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# Vendor Management

## Vendors-as-a-Service helps insurers identify emerging technologies that may make an impact.

Insurers can obtain similar benefits to SaaS (Software-as-a-Service) and DaaS (Desktops-as-a-Service) by implementing a Vendors-as-a-Service vendor management model, or VaaS. As enterprise IT is challenged with shifting budgetary spend from operations to new solutions, there is often limited focus on seeking emerging vendors.

Emerging IT solutions are horizontal or vertical, infrastructure or application. Vertical solutions are most readily recognizable to business units as applications with unique industry-specific value. Since business units often take the lead role in vertical solutions, emerging technologies or companies with vertical solutions have the greatest chance of being discovered by enterprise corporations.

On the other hand, emerging horizontal solutions will typically gain visibility by businesses only when part of a fundamental industry shift—a recent example being server virtualization.

Before server virtualization became prevalent, companies first recognizing business benefits available from companies such as VMWare more quickly reduced server hardware capex and IT opex. Perhaps more importantly, long-term strategic benefits were enabled in risk management areas such as business continuity and in IT-related energy and facility investments, including data centers.

Effectively, emerging horizontal infrastructure technology gave early server virtualization adopters significantly more return on the same investments made later by their competitors. Regardless of how it occurred in the past, being able to create, implement, manage and monitor a corporatewide emerging technology awareness process can yield impressive business benefits.

> **Being able to create, implement, manage or monitor a process by which emerging technology awareness can be enhanced on a corporatewide basis can yield impressive business benefits.**

This process formalization is where VaaS should be applied. Vendor management using VaaS is nascent, and a niche, due to the specialized experience and expertise in business and technology processes needed to make it truly effective. These same characteristics, coupled with an objective of minimizing internal biases, make outsourcing (via onshoring) the only viable VaaS implementation option.

To illustrate, companies today are considering the currently niche technology of virtual desktops. As a horizontal infrastructure, its discovery process will most likely be led by corporate IT. With limitations in time, research budgets, high-tech industry knowledge, vendor management experience and skill sets, corporate IT typically will turn first to existing vendors, who will tout their own solutions.

This internal process often results in a diluted vision of what is actually available from the industry as a whole and from individual, emerging, industry technology-leaders. While this is most likely due to limitations summarized earlier, further dilution can occur when emerging vendors' strategic benefits are discounted by too tactical, unnecessarily narrow or politically-tinged evaluation perspectives.

Are companies such as *www.desktone.com* or *www.blackboxIT.com* the next VMWare? By introducing a VaaS function or by adding a formal VaaS research/review process to existing vendor management functions, an insurance enterprise will be better prepared to answer that type of question. It will more quickly become aware of impactful emerging technologies, hopefully ahead of their competition. Most importantly, in addition to achieving short-term, tactical benefits, a more strategic perspective becomes part of the standard decisioning process. Ultimately, that itself becomes the justification for VaaS. BR

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