Microsoft's procurement process

Business, Company

Procurement can be understood as the process of acquiring services and goods at the most fitting total cost of ownership given the right circumstances for the benefit of certain organizations. In its website, Microsoft maintains that it has been a dominant force in innovating enterprises such as procurement process which are standardized. One of the guarantees of Microsoft is that each vendor under the company should first be approved by the procurement group of Microsoft, should maintain an agreement with Microsoft and should be ready with the purchase before any payment can take place.

Microsoft cites several considerable advantages for taking such procurement process. For the most part, Microsoft maintains that these procurement measures allow them to carefully regulate as well as categorize their expenses so that a suitable estimate for the costs covering the services and goods can be met with efficiency and proximity to the real value of the goods and services. Moreover, Microsoft also maintains that such a procurement process gives way for the most positive experience possible for the vendors for the company, and that it avoids much confusion and surprises which can eventually derail the procurement process.

There are at least three ways in purchasing goods and services from Microsoft which include eProcurement and contracting directly with Microsoft. For the most part, contracting with Microsoft appears to be the most preferred option as it not only gives way for face-to-face procurement process but also gives way to easiercommunicationand a more efficient and reliable procurement process. As the procurement process involving Microsoft has become more streamlined over the past decade, the company

has been more meticulous in selecting the best vendors which goes without saying that the company has been more detailed in choosing the qualified ones. After choosing the qualified vendors, Microsoft then aims at maintaining a good working relationship with its vendors which will reap benefits to both sides.

There are several agreements entered into by the qualified vendor and Microsoft, such as Microsoft Master Vendor Agreement or MMVA. The MMVA outlines the general and detailed precepts involved in the procurement process which includes specific policies catering to the capabilities of the vendor and the limitations set forth in the agreement.

In my organization, there are agreements made as well, only that there are slight differences in contrast to Microsoft's MMVA. For one, Microsoft's MMVA involves a travel policy which enables the vendor to take advantage of Microsoft's offer of reimbursing travel expenses in order to provide less financial hassle for the vendor. This policy, however, is stringent in the sense that not all travels can be included in the policy scheme and that the prices for the good and services will reflect the adjustments brought by the travel expenses.

In my company, however, we do not have a specific travel policy which directly deals with travel expenses. Rather, we leave it to the vendor to cover his or her travel expenses so that the prices of the tangible goods will remain at a comparatively lower price. As for intangible services, our company maintains that the provision of company services across distant regions would indeed require a considerable amount of expenses.

However, it is on the discretion of the vendor to gamble on the trip and cover the expenses, subtracting the travel expense to the profitable income that will be generated from the services. It is thus an imperative for the vendor to carefully seek the most profitable travels and bring the most number of tools available for the services so that the travel expenses will be defrayed. This policy allows for the company to shell-out its products and services at the original price across regional borders. Although one disadvantage to this is that small vendors would not reasonably engage in distant travels as far as the quantity of their goods and services being offered are concerned.

Microsoft also has a " Pre-Placement Policy" which essentially requires every contingent staffing departments and agencies and other vendors with their own set of employees to undergo a background check in order to ensure that the goods and services and all of the tangible and intangible offers being provided by Microsoft will not go to waste. It also ensures the safety and security of the workers for Microsoft. This policy is perhaps the cornerstone for every company's survival, and this is the policy which tour company should carefully consider.

While it remains an imperative to do occasional background checks for vendors and company personnel, most of the big time vendors willing to engage in a procurement process with the company are given the liberty to override the background check for purposes of hastening the procurement process itself. Since the company-client is of fine reputation in the industry, there is little reason to doubt the capabilities of the company-client in ensuring the security and safety of its personnel. However, our company acknowledges the fact that nothing in the industry is free of people who are

inclined to do more harm than doing any good to the company. It is thus better for the company to use Microsoft's procurement policies as the standard in securing not only the company personnel but also the overall market performance of the company in terms of vendors or investors.

To further hasten the procurement process, our company should also be willing to embrace the probability of doing the procurement processes electronically like Microsoft's eProcurement service. This does not only save both the company and the vendor financial expenses. More importantly, what this policy does is to quicken the procurement process and make deals with vendors in the lesser amount of time possible.

Reference

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