead of financial commitments with a 360 view of your existing financial commitment to your vendor portfolio.

### Scrutinize financial commitment by asking:

- 1 Is our vendor portfolio within spend band thresholds?
- 2 Which specific vendor contracts are within/outside spend band thresholds?
- 3 How is contract spend trending over time against band thresholds?
- 4 Is the invoice for each resource unit within spend band thresholds?
- 5 What is the delta between vendor invoice and actual resource units?
- 6 How much spend bypasses standard procurement control processes?

## STEP 2 ECONOMIZE TO CUT WASTE

Organizations fail to renegotiate expiring contracts through benign neglect—they don't have a systematic process to flag winding-down contracts. The best and most effective tactic to cut waste—not renewing expiring contracts—is lost to happenstance.

Get ahead of contract expirations to critically evaluate reasons to re-up based on vendor performance.

### Economize to cut wastes by asking:

- 7 How many resources units have been consumed?
- 8 Which contracts are related to applications that are targeted for retirement?
- 9 Am I being billed at the correct rate based on resource utilization?
- 10 Have the services we're paying for actually been performed?
- 11 How can I verify that services are being delivered as expected?
- 12 Are we being as efficient as possible with this contract?
- 13 Which POs can be cancelled or changed?
- 14 Which retired applications still receive vendor support?
- 15 Which soon-to-be retired applications or services have unused contract hours?
- 16 Which contracts are within 30/60/90 days of expiring?
- 17 Do we have contracts that are about to expire or about to automatically renew?

## STEP 3 RATIONALIZE TO AVOID DUPLICATION

Tether duplicate vendor contracts to unique business outcomes—or you run the risk of confusing all duplication of resources as a candidate for rationalization. (Two replicated server arrays—one for production, one for disaster and recovery—is not duplication.)

Shine a light on your vendor mix to continually assess cost-effectiveness and capability overlap.

### Rationalize to avoid duplication by asking:

- 18 Do we have redundant contracts across vendors?
- 19 Which vendors am I paying for that are not in the vendor list?
- 20 How fragmented/concentrated is spending across vendors?
- 21 Which contracts are up for renewal and when?
- 22 Do we know if this contract is still cost-effective?
- 23 What changes should we make to rebalance vendor spend?
- 24 Where do I have overlapping application contracts that could be consolidated?
- 25 Which contracts are supporting business critical applications?

Freed resources to focus on analysis, optimization, and redistributing cost savings.

Reclaimed tens of millions (£) in budget by identifying open purchase orders with funds going unused.



[Read the case study here](#)

## 5 REASONS VENDOR PORTFOLIO OPTIMIZATION WORKS WITH APPTIO

1	2	3	4	5
<b>AGGREGATED VIEW</b> View spend and payments over time—with and without POs.	<b>SINGLE SOURCE OF TRUTH</b> Track contract progress and vendor performance against SLAs.	<b>MINIMIZED RISK</b> Optimize vendor relationships and costs throughout the vendor lifecycle.	<b>PROAGNATIVE NEGOTIATIONS</b> Consolidate redundant contracts and shifting spend to preferred vendors.	<b>INFORMED AUTOMATION</b> Stay ahead of expirations and avoid unwanted automatic renewals.



### APPTIO® Vendor Insights

Optimize Vendor Investments. Drive greater efficiency.

[Schedule a demo](#)

[apptio.com/products/vendor-insights](http://apptio.com/products/vendor-insights)

