

Negotiated savings of 35% for EPM Licencing for IT Reseller

RESULTS THAT SPEAK FOR THEMSELVES

CHALLENGE

Our client undertook a procurement exercise for Enterprise Project Management (EPM) Licencing as part of a significant IT replacement project. The initial RFP exercise produced limited discounts or enhanced terms in relation to the major investment that was involved. Apsiz were asked to provide a review of the initial results and found that significant improvements could be made through re-negotiation with the original bidders.

SOLUTION

A negotiation strategy was developed with the client identifying a prioritised list of 'must have's' (i.e. increased levels of discounts from 30% to 60%) and 'nice to have's' (i.e. additional supporting product licences being provided Free of Charge) so that it was clear what would be considered a good deal for the client and to measure the success of the negotiation activities. This was done on a vendor by vendor basis.

Following the Apsiz team led the negotiation meetings with each of the vendors, acting swiftly to recoup time lost in the schedule, from review of bids to the submission of Best & Final Offers within three weeks. Upon selection of a preferred bidder, a further negotiation was undertaken to conclude the contract.

- ⇒ Discount levels on licences where negotiated from 35% in the original RFP to 60%. This resulted in a cash saving of circa £100k (£97k) and circa 25% (24%).
- ⇒ Committed discounts where negotiated for future licence procurements (55% in year 1 and 48% for years 2 to 4) for a fixed 4 year period.
- ⇒ Annual Maintenance and Support costs agreed at 20% against discounted licence costs.
- ⇒ Free licencing and 1 year Maintenance and Support costs for supporting EPM product, previously offered at cost by the vendor.
- ⇒ Completion of the procurement exercise and negotiation on time and within the original project timescales (pulling back approx. 1 month overrun from initial RFP exercise).