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The SI Selection & Negotiation Toolkit

A selection checklist, a pre-signature negotiation checklist, and a clause-by-clause quick reference for anyone about to choose and contract a System Implementer for ERP, HCM, CRM or any major enterprise system.

How to use this. Part 1 covers the selection, which is where leverage is created. Part 2 is the pre-signature checklist: every unchecked box is unclaimed leverage. Part 3 shows the vendor-favorable default in each clause and the position to negotiate toward. Leverage is front-loaded and almost all of it disappears the moment you sign.

Part 1. The selection checklist

1. Prepare before you talk to anyone

- [ ] Build your own bottom-up plan and budget before you discuss price with a vendor
- [ ] Write your own statement of work and project plan, detailed enough to fold into the contract by reference
- [ ] Align the deal team internally on must-haves, trade-bait and walk-away positions
- [ ] Read the software and SI contracts together and close the accountability seams between them

2. Run two tracks, decide them separately

- [ ] Score the software decision and the integrator decision apart, on different criteria
- [ ] Do not let the software vendor hand you the integrator; a warm introduction is not a competitive process
- [ ] Hold every bidder to identical assumptions, timeline and cost template so the bids are comparable
- [ ] Sign both before design starts. An unsigned integrator contract at design kickoff is a change order with a date on it
- [ ] In Epic shops, note the exception: Epic implements its own ERP applications with Epic staff, so there is no integrator market to bid

3. Lock the scorecard weights before the demos

- [ ] Agree criteria and weighting with the steering committee in writing before any vendor presents
- [ ] Weight toward the drivers of failure, not toward rate. On a real dual-platform award: project management and fit 20%, testing approach 15%, staffing, build, deployment and technical approach 10% each, price 10%
- [ ] Require resumes of the actual proposed team, and the leaders who will run the program at the oral presentations
- [ ] Check references for delivery, staffing continuity and change-order behavior, at your scale and in your industry

4. Script the demos against your own data

- [ ] Write the scripts yourself and hand the same ones to every bidder
- [ ] Build them from what actually hurts today: your GL structure, your item master, a payroll scenario at your real complexity, the month-end close
- [ ] Put the exception path in the script, not just the happy path. The union rule, the dual-employment case, the grant-funded position, the intercompany allocation
- [ ] Capture the customization estimate during selection rather than discovering it in design

5. Model ten years, not year one

- [ ] Services typically run 1.5 to 3.5 times annual software cost; on Workday programs the reported range is 2 to 4 times the year-one subscription
- [ ] Implementation, migration, training and change management together are roughly 50 to 70% of first-year spend; license is often only 20 to 30%
- [ ] Include internal backfill, ongoing support headcount, and the second-wave modules everyone knows are coming
- [ ] Do not cut change management to close a gap. It is trimmed at kickoff on roughly 7 of 10 programs and returns as a 10 to 20% overrun

6. The software contract terms that compound

- [ ] **Renewal escalator cap, 3 to 5%, written into the order document.** Standard formulas compound at 5 to 8%, and in recent cycles 8 to 10%. On a $2,000,000 subscription, a 3% cap versus an uncapped 9% escalator is a $1,351,149 difference in total spend across a five-year term
- [ ] Growth bands priced now, so headcount increases do not trigger repricing at list
- [ ] Acquired-entity pricing agreed in advance, with notice terms
- [ ] The AI feature bundle priced and capped as its own line, typically around 5% of annual contract value

- [ ] Co-term add-on modules onto a single anniversary so you negotiate once a year, not piecemeal

7. Work the calendar backward

- [ ] Find the non-renewal notice date in the master agreement, often 120 days before expiry, and diary it backward. Miss it and the contract auto-renews at the standard uplift
- [ ] Serve the notice inside the window even if you intend to renew. It costs nothing and it is the difference between negotiating and being informed
- [ ] Start substantive preparation 9 to 12 months out: usage audit, independent benchmarks, a credible alternative
- [ ] Open talks a quarter before the vendor's fiscal year end and close into their Q4. Workday's year ends 31 January; Oracle's ends 31 May
- [ ] Carry independent price benchmarks. Without market data you are reacting to a quote rather than negotiating a rate

Part 2. The pre-signature negotiation checklist

1. Prepare & scope

- [ ] Turn the SOW and project plan into contract exhibits, incorporated by reference
- [ ] Read the software vendor and SI contracts together, close the accountability seams
- [ ] Add a joint-accountability clause so the software vendor and the SI cannot each blame the other

2. Pricing & commercial structure

- [ ] Secure a menu of models at the master level: fixed fee, T&M, and capped (not-to-exceed) T&M
- [ ] Run discovery and design on T&M, fix-price only the well-scoped build, cap integration and cutover
- [ ] Demand the estimating model (level of effort by role and rate) before converting to fixed fee
- [ ] Make the vendor name the risks driving its contingency, then retire them to shrink the buffer
- [ ] Confirm what the fixed fee excludes; cap travel and expenses separately and bind them to a written policy
- [ ] Weight the largest payment to final acceptance; consider bonuses for early or under-budget delivery

3. Scope definition & change control

- [ ] Define scope precisely; use a RACI with a single accountable owner, no joint responsibility
- [ ] Pull foreseeable work (testing, data conversion, cutover, hypercare) out of optional appendices
- [ ] Establish a written change-request process, impact assessment, and a change-control board
- [ ] Pre-agree a rate card fixed for the full term and price all change orders against it
- [ ] Rewrite one-sided assumptions; assign an owner to each and load them into the risk log at kickoff
- [ ] Make the SI absorb the cost of scope changes caused by its own estimating errors and omissions

4. Staffing & key personnel

- [ ] Name the key roles in the SOW: sponsor, engagement lead, delivery lead, architect, data and integration leads
- [ ] No substitution without your prior written approval; equivalent experience and skills required
- [ ] 15 to 30 days advance notice of any transfer or removal; minimum tenure and continuity commitments
- [ ] Knowledge transfer for replacements at the vendor's cost, not yours
- [ ] Resume and interview rights; the right to remove an ineffective consultant
- [ ] Committed onshore and offshore mix and blended rate; a turnover-rate provision with remediation

5. Acceptance, SLAs & remedies

- [ ] Build an acceptance-criteria matrix: every requirement a testable pass or fail threshold
- [ ] Do not let run-phase uptime SLAs substitute for implementation acceptance criteria
- [ ] Make deemed-acceptance windows extendable minimums; reject the material nonconformance bar
- [ ] State that neither payment nor ordinary use constitutes implied acceptance
- [ ] Hold back 20 to 30% of fees until acceptance and go-live stabilization
- [ ] Cap the number of cure cycles before the vendor is deemed to have failed
- [ ] Keep service credits as a remedy, not the sole remedy; preserve termination and damages rights

6. Risk allocation, liability, indemnity & insurance

- [ ] Trade the liability-cap number for carve-outs; push the cap above the fees-paid default
- [ ] Super-cap or uncap liability for data breach, IP infringement, confidentiality, gross negligence, fraud
- [ ] Check whether the cap is per-SOW or a single program-wide aggregate
- [ ] Make indemnities mutual; keep IP and data-breach indemnities outside the liability cap
- [ ] Extend any short contractual limitations period (12 to 24 months) to bring a claim
- [ ] Require E&O, cyber and technology E&O insurance sized to the exposure, with you as additional insured

7. IP & deliverables ownership

- [ ] Get a present assignment of foreground and bespoke IP: deliverables, custom code, configurations
- [ ] Where the vendor keeps background IP, secure a broad, perpetual, transferable, third-party-maintainable license

- [ ] Require deliverables built to be widely compatible and easily transferable to a successor
- [ ] Confine any residuals clause to unaided memory; exclude protected IP; no ownership of your IP
- [ ] Negotiate source-code and configuration escrow for critical code, with real release triggers

8. Governance & escalation

- [ ] Write the governance model into the contract: matched executive, program and workstream tiers
- [ ] Bake timed escalation ladders (defined business days per rung) into the escalation clause
- [ ] Step the dispute-resolution clause: negotiation, then executive, then mediation, then arbitration or litigation
- [ ] Negotiate governing law and venue up front; resist the vendor's home jurisdiction by default
- [ ] Include a continued-performance-during-dispute duty; keep your right to withhold on disputed charges

9. Exit & transition

- [ ] Secure termination for convenience on reasonable notice and for cause with a cure period
- [ ] On termination, pay only for services rendered to the effective date; watch for early-termination fees
- [ ] Define transition assistance: duration matched to complexity, no service degradation, favorable cost basis
- [ ] Require active cooperation with a successor supplier, unblocked by confidentiality
- [ ] Lock documentation delivery and structured-format data return on a fixed clock
- [ ] Design out lock-in: right to hire key personnel on exit; own or directly license critical assets

Part 3. Clause-by-clause quick reference

The vendor-favorable default in each clause, the position to negotiate toward, and why it matters.

CONTRACT AREA	VENDOR DEFAULT / RED FLAG	NEGOTIATE TOWARD	WHY IT MATTERS
Renewal escalator	No cap, or a formula that compounds at 5 to 10% a year in a subscription schedule nobody reads	A fixed 3 to 5% annual cap written into the order document, plus growth bands	It costs nothing in year one and more than any discount you won by year five
Notice window	120-day non-renewal notice buried in the master agreement; silence auto-renews at standard uplift	The date diaried backward, and notice served inside the window every cycle	Missing it removes the negotiation entirely, not just the leverage
Selection process	The software vendor recommends the integrator; bidders propose their own scope	Two tracks scored separately, identical assumptions, weights locked before demos	You cannot compare bids that were written to different questions
Pricing model	One rigid model applied to the whole program, or open-ended T&M with no ceiling	A menu: T&M for discovery, fixed fee for defined build, capped T&M for volatile phases	Matching the instrument to the phase is the single biggest lever on total cost
Fixed-fee contingency	A hidden 10 to 20% or more risk buffer priced into the fee and never disclosed	Transparency into the estimate; contingency capped and phased	A smooth project on a padded fee means you overpaid for risk that never arrived
Travel & expenses	T&E rides on top of the fixed fee, uncapped, on the vendor's policy	T&E capped, bound to a written policy, confirmed excluded from contingency	Fixed rarely means all-in; T&E is a common invoice surprise
Scope definition	Vague terms: standard configuration, core functionality, collaborative data migration	Precise, enumerated scope with a RACI and a single accountable owner per deliverable	Ambiguity is the vendor's friend; every gap becomes a billable negotiation later
Change control	Informal changes priced ad hoc at the vendor's discretion mid-project	Written impact assessment, change board, changes priced on a pre-agreed rate card	Change orders are where fixed-fee deals leak; control the process and the price
Assumptions	One-sided assumptions that make your delays grounds for a change order	Rebalanced assumptions, each with a named owner, tracked in the risk log from kickoff	An unmanaged assumption is a scheduled change order
Key personnel	No named-personnel clause; the A-team rotates off after signing	Named roles, no swaps without approval, equivalent replacements, KT at the vendor's cost	You are buying people, not a logo. Lock the team that pitched
Acceptance criteria	Payment on delivery dates or self-certified completion	Objective, tested pass or fail criteria gating milestone payment	Certified complete is not the same as works
Deemed acceptance	Deliverable deemed accepted if not rejected in 5 to 10 days; reject only for material defects	Extendable minimum review windows; any criteria miss is grounds to reject	Short clocks convert your testing time into acceptance by silence
Holdback	Little or no retainage; vendor paid in full before validation	Withhold 20 to 30% until final acceptance and go-live stability	Retainage is the leverage you keep for when the vendor most wants to be paid
Service credits	Credits drafted as your sole and exclusive remedy for a service-level miss	Credits as one remedy; termination and damages preserved for chronic failures	A small credit should not be your only recourse for a serious failure
Limitation of liability	All liability capped at 6 to 12 months of fees paid; consequential damages excluded	Higher cap, plus carve-outs and super-caps for the catastrophic categories	Under the default, recovery can be under 10% of real loss
Indemnification	Vendor indemnity narrow (third-party IP only); your indemnity broad	Mutual indemnities; IP and data-breach indemnities outside the liability cap	The events most likely to ruin you should not sit inside the fees-paid cap
Warranties	All implied warranties disclaimed; narrow or no express commitments	Workmanlike and conformance-to-spec warranties; free re-performance, then refund	Without express warranties you must prove the narrowest possible breach

CONTRACT AREA	VENDOR DEFAULT / RED FLAG	NEGOTIATE TOWARD	WHY IT MATTERS
Insurance	Thin or unspecified coverage; you not named as additional insured	E&O, cyber and technology E&O sized to exposure; additional insured; notice of changes	An indemnity is only as good as the ability to pay it
IP ownership	All right, title and interest vests in the vendor; you get a restricted license	Own bespoke and custom work, or a broad transferable, third-party-maintainable license	You paid to build it; a restricted license to your own configurations is future lock-in
Governance	Governance lives in a kickoff deck; no clocks; no duty to keep working in a dispute	Contractual matched-tier governance, timed escalation, continued performance	A governance model with no contractual force has none when you need it
Termination	For-cause only, or convenience with punitive early-termination fees	Convenience on reasonable notice; for cause with cure; pay only for services rendered	You need a clean, affordable way out before you commit
Transition assistance	Thin or missing; the vendor holds the only documentation of your build	Defined assistance, no degradation, documentation and data return on a fixed clock	The day you need transition help is the day the vendor least wants to give it

This toolkit is general guidance, not legal advice. Positions vary by deal size, leverage, jurisdiction and risk appetite; engage qualified counsel for your specific agreement. External benchmarks synthesize public analyst, law-firm and advisory sources including Gartner, McKinsey and the University of Oxford, UpperEdge, ElevatIQ, Morgan Lewis, Panorama Consulting and ISG. Renewal escalator formulas, notice windows, fiscal-calendar timing and per-employee benchmarks are drawn from independent software negotiation advisories; the five-year compounding figure is arithmetic on a stated $2,000,000 base. Illustrative field examples are drawn from real, fully anonymized enterprise implementations.