



MID-TERM CONTRACT NEGOTIATION

All banking requires technology. All technology requires contracts. Because technology vendors spend far more time negotiating contracts than their bank clients, we find that vendors are in the driver's seat during most negotiations. Additionally, technology changes constantly, and with those changes often come lower costs for the vendor, savings that may or may not be passed on to your bank.

ENTER THE MID-TERM CONTRACT NEGOTIATION

Consider the circumstances under which a mid-term contract negotiation may be appropriate:

- Your bank is implementing a new initiative with which the core provider could be a vendor (such as upgrading mobile banking)
- You need to increase volume and service levels, or you need operational cost savings
- Your contract is at least 50% expired, and the vendor is be amenable to retention strategies, such as renegotiation and service level enhancements, even if everything is functioning well
- You or your customers are experiencing documented service level issues that need to be addressed (things are not going well).

More and more we are seeing mid-term contract negotiations working to our bank clients' benefit, as the model of banking is evolving quickly, technology is changing quickly, and costs are impacted as well. The team at RPI is experienced at working with all the major core vendors and can quickly assess whether your circumstances warrant a mid-term negotiation. More importantly, we can help you through these negotiations to ensure the most favorable outcome possible relative to cost savings and vendor service levels.

Mid-term negotiations have been around for years, but as bankers become more educated on their options during the life of the contract, not just at renewal time, they are gaining in prevalence. Plus, with changes in the competitive landscape of bank core and systems vendors and the shrinking base of financial institutions, the timing for contract negotiation favors the well-represented bank today, more so than ever before.

