LAAMB
CONSULTING SERVICES LLC

Every major Breakthrough requires a Break-With tradition…

Tap into, and leverage, the knowledge of a consulting firm that can help ***ANY*** company realize substantial bottom line value hidden in Information Technology contracts and agreements

By JB Hargrave, CEO/President, LAAMB Consulting Services LLC

Executive Summary

Let's face it; the success of any company is measured by one simple equation, PROFIT. And like it or not, a vast majority of those profits are spent on new technologies to help your company compete and grow. The problem comes in, when you see technology as a means to growth, yet those same vendors view you as a means to profit. This white paper looks at some of the distinct advantages organizations can achieve by partnering with a reputable Consulting firm when negotiating Information Technology related agreements.

Venture to say, many organizations have made significant investments in IT related expenditures. From hardware, software and mobile devices, to professional services, training and on-going maintenance and support, these IT related expenses are not only necessary, but also more often than not mandatory to keep your doors open. Then why is IT, one of the top-three budgeted line items company wide, one of the most mismanaged assets when it comes time to acquiring new technologies or signing addendums to existing agreements? The answer is very simple, TRADITION. Companies have become so accustomed to negotiating by traditional means, expecting vendors to react a certain way, and at the end of the day, accepting the terms and fees dictated as a "best and final" offer and comprise from the supplier, they are willing to settle for what they perceive is a fair deal.

How have companies fallen into the trap?

Three main factors:

- Institutional Politics
- Supplier Hubris
- Third-Party Consulting Expense

Institutional Politics

Like the political stripes many individuals wear, many times companies and institutions fall prey to similar "allegiance" lines of thinking when it comes to technology vendors. The mantra of "it's the way we've always done things" or an edict that comes from someone above the end-user pay-grade dictating one vendor over another. And while there's no real way to determine if that school of thought directly affects the net cost of a technology, it most certainly gives the technology provider a sense of loyalty. But equally as important to not overlook, is the flip side of the argument can also provide a false-sense of financial fairness to the company footing the bill.

Thru a survey conducted of 500 US based businesses; we discovered that a vast majority of companies had a loyalty to certain technology brands. Yet more telling, was that these same companies overwhelmingly admitted that their technology providers products were not necessarily better or cheaper than other brands; it is just that they got into the habit of buying them and had no good reason not to perpetuate that habit.

We're certainly not saying your company has made a technology misstep. What we are alluding to is the unfortunate reality of hastily conceived or agreed upon fees that rarely support the long-term financial strategy most companies strive for. Hand-shake deals must benefit all at the table.

Supplier Hubris

Sun Tzu wrote in The Art of War, "Pretend inferiority and encourage his arrogance". Under a similar umbrella of benevolence, many vendors have created this false sense of value by "including" features not necessarily needed nor wanted by their customers. While we applaud technology growth and diversity in its expanded utilization, vendors have often exploited this to create and sell solutions that "land-lock" customers into THEIR desired suite of products or services. Fact is, a bad financial decision trumps a robust technology tool every day. And over time, to perpetuate that decision by continuing to fall victim to over-pricing could cause irreparable harm to the company's bottom line and long-term fiscal future. Companies often end up being so tightly coupled with a particular vendor; they find themselves either

Incompatible with alternate solution providers or unable to budget for them.

Third Party Consulting Expense

Typically, the first question to arise when potential involvement of a third-party consulting firm is broached, revolves around expertise in a given arena. Then the conversation quickly shifts to cost benefit analysis and perceived value. And under the traditional models, those are valid starting points and should be discussed vigorously.

Traditional Consulting Fee models

- Doubling/tripling your hourly rate
- Using a daily rate for consulting
- Consultant fees by project
- Consultant fees – by performance
- Strategically with real-life data
- Matching the going industry rate
- Solution-based fees

However, just as the IT vendor community has been looking at alternate means to traditional technology deployments with Cloud and SaaS models, some in the consulting industry have been developing better, more cost-effective ways to provide third-party consulting to companies who couldn't otherwise justify the rather large expenditure for an unquantifiable return on investment.

That being said, the IT community has seen a significant increase in complexity invading traditional software contracts and licenses agreements. A complexity that requires more than just a cursory knowledge of the IT arena and its current trends. Companies now need a partner with an industry insider's perspective. One that not only understands vendor's methods and thresholds, but a partner that knows all the right questions to ask, and equally important, when to ask them. Tipping your hand to a well-trained IT sales executive at an inopportune time does nothing more than feed the vendor with critical knowledge of your intentions.

A true third-party consulting firm with a solid return on investment guarantee, can provide the necessary guidance and tools required to ensure companies receive the maximum yield on hard to come by IT budgets.