

Articles

"Recommendation from the Trenches: Renegotiate your technology agreements now"

Scott M. Kline, Quentin Faust, Joe Hoffman, Mark Solomon & David Washburn

March 5, 2009

Current economic conditions present an excellent opportunity to renegotiate or extend existing technology licenses and agreements.

In difficult economic times, we often see clients defer new capital expenditures, especially on upgrades of technology and computer systems. While this delay of technology purchases and upgrades is understandable, software, hardware and IT consulting companies are anxious and highly motivated to bring in revenue, as many in their customer base have deferred new purchases.

Proactive clients can begin the negotiation process earlier than usual by offering to extend their contracts in exchange for price breaks from their vendors.

Pursue your options, regardless of the amount of time remaining on your current agreement. It is likely that vendors will be motivated to extend or renegotiate agreements in order to lock in recurring revenue for longer periods, even if at lower price points. Because of the market pressure these technology companies are facing, any new deals are being very highly valued.

We urge our clients to allow us or other trusted advisors to review their IP and IT portfolios and assist them in establishing a plan to take advantage of this unique window of opportunity.