PART 2
♦♦ REPRESENTATIVE OF PACKAGING INC.♦♦
CONFIDENTIAL INSTRUCTIONS

You are the representative of the company Packing Inc. and called the manager the XDR six months ago to talk about a challenge: develop a system to take stock global and all its manufacturing units. At his moment, there was as reference only project form with a macro description of the system (one of the Scanning Master Plan products that Packing Inc. had hired last year, at which time ten priority initiatives for development were mapped in the next two years).

After fifteen days of working with the XDR manager, you received a budget proposal for the conceptual project, but your board did not approve and requested that the details be done in the proposal phase.

The value of the proposed conceptual project was $ 30,000 (for execution in 2 months). You conducted a series of meetings and internal alignments. After a month, you received the budget proposal for the system's development, in the amount of $ 250,000. After several alignment meetings, the team began to be assembled to meet the demand of Embalagens SA. The budget proposal was revised and reached the value of $ 350,000 because of the increase in the project's scope.

You then submitted a Technical Specification document for equalization of vendor proposals and defined some IT (architecture) criteria for finalizing the proposal. A month ago, the proposal was revised and reached the value of $ 435,000. The difference in the initial project was due to the increasing complexity of the project. The discussion then reached the board. You have received help from the XDR manager to defend the proposal before your peers, especially with the technical arguments due. In the meantime, you receive a quotation from four IT companies. Outgoing, a company was dropped from the process for not meeting the technical criteria raised. Therefore, your decision is between:

(1) XDR = $ 435,000; (2) Surplus = $ 430,000 and (3) Beta.com = $ 415,000

The board understood that: (a) XDR was technically best qualified among the three competitors. (b) Beta.com be your BATNA, as it is the cheapest proposal of all.

It happens that, for this year, Packing Inc. has $ 400,000 ($ 415,000 maximums, with approval of additional funds). However, you acknowledge that it would be complicated to persuade any of the competitors to reach the $400,000 budget ceiling. Everyone is apprehensive because the project is strategic for Embalagens SA, and the non-closure would result in a one-year delay for the restart of it, where everything could change. The timing is crucial.

The board gave him carte blanche to negotiate with XDR: (1) ZOPA between $ 400,000 and $ 415,000; (2) billing: 85% until Delivery of the project and 15% linked after a warranty period of 6 months - which would give you time to negotiate the contribution of additional funds or payment of 100% of the project. Finally, (3) the intellectual property of all knowledge produced, or at worst, only of Delivery.

You then make a counterproposal to the XDR manager: (1) $ 400,000; (2) that 85% revenue slated until delivery of the project and 15% linked after a warranty period of 6 months, in addition to (3) intellectual property: exclusive or shared.

1- ZOPA: $ 400.000 to $ 415,000
2- Payments: two installments 85% + 15% (after the end of the 6-month warranty) or full payment
3 - Intellectual property: exclusive license agreements or joint intellectual property (IP) rights.

To make certain suspense, you set the meeting with the XDR representative for the following week. In the meantime, you know you are going to have to work hard. Prepare for final negotiation with the XDR representative.