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# SmartSpend™ Bulletin

## 9 Ways to Cut Costs on Your Next Salesforce Purchase or Renewal



The enterprise Salesforce purchase is evolving. While savings for new purchases and renewals have been historically difficult to achieve, things are changing. As market competition grows, the vendor is exhibiting more flexibility at the negotiation table – but only for IT buyers that know which levers to pull.

Enterprises have historically found it difficult to achieve savings on Salesforce purchases and renewals. This has largely been attributed to the vendor's strong market leadership (thus leverage), cultish following, and impressive ability to lock in and expand its footprint in the enterprise. As a result, firm (and reasonably consistent) pricing and inflexibility at the negotiation table have been hallmarks of a Salesforce purchase or renewal.

But things are changing. NPI is seeing greater pricing disparity among the Salesforce deals it reviews. Above fair market value pricing and subpar discounts for new and add-on purchases, as well as implementation services, are trending. While this is bad news for many customers, it's an opportunity for savings for those customers that come to the negotiation table prepared.

### 9 TIPS FOR CUTTING YOUR SALESFORCE COSTS

**Benchmark pricing and discounts.** While deal pricing from Salesforce has historically been fair, don't assume you will continue to get a fair deal. Benchmark to ensure pricing is competitive.

**Don't assume growth assumptions are accurate.** Just as important as base pricing are Salesforce's quantity growth assumptions and any unit price increases. NPI recommends strongly challenging any growth assumptions if they don't match actual expected usage and proposed price increases depending on the length of the term.

**Bring competitive solutions to the table.** It may be difficult to position feasible alternatives to Salesforce's main CRM products, but other areas like Social Studio and Marketing products have real competition in the marketplace. Explore credible alternatives and deployment scenarios to apply leverage on Salesforce during negotiations.

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**Cap renewal increases.** Salesforce is notorious for price hikes at the end of any term. Be sure to cap increases during initial purchases to protect your business from this cost exposure at the end of your current agreement.

**Shop third-party implementation providers.** There is no shortage of Salesforce implementation partners and pricing is all over the map. They're highly motivated to win your business, especially when competitive pressure is applied.

**Inspect usage and optimize subscriptions accordingly.** Companies often buy full-use licenses for users who would be better suited for a lower license profile. Define your unique usage requirements and align license types accordingly.

**Don't overbuy support, and explore third-party alternatives.** Not every Salesforce customer needs premier support. In fact, many find their needs can be met with a lower tier of support services. In some cases, customers have utilized third-party support providers to provide comparable levels of service at a much lower price. Map your support requirements to Salesforce's available programs, and always explore alternatives to premium options.

**Identify potential areas of unanticipated cost and monitor closely.** Salesforce is eager to monetize all monitored inputs into its offerings. This includes stored data, number of objects, number of tabs and fields, etc. Unfortunately, customers often overlook this area of Salesforce costs leading to unanticipated five- and six-figure expenses.

**Time purchases wisely.** Salesforce operates on a fiscal calendar that ends in January. The pressure on Salesforce reps to close deals by end of year or quarter varies from rep to rep. With this in mind, customers should sniff out how timing impacts their unique purchase/renewal event and act accordingly.

## NPI ACHIEVES MATERIAL SAVINGS ON SALESFORCE TRANSACTIONS

NPI helps companies achieve material savings on Salesforce purchases and renewals. Our IT price benchmark analysis, licensing/subscription optimization and negotiation intel services help clients achieve savings like this:

CLIENT INDUSTRY	TRANSACTION SIZE	% SAVINGS
MANUFACTURING	>\$20M	50%
MEDICAL SERVICES	>\$3M	42%
ENERGY	>\$20M	10%
INSURANCE	>\$30M	38%

## ABOUT NPI

NPI is an IT procurement advisory and intelligence company that helps businesses identify and eliminate overspending on IT purchases. We deliver transaction-level price benchmark analysis, license optimization advice and vendor-specific negotiation intel that enables IT buying teams to drive measurable savings. NPI analyzes billions of dollars in spend each year for clients spanning all industries that invest heavily in IT. NPI also offers software license audit and telecom carrier agreement optimization services. For more information, visit [www.npifinancial.com](http://www.npifinancial.com).



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