Project Management Institute

WHITE PAPER

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WHITE PAPER ON MANAGING PROJECTS IN A MULTI-VENDOR ENVIRONMENT

PROJECT TEAM

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INTRODUCTION

Digital transformation is enabling organizations to transcend departmental and geographical boundaries, bringing multiple teams and vendors to work together on projects. Multi-vendor IT projects that provide organizations access to different technology capabilities and skills, and better cost-efficiency have become the norm of the day. Organizations can now rely on an ecosystem of alliances, vendors, and contractors for specialized skills from around the world, without having to invest in developing such talent in-house.

However, this multi-vendor environment puts enormous strain on a traditional project management structure. Project management must move to a higher maturity level to facilitate collaboration within an ensemble of teams from different entities with differing competencies, levels of process maturity, and pace and style of working, and spread across different geographies.

In a survey conducted by PMI India's Excellence Enablers Forum (EEF) among practitioners in IT organizations in India, project management in a multi-vendor environment emerged as one of the topmost challenges. This led EEF to dive deeper to understand how it impacts project delivery and recommend the right approach for success in this environment.

In this white paper, PMI EEF lays down a broad set of project management capabilities that will enable organizations to meet emerging requirements. The white paper takes the help of a sample organization to explain how these challenges and recommendations will work in the real-world.

(Click here to understand why the sample organization needed multiple vendors to work on its digital transformation project.)

STUDY FINDINGS: CHALLENGES IN MULTI-VENDOR PROJECT ENVIRONMENT

The study showed that project managers in a multi-vendor environment struggle with a variety of operational and cultural challenges that impede smooth project delivery.

Unclear business goals

Teams working on different components of a multi-vendor project often move along parallel tracks and have a limited view or understanding of the overall business goals. In this siloed environment, the vendor for each concurrent or mini project is focused on its own set of deliverables without looking for synergy with the other vendors. This skewed view is likely to lead to misalignment with the business goal.

Poor integration

In many cases, the current project management processes do not offer integration points for various vendors working on different components of a project. Where the client does not mandate a standardized process for execution, different vendors operate at different process maturity levels, which too causes integration issues. Since there are multiple teams working, the project is at the risk of unresolved issues at the integration touch points.

Bonding - the missing link

As companies push through their digital transformation agenda, digital projects take on aggressive timelines. Vendors with different skills are brought together to work as a team, without giving them time to get to know each other. A project manager hence faces the challenge of creating the right culture with team spirit and bonding.

Friction due to skill gaps

Different teams possess different skill levels, with some extremely specialized teams focusing on certain key aspects of the project. When these vendors' teams are brought together, the difference in the skill levels could create mistrust and breed a sense of one-upmanship over one another.

Communication takes a beating

As the co-located team structure gets outdated and global and distributed teams become common, there is little scope for face-to-face interactions within a team. These teams – both in-house and from vendors – pursue their own goals and communicate less and less among members of other teams, which again affects team culture.

Re-wiring to manage diversity

The project manager of a globally distributed team needs new skills to master the subtle art of negotiating cultural differences and maintaining cohesion in the team. Language and cultural barriers prevent easy and smooth communication, thus testing the leadership skills of the project manager.

Fluid scope boundaries

The lack of clear boundaries defining the scope and activities to be performed by each component team can be a huge challenge. It can result in one vendor team stepping into another's domain.

Lack of an effective governance process

Project teams face a number of challenges due to the lack of strong governance. Some key issues could be reconciliation and work duplication due to non-standardized tools and applications, uneven levels of information sharing across component teams, and poor compliance of rules and regulations.

Non-standard environments

Across vendors there is often a mismatch of standards in terms of work processes and the work environment. In the case of software development, each vendor has its own test setup for validation. Issues come up due to set-up changes used by the client's quality assurance team.

Lack of standard compliance frameworks

The absence of stringent compliance frameworks related to security, intellectual property rights (IPR), and data privacy across teams could lead to issues not only in the integration of components but also a serious breach in compliance policies.

(Click here to know about the challenges that the sample organization faced while managing a multi-vendor project.)

RECOMMENDATIONS FOR ACHIEVING SUCCESS IN MULTI-VENDOR PROJECTS

Organizations that are managing projects in a multi-vendor environment must take a relook at their project management capabilities and culture, and align themselves to the new reality. After the in-depth research and analysis of the findings, the PMI EEF team recommends IT organizations to institute the following changes for multi-vendor projects:

Systems and Processes

Share, Collaborate, Celebrate

- Encourage collaboration for better communication within and beyond the team during project execution
- Create a digital learning ecosystem across teams for anytime, anywhere learning
- Share project success and best practices across teams
- Celebrate project and team success as one team
- Engage with stakeholders across the board and keep communication lines open
- Promote sharing of knowledge and best practices
- Make provision for retention of project learning
- Create and share periodically the project big picture view across project teams

Application knowledge retention

With vendors moving out as they hand over a project component, knowledge retention becomes a problem. To capture knowledge and understanding of end-to-end application, a multi-vendor environment needs a well thought out knowledge management system.

- Organize knowledge transfer sessions as a key resource of a vendor moves out and communicate about that across the teams
- Conduct periodic knowledge sharing sessions to take the vendors through the entire process

Tools & Methods

- Plan for communication tools and training during project budget preparation
- Leverage collaboration tools such as MS Team, Skype, Telepresence, or Wikis to ensure smooth collaboration among vendor teams
- Create frameworks for knowledge sharing
- Bring in common tools and technologies to ensure there is standardization in terms of the process and output from each component team [eg. defect tracking tools and project management tools]
- Institute a digital learning ecosystem with anytime, anywhere, asynchronous training access
- Standardize the use of a DevOps tools framework across the lifecycle of project activities for continuous integration and continuous deployment

Governance Framework

Having a strong governance framework that is well communicated and implemented without exception is necessary. It will provide a strong fabric to bring the prime vendor and the secondary vendors to work towards the common business goals. The below features will make it a strong framework accepted by all.

- Fair representation of all vendor teams in project or program governance
- Involvement of all stakeholders during project kick-off
- Clear scope boundaries and an understanding of deliverables by each team
- A documented change management process that is uniformly applied and communicated across the teams
- Efficient and equitable information sharing across all vendor teams
- Clear understanding of scope, schedule, risk, deliverables, and responsibilities across teams
- Well-defined service level agreements and operational level agreements across vendor teams
- Uniform application of standards, processes, and work methods across teams
- Periodic audits on process, security, IPR protection, and other regulatory aspects
- Continuous integration and continuous deployment to ensure predictability and higher velocity of deployment

Organization Culture

Multi-vendor projects have a high chance of succeeding in an environment of trust and transparency. The following are some important aspects to consider:

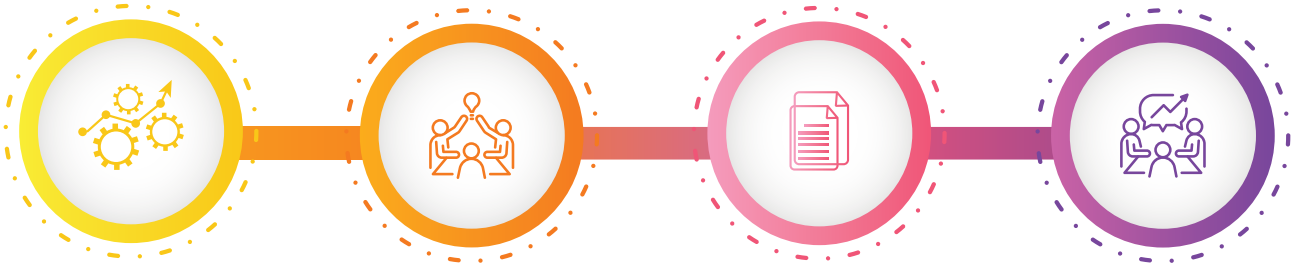
- Treat all partners with fairness and on an equal footing
- Promote a culture of one-team
- Make teams aware of cross-cultural sensitivities
- Conduct team retrospectives and lessons learned sessions
- Follow a well-defined escalation framework
- Conduct periodic interactions between the vendor management team and client business management teams to ensure alignment to project vision/outcome

(Click here to know how the sample organization ironed out the myriad challenges associated with a multi-vendor environment.)

Project success in a multi-vendor environment is as much about adopting the right technologies as it is about developing the right culture. Project managers must take a step back and examine each process, system, and framework from the point of view of its relevance in today's project environment. An open and accepting attitude and the willingness to experiment with the new and unfamiliar will guarantee success.

APPENDIX

Project Objectives



In the context of digital disruption, there is a growing need for multiple skills and competencies. This necessitates work across multiple vendors. Effective collaboration is essential for project objectives to be achieved

Brainstorming and engaging with practitioners to understand the complexities with regard to working in multi-vendor projects

Identify key factors/challenges to execute projects in a multi-vendor environment

Identify recommended approaches that help in addressing the challenges and enable success in multi-vendor projects

Methodology

The PMI EEF project team interviewed around 50 practitioners to identify the challenges they have faced in managing projects in a multi-vendor environment. In the interactions, the team also picked the best practices and approaches that worked and those that did not work. These became part of the recommendations.

Following these interactions, the project team held focus group discussions with 75 industry experts from different IT organizations.

Cognizant	Wipro	TCS
Tech Mahindra	Nokia	Accenture
UST Global	Ericsson	IBM
Unisys	DXC	SAP

Project Approach

Project Kick-off
- Brainstorming by the project team
- Project execution approach finalization

Practitioner Interactions
- Interview practitioners with experience of working in multi-vendor engagements
- Collate challenges and best practices

Validation
- Validate findings with cross function group of practitioners
- Validate with EEF Steering Committee

Project Initiation
- Inputs from the EEF steering committee
- Project team formation

Focus Group Discussion
- Focus group discussion with practitioners
- Identification of key challenges faced in multivendor project execution
- Broad categorization of challenges

Consolidation of Inputs
- Consolidate inputs and document challenges
- Collate industry best practices to align with the challenges faced

Final Presentation & Report Preparation
- Present the final report
- Prepare the white paper

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