BRAD VEECH

The agony and the ecstasy of procuring software

Brad Veech: the agony and the ecstasy of procuring software

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Head of Technology Procurement at Discover Financial Services, Brad Veech has been a leader in procurement for over 25 years and throughout his career has been responsible for over $2 billion in spend per year; negotiating software deals ranging from $75 to over $1.5 billion dollars on a single deal. Here, he tells us about the vital importance of expertly procuring software and highlights the hidden pitfalls therein...

Technology has recon-figured our lives in every conceivable way. Business has seen logistical, operational, and strategic transformation built upon an ever changing foundation of technological advances.

For many in the procurement world, not only has the function evolved into a digitally bolstered role, but the actual products sourced are shifting in nature too, as more and more Chief Procurement Officers (CPOs) and their teams are looking for the best deals within the digital realm. However, successfully sourcing technology is an art form in itself with the possibility of all sorts of hidden fees that cost enterprises millions.

Brad Veech is a highly successful procurement professional who has worked at some of the biggest enterprises on the planet, and he specialises in sourcing technology solutions, smartly. Brad's current position is Head of Technology Procurement at Discover, and he combines this role with a burgeoning side hustle in producing literature and delivering speeches, discussing what details procurement specialists should pay close attention to when procuring technology. His book Software: *The Silent Killer of Your Company's Budget* is a must-read for any working within this space.

"A lot of companies don't have the resources to have technology procurement experts on staff," Brad tells us. "I think as time goes on people and companies will realise that the technology portfolio – and the spend in that portfolio – is increasing so rapidly they have to find a way to manage it. Find a project that doesn't have software in it. Everything has software embedded within it, so you're going to have to have procurement experts that understand the unique contracts and negotiation tactics of technology." Indeed, using good procurement support organisations for help when you do not have the internal skillset or headcount to help create better long-term agreements for your company is a great option in

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today's technology driven world.

According to Brad, every company needs help in moving the needle on getting procurement involved earlier on when sourcing technology and software. Procurement needs to become a trusted partner. "You become a trusted partner by asking great questions, by being curious," Brad explains. "Procurement people have to understand what the needs are to make a successful project. What does that stakeholder need to be successful so the company moves forward with the proper tools? Ideally, the procurement leader needs to know more about that supplier than the internal stakeholder does, and that is not hard to do if we are intentional about learning."

Left:
Brad speaking at a ProcureCon event

Right:
Todd Podell Discover SVP, Chief Procurement & Corporate Services Officer

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Ready or Not, Procurement Sails into the Spotlight

Brad Veech is not just a good person to know. He's someone who's changing how people view procurement.

For years, procurement was seen as a back-office function that was sometimes tolerated, often misunderstood, and largely unappreciated.

Now, as more companies make cost-cutting a top priority, procurement professionals have been thrust into the spotlight. Suddenly companies are no longer singularly focused on growth, and budgets are on the chopping block. Controlling profitability and spend can make department leaders look good—and help companies survive. In a turbulent market, cutting costs for software and other categories can literally save jobs.

No one knows this better than Brad Veech, a procurement-world legend who is changing the status quo. He's not simply changing how people negotiate contracts, but also how people view procurement in a software-driven world.

Brad saw early in his career that technology suppliers created a massive budget problem, one he's set out to solve. Sales professionals nearly always outnumber procurement professionals. But Brad is levelling the playing field by arming procurement people with strategies to reduce both cost and risk. Then, he proves out the effectiveness of such strategies at the companies where he works.

Now, companies far and wide must adopt these same strategies in order to survive, with procurement moving far beyond processing purchase requisitions and simple logistical tasks. Procurement must take the reins, be ruthlessly efficient, and drive strategic results.

Partnering with Tropic can help procurement professionals do all this and more. It highlights sourcing opportunities, aligning companies with the best solutions at the best prices. It organizes contracts, scrapes metadata, and ensures you are proactively involved in renewals early enough to maximize savings. Its algorithms identify unused licenses to optimize your tech stack. Tropic's software, data, and services help procurement teams unearth and act on every opportunity to reduce and control cost.

> "Companies like Tropic are helping many organizations fight against the bad practices of the technology suppliers, bringing innovative tools that help level the playing field and help company's protect their budgets," Veech says.

I'm a career procurement guy....a spend enthusiast. Tropic is giving procurement teams the ability to do more with less. And to be the hero their companies desperately need. Finally, you can be the procurement person people don't hate—but instead the one they actually want to work with. Your bottom line is our top priority. Welcome to Procurement Paradise. Welcome to Tropic.

Email me and let's talk: shields@tropicapp.io.

Michael Shields is the Head of Procurement Strategy at Tropic, responsible for coaching customers with procurement best practices, and introducing forward-thinking ideas to enable the Tropic platform. He has more than a decade of procurement experience, including his role as Global Head of Procurement at Qualtrics, overseeing a procurement team that maintained company profitability en route to a $8B acquisition.

These thoughts are echoed by Todd Podell Discover SVP, Chief Procurement & Corporate Services Officer, who now works alongside Brad. "While there are many 'hard' measures of procurement effectiveness (e.g., cost savings), the most impactful measure is a 'soft' one – where you are invited to sit with the leadership team of the business you support, because that seat is earned, not given. Being at the table where plans are being developed will allow procurement to be inserted much earlier in the process, providing an opportunity for more valuable impact. However, getting this seat involves leading your conversations with what is important to the business, knowing their strategy, being a great listener, and finding ways to help them meet their objectives – regardless of whether it fits cleanly into a procurement role."

One of the biggest hurdles when procuring software is the negotiation with the salespeople representing these enormous blue-chip companies. "The salespeople in technology are very well trained. There's no doubt about it," Brad reveals. "They are often mandated to take four to six weeks of training every year. They don't have a choice. On the procurement side, the training that you are provided often depends on the resources of your company and is not in the intricacies of one specific product. Think about the fact that these salespeople are only dealing with one agreement, and one portfolio of solutions, that they are trained experts in understanding. Now

go to our side of the table and the typical technology procurement professional has 15-20 open deals occurring at any one time with just as many agreements to negotiate and hundreds of different solutions to understand. True category expertise is needed in this area more than any other category I know of."

"...getting this seat involves leading your conversations with what is important to the business, knowing their strategy, being a great listener, and finding ways to help them meet their objectives"

Todd Podell
Chief Procurement & Corporate Services Officer at Discover SVP

Brad Veech delivers a speech at ProcureCon

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Jon Winsett, CEO of NPI, the leading provider of transaction-level IT procurement data and intelligence for large enterprises, adds: "The IT marketplace is the last frontier where vendors' Wild West-like tactics still thrive without any oversight to protect enterprise IT buyers."

But Jon explains he is optimistic for the future. "As Brad has expressed, we also believe it is IT Procurement's time to shine and to be elevated to the appropriate level for business-driven decision making. To earn that spot, they need to be equipped with the latest market intel and supplier performance data, along with pricing and deal analytics to come to the table fully prepared to navigate IT vendor account teams' sales strategies."

Brad is an expert on the behaviour and motivations of salespeople and even spends days attending sales training programs to learn how they're changing their tactics. "I think it's amazing to understand how they're being trained, so you know what you're up against. You then know what their next move may be."

Brad's *Silent Killer* book came about for a number of reasons, the chief concern being that technology procurement and software is the toughest category to negotiate, to keep track of, and to manage. "And I love that about it, but it's also the most unlevel playing field," he details. "I realised a few years back that there's no way I'm going to change this industry by myself. As much as I want to, I'm not going to do it. But it is now my life goal, my passion, to make a difference in levelling the playing field. That's why I started doing the conferences and the keynotes and why I wrote the book and the daily planner.

NPI

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in last 12 months

90%
subscription
renewal rate

118
Fortune 500
clients

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NPI's IT procurement data and intel will save money, increase decision-making confidence, and reduce audit risk. Period.

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"We're very good at what we do, we're very proud of our profession. But with every job comes challenges. I set a goal for my team to make one new connection each day. It will improve our visibility and communication with partners throughout the corporation. That's also what the *Daily Procurement Planner* (another Brad Veech publication) addresses. Additionally, I challenge my teams to learn negotiation tactics from each other. Just because a technique works one time doesn't mean it will work with every partner. There's a whole myriad of procurement levers you can pull – leveraging a C-level executive or timing your negotiations well. Sometimes, people just get stuck in one style."

Brad tells us how salespeople are trained to target two key areas. "This is where this bell curve keeps showing up in my head. On the front end of that bell curve are the companies that don't really have procurement, where anyone can procure technology, the people that really don't know anything about procurement, and it's just the Wild West. If an organisation needs something, they just get it. That's what they have to do to survive, so they do it."

Brad explains that at the peak of the bell curve are your true sourcing professionals, the world-class level negotiators; people who understand exactly what it takes to make great long-term deals for the company. "On the other side of the bell curve is where business leaders are. They may understand how to manage negotiations or better understand how to avoid some of the pitfalls. They are often focused on moving forward with the great service and they rely on procurement teams to negotiate the details. Those two ends of the bell curve are where the salespeople are trained to target. Salespeople are not going to target the world-class negotiators. Sales professionals will target the executives who are excited to move forward with the product. They're going to target the front-end people that really haven't had any exposure and are just doing what they need to do to survive."

"I set a goal for my team to make one new connection each day. It will improve our visibility and communication with partners throughout the corporation"

Brad Veech
Head of Technology Procurement
at Discover Financial Services

One of the watchouts in software procurement lies in the renewals. Once you've hitched onto a software provider it can become challenging to transfer operations to a new vendor. "The tech companies will give their stuff away. Everybody says, 'Hey, I got a 90% discount on my initial buy!' And they feel really good about themselves. Super. The solution providers don't really care about giving huge discounts initially. It's sunk costs for the suppliers. They've already developed the solutions, done all the R&D, and built all the programming and development. They're making their money, and they're counting on the increasing revenue contractually by increasing the costs at renewal times. They're

going to use whatever they can use to lock you into the initial deal."

The rather unprecedented times we live and work in have gifted many salespeople with a negotiating weapon. "Right now, they're using inflation. Yes, there's inflation, but I'm seeing 15%, 20%, 25% numbers getting floated across as up-lifts. That's not even realistic. Again, their solution is a sunk cost, so there's no reason for that kind of up-lift.

"If you want to talk to me about a cost-of-living increase of 3-5%, I will talk to you about that. It is my personal belief that your renewals should go down every year, especially in the SAAS realm because there are far too many decreasing costs in the SAAS solution. Your data transmission

and the storage go down every year. Look at the history of those two items. It goes down every year. The fact that they try and up-lift to the level they do is just insane. That's why I always make all my standard contracts start off with a 5% decrease, and the suppliers typically say, 'That's not how we do business.' I'm like, 'That's how you should do business!' It just kicks off a really fun battle."

Brad's book goes into great detail on how to negotiate with software companies to get the best deals, and also, crucially, highlights third-party companies that can represent millions of dollars of savings for your company by providing better support services than the providers.

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Unlocking Value From Your Enterprise Software

Procuring software support can be just as important as choosing your enterprise support and services provider, and Rimini Street has an 18-year history of providing cost-effective and value-unlocking expertise.

Brad Veech has been a procurement leader for over two decades at some of the biggest companies on the planet, saving the organizations he's worked for hundreds of millions of dollars. Brad outlined some of his methodology in his insightful book, "Software: The Silent Killer of Your Company's Budget." The blurb on the cover says it all: *"How to negotiate and manage your software portfolio without getting taken advantage of by your suppliers."*

So, who does this procurement leader go to when he's looking to optimize his spend on software support?

Brad Veech's positions at previous enterprise organizations all had one thing in common: Rimini Street.

Rimini Street is a global provider of end-to-end enterprise software support, products and services, and the leading third-party support provider for Oracle and SAP software, and a Salesforce® and AWS partner. Since 2005, we have helped our 5,100+ clients save over $7bn.

We at Rimini Street have been innovating with our end-to-end IT services to supply business leaders such as Brad, with a comprehensive family of solutions that can run, manage, support, customize, configure, connect, protect, monitor, and optimize your enterprise application, database, and technology software platforms. With our global, production support for mission-critical systems, leveraging a purpose-built, follow-the-sun service model, you can extract the greatest value from your enterprise software, invest in innovation, gain competitive advantage, and enable growth.

What makes Rimini Street unique?

We combine this depth and experience of expert product support with managed services orchestrated by patented and patent-pending technology to drive speed and excellence across services, engineers, teams, and geographies.

You think your real costs with Oracle or SAP are around $1m. However, when you add up the upgrade cost avoidance, how much you typically have to pay to support your own customizations and how much you have to do in self-support, which is basically regression testing all your fixes when you're working with Oracle and SAP, that estimated $1m soon becomes around $2m. Our price is only $500,000. So, we could represent a massive savings of 75%, which is the average savings we see, as validated by analyst firm, Valoir.

With Rimini Street, procurement professionals across a wide range of industries from government to retail to manufacturing are able to extract maximum value from their existing systems of record. Often, long after implementation, partners have moved on. We're here for the long run to help organization increase value by:

- Extending the lifespan of enterprise software by at least 15 additional years from contract date without any required upgrades

- Providing a hyper-responsive service experience with deep systems engineering capability

- Delivering an immediate savings of 50% compared to vendor maintenance fees so organizations can free up capital for innovation and strategic initiatives

Feeling pressure to upgrade to maintain full support? We can help you avoid disruptive upgrades, invest in innovation, and get more life out of your enterprise software investments.

Sebastian Grady, president of Rimini Street, the leading third-party support provider for Oracle and PeopleSoft software explains to us, "Many very large Oracle clients have no idea they are paying tens of millions in annual maintenance costs to Oracle and 70% of their Oracle estate in sustaining support, meaning they receive no new security patches or new bug fixes."

Of course, switching to third-party support entails a risk. "We're running some pretty significant operations on those platforms," says Brad, "but who wants to be the executive that pulls the plug on dedicated support and goes to a third-party and then something goes wrong? Totally get it, but once they get comfortable with that it reaps amazing successes." Brad pulled the plug on provider support at one his previous employers and it went "amazingly well". At the end of the year this particular supplier handed Brad a three-ring binder of all the projects and the outcomes that occurred. "It was a tremendous rundown of exactly where we're at and how our business is running.

"The business owner came to me and said, 'I don't have time to read this much detail. Can you tell them to stop doing this? It's fabulous, but we don't need this much support and this much help.' I was like, 'Dude this is what you should be getting from the providers that actually supply the product. The only thing the software providers care about is generating new revenue. Everything is about revenue, period'."

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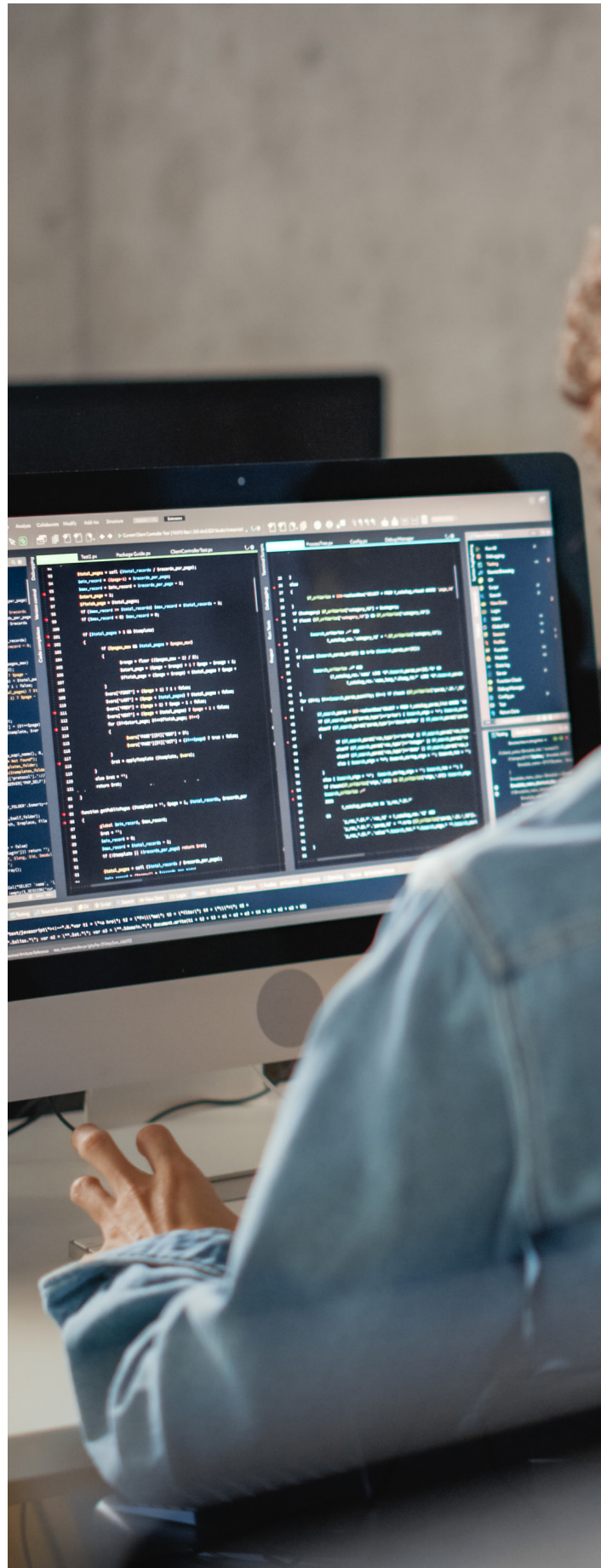
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ANDREA VEECH, PHD, LPCC
- Industrial/Organizational Psychologist & Executive Coach
- Speaker at multiple Procurement Conferences

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Brad Veech's *Silent Killer* provides a comprehensive breakdown of how procurement leaders can navigate some pretty hostile waters in securing the best deals directly with software providers and with third-party support. Brad uses his vast experience to highlight:

- A background of how we got in this mess, and why it continues.
- Tips for creating better long-term agreements.
- The steps involved in transacting a successful deal with software suppliers for your company.
- How to manage your annual renewals, the key to controlling your costs.

The introduction of the highly informative and hugely entertaining read posits: Imagine the advantage you could have over your competitors if you could procure your software portfolio 5%, 10%, or 20% cheaper than they could year-over-year.

Todd tells us: "Technology deals represent the most complex supplier agreements. Without deep expertise, technology companies have a big advantage over the non-expert buyer. I have found that any procurement negotiator who is stellar at IT contracts, can be highly successful in any spend-category. Also, many traditionally non-technology categories such as marketing, facilities, and business operations now have high-tech elements, and that trend will continue to grow. Thus, having strong knowledge of technology procurement best-practices is vital for procurement success."

We will leave the last word with Brad. "I feel very strongly this industry needs to be disrupted, and if we work together as a procurement army across our many companies and be better partners to our internal stakeholders, we can change the one-sided relationships we see today in the technology area." ∎