

# New Perspectives on How IT and Procurement Departments are Evolving

In this first of two articles, we explore some new perspectives on how IT is changing and what this means for you and your staff. We also present the pick of recent and relevant press stories. We hope you enjoy reading it and find it informative.

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## 1. What's next for IT departments?

The evolution of technologies remains of central importance to IT functions and the businesses they support. In terms of how IT departments work, there has been a universal move towards being a business focused support function, away from the 'ivory tower' days from the past.

But what is the next stage of evolution?

- Is it more outsourcing?
- The use of Cloud based services?
- Better project management, with Prince2?
- Or smarter infrastructure management?

At Turnstone, we believe all of these factors count, but there is one important process area which has been overlooked, and is only now gaining the attention it deserves.

Looking within every IT department, there is a certain "commercial skills footprint". This is comprised of the individual experience of the staff, coupled with the 'buying processes' that they run. Typically, these are a mix of the formal and informal, and can be heavily influenced by custom and practice.

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*"Most organizations fail to extract the most value from their vendor relationships because they have not developed a disciplined approach to managing their sourcing providers.*

*Without it, outsourcing clients can lose control of vendor relationships and are likely to incur greater costs on vendor deals." Gartner 2010*

*"An IT procurement process, formal or informal, exists in every organization that acquires information technology.*

*As users of information systems increasingly find themselves in roles as customers of multiple technology vendors, this IT procurement process assumes greater management significance", Robert Heckman, IT Today*

Turnstone research shows that:

- less than 5% of IT staff receive any formal procurement training
- less than 1% of IT staff are CIPS qualified

This is a topic we shall return to in our next newsletters.

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## About Turnstone Services

Turnstone are the leading independent experts in reducing IT costs, improving IT supplier services and negotiating safer contracts.

Our staff work with client teams to support the workload of tendering and negotiating with technology suppliers, to ensure a fair deal and fair pricing.

Our team: MCIPS and FCIPS consultants, with at least 10 years of experience in IT procurement within blue chip companies and large public bodies.

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## 2. How to get the best deal from your software suppliers?

Software is one area where the supplier's costs can have little relevance to the price paid by the end customer.

Work out what you can leverage to drive the price down. If your suppliers/customers are implementing the same software, you could drive the cost of licenses down to nothing as the vendor will make revenue elsewhere.

If you can act as a reference site for the vendor, they will want to ensure your experience is positive, and give you commercial advantage in negotiation.

It's advisable to tie payments to milestones to ensure what you pay for is actually working properly – suppliers will often resist this.

For the full article, click the link below:

<http://www.supplymanagement.com/resources/q-and-a/2011/sorting-out-software-licenses/>

*By Andrew Curtois, IT Procurement Consultant, Turnstone Services*

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## 3. New company to lead police ICT procurement



A police ICT company, led by police chiefs and staffed by technology professionals, will be set up in spring 2012 to manage some of the £1.2bn the service currently spends on ICT each year, home secretary Theresa May has announced.

The company will be responsible for negotiating and managing contracts worth many billions of pounds and this "must be done by hard-headed professionals who can take on some of the world's biggest companies on their own terms", May said.

"The way we do things now is confused, fragmented and expensive," according to May. She said that one supplier has more than 1,500 contracts across all forces, and there are 5,000 staff working on some 2,000 ICT systems across 100 data centres.

To read the full article, click on the link below:

<http://www.guardian.co.uk/government-computing-network/2011/jul/05/theresa-may-new-police-procurement-agency?INTCMP=SRCH>

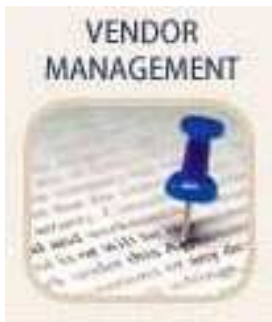
*By Gill Hitchcock, The Guardian*

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#### 4. What would you do if your IT vendors did not exist?

It is worth taking some time to ask yourself what you would do if your key suppliers no longer existed.

- How much do you depend on our suppliers and how much should you?
- How does supplier behaviour affect your processes and staff morale?
- What do you have in terms of a 'plan B'?



Many disaster recovery plans focus on the large scale, and more dramatic scenarios.

Fewer focus on impacts from your third party suppliers. These range from the severe (bankruptcy), being taken over by a competitor, phasing out of the goods/ services, onerous price rises or security violations.

One mitigation is to perform regular supplier health checks, which focus on the commercial aspects.

Another is to regularly test the market to choose and negotiate a deal with a back up supplier. This can include a transition plan, defining who does what, when and for how much. In addition to providing the security of a pragmatic back up plan, the exercise also stimulates competition and will tend to keep your prime supplier keen as well.

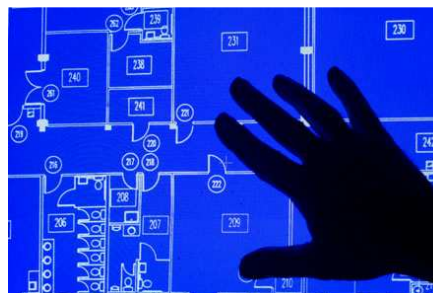
We will examine this area in respect of cloud software providers in the next article, including what we are seeing commercially in the marketplace.

*By David Brook, Director, Turnstone Services*

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#### 5. Government ICT Strategy neglects councils

Socitm (The Society of Information Technology Management) has welcomed the new emphasis on IT enabled business change, service efficiency and technology consolidation in the new Government ICT Strategy.



The strategy's fourfold focus on reducing waste and project failure, common infrastructure and services, business change and governance, is welcomed by Socitm, as is its recognition of a number of interconnected challenges. These chime with what Socitm has been saying for some time, based on its research evidence. Particularly helpful is the focus on:

- open standards;
- standard architectures;
- development of a standard, secure, cloud desktop;
- re-use of technologies;
- ICT for collaborative and mobile working;
- the use of agile and adaptive approaches;
- and a risk based approach to secure information sharing.

To read the full article, click on the link below:

<http://www.guardian.co.uk/government-computing-network/2011/apr/01/martin-ferguson-socitm-comment-government-ict-strategy?INTCMP=SRCH>

*By Martin Ferguson, The Guardian*

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