BILL BOOTHE

Bill Boothe is president and owner of The Boothe Group, LLC, an independent consulting firm that helps clubs understand computer technology, make good decisions and receive the highest value from their technology investment. During his 28 years in the club industry Bill has assisted more than 400 private clubs. Bill can be reached at bboothe@boothegroup.com.

TECHNOLOGY PERSPECTIVE

Tips on Negotiating Software Contracts

After 30 years of consulting with more than 400 private clubs, when it comes to acquiring new software, we've learned a thing or two about keeping clubs out of hot water.

Doesn't matter whether it's enterprise software to run the entire club or a one-off application, the guidelines are pretty much the same. So, let's get started with our tips.

1. (Almost) everything is negotiable: Start with that premise in mind. Don't accept the "we use a standard contract that's the same for every club" line – in most cases it's not true.

2. How do we control support cost increases? Easy, add language that caps annual increases to the COL (hard-nosed position) or the COL + X% (more reasonable position). Remember, if all goes well, you'll be using the software for many years. So, controlling annual increases is much more important than getting one-time discounts on the acquisition cost.

3. What about software performance guarantees? Forget it. All vendors cover themselves with language that essentially says they will make a reasonable effort to resolve software glitches (whatever that means). A better way to gauge the reliability of the software is to check with other clubs using it. If they give it the thumbs up, you should be good to go.

4. How much training should we get? Lots, for a club management suite, 10-20 days of onsite/online training, depending on the size and complexity of your club. Training days must not include converting the data from your old system or any configuration/set-up time. Clubs have a tendency to go cheap on training to save money, and it often comes back to bite them later. Buy lots of training. If you end up not using it all, the vendor should not charge you for the unused portion (get that in writing).

5. What about customizations? Ugh, please try to avoid software customizations. In most cases you can make a simple procedure change to use the exiting features offered. Customizations are one of the biggest headaches clubs experience as they become "one-off" features for the vendor to support. Plus, in many cases this special programming ends up being wiped out with each new software update, only to be reloaded and wiped out again in a later update.

6. What software is included? Make sure the contract lists each software module that you are expecting to receive. Don't accept fuzzy descriptions such as "our club management suite" or "the reservations package." Know exactly what you're getting before you sign.

7. How should we handle the initial deposit and final payment? Many vendors will ask for a 50 percent payment at contract signing and the other 50 percent "upon delivery." That means you've paid 100 percent the day the software is installed on your club's network server. With that arrangement, any financial leverage you might have goes out the window. Instead, negotiate to pay 25 percent up front, 25 percent upon delivery, 25 percent at go-live and 25 percent 90 days following go-live. Keep some financial leverage until you've been using the system for 90 days and have an idea of how well it is meeting your expectations.

8. Can I negotiate the contract jurisdiction to be my state? Unlikely. Software vendors are generally not willing to open themselves up to litigation in multiple states. Plus, lawsuits against these vendors are virtually unheard of, since the contracts generally limit awards to less than what it would cost the club to litigate. A better method of protection is to check with other clubs that have purchased the solution(s) you are considering. If those clubs are happy, you probably will be too.

9. What if we're not happy? Make sure that you have an "out clause" that guarantees you can get your money back if you're not satisfied after the system is up and running. Ask for at least 90 days from your go-live date to determine your satisfaction. **BR**