

Florida Department of Transportation (FDOT)
Vendor Management (VM) Charter
Strategic Development Financial & Administrative Services Team (SD-FAST)



1. MISSION

SD-FAST will establish principles, guidelines, standards, and support that ensure a consistent manner of VM, vendor evaluation, and management oversight for Strategic Development Transportation Technology and Information Technology (IT) projects. These principles, guidelines and standards will support the oversight of vendors, and increase the transparency and accountability in the delivery of products and services.



2. GOALS

The vendor management process will instill habits and practices into FDOT's Strategic Development (SD) that provide proactive controls for VM activities including procurement, contracting, vendor relationships, vendor risk, and vendor performance management.

The charter formalizes VM by encouraging the implementation and ongoing refinement of VM best-practices by the SD-FAST. In addition, the charter fosters further communication within FDOT, between:

- SD-FAST and business stakeholders, and
- SD-FAST and external vendor stakeholders



3. PURPOSE OF IT VENDOR MANAGEMENT FUNCTION WITHIN THE SD-FAST

SD-FAST is responsible for cross-Departmental and intradepartmental coordination of vendor activity and strategic communication. VM functions and activities are established to ensure that the Department maximizes the value of strategic vendors across all engagement areas (performance, pricing, contract, relationship, strategic, and risk).



4. VENDOR MANAGEMENT TEAM

SD-FAST is a formalized VM team responsible for operating Strategic Development's VM program. The team meets regularly to develop and achieve the objectives of the program.

An important component of the VM program is integrating best-practice VM processes into regular practices. Through SD-FAST, VM becomes an integral part of Strategic Development's agenda and priorities. The primary initial focus will be on IT related projects.



5. TEAM RESPONSIBILITIES

As the Vendor Management Team, SD-FAST will be responsible for the following:

- Meet at least monthly to review the status of team member activities regarding management of assigned vendors and vendor processes.
- Maintain current project status on Sharepoint or within Vendor Management tool (once selected).
- Address concerns regarding the VM program, such as:
 - Difficulty performing individual VM duties and responsibilities
 - Identified VM processes that are becoming problematic or time-consuming
 - Document VM successes and best practices
- Maintain an IT vendor inventory and contact list
- Maintain contract folders in format that is appropriate to meet requests for information related to contractual audits

6. KEY STAKEHOLDERS AND THEIR ROLES AND RESPONSIBILITIES



Group	Responsibilities	Communication Touchpoints
Vendor Management (SD-FAST)	<ul style="list-style-type: none"> • Provide dedicated relationship management for strategic vendors • Oversee aggregated view of contract and performance management of strategic vendors • Leverage Vendor Management tool (once selected) • Develop relationship with and understand the needs of business offices and stakeholders • Conduct reporting and analysis • Assist business offices with review of nonlegal items, such as scopes, statements of work, service levels, financial consequences, IT terms, technical scoring and cost/pricing structure prior to transmission to Procurement • Assess, mitigate, and communicate vendor risk • Collect and communicate best practices for non-strategic vendors 	<ul style="list-style-type: none"> • Final contract review for strategic vendors (with Legal) • Performance reporting/scorecard or scoring for strategic vendors • Vendor risk assessment • Assist in dispute resolution • Changes to contract templates (with Procurement and Legal)
Sourcing (SD-FAST)	<ul style="list-style-type: none"> • Maintain vendor lists and categories • Negotiate nonlegal items, such as statements of work, service levels and pricing for all vendors • Purchase IT hardware, software, communications and services • Track renewal timelines 	<ul style="list-style-type: none"> • Vendor list and categories (with Procurement and Finance) • Negotiate agreements
Finance (SD-FAST)	<ul style="list-style-type: none"> • Provide spend by vendor • Provide budgetary information including projects • Set up Purchase Orders for all vendors 	<ul style="list-style-type: none"> • Manage vendor spend • Track Purchase Order activity
Procurement (Procurement Office)	<ul style="list-style-type: none"> • Purchase/negotiate Professional Services vendors • Advertise all formal Request for Proposal (RFP), Single Source, Request for Information (RFI), Invitation to Negotiate (ITN), and Invitation to Bid (ITB) on Vendor Bid System (VBS) following SD-FAST scope review 	<ul style="list-style-type: none"> • Negotiate special contracts and Professional Services agreements • Final contract review (when applicable)
Legal (Office of the General Counsel)	<ul style="list-style-type: none"> • Negotiate exceptions to contract templates • Review contracts 	<ul style="list-style-type: none"> • Changes to contract templates (with Procurement and SD-FAST)
Operations (Business Offices)	<ul style="list-style-type: none"> • Work with vendors on day-to-day operations to meet operational goals 	<ul style="list-style-type: none"> • Performance feedback on strategic vendors (with Vendor Management)
Chief Information Officer (CIO), Civil Integrated Management Officer (CIM), and Chief of Transportation Technology Officer (CTT)	<ul style="list-style-type: none"> • Serve as guide for IT big picture / forward looking vision • Lead the development of the 5-year plan • Determine the demand for future needs and priorities in coordination with SD-FAST (Finance) • Executive level interactions with vendors • Drive interactions to improve future performance / capabilities 	<ul style="list-style-type: none"> • Vendor profile prior to meeting (privilege to meet CIO, CIM, & CTT) • SD-FAST team should be notified and consulted around strategic vendor meetings in advance (and potentially provide data/analyses)



7. VENDOR INVENTORY AND SCHEDULE OF ACTIVITIES

A critical component of effective management involves creation of a vendor inventory. A comprehensive inventory will ensure SD-FAST gains a clear understanding of the available vendors and the nature of each vendor relationship.

Vendor Management Process	Process Practices
Build, Negotiate, and Manage Contracts	<ol style="list-style-type: none"> 1. Ensure the contract management process encompasses the entire contract lifecycle (creation, review, negotiation, revision, renewal, and termination) 2. Aim to use the standard written agreement (SWA) template 3. Adhere to legal and regulatory requirements and the Department's policies 4. Define and enforce agreed upon service levels 5. Use Appendix II for all IT related projects 6. Include financial consequences for poor performance, and penalties (when applicable) 7. Outline an approach to measure vendor performance 8. Review, process, authorize, and ensure timely payments of vendor invoices
Manage Vendor Relationships	<ol style="list-style-type: none"> 1. Collect vendor information 2. Categorize vendors based on role: Strategic, Legacy, Emerging, Tactical 3. Maintain effective relationships with vendors, by identifying gaps, and defining ways to improve relationships 4. Guide the proper level of executive involvement including both sides of the vendor relationship 5. Define escalation paths during onboarding to streamline issue resolution 6. Arbitrate disputes using effective communication
Manage Vendor Performance	<ol style="list-style-type: none"> 1. Define performance metrics and targets and align with service levels 2. Gather performance data from appropriate sources 3. Ensure performance assessment criteria is visible and clearly understood by the vendor 4. Assign appropriate member to monitor and record vendor performance 5. Identify unmet performance targets 6. Conduct performance reviews with the vendor on a periodic basis
Manage a Vendor Transition Out	<ol style="list-style-type: none"> 1. Identify transition risks and build a transition plan
Lessons Learned	<ol style="list-style-type: none"> 1. Collect and update a Top 10 lessons learned listing



8. VENDOR MANAGEMENT ORGANIZATIONAL GOVERNANCE

Group Name	Responsibilities	Committee Members	Meeting Frequency
Vendor Executive Committee	<ul style="list-style-type: none"> Vendor strategic decisions Vendor governance process decisions 	<ul style="list-style-type: none"> Vendor management facilitator (SD-FAST) Business leadership (CIO, CIO direct reports) 	Quarterly
Vendor Management Council	<ul style="list-style-type: none"> Vendor issue resolution decision recommendations Resolution of vendor problems that require cross-Departmental involvement Strategic recommendations to the vendor executive committee 	<ul style="list-style-type: none"> Vendor management facilitator (SD-FAST) Business leadership team designees (Application Services) Strategic finance representatives (SD-FAST) 	Monthly (or as needed)



9. CATEGORIZING VENDORS

A critical component of managing vendors is to identify strategic vendors through a vendor categorization process. This enables the Department to focus limited resources in key areas.

Vendor Category	Vendor Category Description
Strategic	<ul style="list-style-type: none"> High-dependence High-cost Maintain or increase funding over time Manage contracts and relationships (SD-FAST)
Legacy	<ul style="list-style-type: none"> In place for a sustained period Potential to reduce use over time Potential to reduce funding over time Technical or business office(s) relationships Monitor contracts and relationships on a regular basis (SD-FAST)
Emerging	<ul style="list-style-type: none"> Small initial presence Potential to increase use over time Potential to increase funding over time Technical or business office(s) relationships Monitor contracts and relationships on a regular basis (SD-FAST) Monitor potential transition to strategic vendor
Tactical	<ul style="list-style-type: none"> Small presence Low-dependence Low-cost Commodities/products (less than \$50,000 per year) Technical or business office(s) relationships Monitor contracts on a regular basis (technical or business office)



10. VENDOR MONITORING & EVALUATION

The Vendor Scorecard will formally track and evaluate vendors' performance across a spectrum of metrics, compare vendor performance across the Department, and support the need for action plans to address specific issues.

The 360 Degree Scorecard will provide the vendor a chance to evaluate how the Department is facilitating or inhibiting the delivery of a product or service. It encourages accountability from both sides of the vendor relationship and will be undertaken annually.

Vendor Risk Category	Category Description	Vendor-Related Risks
Vendor Performance	Risks related to the vendor's ability to provide service	<ol style="list-style-type: none">1. Poor service quality2. Poor service punctuality
Security & Compliance	Risks related to the security of information/assets provided to the vendor	<ol style="list-style-type: none">1. Breach of security (internal or external)2. Data/information loss or leak3. Regulatory non-compliance
Vendor Total Cost of Ownership	Risks related to pricing consistency	<ol style="list-style-type: none">1. Product or service price increases2. Hidden costs (due to under-performance, delays, etc.)
Product or Service Viability	Risks related to the viability of the specific product/service acquired	<ol style="list-style-type: none">1. Vendor discontinues or reduces support2. Integration & knowledge transfer
Vendor Viability	Risks related to the vendor's ability to stay in business	<ol style="list-style-type: none">1. Vendor solvency2. Legal disputes