

## MDU Contracting - Increase Revenue and Reduce Risk

Selling into Multiple Dwelling Units (MDU's) is difficult. There are constant price pressures, demanding owners and customers, non-exclusivity regulations, and a wide variety of parameters affecting the contract terms (property type, wiring ownership and responsibility, bulk services, equipment, etc). However, with over 30 million residences being considered part of an MDU<sup>1</sup> and with this number growing due to the housing bubble and urban migration, it's a market that can't be ignored. Gartner Dataquest estimates that 34 million people in the U.S. workforce telecommuted in 2009, up from 11 million a decade earlier. These facts mean that vast numbers of people lived in MDU complexes and that more and more of them require data and voice within their homes than ever before...and this trend is likely to continue.

Emptoris is the leading provider of Contract Management solutions and the only company with experience managing contracts in the MDU space. Emptoris understands not only the difficulties of mitigating contractual risk but also knows the opportunities for increasing revenue through more efficient processes, superior management of terms and improved administration of active agreements.

### Emptoris Contract Management Delivers Revenue Faster

Let's face it, the relationship between Sales and Legal can be tenuous. Many times, from a salesperson's point of view, Legal is the speed bump on the road to closing a deal. On the other side of the coin, the Legal Team feels that Sales would have no issues with putting a company at risk in order to close a deal. Together, these two groups can lead to a delay in getting deals done. Sales provides incomplete information required for Legal to generate contracts, Legal spends too much time on non-risky contracts, and non-standard terms are missed by both groups, all of which leads to delays in a contract getting completed.

Not only do these delays cause frustration both internally with Sales and externally with the customer, but it can cost the company significant money. Aberdeen estimates that, for companies with revenue greater than \$1B, a one day reduction in the sales process saves the company \$215,000<sup>2</sup>. Since Aberdeen also reports that best in class companies see an average contracting process take 15 days versus 30 days for others, these savings alone can be several million dollars.



#### With Emptoris Contract Management:

- ▶ Reduce the contract creation, approval, negotiation and execution process
- ▶ Standardize terms that affect Days Sales Outstanding
- ▶ Improve contract terms handoff from sales to legal
- ▶ Ensure contract language matches MDU opportunity requirements
- ▶ Increase customer happiness with quicker contract turnarounds

#### Questions to ask yourself:

- *Does Sales always provide all of the information legal needs to create an MDU contract or portfolio of MDU agreements?*
- *Does Sales always know what type of contract or agreement to draft based on the various factors that go into selecting the correct template?*
- *Are payment terms and other factors that affect DSO always consistent and in the best interest of the company?*
- *Is Legal confident that all contracts coming from Sales have the correct language and terms?*
- *Do you feel that the time it takes between contract request and closing a deal is optimal?*

<sup>1</sup> 2009 American Community Survey, <http://factfinder.census.gov>; S2504. Physical Housing Characteristics for Occupied Housing Units

<sup>2</sup> "Contract Lifecycle Management and the CFO-Optimizing Revenues and Capturing Savings," Vishal Patel and Christopher J. Dwyer, Aberdeen Group, April 2007

## Emptoris Contract Management Reduces Risk

Multiple Dwelling Unit contracts can have a nearly unlimited number of language permutations. The contract terms vary based on the property type, the number of units, the service type, the contract term, the type of distribution wiring, cable home run wiring, cable home wiring (Inside wiring), who is responsible for wiring, exclusivity, bulk services of video, internet, and/or voice, revenue share, grant of easements, video equipment type and any number of other parameters. Each of these parameters can affect the language of the contract which becomes overwhelming for sales people. This results in Sales reusing old templates or copying existing contracts or taking a best guess at the contractual language which dramatically increases the contractual risk for a company. Non-compliant contract language and terms are neither flagged nor is the workflow automated throughout the enterprise.

### With Emptoris Contract Management:

- ▶ Automatically generate accurate contracts with simple question and answer wizard
- ▶ Trigger workflow based on use of non-standard language
- ▶ Enable security at individual clauses
- ▶ Allow users to select language from legally approved alternatives
- ▶ Ensure complete approval process by automatically generating appropriate workflow based on contractual terms such as type of property, number of units, wiring responsibility, etc
- ▶ Track all modifications and activity into an easy-to-view audit trail

### Questions to ask yourself

- *What percentage of your contracts is completely compliant with company requirements?*
- *How comfortable are you with sales people being able to create their own contracts?*
- *Have you ever lost revenue or been put at risk due to contracts that "slipped through the cracks" and was signed by both parties?*
- *Are audits ever failed or are too long or require too many resources to complete?*

## Emptoris Contract Management Improves Active Agreement Monitoring and Control

Once a contract has been executed, then what? For most companies, once a contract is executed, it goes into an electronic abyss, only to be searched for when renewal time approaches, if renewals are being tracked properly. However, this approach doesn't work for MDU's, especially where one owner may be responsible for multiple properties. The ability to leverage existing terms for like properties or co-terminate multiple agreements in order to consolidate agreement tracking against a sole owner makes active contract management much simpler.

In situations where changes are required to active agreements, companies not only struggle to identify potentially impacted agreements but also struggle to amend them quickly and then track the effects of multiple amendments over time. For example, through the Federal Communications Commission the federal government has largely governed broadcasting. Because of how radio and television have so quickly evolved, it could potentially make it very difficult for an organization to keep up with any and all regulatory changes. If these regulatory changes aren't implemented it can become a huge risk and liability and cost a company a significant amount of money.

### With Emptoris Contract Management:

- ▶ Access contracts centrally via type of property, owner, wiring, keywords, language content, customer information, product information, and an unlimited number of other parameters that are controlled via the interface
- ▶ Amend tens to thousands of contracts at one time
- ▶ Trigger proactive reminders and required activities when important contract dates approach
- ▶ View active terms of heavily amended contracts in one location, without having to review effects of each amendment individually
- ▶ Automated renewal quotes, with pricing increases and product information, can be generated to sales owners on a per product, per unit, or per property basis

### Questions to ask yourself

- *How much time does it take to locate contracts based a variety of parameters?*
- *How long does it take to amend agreements in bulk based on pricing or regulatory changes?*
- *Can you identify cross sell or upsell opportunities if the opportunities are in different territories or owned by different Account Executives?*
- *Are proactive reminders sent out for upcoming renewals or other important contract dates?*



Emptoris®, an IBM® company, is a world leader in strategic supply, category spend and contract management solutions that enable companies to maximize financial performance and optimize commercial risk. The company's suite of award-winning and industry-recognized sourcing, contract management, spend analysis, supplier lifecycle management, services procurement and telecom expense management solutions are successfully used by Global 2000 companies.

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