

Renewals

Renewals are your best opportunity to improve savings and secure better deals. While engaging early is your strongest point of leverage, sometimes, time is not on your side. Use this helpful cheat sheet as a back-pocket reference for quickly mastering the renewal process and ensure you're not missing or skipping any crucial steps.

Step 1: Define Objectives and Criteria

Shopping List:

Collaborate with internal stakeholders and teammates to define your true needs for a new solution and goals for the business:

- What problem is this tool solving for me?
- What's my use case for this software/tool?
- What features do I really need?
- Reduce costs, secure quarterly payment terms, etc.?

Why?

This helps you avoid costly and unneeded (but fancy) add-ons down the line. It's like your grocery shopping list: Stick to it and don't buy more than you need!

Step 2: Source and Research Suppliers

Competitive Leverage:

Take the time to source and evaluate solutions in the market thoroughly according to your needs and goals.

Why?

Knowing the pricing and features competitors offer not only helps you understand how they fit your needs, but also gives you competitive leverage that you can use in negotiations.

Step 3: Leverage Competitive Data

Fair Pricing:

Utilize competitive data when researching suppliers to understand the price range in which other companies have been paying, historical purchasing trends, and alternative options.

Did You Know?

A Forrester study found that companies that use accurate benchmarks throughout their procurement process generate a productivity improvement valued at more than \$63,000.

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After completing steps 1-3, do you still think it's best to renew with the incumbent?
If so, it's time to start the conversation now →

Step 4: Engage Early, Before the Opt-Out Date

Did You Know?

Tropic has found companies that start the renewal conversation with suppliers at least 90 days in advance of the opt-out date save **5X more money** on average (compared to those that wait until the last minute).

Here's a Caveat:

Avoid adopting a blanket lead time for all contracts (e.g. renewing ALL software 60 days ahead of time). Customize your lead time for each supplier because each company can have vastly different renewal timelines.

Step 5: Build Rapport and Negotiate with Suppliers

Here are **5 Do's and Don'ts** to help navigate a renewal conversation:

Do's: 5 Questions to Ask

1. Why should I renew with you instead of your competitors?
2. What does the usage data show?
3. How will future growth impact our contract?
4. How is pricing impacted on a long-term agreement?
5. Why should I renew with you instead of your competitors?

Don'ts: 5 Things to Never Reveal

1. Your total budget for this project
2. Your deadline to get the deal completed
3. Your full growth projections for next year
4. You love their product/tool
5. Which suppliers (competitors) you're evaluating and their offers