

# Negotiating a Win-Win Software Vendor Relationship

**P**rice is always a prime consideration in any district purchase. This is especially true for larger-ticket items like licensing for finance and human relations management software—an integral part of the district’s infrastructure. But price shouldn’t drive the decisions.

Several factors should take precedence over price for optimum return on investment. A portion of a study conducted by Deloitte and Touche distinguished the major differences between first-time and second-time software buyers.

On a scale of 1 to 10, first-time buyers ranked price as their top priority. Second-time buyers’ values and priorities dramatically shifted. Their top priority was the level of quality service to expect (which initially had been their last concern), followed by the software provider’s track record of performance. Pricing moved down to the middle of the list, to number 5.

These results make the case for looking at the larger picture during negotiations and being aware of ways to maximize the vendor relationship. Begin on the right foot and consult with your software provider to prioritize all the critical items you’ll need for a successful implementation that will last for the life of the software—typically 7 to 10 years. Open discussions up-front can save numerous headaches in the long run. You’ll benefit tremendously by affecting productivity and the capability to evolve your operations.

## Building a Foundation

During the “courtship phase” of the request for proposal process, you’ll be able to gain an intimate knowledge of the providers’ products and level of service. Likewise, the providers learn your operational process so they can give you the strategic recommendations and appropriate tools to meet your needs and goals.



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Once you've evaluated and selected the software, and negotiated the contract, both you and the provider are bound by the terms and conditions specified in the license agreement. Make sure you have included everything necessary for a successful implementation. Rather than ending the transaction, use this foundation to build and maximize the relationship.

Schedule all your monthly service calls, training appointments, software upgrades, and any other negotiated "value-added" services. Unfortunately, many schools underuse their service contracts and lose out on all the benefits they paid for and deserve to simplify daily work life. A disciplined approach to revisiting the contract regularly, maybe once a quarter, can help you ensure that you'll use the services you're paying for and learn where to sharpen future negotiations.

Consider forming a steering committee of department heads and information technology staff that meets monthly or bimonthly to review plans and status, make decisions, and ensure that the system is being fully used and fits the administration's needs. The steering committee can review the need for system enhancements and requests for custom programming to ensure that all requests are financially justified.

### Opening Communication Channels

For productive long-term administrative solutions, communicate openly and regularly with your software provider. Beyond making the standard troubleshooting calls, take the time to discuss new features and upgrades. Schedule an annual conference call or two to discuss what's working, any needed changes, and your future goals.

Express your "wish list" of functions that can simplify your workday so your provider can ask the right questions to deliver the best solution or research and create a custom solution. As technologies evolve, so can your internal processes. You'll cut future expenditures on new software purchases when you think you have an outdated system that appears beyond repair.

## Bring in software experts when you're undertaking a new project or updating a current administrative or payroll process.

Bring in software experts when you're undertaking a new project or updating a current administrative or payroll process. With just a phone call, you'll eliminate the frustrations of trial and error and learn efficient approaches to simplify administrative and operational processes. In fact, you might want to consider scheduling regular visits by your provider to show the office staff new tools, upgrades, and best practices. Those visits may cost a nominal fee, but

### Annual Checkup

Use this checklist as your annual guide to keeping your software needs current and getting the maximum from your vendor relationship.

#### Summer months

- Revisit your needs: what's working, what needs to be changed, what you'll need and want in the future. Schedule a conference call or visit to discuss it all with your provider.
- Schedule monthly service calls with your provider. Ask about new features and upgrades.
- Make training appointments for the provider to work one-on-one with staff members and help them learn and master the system and learn new upgrades, tools, and shortcuts.

#### Year-round

- Keep current! Sign up for any and all Webinars, user conferences, and instructional classes to expand your software capabilities.
- Make regular (daily, if necessary) troubleshooting calls and air any concerns.
- Give your provider a "wish list" of things you'd like applications to do to simplify any processes.
- Starting a new process or project? Ask for advice and best practices to develop it correctly up front. Avoid the unnecessary headaches of trial and error.

they are well worth the investment to get the maximum from your system.

### Growing Your Investment

Take advantage of any training opportunities to educate new users and help those who are well versed to master the program and learn new applications or features. You'll learn when upgrades are available, and more importantly, whether you need them.

Today's savvy providers have free online tools and Webinars, as well as on-site user conferences and instructional classes, to expand your software capabilities and, ultimately, streamline your job.

Most importantly, if you ever have concerns, don't wait until the contract ends to divulge them. Without knowing your concerns, your provider cannot fix the problem or deliver the quality intended.

Develop and maximize relationships with your providers so that you'll be genuinely pleased with the level of quality and commitment to service—without budgetary surprises. Rather than hunting for new providers every few years, evolving your operations with a trusted software provider can save a tremendous amount of time and money while improving administrative satisfaction for years to come. ■

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