

At a Glance

- 3 supplier contract documents (over 70 pages, not cohesive)
- One master negotiation log, with 112 points of negotiation
- 31 red flags - all resolved in negotiations

Client Challenge

Avon were deploying a new ERP solution from leading global software supplier with SI services being provided by a major American SI consultancy. These included the build and deploy phase, plus ongoing hosting and support.

A previous Avon engagement with the supplier had resulted in extensive proposal documentation, plus three weighty contractual documents, with many gaps between what had been agreed versus what was documented in the contract.

Turnstone were asked to review and advise on the overall agreement. Avon were looking to ensure that the master services agreement and all schedules covered their position, dealt with the risk exposures, controlled cost and enabled a good on-going relationship.

Solution

Turnstone analysed the MSA and services schedules using the benchmarking methodology. A contract negotiation log was used to agree, prioritise and track each point.

We worked closely with the Avon team to understand the requirements and how the supplier relationship was to be managed on-going.

Turnstone led the negotiations, providing precision wording and contract structuring input, to resolve all the red flags.

Outcomes

Highlights of the contractual improvements:

- *Support levels and service credits defined*
- *Service baselining and cost forecasting so the contract is futureproofed*
- *Cost control: Service onboarding process included to ensure costs do not commence prematurely*
- *Clearer specification of the functional areas*
- *B2B support systems integration clarified = hand-off process is clear*
- *£5m of data loss & corruption covered by suppliers liability*
- *Detailed governance and reporting process*
- *Obligation now for the supplier to generate an operational handbook*
- *Supplier obligations on exit included*

“Turnstone bring a depth of insight, finding many more red flags, and clearly showing the operational problem areas on cost, service and the legalese. They then led the negotiations to fix these, working closely with our IT team and the supplier, resulting in significant contract improvements.”

Rob Morgan, CIO

“Assistance much appreciated on getting a large vendor to change. It’s resulted in a service focused, future-proofed contract, that we can use on a monthly basis for performance management. Wouldn’t hesitate to use them again”

**Debra Morgan,
Change & Service Transition Mgr**