

VENDOR MANAGEMENT: COMMUNICATION, COLLABORATION AND CHANGE

By Claudia Winkler

Let's start with a brief history lesson of software in the gaming and hospitality industry. From the mid- to late 1970s and into the early 1990s, much of the software that ran casinos was developed in house (proprietary software). Every casino company had its own development shop. We had "big iron"/mainframe-type computers (IBM 36/38, the predecessors to the AS400/Series I platforms) that ran in a big cold "computer room." These systems were operated by computer operators who were authorized to run queries or reports so that managers could manage and marketing could get out mailing lists. These were green screen, terminal-based systems that only allowed for limited transaction processing and the viewing of available data. In the early to mid-'90s, PCs started appearing on desktops, and we slowly began the process of moving some applications to a client/server platform. This means that there was software that was locally installed on the business user's workstation that allowed them to access the database information that was housed on the server. Today, we still use client/server applications like Microsoft Office, where the programs (Word, Excel, etc.) are loaded on to the workstation, but the files are stored on the database server. As we progressed through the late '90s and into this new century, many software applications are evolving to a "zero footprint" model where all the software and supporting data is housed on the server, hosted on a remote server outside the operation or in the "cloud." You have heard terms like ASP and SaaS, which means that the software and data is hosted on a remote server that is managed by the vendor.

By definition, an Application Service Provider (ASP), is a third-party entity that manages and distributes software-based services and solutions to customers across a wide area network from a central data center.

In essence, ASPs are a way for companies to outsource some or almost all aspects of their information technology needs.¹

SaaS is short for "Software as a Service." SaaS is a software delivery method that provides access to software and its functions remotely as a web-based service. SaaS allows organizations to access business functionality at a cost typically less than paying for licensed

applications, since SaaS pricing is based on a monthly fee. Also, because the software is hosted remotely, users don't need to invest in additional hardware. SaaS removes the need for organizations to handle the installation, set-up, and often daily upkeep and maintenance. Software as a Service may also be referred to as simply hosted applications, or as the related term ASP.²

ASP, SaaS and Cloud Computing—what does this all mean? And what does this have to do with vendor management? The reason I started this article with the history and evolution of technology is to highlight the fact that change is happening. What this means for operators and vendors is that the technology landscape continues to evolve, and we must change and evolve with it. A major shift that has been evolving over the past few years is the focus on "commercially available, out of the box" solutions. Proprietary software development is being replaced by vendor-supported solutions. There are several key reasons why this is occurring:

- Development costs and the TCO (total cost of ownership) of proprietary software are no longer sustainable.
- In order to achieve timely upgrades and maintain interoperability requirements, the key operation systems must be "vanilla."
- Sarbanes-Oxley requirements related to testing and version control must be strictly adhered to for publicly traded companies.
- Gaming regulators are now requiring that custom casino management system software be tested and deployed by the same standards used for commercially available solutions.
- The Gaming Standards Association (GSA) standards have created standard interfaces and protocols that make it easier to enable SOA (Service Oriented Architecture). This is one of the key components to making interoperability a reality.

As a result of the move away from custom development, the organizational chart of the IT department is also changing.

Programmers are being replaced by project managers and application support specialists. Instead of building and maintaining proprietary custom software, IT's focus is shifting to managing the vendor relationship and supporting the business users.

As a consultant who has been a vendor and an operator, in writing this article, I was able to relate and collaborate with both operators and vendors to identify the key requirements. A key point you should consider is that many of your vendors have deep operations experience. It works both ways, and there is always movement back and forth. Vendors and operators both are keen to say that some of their personnel have "crossed over to the other side."

As a very wise mentor told me early in my career, there are two sides to every story, and somewhere in the middle lies the truth. This holds true today when operators and vendors must work together create a framework to enable a collaborative vendor/client management relationship. The vendors have their wish list of key success factors for a successful vendor/client relationship, and the operators have their own. You may be surprised to see just how similar they are.

I interviewed a cross-section of system providers (gaming, hospitality and back-office) and operators (corporate and single property, commercial and Native American) for this article in order to form balanced wish lists of key performance criteria. As you might expect, many of the recommendations were repeated by both vendors and operators. I took their feedback and crafted these top 15 lists from both the vendors' and the operators' perspective.

I would like to thank, in no particular order:

The Vendors: Ramesh Srinivasan, EVP-Systems, Bally Technologies; Tina Stehle, VP and GM, Agilysys Hospitality; Debbie Hawkins, VP Global Sales-Hospitality Solutions Group, INFOR; Steve Miller, Director of Installation Services and Sean Sauter, Director of Support Services, IGT; and Jason Walbridge, Senior Vice President, Design & Development, Integration and Service, Aristocrat.

The Operators: Jeanne-Marie Wilkins, CIO, Isle of Capri Corporation; Kirk Golding, VP of IT, The Silverton Casino Lodge; Mark Guarino, VP of IT, Las Vegas Hilton; Peter Saccullo, Executive Director of Technology & Technology Services, Chumash Casino Resort and Bart Lewin, former CTO, Pinnacle Entertainment.

The Vendors' Perspective

1. Speak up! Talk to your vendors. Tell them when you are happy and tell them when you are unhappy. They need to hear the good and the bad. They welcome constructive, proactive feedback. All the system vendors that I spoke with said they want to be called "more often" by their customers. They want to hear your enhancement requests. This will influence their future product road map. This communication needs to take place at all levels: executive to executive, manager to manager, and end-user to end-user. Based on unanimous input, it does not appear that you can "overcommunicate" with your vendors.

2. Train, don't spoil, your users. The business users must own and be accountable for their systems. The vendor built the car. The IT department made sure the system and the data were backed up, and the system is tuned and ready. Now the business users need to drive it to the correct destination.

3. Business users need to understand the gaps between the system and the way you want to operate your business before you select and implement the system. If the gaps are significant, you should be looking at a different solution or evaluating whether to change your business processes to align with system functionality.

4. Treat the vendor and its resources as consultants. Vendors are not just after your wallet. They want you to be a happy customer. Unhappy

customers cost more to maintain than happy customers. Share your annual and long-range plans with your vendors. Keep in mind that many vendors have worked in the industry. Take advantage of their experience and understanding of their products related to your business requirements.

5. More on communication: Vendors dread the phone call that starts, "You are not going to believe this . . ." Please keep the vendors informed on anything that might affect their system—interfaces, hardware, etc. If you are upgrading a system that interfaces with other systems, all vendors need to be notified. A simple interface may be affected by the upgrade, and this can cause serious business interruption and/or guest service issues.

6. Discourage modifications to the source system. Hold the vendor accountable to build your required enhancement into the next release, or better yet, find out how the vendor's other clients are managing the same or similar processes. There may be an alternative process or a creative workaround.

7. Customer satisfaction is very important to the vendors. In many cases, customer satisfaction surveys and other customer feedback may impact the vendor's compensation and bonuses. Hold your vendors accountable. What are your key performance indicators or critical success factors? Share that information with your vendor and regularly communicate on the vendor's performance.

8. Vendors take their systems very seriously and so should operators. Operators need to have "skin in the game." The operator's IT staff must evolve to manage the changing roles and responsibilities. Major software applications will require a dedicated internal product/project manager who works with the internal business users and coordinated internal resources across the operation and the company's portfolio.

9. When selecting systems, pick a system based on the functionality and merit of the system, not on personal relationships or past experience. Engage a neutral third party consultant to lead a system selection process. Identify your business requirements and base your selection on how the various vendors can actually meet your need. Also speak with customers that have recently installed or upgraded the systems that you may be considering—it can be an eye-opening experience.

10. Services estimates are just that—estimates. These estimates are based on what the vendor knows about your software version, including if you have any custom code that must be considered as part of the upgrade or enhancement, the amount of training that will be required to adequately train your staff on the new features and functions, and the onsite support during the implementation, to name a few. In almost all cases, services are "pay as you go." With a good internal project manager and well-prepared business users, these costs can be contained during the installation/conversion/upgrade process.

11. Software maintenance is an insurance policy that the vendor will be around to continue to support and upgrade the product. By paying software maintenance, you are entitled to all the bug fixes and upgrades to the product. Eighty percent to 85 percent of annual maintenance revenue goes directly into R&D for upgrades.

12. Do not assume that vendors have "infinite" resources. Vendors are currently operating under the same economic conditions as the rest of the planet. They also have had to streamline their staffs and cut their budgets. They need to know what your plans are so they can increase or decrease staff accordingly. Again, this all comes back to communication.

13. Business systems require human support. Operators need to have business users who take ownership of the system. The business users need to know and understand how the product works and what

the parameter/system settings are and how they affect work flow. At a high level, they need a basic understanding of the network architecture and hardware configurations.

14. Follow the process when reporting issues. Have an understanding of what is important when calling in an issue. Have the details and supporting documentation ready and available when you make the call. Knowing the steps to recreate the issue, any associated log files, screen shots, etc., can all help to quickly address and resolve problems.

15. Vendors have the responsibility to innovate. They need to be thinking about the things that the operators may not be thinking about. However, operators should also note that your vendor is in business to make money. Remember, if operators keep requesting over-the-top deep cost discounts from the vendors, it may either result in a lack of quality from the vendor and/or they will simply go out of business.

The Operators' Perspective

1. Discuss your roadmap and future development concepts with all of your customers. What will work for a single property may not work for a multi-property corporation and vice versa. One customer cannot be the be-all, end-all in terms of product development.

2. Set our expectations. If an upcoming upgrade is a "new product," please provide pricing for both the product and the services well in advance. This holds true for new products as well. Most of us begin our capital budgeting process in the early fall. If you want us to consider your products, you have to be prepared to tell us how much it will cost. If the product requires gaming laboratory approval, we need to know when you expect to go to Beta.

3. The vast majority of us do not want to be the Alpha or Beta site. Please do not surprise us a few weeks before the go-live and inform us that this will be your first installation of a new version. We will not be amused.

4. Don't manage to the "next sale." If you do that, your message and decisions are crafted by one perspective, or maybe by your biggest customer.

5. The *Mea Culpa Roadshow* does not work. You broke it. Please, just fix it.

6. Future R&D should focus on the customer first. Discussions regarding regulatory enhancements or additional features should be fully vetted by customers as part of the process. This includes open and frequent communication on the potential regulatory impact of new product development. Remember, if I am part of the process, I cannot be part of the problem.

7. Understand the value! Come together to focus on value and quality for the money paid for the produce and services. The vendor shouldn't have a problem specifying the quality details in the agreements. Ask me how much I want to spend and how soon I need this to happen. When clients ask "How much is this going to cost me?" I tell them their options are good, fast and cheap. Pick two.

8. Strive for world class support. We operate in a 24/7 world. We need 24/7 world-class service. The following should serve as a baseline when it comes to case management:

- 24-hour phone access via a global support center with a live human answering the phone. This person should have the knowledge to solve my problem or escalate my problem to the correct Level 2 or Level 3 resource.
- E-mail/web-enabled trouble tickets (check and submit on web).
- A well-defined escalation path with dedicated resources to evaluate and solve business critical problems.
- Timely follow up and timely resolution (i.e., responsiveness). Live up to your SLA promises.

9: Assign a customer account manager to each account and do not overload them. They are the "glue" that holds your relationship with the operator together. They are the single point of contact, and they should be aware of the property's history and have knowledge of all outstanding issues and their statuses. This also includes scheduling regular onsite meetings with the operator's business users and IT staff. This goes a long way to build your vendor-client relationship, and it gives your vendor visibility into your current environment. Ask the operators to share their roadmap so you understand their priorities and timelines.

10: Communicate with your customer through all the available channels—vendor conferences, user groups, blogs and e-mail. Communication is the No. 1 key success factor. And the ability to communicate with the vendor's community of users enables users to help each other and come up with creative solutions that no one may have considered.

11: Easily accessible and easy to understand documentation and training. This would include online support, a well designed, easy to navigate customer website, computer based training, periodic webinars and podcasts. And don't forget e-mails with important updates and FAQs.

12: Vendor to vendor relationships. Vendors need to work together. Key word: COLLABORATION. At the end of the day the only thing that matters is that we (the operator /customer) are happy. This means that we must partner on interface requirements, coordination of effort for major upgrades and conversions, etc. If you have a system that talks to another system, vendors need to act in concert as partners, not competitors.

13: Please keep us informed either through our Customer Account Manager or via e-mail regarding new service packs, bug fixes (especially the big ones) and all scheduled upgrades. Please don't assume that we automatically know because it was published on your website.

14: For new vendors breaking into the gaming industry: We welcome new options and innovation, but please learn our business before you try to sell us something. And also spend the time to understand the regulatory compliance requirements if your product is gaming related.

15: Professionalism and courtesy. Meetings have agendas, phone calls and e-mails are returned promptly, meetings start on time, teleconference participants are not driving, in rental car shuttles or on a busy casino floor, meeting participants are prepared, interaction is respectful, items are completed when promised (or an apology is given before the due date for being late with a new date).

We live and operate in a dynamic industry and the technology that we use is changing and evolving at warp speed. To thrive and survive, we must embrace the three C's—communication, collaboration and change.

Have a great G2E and I hope to see you there.

¹ Webopedia Definition

² Ibid.



▲ CLAUDIA WINKLER

Claudia Winker is the president of G.H.I. Solutions Inc. a Las Vegas based technology consulting practice specializing in the gaming and hospitality industry. She can be reached at claudia@ghisolutions.com or (702) 395-8170.