



# Win-Win Agreements

Toll Free (866)-926-6671

Direct (604) 535-6671

Fax (604) 535-6631

winwinagreements.com

[sales@winwinagreements.com](mailto:sales@winwinagreements.com)

## Negotiation Do's and Don'ts

### Tips related to software, technology, services and maintenance negotiations

<i>Do</i>	<i>Don't</i>
<p>Do start your negotiations early in the procurement cycle. In reality, your negotiations start when you first interact with a vendor. Every interaction will add to or reduce your leverage. Take advantage and start your negotiation positioning early as part of your procurement lifecycle.</p>	<p>Don't let the vendor do a free-form proposal without you driving the requirements and objectives. Their free-form proposal will always hold back key considerations that they won't disclose unless pressured. You will never get something that doesn't need to be negotiated to your benefit anyway.</p>
<p>Do communicate that you want this to be a partnership with a win-win approach. Then back this with the actions of your team. Everyone should support this position.</p>	<p>Don't lock in a price too early, even though it is enticing to do so. Make sure you understand the price model. However, if you lock in too early, the vendor may not be willing to negotiate other concessions and offerings.</p>
<p>Do communicate your objectives and requirements early in the process, including any expectations that you will have of the successful vendor. Try not deviate from this without good reason, and communicate with the vendor if you do deviate.</p>	<p>Don't let the vendor know they have been selected until you absolutely must. The moment they know they have been selected your negotiation leverage drops drastically, even if they know you could still knock them out. It is nice to say this is a partnership, but until the contract is signed you need to keep the negotiation playing field level.</p>
<p>Do set your negotiation position based on what is important to you, not based on what the vendor has said they can deliver. Either they can adapt to your needs or they may not be a good fit.</p>	<p>Don't let the vendor set the timetable for negotiations. They will always be under pressure to close business quickly. Manage the timetable to your needs and keep to your schedule.</p>
<p>Do complete a comprehensive checklist of everything that is important to you from a business, technical or financial perspective, and actively work this list off throughout the negotiations.</p>	<p>Don't rely on your past experience as a benchmark of what will work with this vendor. Names and faces change frequently, as do their products and priorities. You may be able to get today what was off limits yesterday.</p>



## Win-Win Agreements

Toll Free (866)-926-6671

Direct (604) 535-6671

Fax (604) 535-6631

winwinagreements.com

[sales@winwinagreements.com](mailto:sales@winwinagreements.com)

### Tips related to software, technology, services and maintenance negotiations

<i>Do</i>	<i>Don't</i>
Do prioritize this comprehensive checklist so that you have a good understanding of what you can compromise and what you cannot.	Don't play hardball at the onset. You may believe it sends the tone for negotiations, but it is the wrong tone. If you do need to play hardball at any point, you want to save that impact for the right time and the right place.
Do find out who has the ability in the vendor organization to move mountains to make a deal happen and position your negotiations with them.	Don't negotiate with the sales representative unless you are convinced they can make all required concessions. This virtually never happens.
Do ask for evidence of their business and service capabilities with real clients in production. Make sure the client is a close fit to what you do if at all possible.	Don't let the vendor join you on a reference call if at all possible. If the company providing the reference insists on vendor presence then acquiesce, but be suspicious of the validity of the reference.
Do ask for evidence of all of their key processes and capabilities in a managed service. This is particularly important for things like backup and recovery of data, automated failover, and other operational processes that keep them running. A big consideration is privacy and security processes.	Don't let the vendor bundle all license, maintenance, support, service level, services and managed services into one simple agreement. Each of these delivery items is unique and there are unique terms to protect you from business, technical and financial risk.
Do understand their business position in the market, including market share, stated growth objectives, install base in your industry or geography, and fiscal quarter and year end, in order to use this information for your negotiations. All business pressures, not just quarter-end and fiscal year-end, will affect their willingness to offer a deal.	Don't let yourself get caught up in any quarter-end, year-end or other promotional offer of the vendor unless you have completed all of your due diligence and negotiations, or can do so in a measured process. If you rush to take advantage of a "special offer" you stand to miss something important. The vendor will not.
Do understand and document how changes in your environment will affect you from a cost and technical standpoint. Plan for your changes, and even your renewal, right now.	Don't let the vendor be silent on changes to the contract price or terms as a result of changes to your environment. <i>Change happens!</i>



# Win-Win Agreements

Toll Free (866)-926-6671

Direct (604) 535-6671

Fax (604) 535-6631

winwinagreements.com

[sales@winwinagreements.com](mailto:sales@winwinagreements.com)

## Tips related to software, technology, services and maintenance negotiations

<i>Do</i>	<i>Don't</i>
<p>Do define in as much detail as you can, what the maintenance services will be, under what terms they will be provided, and what penalties, if any, will be imposed if they do not meet their contract terms. Service levels with penalties always improve the likelihood of vendor performance.</p>	<p>Don't let the vendor offer you a "Standard" anything without understanding exactly what it means and what your options are. Document what you agree to in the contract. Even if you accept a "Standard" offering or service, don't let it go undocumented as standards can change.</p>
<p>Do understand that this is a long term commitment and the deal must work for you and them to be successful in the long run. If you squeeze too hard, they will have years to return the favour, probably through substandard services.</p>	<p>Don't get in over your head. Negotiate from a position of strength or get help.</p>

Do these terms sound familiar? Do you know how to deal with each of these? Price, Maintenance, Intellectual Property, Notice Provisions, Assignment, Privacy, Sarbanes Oxley, HIPAA, Service Levels, Acceptance Criteria, Acceptance, Escrow, Insurance, Warranty, Representations, Insurance, Contract Portability, Conversion, Penalties, Non-Disclosure, Confidentiality, Managed Service, Non-Compete, Disaster Recovery, Compliance, Royalties, Third Party Licensing, Payments, Taxes, Revenue Share, Right To Use, Indemnification, Advisory Services, User Groups, Expenses, Subcontracting, Workers Compensation, Liability, Negligence, Errors and Omissions, Business Continuity, Force Majeure, Upgrades, Enterprise Licensing, Perpetual License, Usage, Virtualization, Application Hosting, ISO, ITIL, and more.

This is not intended to be a comprehensive list for your negotiations. This is intended to provide you with some insight and education to the kinds of things you should pay attention to in a technology procurement. For a complete assessment of your procurement related needs, contact us at Win-Win Agreements.

[www.winwinagreements.com](http://www.winwinagreements.com)

[sales@winwinagreements.com](mailto:sales@winwinagreements.com)