



■ ■ ■ ■ **Contract Negotiations Tips and  
Techniques That Can Save Money  
and Headache**

**June 10, 2009**

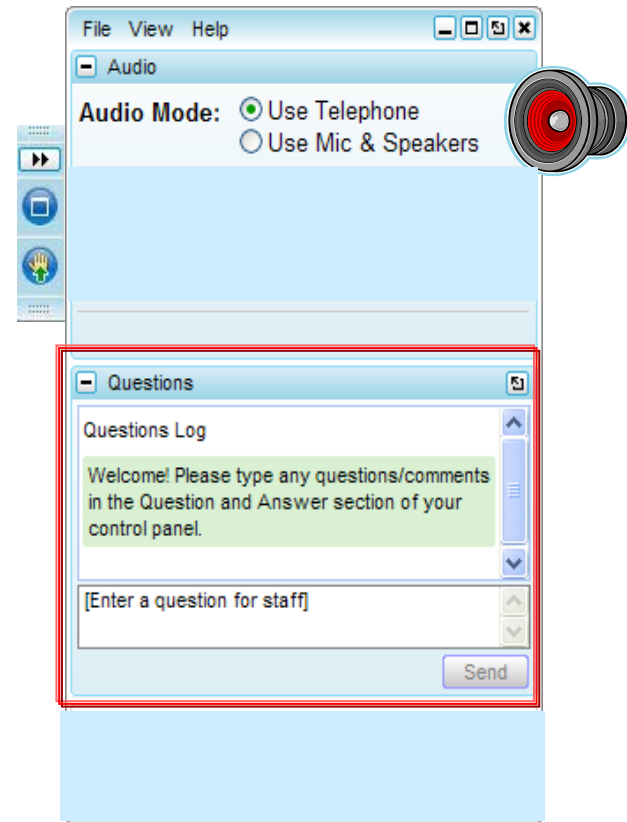
**Betsy Burton, Vice President Distinguished Analyst**

**Jane Disbrow, Research Vice President**

# How to Participate Today

## Audio Announcement

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# General Trends in Software Licensing Resulting From the Downturn

**New deals: Higher discounts on much smaller deal sizes**

**Existing Deals; Maintenance is increasing and hard to reduce**

**Unlimited or Enterprise agreements**

**Revenue based pricing**

**Increase in audits**

**More Aggressive Selling**

# Poll Question 1

Has a software vendor done an audit in the last 12 months? (select one)

- Yes
- No

## Poll Question 2

Which of these vendors have done an audit in the last 12 months? (select multiple)

- Adobe
- IBM
- Microsoft
- Oracle
- Other

# How to Maintain Influence Over Your Software Vendor After the Deal Is Done

- **Act as a Customer Reference for New Customers, Press Releases or Case Studies**
- **Participate in User Groups, Online Forums and Blogs**
- **Participate in Vendor Events**
- **Participate in Beta Test Programs**
- **Become a Member of the Vendor's Customer Advisory Council**
- **Understand the Software Vendor's Calendar**
- **Visit the Vendor's Headquarters**
- **Actively Participate in Yearly Vendor Briefings**
- **Know the Competition**
- **Align New Software Purchases With Your Vendor Relationship Activities**
- **Communication Is Key**

# What NOT to Do

- Don't open the door to all knowledge. Keep one single point of contact — a professional negotiator.
- Don't tell the vendor your time frame or budget.
- Don't tell vendor the deal is "done" before the contract is negotiated. Keep credible competition throughout deal.
- Don't work with blank contracts — require vendor to provide filled out contracts early, including order forms or addendums.
- Be aware many first proposals are designed to watch your body language and reset the price range.
- Don't buy software without checking references on same version and same mixture of software products.
- Don't negotiate and finalize a deal on the golf course.

# What to Do: Miscellaneous Hints

- Have extremely clear terms and conditions — include examples.
- "Order forms" often take precedent over the contract. Review carefully.
- Keep all original documentation, presentations, white papers, RFP responses and information downloaded from vendor's Internet site.
- Be careful about contract language that can be changed via technical support "policies" — these are high risk.
- Business practices do not take precedent over the license agreement.
- Resellers generally cannot negotiate changes in the software vendor's license agreement.
- Do not allow official notification via fax or instant message or signed contracts via fax or instant message.

# Gartner Reduces IT Cost in Four Distinct Ways



## FEATURED VIDEO

### Four Levels of Cost Optimization

Kurt Potter, Research Director

Research Director Kurt Potter discusses the use of Gartner's Four Levels of Cost Optimization framework as a planning and communication structure.

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Dialogue

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## GARTNER IS UNRIVALED WHEN IT COMES TO HELPING YOU REDUCE YOUR IT COSTS

### 1. Get the *best pricing* and terms for your IT purchases

- Gartner ensures you get the best value from your IT purchases. Gartner analysts and consultants review thousands of vendor contracts and proposals each year. That expertise helps you:
  - Receive the best pricing and terms for products and services
  - Buy only what works and what you need, from functionality to service level
  - Avoid hidden costs and risks

### 2. Identify major *cost-saving opportunities*

- Leveraging our proprietary data, Gartner shows you exactly where your spend is high relative to best-in-class peers. We also quantify the financial benefit and help you prioritize initiatives appropriate to your organization.
  - Our IT Key Metrics Data (ITKMD) provides a comprehensive and granular database that helps you identify where you have the biggest opportunities.
  - Our benchmarking services are leveraged by more than 5,000 organizations every year. They compare your organization to the ITKMD, distilling implications and actionable recommendations for your unique situation.

### 3. Implement *cost-saving technologies*

- Gartner ensures your success in implementing priority technology initiatives. Working with 10,000 organizations around the globe, Gartner analysts and consultants know which technologies truly deliver savings, in what time periods and with what risks. Our definitive expertise includes:
  - Virtualization
  - Application rationalization

### 4. Implement *cost-saving process improvement*

- Gartner is your vital partner in achieving hard-dollar savings from process improvement. In the last year alone, we answered thousands of critical client questions, authored hundreds of groundbreaking documents and engaged directly with clients to deliver cost savings. Our definitive expertise includes:
  - Project prioritization or portfolio management
  - Offshoring or outsourcing
  - Asset management
  - Workforce optimization

## Cost Optimization Fundamentals

### Key Issues for Cost Optimization, 2009

Kurt Potter

### Preserving Your Investments When Your IT Vendor is in Financial Difficulty

Debra Logan

Visit [gartner.com/economy](http://gartner.com/economy) now to see exactly how Gartner takes cost out of IT

# Thank you for Participating!

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