

# Agreement lifecycles - Every agreement has one

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# Core Guidelines

Distributed decision-making in a complex environment with thousands of stakeholders

- Campus diversity
- Legal requirements / funding restrictions
- How vendors see us
- Total Academic Headcount (TAH)

# Activities for all agreements

1. Identify demand
2. Identify funding sources
3. Negotiate contract
4. Define purchase procedure
5. Define distribution procedure
6. Renewals
7. Reseller RFPs if applicable
8. Vendor relationship management
9. Communication/Advertisement

Each step needs the proper time and personnel devoted to it!

# Considerations beyond purchase price

- Identifying funding sources and accumulation of those funds
- Vendor relationship management
- Risk mitigation
  - The rapidly changing world of IT
  
- Total cost of ownership
  - Distribution / deployment of software is often more costly than the software
  - Ongoing renewal processes
  - Campus communications across one or more campuses

# Agreement lifecycles -

Every agreement has one

## 1. Identify demand

This requires two-way communication between the campus constituents and IT or Procurement

Activities include:

- Understanding use cases
- Identifying funding sources
- Checking for existing agreements
- Evaluating similar products

Each step needs the proper time and personnel devoted to it!

# Agreement lifecycles- Negotiations

## 2. Negotiate contract

Communication with the user community is still needed about deals in progress. Necessary Parties involve:

- All necessary IT Stakeholders, Management, Users, etc
- Procurement Management
- Legal, Privacy, Risk and Insurance
- Finance
- Future Potential Stakeholders outside of our immediate counterparts (i.e. UCOP, other campuses/Medical Centers)

# Negotiations- What entails a good Strategy?

Simply put, it's:

1. Knowing What You're Buying
2. Understanding your Total Cost of Ownership
3. Handling Professional(ly Led) Negotiations
4. Ensuring Preferred Terms and Conditions

Of course, each step has to be done just right.

# Know what you're Buying

Things to consider.....

1. Know who the targeted Vendor is
  - Public or Private?
  - New Vendor or Established Vendor?
2. Know the standard pricing for that software
  - What is the benchmark pricing?
3. Know what alternatives and/or competition you have



# Things to Consider before Buying

1. Software Licensing Component
2. Maintenance and Support Component
3. Services Component

# Total Cost of Ownership- (Audience Reference)

(What's this solution really going to cost me?)

## **On-Premise Solutions** Incur

- License Costs
- Maintenance Costs
- Server Costs
- Supporting Software Costs
- Implementation Costs
- Integration Costs
- Training Costs
- Internal Support Costs
- Software Upgrade Costs
- Hardware Upgrade Costs
- Re-Training Costs

## **ASP Solutions** Incur

- License & Maintenance Costs
- Hosting Costs
- Major Upgrade Costs
- Implementation Costs
- Integration Costs
- Training Costs

## **SaaS Solutions** Incur

- Inclusive License & Hosting Costs
- Implementation Costs
- Integration Costs
- Training Costs

# Total Cost of Ownership (Example)

Product Description	Cost PerUnit	Qty	Year 1	Year 2	Total
Software (Licensing, Maintenance, Optional Modules)					
Services (Implementation, Customization, Training, T & E)					
Hardware Cost (Units, Installation Services, Maintenance)					
Total Cost per year					
Total-Cost-Of-Ownership					

# Negotiate Professionally

- The “best price” offered by a sales rep is **usually not the best price.**
- Don't treat the Vendor as **simply your Adversary.** Try to make them understand the benefits of whatever engagement you're negotiating.
- They will always try to play to the needs of your internal customer. **MAKE SURE YOUR CUSTOMERS DON'T PLAY TO THESE NEEDS.**

# Ensuring Preferred Terms and Conditions- (Audience Reference)

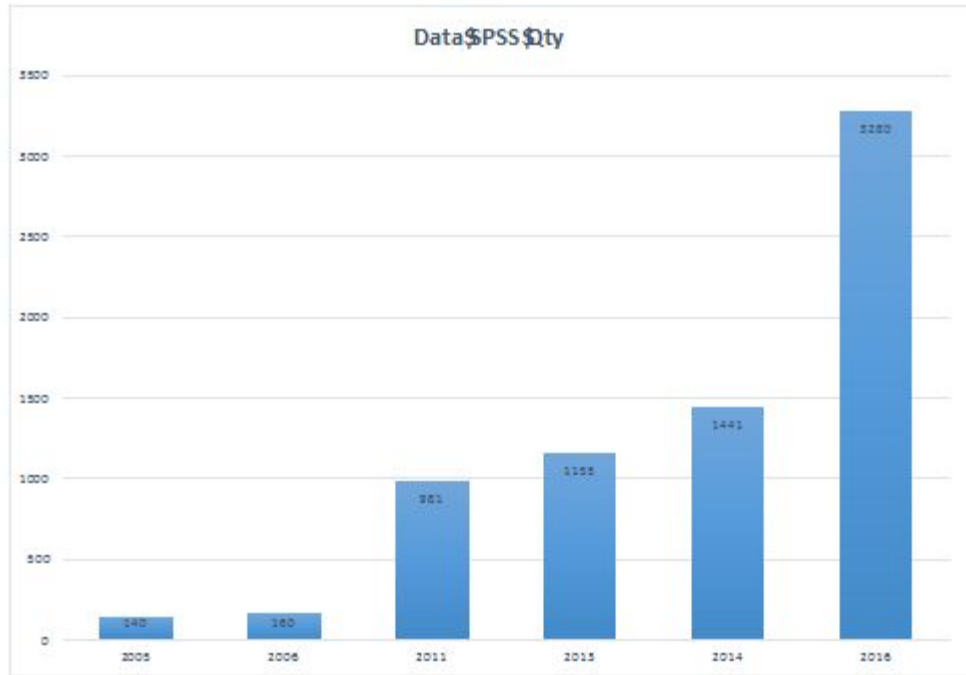
- Scope of Agreement
- Grant of License Provision
- Acceptance
- Term and Termination
- Fees, Invoice, Payment and Taxes
- Software License/Maintenance/Services Pricing Exhibit
- Foundational Legal Terms and Conditions
- UC “Mandatory” Terms and Conditions
  - BAA
  - Appendix DS
  - UC Standard Terms and Conditions

# Agreement lifecycles

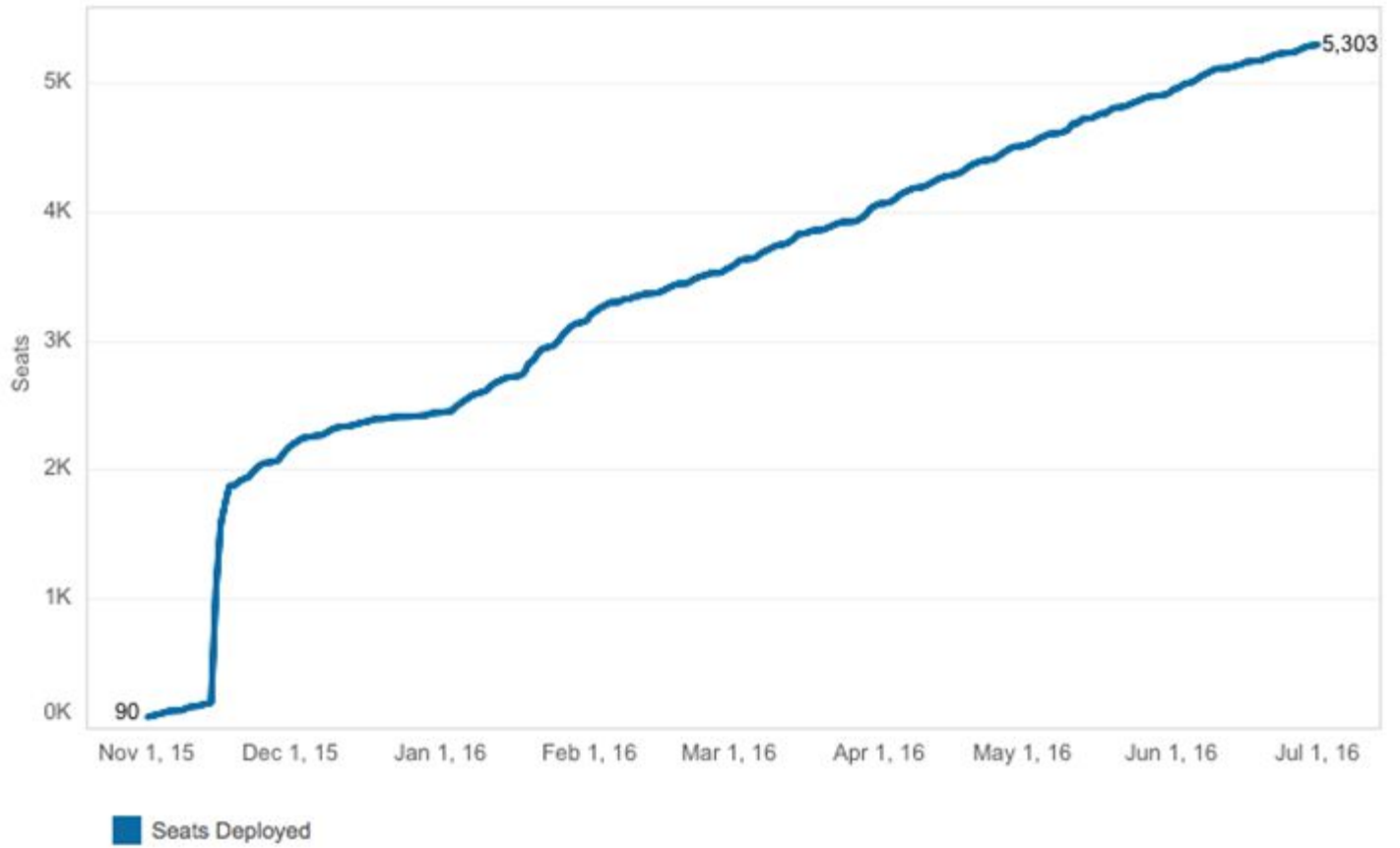
3. Define purchase procedure
4. Define distribution procedure

These can vary from campus to campus, and may change over time.

# SPSS at UCSB

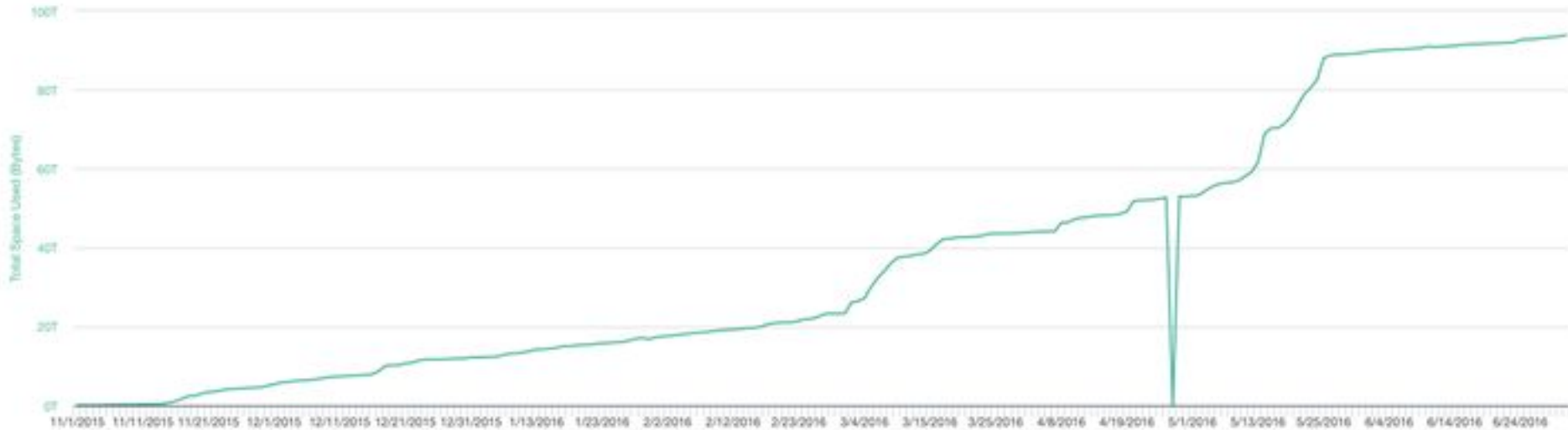


# Box at UCSB



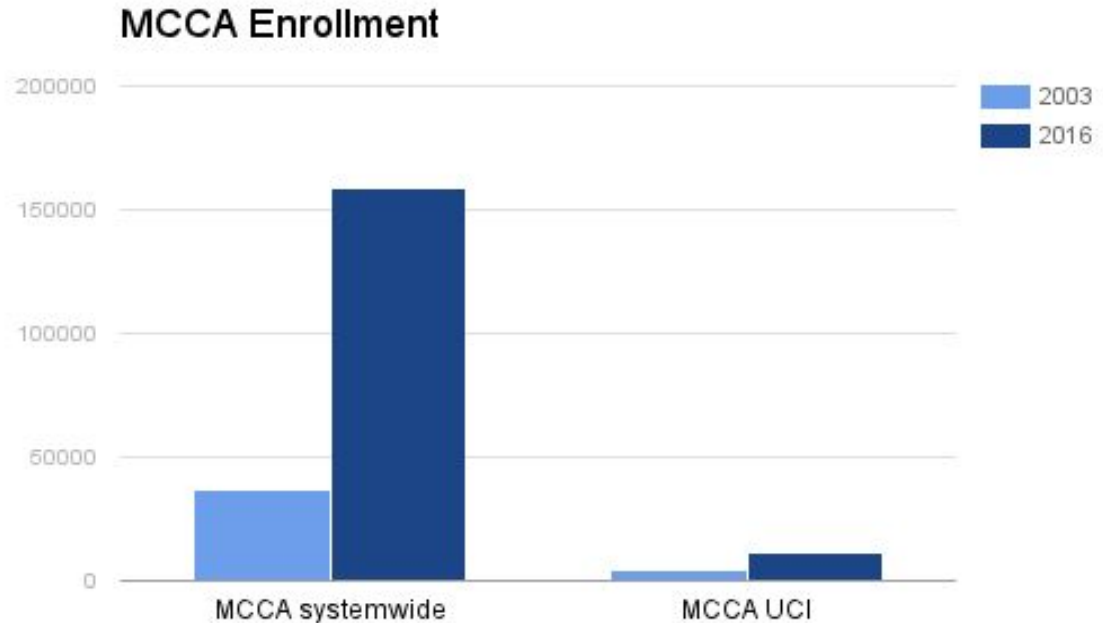


# Box at UCSB



# Microsoft - MCCA

Thousands,  
maybe millions  
saved in  
administrative  
staff time!



# Agreement lifecycles

5. More two-way communication to the campus about the new agreement
6. Vendor relationship management
7. Troubleshooting
8. More two-way communication to the campus – what works & what doesn't

# Agreement lifecycles

9. Renewals – Every successful agreement results in additional workload

More vendor relationship management

More Troubleshooting

More two-way communication to the campus – what's changed

What if demand for an item falls?

# Questions

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