

IT SOURCING

NOT FOR THE FAINT OF HEART

ISM 2025 Fail Conference
October 13th -14th

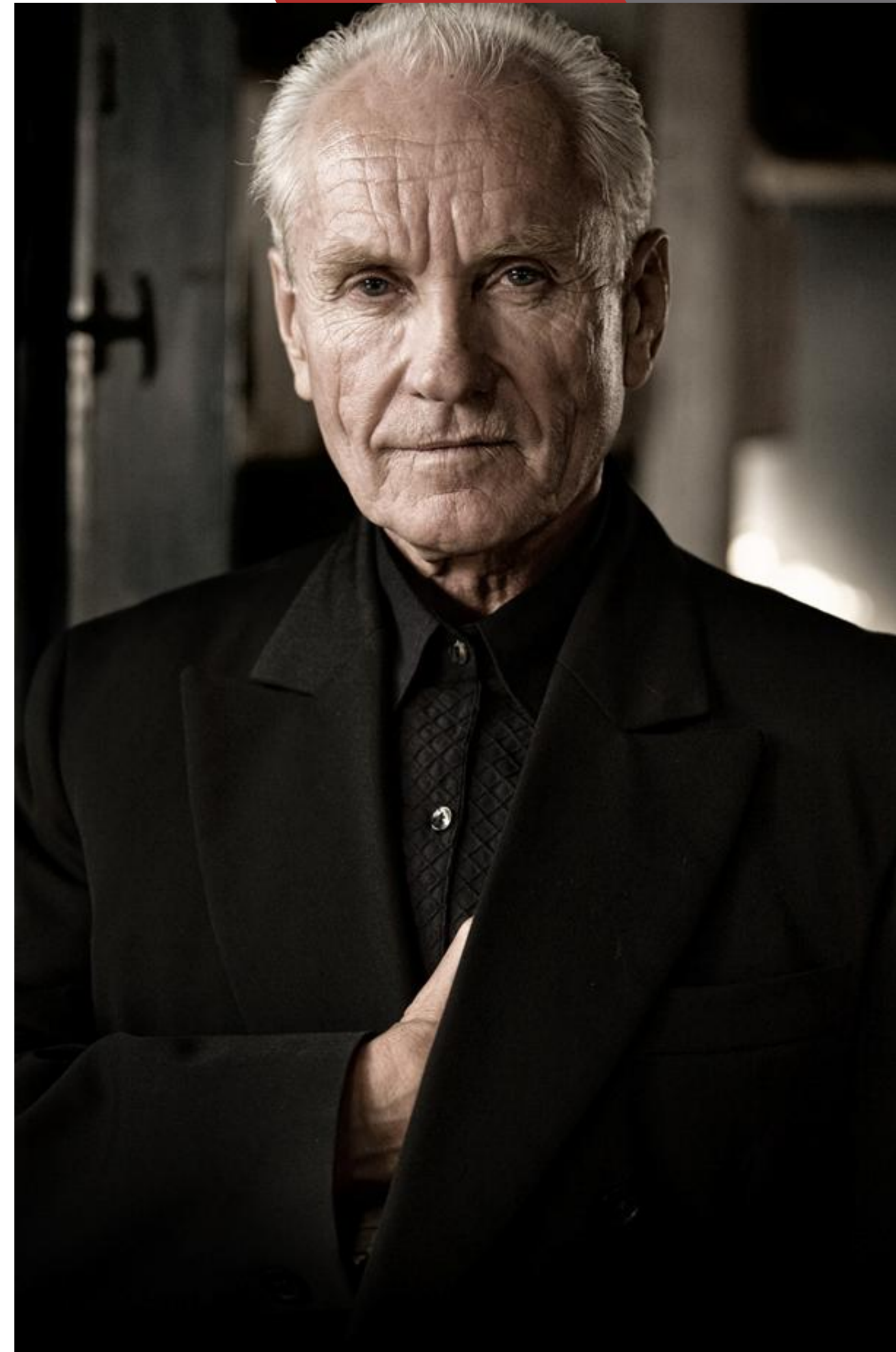
Our Speaker



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According to Salary.com, the average Enterprise Software Sales salary in the United States was **\$323,051** as of July 29, 2024, but the salary range typically falls between **\$278,208** and **\$372,877**.

Many top tier sales leaders are well over \$500k per year.



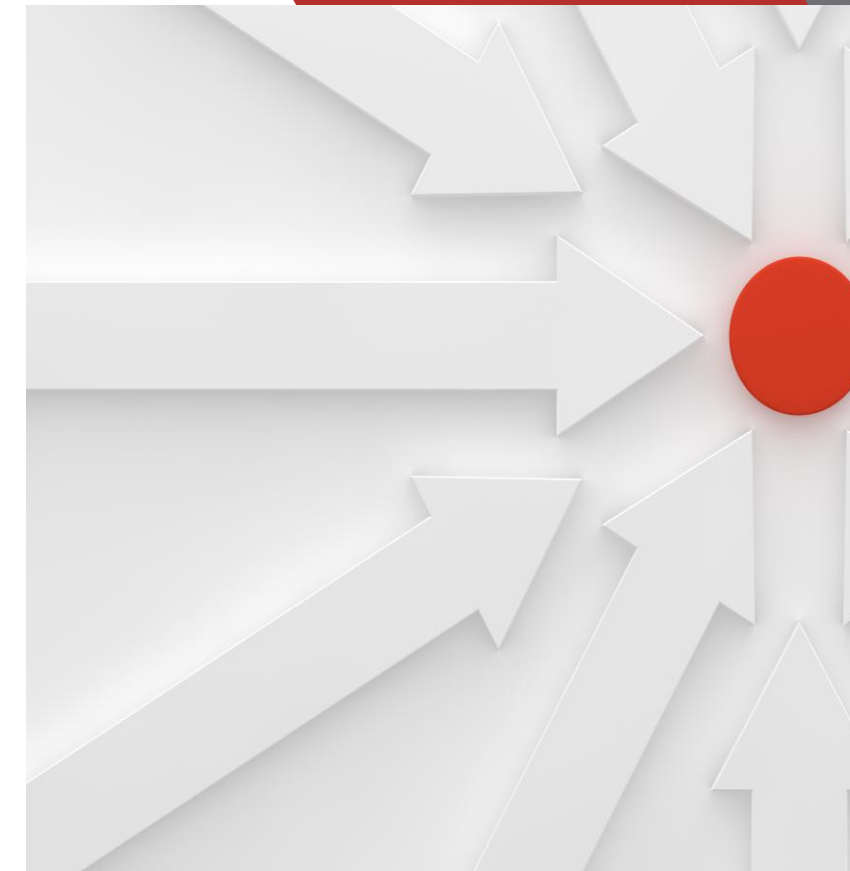
Today's salespeople are some of the most highly trained workers in the world

Know that they...

- do not ask questions by accident
- are trained to say no, are in fact, paid to say “no”
- have the most advanced sales tools to use against you
- receive 4 – 6 weeks of training per year on how to sell to you

While as sourcing professionals, we

- get very little, if any annualized training
- are not a revenue generating group
- are often a shared, generalized service
 - Indirect Procurement vs. specialized IT Sourcing
- are perceived as a necessary evil, that slows down the business



The Tech Sales Professional

High level of daily activity (expectation of their leadership)
Must keep pipeline flowing, calls, emails and visits.

Professional Closer

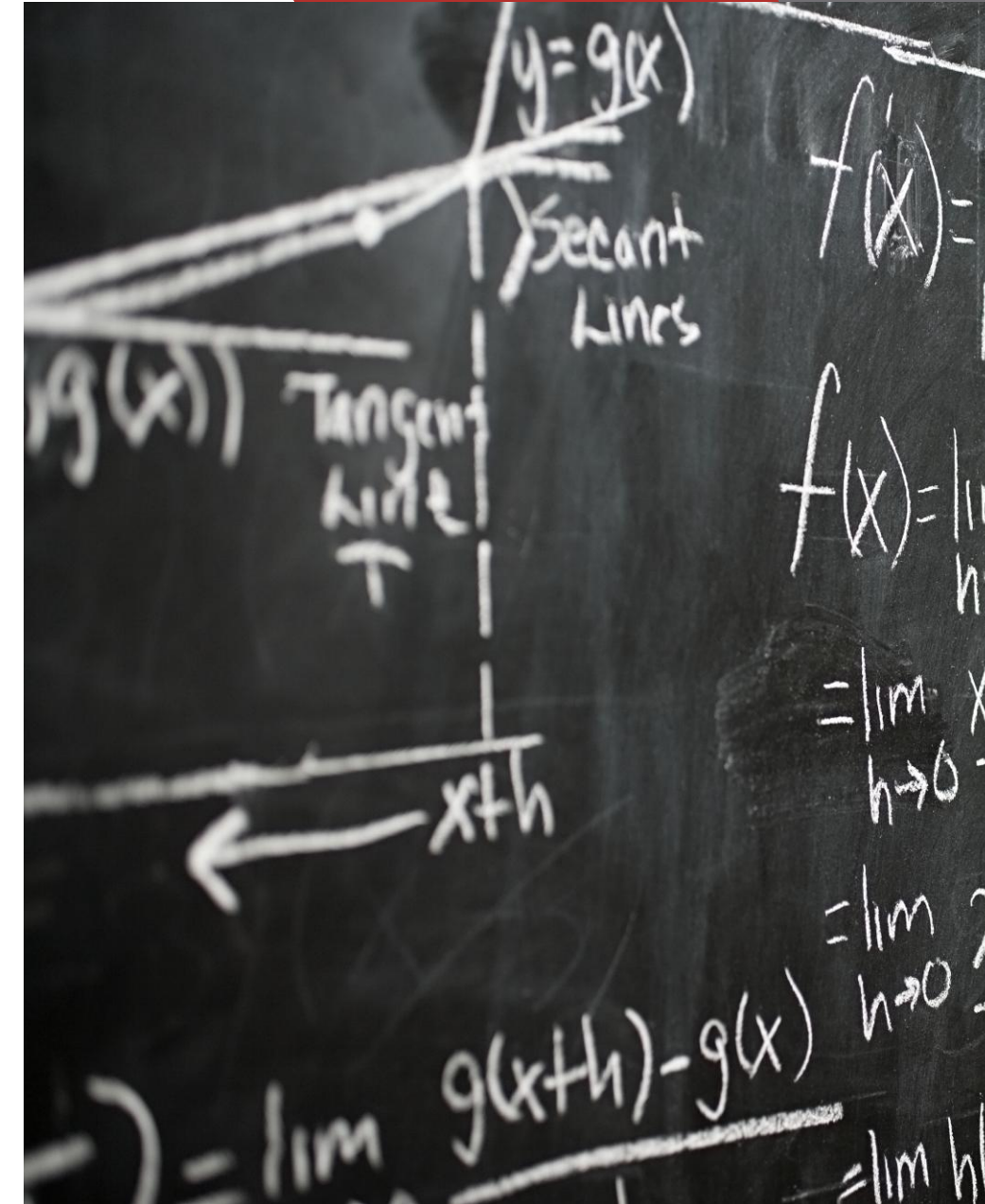
Present solutions, find internal champions, overcome objections, negotiate.

High pressure, Highly competitive

Personality tests, hitting company quota's, high turnover rates.

- The suppliers have weekly meetings on your account (specifically) to determine and plan for active project progress.
- Often identifying new potential projects within your organization, before they even close the current deal.
- They track all internal stakeholder knowledge gains – who they are, their role, what they shared - and who is likely to continue to share.
- The supplier leadership wants to know who the reps are talking with, who are the customer decision makers, what is your project plan, when will it close.

Some suppliers put sales offices in the same location as the customer's headquarters.



It is not a fair playing field

Supplier has -

- No standardized pricing they to adhere to
- Only one set of agreement terms with which they need to be familiar
- Convolutated, made-up license models (which they will change)
- Very highly trained sales professionals
- Virtually unlimited resources (i.e., support staff, solution architects)

You/We have -

- Limited time & resources
- Multiple categories to understand and support
- Several, if not many, open deals at one time, in various stages
- Many different contracts and terms to understand, easy to miss something
- Lots of different licensing models to understand
- Internal pressure to GET IT DONE (internal roadblock perception)
- **Stakeholders who inadvertently work against you**

- 2% of sales made on 1st contact
- 3% of sales made on 2nd contact
- 5% of sales made on 3rd contact
- 10% of sales made on 4th contact
- 80% of sales made on 5th-12th contact

You are
here!

They will not give up, and will seek as many
contacts within your org as needed



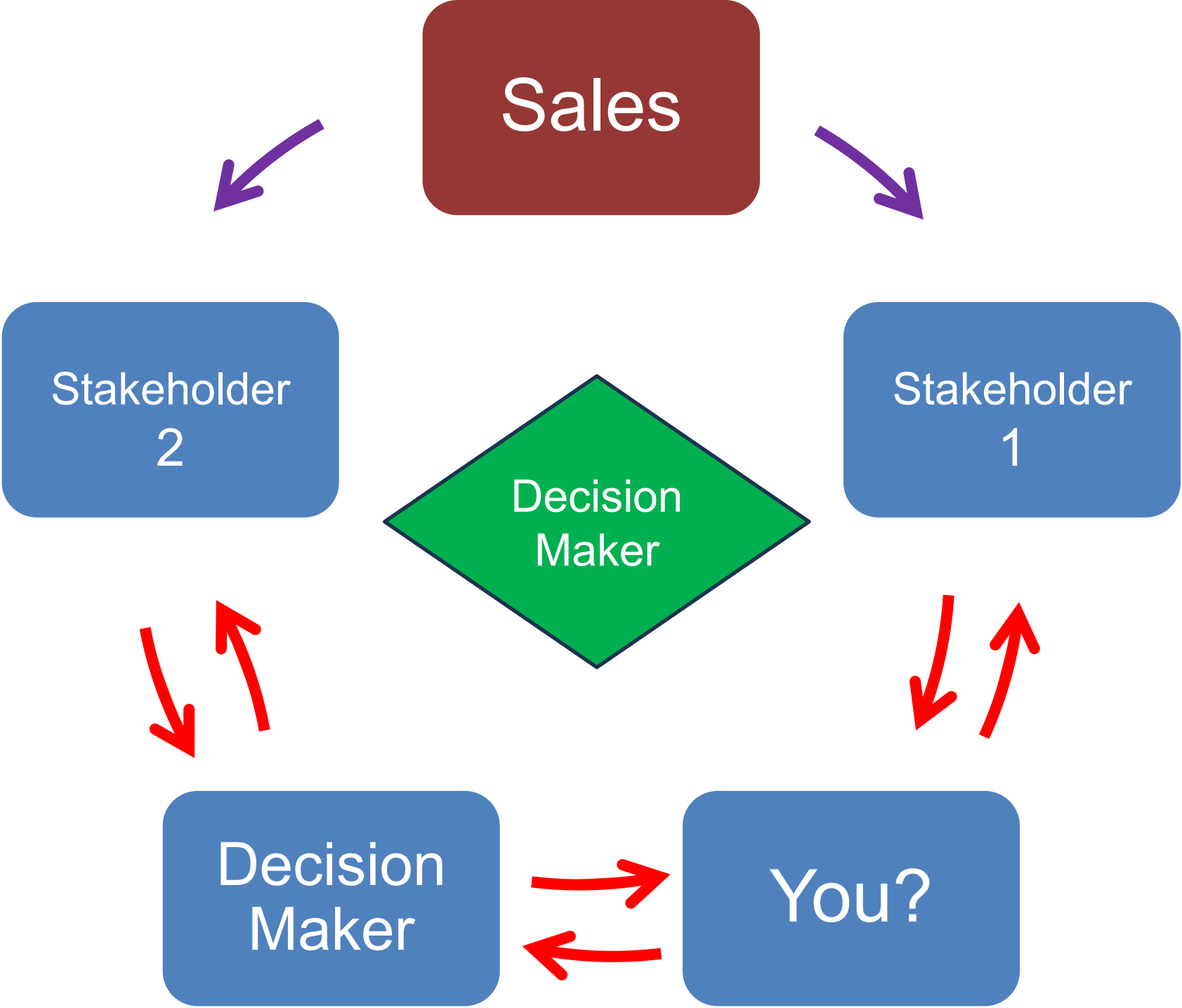
They have a more up to date org chart for your business than most team members. *(LinkedIn and all Social Media tools are their very good friends)*

They will work until they have a clear understanding of who are the roadblocks to their sale, and who their allies are in your organization.

They create strategies and playbooks to generate revenue from your company.



Creating an Information Echo Chamber



A recent Gartner survey of IT SPVM Leaders, when asked about typically due diligence activities involved when purchasing new technology, **only 48% of respondents stated they investigate additional hidden costs,** and only 47% evaluate the vendor reputation and capabilities before they purchase new technology.

Moving from reacting to Sales Tactics & Techniques to a Negotiation Mindset

- The sales team motivation can be intense (and personal) and therefor a lever for you to use
- Key theme is control and information - who has it, how to get it and how to use it
 - Access is something you grant (you have control), not something you shut down (means you do not have control)
- Consider the value of information and how to control and use it (internally and externally)



Meet the “Never Tell a Vendor” guidelines

A list of information or topics that are valuable – to you and the supplier

There are many versions of the Never Tell a Vendor tool, but they have common themes

Never Tell a Vendor – Financials



- your current costs or your budget
- other supplier bids/pricing
- that their price is “reasonable” or a “great deal”
- how much your problem is costing you - in time or money

Control the Financial Information

Current Costs/Budget

- This will directly impact their sell price

Other Supplier Bids/Pricing

- Unethical
- They know the marketplace/do you?

Favorable reaction to pricing

- Never telegraph reasonableness/fairness of pricing
- Make them justify their fixed and variable costs to deliver – which are foundational to your understanding their pricing favorability

Cost/Size of problem you are solving for

- Like Budget, the size of your problem will be used against you in their “value” delivered calculations

Never Tell a Vendor – Business Case / Current Situation



- you have an urgent, or any, deadline for the project
- you need **their** product
- ANYTHING that could give them leverage during negotiations or contracting

Control Business & Use Case Information

Urgency or deadlines

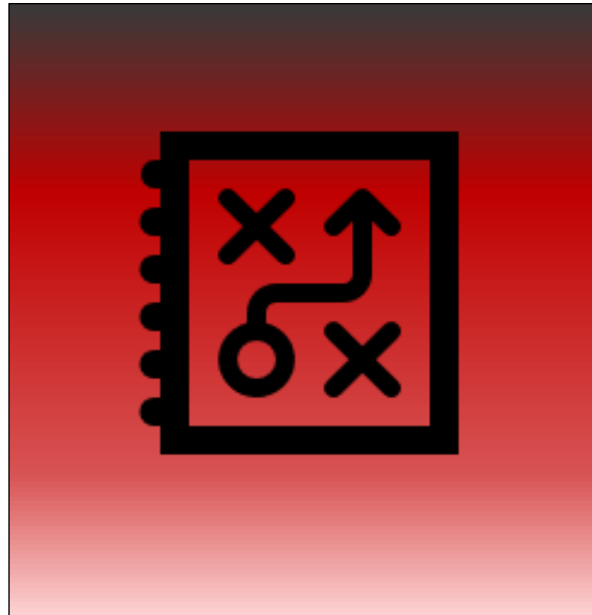
- Your actual deadlines are none of their business

Need for unique product or features

- Do not say you “need” their product
- Do not share what advantages¹⁷ you see in their product/service

Anything that can be used to support their “value” perception

Never Tell a Vendor – Strategy



- your Sourcing/Negotiation OR business process strategy
- EXACTLY how much you plan to buy, stick to giving a range
- you LOVE their product, prefer their product, or have no Plan B
- they are the only ones being considered EVEN if is true

Control Strategy or Approach Information

Your Sourcing or Business Strategy

- Sourcing strategy and business modeling and planning needs to be contained

How much you plan to buy

- Start low quantities, push them to price in pricing volume tiers

No backup plan

- You always have options, don't telegraph desperation/need

Lack of competition

- Even if sole source provider – competition needs to be emphasized

Never Tell a Vendor – Relationship Info



- they are a “strategic partner”
- who their competition is or who won the bid
- they will have any exclusivity
- internal stakeholder or decision makers names
- that you will “start with” or use supplier’s contract template

Control Relationship / Positioning Information

They are “partners”

- Partner language can rebound on you
- Legal often has strong feelings about using this label casually

Competitors Involved

- They should know their competitors & doesn't change what they should be doing for you

They will have any exclusivity

- Tech changes too quickly to promise they will be a sole provider
- If anything, development you fund should be consideration for your exclusive use

That you will “start with their paper”

- When possible, establish requirement for your paper, include in RFP, share early

Vetting Solutions

1 What does good look like, how will it be measured?

2 Should you do an RFP? Marketplace conditions?

3 What is supplier reputation?

4 Are you focused on changing to fit solution?

5 Did you do a deep reference check?



There is No Perfect

Now we will spend time on how to think about your strategy & the terms to focus on in the negotiations, the critical timing factors, and what to do to improve your chances to drive value.

Remember there is ...

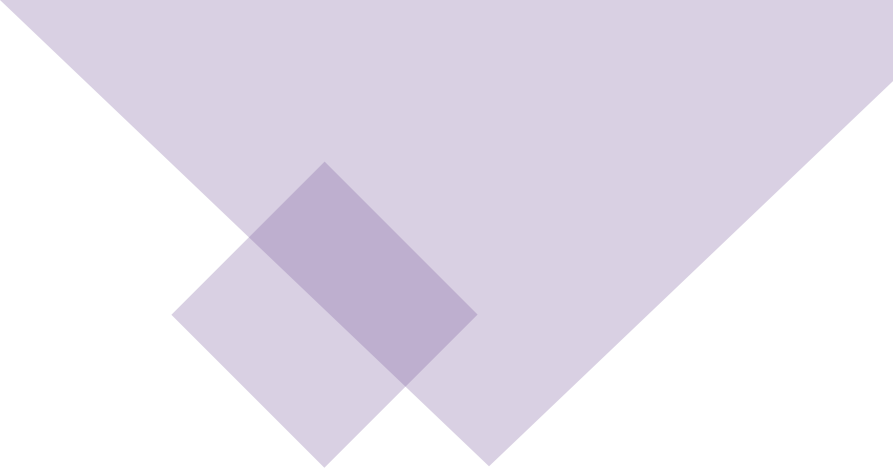
- No perfect negotiation
- No perfect contract

Question Session

If you have any
questions, now is a
perfect time!



Thank You!



Appendix Materials

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Never Tell A Supplier (YOU or YOUR Stakeholders)

- how much you are willing to spend or divulge your budget
- the bids you received from other Suppliers
- you are new to negotiations
- you have a deadline for the project
 - unless it works in your favor, be thoughtful
- they are a “strategic partner”
- you LOVE their product or that you prefer their product over the competition
- we will “start with, or use” with supplier contract documents
- their price is reasonable or their VALUE great or that they have any exclusivity
- your sourcing strategy, process, or timing
- EXACTLY how much you plan to buy - rather give a range
 - start with pricing for shortest term, lowest quantities
- they are the only ones being considered EVEN if they are
- who their competition is. (note, internal competition for budget is a lever)
- the internal stakeholders and/or decision makers (don't help them network)

Other Tips, Tricks and Cautions

- Tech solutions are often built through acquisitions and can result in clunky, cobbled together products that are difficult to use/support/upgrade over time. Look at how the supplier and its solution grew over time.
- Do you have protections against the vendor having Time-Bombs or ability to turn off a solution? What are those conditions? How and when do they need to notify you of this risk?
- Ensure the business maintains clear process documentation. Suppliers gain “stickiness” by becoming more knowledgeable about the work than your business team. You are buying a technology solution, not offloading business responsibility for the work.

Other Tips, Tricks and Cautions *(cont'd)*

- On Renewals...Don't pay more because the solution does what they said it would. That is the minimum the supplier should provide. If the supplier leans in on "how great" their product is, say "yes, it does what you said, should we be surprised/grateful?"
- Audit rights – Remote viewing, no notice, no shadowing while doing so can create a "data breach" scenario
- Full code sharing / you need to control use once you have access (example ServiceNow)
- Join the supplier customer communities, especially product specific communities to see what is being said, what the customer experiences are in the real world – especially before you commit to a product.
- Check Glassdoor, the employee feedback site, to see what is being said by current and former employees what might you learn from this?
- Contractually require that renewal quotes must be generated well ahead of the renewal timeline. This might be 60-90 days, or it might be significantly longer, that is something to think about based on the work estimate and how much time you need to do that work well.

Subscription/SaaS – Common Missteps

- Over Buying “for a good deal” w/o protective rights
- Know List Price and applied discount
- Understand “tiered” or “volume pricing” – avoid climb the ladder models
- Do you cost analysis over time – think Y1 – Y7
- Consider when your term starts – implementation offset or Ramp Up period
- Over Reliance on supplier – Over time they become the experts on your process
- Do not give up Acceptance rights
- Not being ready for re-platforming – consider Remix language
- Don’t pay for lower environments or Sandboxes...these should be included

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