



## ON TARGET Technology Development



# TOP 10



## The Top 10 Questions You Should Ask Your Engineering Services Vendor

Engineering services vendors can provide insight, skills and technical value to your in-house development - but choose your partner carefully. Whether you need engineering staffing or outsourced development, select a vendor you can count on. You need their commitment, loyalty and the protection of your interests. The engineering team must provide the skills you demand, the services you deserve, and the leadership necessary to achieve success. That's the difference between bodies-for-hire and dependable engineering leadership.

High-technology companies often outsource non-core portions of product development and contract engineering resources to support core technology development. A specialized outsourcer can do the job faster, with higher quality and lower cost. You can hire an experienced team that has solved your problems before and will reduce project risks.

How do you find the best vendor and manage the business risks? Ask these 10 questions to help you find a partner that will meet your development objectives:

- 1. Do you have experience in my industry and technologies?**  
Each industry and technology domain has its own standards and quirks. Has the vendor worked with your industry standards and led a project through its entire life-cycle? Can the vendor bring valuable insights and new perspectives? Have the team members worked together on other projects?
- 2. Do you have your own engineering development procedures?**  
Some great vendors may not have direct domain experience, but they can bring diverse engineering skills and techniques. Can these skills be applied to your domain? Understand their key tools and processes. Most vendors will agree to follow your engineering procedures, but they should have their own procedures to complement them and validate their engineering discipline. Can they show samples of their previous work?
- 3. Should this be a time-and-material (T&M) or a firm-fixed-price (FFP) contract?**  
Usually buyers bear more risk in T&M contracts, while vendors bear more risk in FFP contracts. When requirements are certain or results are predictive, an FFP contract is appropriate. If scope is undefined or likely to change, a T&M contract is more suitable.

4. **How will you manage my project (or staffing contract) and report status?**  
Is the vendor providing project management, or expecting you to manage its engineers? Are the personnel dedicated to your project? What are the vendor's scope, budget and schedule commitments? Insist on weekly status reports of progress, plans, issues, action items and accrued cost. How will changes be managed? Most services contracts start with some uncertainty and are modified during development.
5. **How will you respond to problems and commit to my satisfaction?**  
The vendor should agree to respond immediately to problems. You must be comfortable with the vendor's ability to resolve project and resource problems without burdening you and with minimal impact. Provide a means to identify and resolve problems early.
6. **What deliverables will you provide throughout the project?**  
Know what you will be getting for your money. Document your expectations. Will you approve results before payment? Plan early deliveries that will allow you to verify quality, adjust to miscommunications and adapt to changing requirements.
7. **Will I own the exclusive rights to all development products?**  
Engineering reuse is a great cost benefit - unless intellectual property crosses over to competitors. If you are paying for the product, it should belong to you. If your vendor is using products from previous work, they should not belong to any third parties.
8. **How can I be sure your employees will protect our intellectual property?**  
Intellectual property is a valuable asset. Lose it, and your business suffers. If your vendor is also working with your competitor, you'll need to ensure confidentiality and protection of trade secrets. Establish non-disclosure agreements with the vendor and confirm that employees are obligated to protect your intellectual property.
9. **How will risks be mitigated and shared?**  
Every project has risks. Choose a vendor skilled at identifying and mitigating risks. Proper risk management will save you money. Confirm responsibilities of costs for correcting mistakes and repairing damages. Will the vendor's insurance protect you?
10. **What related projects have you completed?**  
Find out what went well on similar projects and what lessons have been learned. Ask for a list of success stories for your industry and technology domain. Don't be afraid to demand references. Does the vendor have the leadership skills to carry through when things get tough? Work together with your vendor to guide your project with the best practices learned from your collective experiences.

Remember that your engineering services vendor is your teammate in your development. Contrary to product vendors, where your interests are in a product delivery, you'll develop a close, working relationship with your engineering services vendors. These questions will help you build mutual confidence and rapport. Find an engineering vendor that you enjoy working with and can trust. When you do, hold on tight. Those relationships are priceless.



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