
IT and Telco Contracts – Review & Resolve
Outline of Services

Introduction

Turnstone are a market leading consultancy, assisting clients with technology selection, taking a strongly commercial approach to ensure a fair and balanced contract.

We understand and respect that all our clients have internal resources, and are confident that our CIPS qualified team (Chartered Institute of Purchasing & Supply) will form the perfect complement, working alongside you.

The **landscape is very much in favour of the IT vendor** when it comes to fair contracts and SLA's. Of the 200 IT and telecoms contracts that Turnstone have reviewed since 2006, **not one has gotten green lights** across the board.

We regularly re-negotiate existing deals *mid- term* and gain meaningful savings.
More on this later.

Furthermore, we always find **5 to 20 red flags** - typically weak SLA's, no service credits or no exit plan, plus many more.

So Turnstone is pleased to present our unique services, to not only find but also fix the issues, and help you have a more productive vendor relationship.



Background

TURNSTONE VIEW

- IT functions use evermore third party IT vendors
- Ongoing management of the resulting contracts has not been a top priority for many IT functions
- This is changing, with more need for compliance, concerns over security and value for money

“

Corporate success will increasingly be dictated by how well a company can control its supply base, create continuous performance improvement and identify and mitigate liabilities

”

Aberdeen Group
A Harte-Hanks Company



Benefits

1. Visibility of your key exposures – intel for informed decisions on when / if to address
2. Trap important issues before they hit you
3. Risk awareness, control and compliance
4. Stay on negotiated rates, not list price
5. No nasty surprises

>>An authoritative start for supplier negotiations



Turnstone Cost Savings Achieved

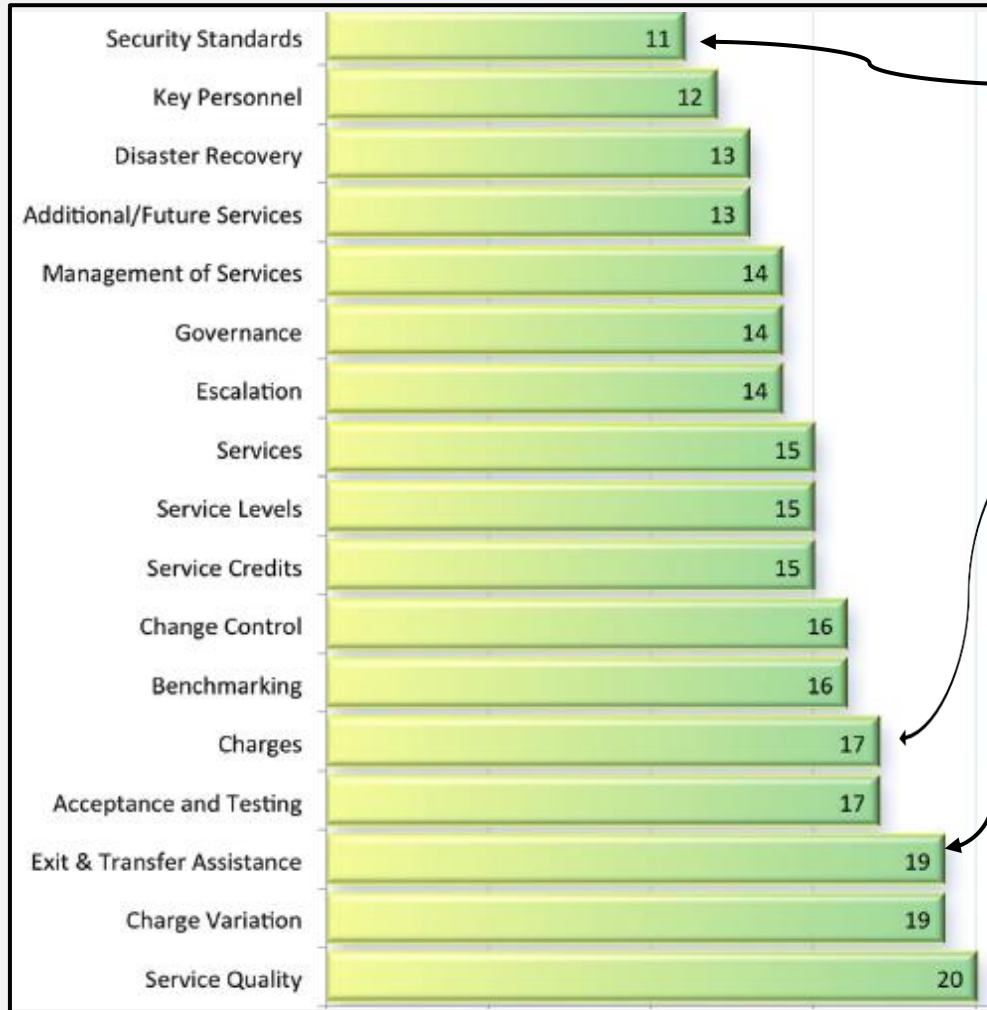
A table of our recent mid term re-negotiations, in hard cost savings

Negotiation	Saving	Amount	Notes	Date
Software - supply chain system	16%	£60k	Gratis services also included ~£50k	Apr-20
Dell - laptop supply	28%	£160k	Framework contract put in place	Aug-19
Telehouse - Data Centre	15%	£75k	More favourable exit terms agreed	Sep-19
Mobile messaging service	13%	£20k	Simple renegotiation on rates / volumes & 7 contract improvements	Oct-19
Software - training mgmt system	25%	£57k	Market competition. 20+ contract points won	Jan-20



Contract Review Findings

From 25 Contract MOT's, here are the top areas we found missing



11 of the contracts were silent on Security Standards, leaving you exposed in a data breach

17 lacked of Granular Costs
How much should you be paying?

19 had no Exit Clause - Who does what, by when, and for how much money?

IT contracts always favour the supplier
Don't be caught by what the lawyers missed



Actual Reds from a previous MOT

All these impact either the build and /or run phase of the service:

#	Clause Area	Best Practice	Client Contract findings	RAG Score
1	Security standards	Statement around the Security standards that the supplier should/will operate to. Probably linked to schedule providing their or the supplier's standards	Silent. Only a 'Security Incident' procedure is included in the MSA. No ref to SLAs	Red
2	Charges	Clear description at a unitary level of the charges that make up the Contract price. Payment schedule Payment terms	Little to no detail, SoW has a Fees heading. MSA states an 18% surcharge on late payments	Red
3	Charge Variation	Detailed cost variation elements at a unitary level to enable accurate pricing of service changes. Both up AND down	SoW shows an annual 10% increase cap. No decrease mechanism	Red
4	Service Levels	Detailed working level description of measurement, reporting and management of Service Levels and KPIs. Targets, impact of failing to meet etc	No uptime targets for the technology services. SLA's are only for response & resolution of problems. Silent on KPI's. Detail provided is far from what would be expected with regards to the actual service and the applicable levels and demarcations.	Red
5	Service Credits	Detailed risk and reward commercial model including Service Credits to compensate for loss of service and/or failure to meet SLAs. Credits and payment linked to achieving targets with right to credit and to set off upcoming payments against credits	MSA is silent, as are SoW headings. For a contract of this scale, its usual to have something	Red
6	Customer Responsibilities	Description of the requirements on the customer to enable the supplier to meet their obligations. Not so much as limitations, but what the client should do. E.g.. Provide trained staff, allow access for supplier, provide relevant information in response to requests. etc etc	Vague, no actionable detail. But 'Excusable delays section' includes Client not meeting its' obligations	Red



Improving your contract position - mid term

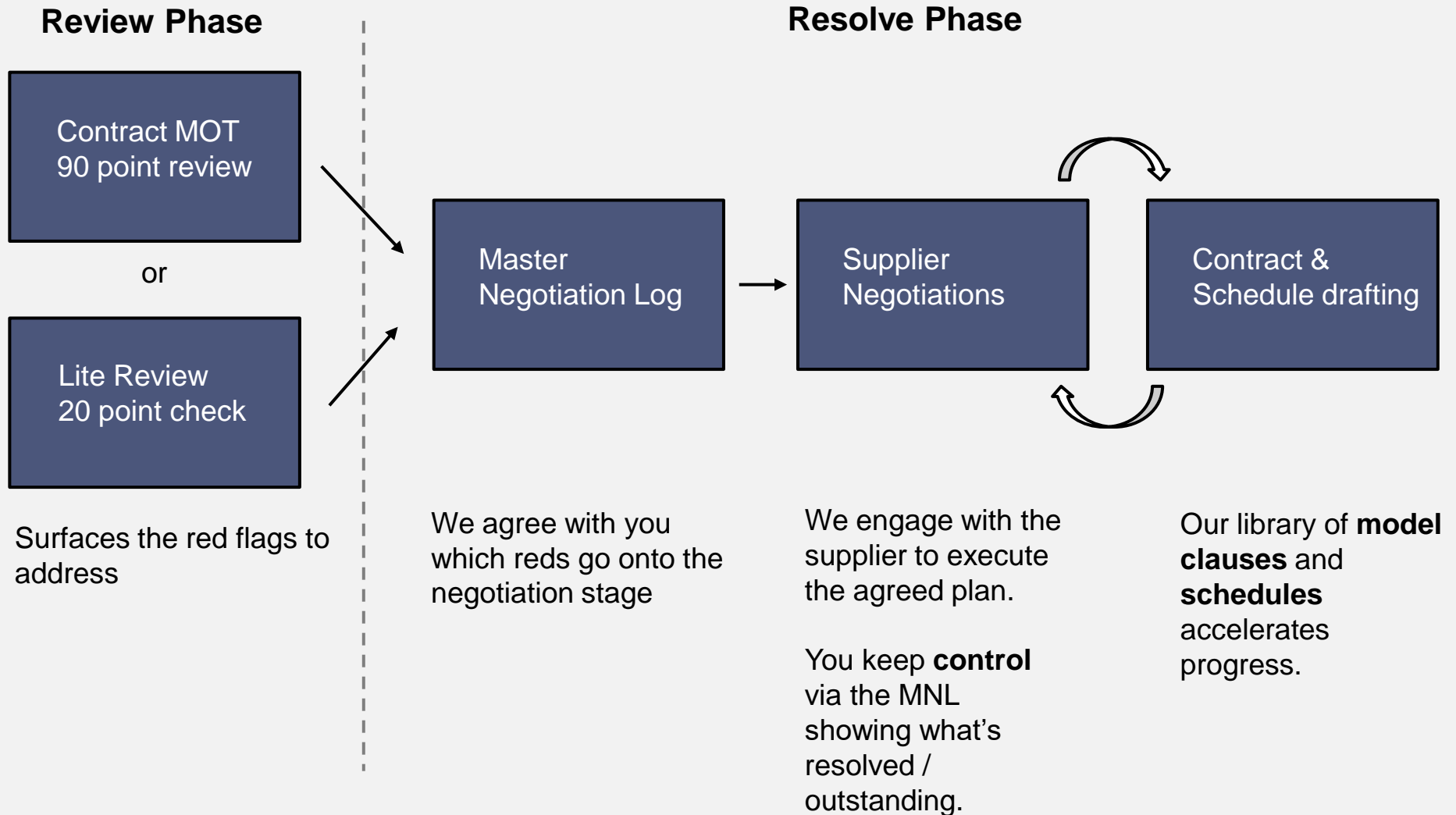
Turnstone do this successfully for clients all the time. It takes a methodical, professional approach, and we have always improved the clients position.

Some actual results as below:-

	Contract	Vendor	No. Reds found	Client Sector	Notes / Subsequent Negotiations
1	Helpdesk software	Marval	26	Housing	All reds resolved in favour of the client
2	IT Outsource	Trustmarque	25	Education	All 25 resolved in clients favour
3	Telco - WAN	Verizon	25	Services	19 resolved in clients favour
4	SAP 3rd party maintenance	Rimini Street	27	Recruitment	22 resolved in clients favour
5	IT Hosting	2e2	31	Media	Triggered a re-tender
6	IT Outsource	HSO	18	Property	Triggered a re-tender

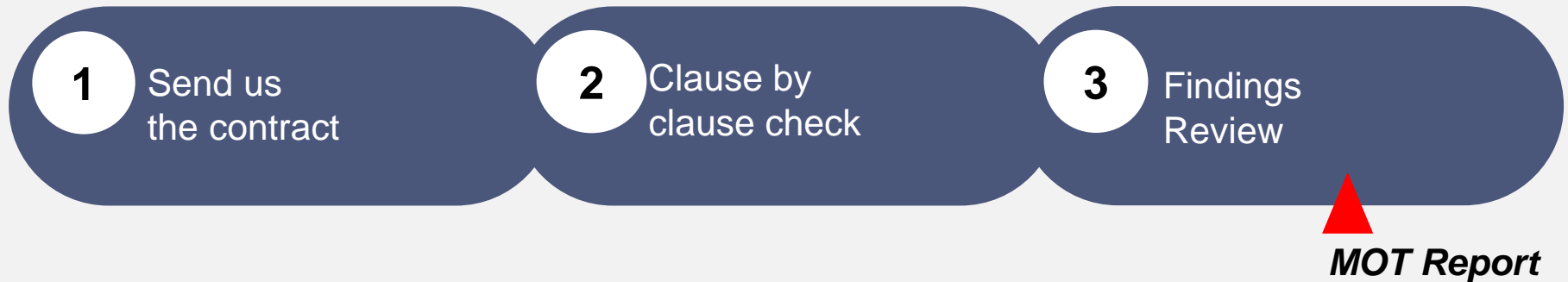


Review & Resolve – The Process



The Contract MOT Process

Wider than a legal review, we look for the key *service* and *commercial* terms.
Every clause is graded **red** **amber** or **green**.
And we highlight anything that's **missing**, checking 90 areas in total.



We take you through the **red** flags and their impact, in plain English.
You decide which ones go through for renegotiation.
And we include model contractual wording to resolve one of the reds.

The process is objective, against industry best practice, and only takes one week.



The Lite / Batch Review

1. Send us your batch of chosen contracts
2. We check 20 key areas in each contract, and show you the findings in plain English
3. We agree a draft negotiation log with you, for each contract, for supplier negotiations
4. We summarise all the findings into a 'red grid' dashboard

A screenshot of a negotiation log table. The table has columns for 'Issue', 'Date', 'Client', 'Description / Requirements', 'Raised by', 'Priority', 'Status', and 'Notes'. The rows contain specific negotiation points and their current status, such as 'Review pricing structure' and 'Check for other clauses'.

Issue	Date	Client	Description / Requirements	Raised by	Priority	Status	Notes
Review pricing structure	11/04/2011	Client A	Review pricing structure against current market prices	Turnstone	High	Open	Review pricing structure
Check for other clauses	11/04/2011	Client A	Check for other clauses in the contract	Turnstone	Medium	Open	Check for other clauses
Review for compliance	11/04/2011	Client A	Review for compliance with relevant regulations	Turnstone	Medium	Open	Review for compliance
Check for other clauses	11/04/2011	Client A	Check for other clauses in the contract	Turnstone	Medium	Open	Check for other clauses
Review for compliance	11/04/2011	Client A	Review for compliance with relevant regulations	Turnstone	Medium	Open	Review for compliance
Check for other clauses	11/04/2011	Client A	Check for other clauses in the contract	Turnstone	Medium	Open	Check for other clauses
Review for compliance	11/04/2011	Client A	Review for compliance with relevant regulations	Turnstone	Medium	Open	Review for compliance
Check for other clauses	11/04/2011	Client A	Check for other clauses in the contract	Turnstone	Medium	Open	Check for other clauses
Review for compliance	11/04/2011	Client A	Review for compliance with relevant regulations	Turnstone	Medium	Open	Review for compliance
Check for other clauses	11/04/2011	Client A	Check for other clauses in the contract	Turnstone	Medium	Open	Check for other clauses

A screenshot of a 'red grid' dashboard. It is a large table with many rows and columns. The cells are mostly red, indicating findings or issues. The columns represent different key areas checked in the contracts, and the rows represent individual contracts. The grid provides a high-level overview of the findings across the entire batch.

Contract ID	Contract Name	Issue 1	Issue 2	Issue 3	Issue 4	Issue 5	Issue 6	Issue 7	Issue 8	Issue 9	Issue 10	Issue 11	Issue 12	Issue 13	Issue 14	Issue 15	Issue 16	Issue 17	Issue 18	Issue 19	Issue 20
1	Contract A	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
2	Contract B	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
3	Contract C	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
4	Contract D	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
5	Contract E	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
6	Contract F	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
7	Contract G	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
8	Contract H	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
9	Contract I	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
10	Contract J	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
11	Contract K	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
12	Contract L	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
13	Contract M	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
14	Contract N	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
15	Contract O	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
16	Contract P	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
17	Contract Q	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
18	Contract R	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
19	Contract S	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
20	Contract T	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red



Importance of Precision Wording

Real World Negotiating

Identifying a red flag is only half the battle – resolving it with appropriate wording is the completion.

You can't rely on the vendor to do it fairly, and it's too niche for many generalist lawyers.






















Our experts know what good looks like, within all 90 or so contractual areas inside a *technology* contract.

What Turnstone Bring

- *Cost pressure through market knowledge*
- *Turnstone library of model documentation & 'art of the possible'*
- *Negotiation expertise and how clauses should interlock*
- *Coverage of the operational & BAU important areas*

In Practice we...

1. Roll our sleeves up and engage in negotiations on your behalf or alongside you
2. Improve what vendors come back with
3. Resolve 60 to 100% of the red flags we find

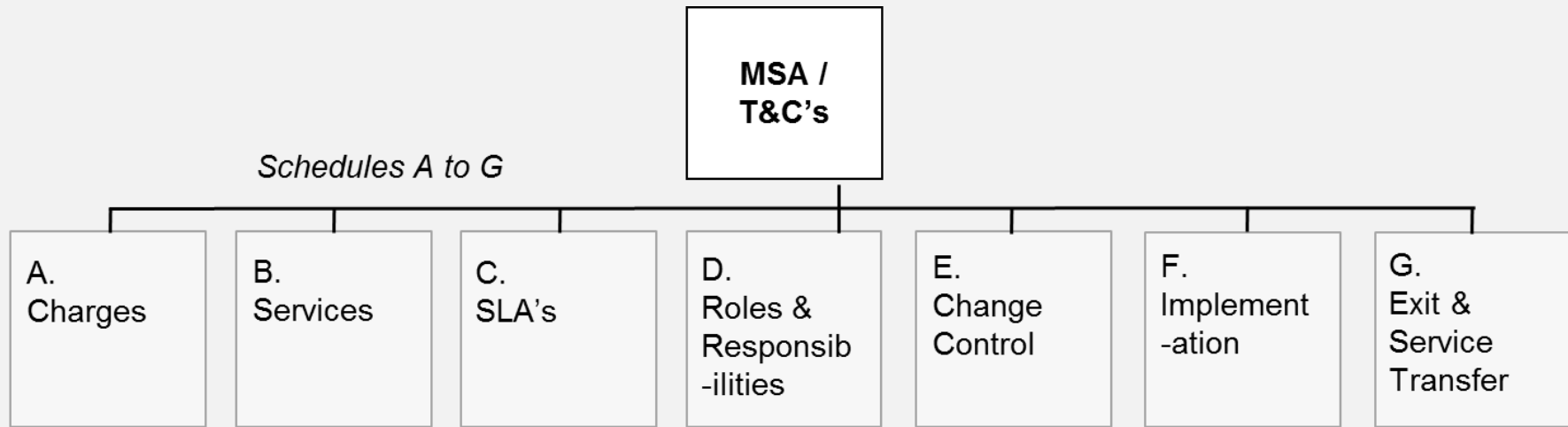
	MODEL CLAUSES - Acceptance and Testing
	MODEL CLAUSES - Affiliate Use
	MODEL CLAUSES - Agency
	MODEL CLAUSES - Anti Bribery
	MODEL CLAUSES - Assignment and Sub-Contracting
	MODEL CLAUSES - Auto Renew
	MODEL CLAUSES - Benchmarking
	MODEL CLAUSES - Charges and Payment
	MODEL CLAUSES - Charges Table
	MODEL CLAUSES - CLAUSE ORDER
	MODEL CLAUSES - Commencement and Term
	MODEL CLAUSES - Confidentiality
	MODEL CLAUSES - Conflicts of Interest, Fraud, Competition Law
	MODEL CLAUSES - Currency Conversion Fluctuations
	MODEL CLAUSES - Data Protection Act
	MODEL CLAUSES - Disaster Recovery
	MODEL CLAUSES - Dispute Resolution
	MODEL CLAUSES - Environment
	MODEL CLAUSES - Exit Clause
	MODEL CLAUSES - Force Majeure
	MODEL CLAUSES - GDPR Contractual Requirements



Contract Structure

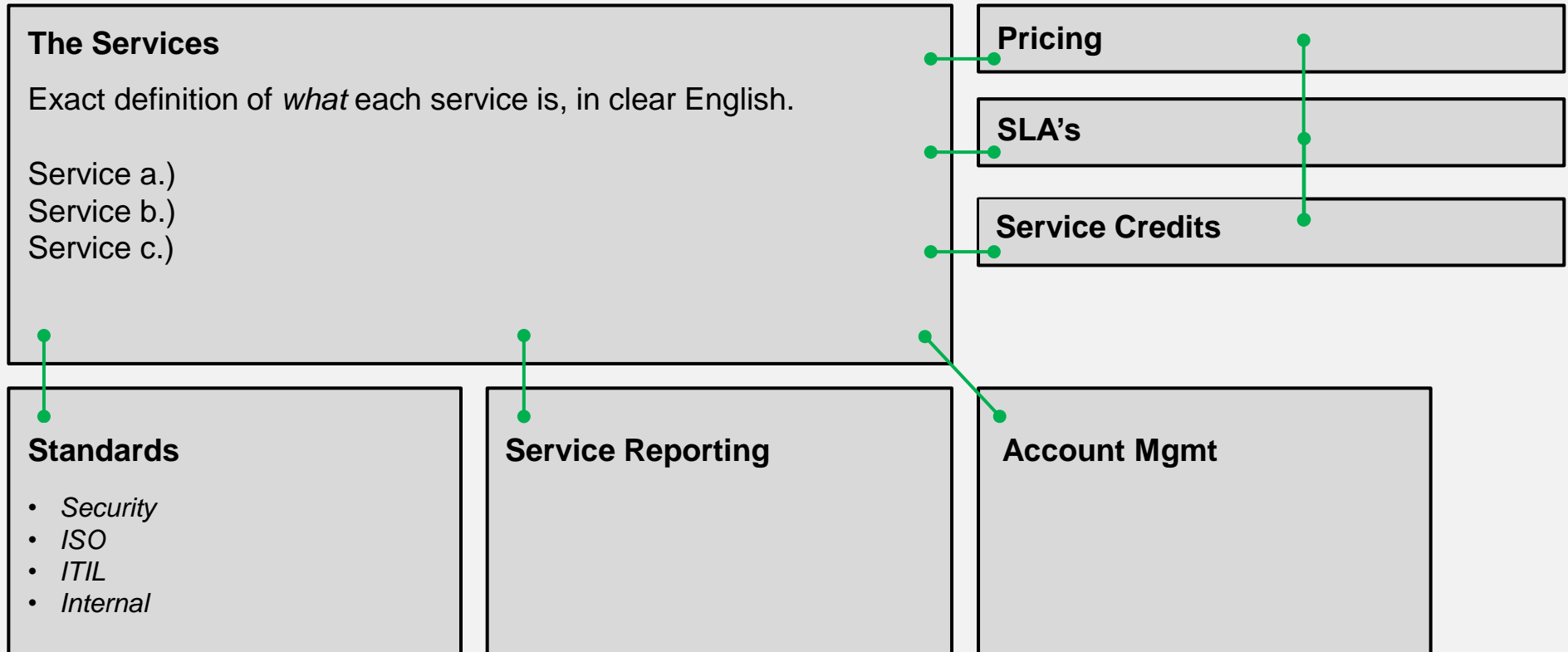
The **final culmination** where all negotiations, promises and agreements are realised into a contract that protects your position, and enables **ongoing vendor management**.

For larger IT and telco spend, the below contract structure is best practice.



Connected Clauses

Some clauses are linked - it's key to ensure they're linked properly, and that changes are 'rippled' across them. This ensures the contract can be used ongoing for performance management and billing.



Summary: precision wording, and ensuring integration across the contract is a professional skill



Resolving the Reds - Supplier Negotiations

Item	Doc No	Doc Name	Date Added	Class	Description / Implementation	Rated by	Priority	Status	Who	When
1	100001	Master Negotiation Log								
2	100002	Master Negotiation Log								
3	100003	Master Negotiation Log								
4	100004	Master Negotiation Log								
5	100005	Master Negotiation Log								
6	100006	Master Negotiation Log								
7	100007	Master Negotiation Log								
8	100008	Master Negotiation Log								
9	100009	Master Negotiation Log								
10	100010	Master Negotiation Log								

Turnstone Approach

- Negotiations are iterative - a series of small but important activities
- Stretched out over a 4 to 6 week period
- IT commercial expertise, IT contract law and market experience is key
- We typically resolve 60 to 100% of the red flags we find

Model Clauses

- Our experts are backed by a library of model documentation
- Avoids waiting on the supplier to propose improved wording
- Contractual wording is specific to IT and telecoms

- MODEL CLAUSES - Acceptance and Testing
- MODEL CLAUSES - Affiliate Use
- MODEL CLAUSES - Agency
- MODEL CLAUSES - Anti Bribery
- MODEL CLAUSES - Assignment and Sub-Contracting
- MODEL CLAUSES - Auto Renew
- MODEL CLAUSES - Benchmarking
- MODEL CLAUSES - Charges and Payment
- MODEL CLAUSES - Charges Table
- MODEL CLAUSES - CLAUSE ORDER
- MODEL CLAUSES - Commencement and Term
- MODEL CLAUSES - Confidentiality
- MODEL CLAUSES - Conflicts of Interest, Fraud, Competition Law
- MODEL CLAUSES - Currency Conversion Fluctuations
- MODEL CLAUSES - Data Protection Act
- MODEL CLAUSES - Disaster Recovery
- MODEL CLAUSES - Dispute Resolution
- MODEL CLAUSES - Environment
- MODEL CLAUSES - Exit Clause
- MODEL CLAUSES - Force Majeure
- MODEL CLAUSES - GDPR Contractual Requirements



Client Quotes

“We were delighted with Turnstone’s careful approach to this critical supplier. Firstly their ‘Contract MOT’ revealed the meaningful risk areas in the contract. More importantly, the subsequent negotiation plan initiated a successful renegotiation with the supplier. Out of this we achieved several important improvements, which helped to secure our position and gain clarity on the cost”.

Chris Brown
European Chief Information Officer



“The MOT service is definitely an area of expertise. We took a ‘taste test’ and saw improvements immediately”.

Bob Alabaster
Head of Procurement Services



At a Glance

- Immediate negotiations save £250k pa
- Many operational red flags found in 10 other IT contracts
- 90% of red flags fixed

Client Challenge

The client had no IT procurement or vendor management capability function, this being left to busy IT staff.

With technology delivery being their main focus, this led to unmanaged vendors and contracts, exposing the client to operational difficulties, higher costs and bigger risk areas.

Two vendors in particular presented immediate problems - high unit pricing, and high exit charges for one data centre.

Solution

Turnstone ran a two prong approach of direct cost negotiations with Dell and a major data centre provider, plus a rapid review of 10 other key vendor contracts for key, operational risk areas.

Walk through sessions with client staff brought these to life, to produce an agreed negotiation plan for Turnstone to execute.

The client then chose which vendors were to be contacted to commence negotiations and re drafting of agreements.

Outcomes

- Cost negotiations netted £250k pa saving, and a more flexible contract.
- Average of 12 red flags found per contract (total of 120)
- Example red flags:
 - *Data protection not covered*
 - *Old pricing*
 - *No exit provisions*
- 90% of reds resolved in re-negotiations over 6 week period, for the 8 suppliers chosen



Turnstone got quick results on cost saving and cost avoidance with two key suppliers. They went on to unearth a number of material issues within our IT contracts portfolio, and rapidly re-negotiated these contracts successfully, placing us in a stronger and safer position.

Steve Blundell, CFO



At a Glance

- 14 “reds” high risk clauses
- 29 “amber” medium risk clauses

Client Challenge

Delaware North are a sports and events management organization who have a workforce of thousands of stewards, marshals and catering staff. For each of the events rosters, timesheets and right to work needs to be orchestrated across multiple locations.

This purpose of this project was to review the contract in place with the incumbent resource management software supplier who provides licensing, support and maintenance.

Solution

Turnstone analysed the license agreement, and support and maintenance agreement, using our unique contract benchmarking methodology. Presenting back to the client a risk review with prioritised clauses for focus in the supplier negotiation phase.

Outcomes

- All 14 high risk contractual areas were discussed with the client
- One particular example being limitation of liability given the sensitive data the software holds on employees, where unlimited for data loss or corruption needed to be uncapped and increasing the caps on other losses
- A framework schedule of negotiation was produced, including the concept of ideal, realistic and fall back positions, plus an outline of the roles for client stakeholders

“
Definitely improved our knowledge on how to construct an IT contract, we have a much better contract to move forward with. The output documents were very helpful, particularly the negotiation document. Good learning for us – good experience – very helpful.
 ”

Alison Gray, HR Director,
 Delaware North



Clients

Financial & Insurance

Fidelity INTERNATIONAL
CHUBB
MARSH
TOWERBROOK
J.P. Morgan
Lloyd's Register
LCP INSIGHT CLARITY ADVICE
Close Brothers
LLOYD'S
Alexander Forbes
STEAMSHIP MUTUAL

Retail & Leisure

Delaware North
Dixons
Bright House
Arcadia Group
Clarks
Monsoon

Housing, Property & FM

housing21
Nottingham Housing
Catalyst
British Land
BROADGATE ESTATES
NOONAN
GT gardiner.theobald
Telereal Trillium
DTZ
LandSecurities
Mott MacDonald

Single Sector

FCA
Control Risks
BSI
hydrogen
s|three
LGC
DIABETES UK
Scope About disability
LearnDirect
DMA
the answer company THOMSON REUTERS
IB International Baccalaureate
Baccalauréat International
Bachillerato Internacional
BRITISH AMERICAN TOBACCO
SILJA LINE

Public Sector

NPL National Physical Laboratory
European Stability Mechanism
UNIVERSITY OF WESTMINSTER
ATOC ASSOCIATION OF TRAIN OPERATING COMPANIES
Royal Kingston
Wandsworth
THAMES VALLEY HOUSING
HM TREASURY
Tube Lines
FINANCE WALES CYLLID CYMRU
enw Electricity North West Limited

Media

IMAGINATION
The Economist
ANMEDIA
TSL
EMI



About Us

Turnstone have supported busy IT and procurement functions since 2006.

We respect that every client every client has an internal capability for technology procurement, and equally welcomes extra resource at times.

Highlights

- Independent - Turnstone is privately owned, with no ties to any technology vendors
- Advisor of choice for many FTSE companies and major public organisations
- Professionally qualified negotiators, constantly dealing with tech suppliers
- Whilst we work at the detailed level, we use plain English



Costs

Our service is split into review and resolve phases. This keeps you in control of which suppliers to proceed with on re-negotiations, once you've seen the results of the contract review.

Review phase

Batch Review

Priced at a fixed fee of £1,500 per contract, exc VAT.

Contract MOT

Priced at a fixed fee of £5k per supplier contract

Resolve phase

The negotiation and redrafting work typically takes between 1 to 4 man days (7.5 to 30 man hours).

This is run on a managed time & materials (T&M) basis, at £180 per hour this equates to £1,350 to £5,400 per contract.

In terms of ROI for this investment, for major IT and telecoms contracts the value of an improved contractual position is clear.



Next Steps

Our suggested criteria for identifying your contracts for review are ones where:

1. *They've been unaddressed for 2 years or more (including auto-renewals)*
2. *There's been a change in your usage / requirements since you signed*
3. *The supplier have new / alternate / lower cost solutions available*
4. *You've had service and performance issues*
5. *They're in an unmanaged 'mid tier' of suppliers (CIO team managing the top tier)*
6. *The contract was reviewed by legal only (focusing on the latin, not the operational)*
7. *The contract was not reviewed / still on suppliers standard terms (inc web based T&C's)*
8. *The cost is over £100k pa for MOT, or £50k pa for the batch review*

If you have one or more these criteria ring true, we can take a look and discuss further.



Contact Details

We hope this deck has showcased our track record and capabilities, and hope you choose to deploy Turnstone.

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Batch Review summary findings

An example of a client's batch review, where a red cell indicates a problem area.

Note - findings are real but vendor names changed for confidentiality

No.	Vendor	Spend	Contract: Live / Expired / No Contract	GDPR / DPA / Privacy Shield	Exit - Who does what, by when and for how much	DR provisions	Auto renew?	Key Area #6	Key Area #7	Key Area #8	Key Area #9	Key Area #10	Key Area #11	Key Area #12	Key Area #13	Key Area #14	Key Area #15
1	Attenda Ltd	£988,961	L	Y	N	N	N	Y	Y	Y	Y	N	N	Y	Y	N	N
2	Canon	£678,824	L	N	N	N	N	N	N	N	N	Y	Y	N	Y	N	N
3	Confirmit Ltd	£575,872	E	N	N	N	N	N	N	N	N	N	N	Y	Y	N	N
4	Daisy	£293,764	N	N	N	N	N	Y	N	N	Y	N	N	N	N	N	N
5	Innodata	£176,897	N	N	N	N	N	N	N	N	Y	N	N	Y	Y	N	N
6	Intelligence	£156,758	E	N	N	N	N	N	N	N	N	N	N	N	N	Y	N
7	Kelway	£113,620	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
8	Mark Logic Corporation	£113,286	L	N	N	N	N	N	Y	Y	Y	N	N	Y	N	N	N
10	MSR IT LTD	£2,947,694	L	Y	N	N	N	Y	Y	Y	Y	Y	Y	N	N	N	Y
11	NTT Data UK	£1,917,659	L	N	N	N	Y	Y	Y	Y	N	Y	N	N	Y	Y	N
12	o2	£430,991	L	N	N	N	N	N	N	N	N	Y	N	N	N	Y	N
13	OpenText	£488,596	L	Y	N	N	N	N	Y	N	Y	Y	Y	Y	N	N	Y
14	Rackspace	£296,633	E	N	N	N	N	N	N	Y	N	N	N	N	N	N	Y
15	Salesforce	£221,786	L	Y	Y	N	N	N	Y	Y	Y	Y	N	N	N	N	Y
16	Softcat Plc	£168,663	L	N	N	N	Y	Y	Y	Y	Y	N	N	N	N	N	N
17	SumTotal Systems UK	£104,079	E	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
18	Tangible Benefit	£95,056	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
19	Verizon UK	£178,926	N	N	N	N	N	N	Y	N	Y	Y	N	N	N	N	N
20	Wipro	£172,700	L	N	N	N	Y	Y	Y	Y	Y	N	N	Y	N	N	N
Total count			9	14	17	18	4	12	9	10	8	11	15	12	13	4	5

The 'resolve' phase of negotiations turn it green

