

A close-up photograph of a man with dark hair and glasses, smiling warmly. He is wearing a light blue shirt. The background is blurred, showing another person's shoulder and part of a room.

# Contract Negotiations

## SOFTWARE CONTRACTING TIPS

### **Negotiating Team**

Put your team together early and ensure that other interaction with a prospective vendor is limited to technical or service needs, not budgeting or competitor information. Develop an independent score card of critical items that will allow for unbiased comparison.

### **Leverage the Competition**

Let each vendor know they are competing with other credible competitors but do not let them know who the other contenders actually are until the appropriate time.

### **Watch Out for Hidden Fees**

Additional fees like third-party license fees, license transfers, hot backups are just a sample of the fees that can cause a financial surprise at implementation time.

### **Plan for the Future**

Service level agreements, code escrow, discounts for future purchases, implications for future mergers or other change of control activities all need to be negotiated into the contract at the beginning.

### **Keep Control of Customization**

Customization of the product is expensive. Ensure that all customizations fit business requirements and have had an ROI review.

### **Assume Nothing**

If it is not written in the contract and clearly defined, then expect that it will not happen. Do not accept verbal

## **Cynthia Farren Consulting**

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