

Discover the Secret to Saving \$1 Million

How This Fortune 1000 Company Did It on Salesforce

The context

ReadySetGo, Inc. (name changed) is a rapidly growing startup that has entered the Fortune 1000 league with its well-established brand. With plans for continued growth, the company is facing the need for increased staffing.

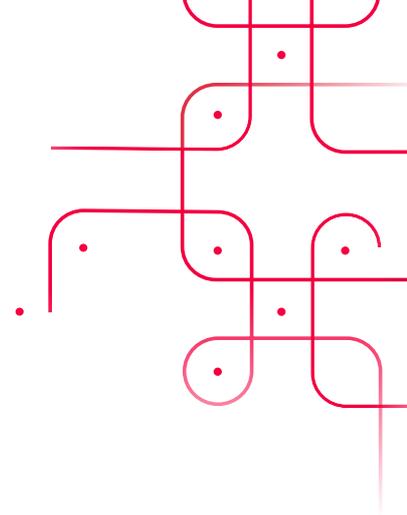
But hold on a minute, there's a catch. This is no ordinary growth—it is a blitzscale¹ with a minimal upfront plan. The investors and board are all about growth at any cost, and everyone from top leadership to interns is free to do as they please to meet revenue targets.

And you thought that was wild? Just wait until you hear about the technology spend. With interest rates low and money flowing freely, millions of dollars were invested in hundreds of SaaS applications, all with the assumption of 50% growth or more.

ReadySetGo signed up with multiple SaaS vendors, locking in long-term savings and the best deals. Unfortunately, with no single person overseeing the purchases, duplicates were ordered, seats were overbought, and the shelves overflowed with SaaS applications.

Join us as we delve into the story of ReadySetGo and the wild world of hyper-scale growth. Buckle up. It's going to be a wild ride!

¹ <https://www.blitzscaling.com/>



The first purchase

ReadySetGo had a long-standing relationship with Salesforce, starting with their first license purchase in 2015, and they were content with the product. However, in their pursuit of hypergrowth in 2019, a new order form was initiated, which marked the beginning of challenges.

Unfortunately, the negotiating team needed to gain familiarity with Salesforce, which is known for being the most advanced enterprise sales machine in the world. To make matters worse, they needed more bargaining power and time to evaluate migrations or alternative options.

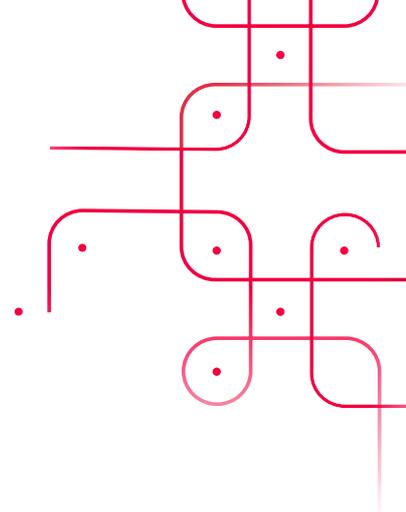
Here's the carnage that followed (ergo, a summary of key terms that were agreed to):

- **License Tiers.** ReadySetGo's licensing agreement lacked tier-based pricing, resulting in a fixed minimum seat requirement with no option for adjustment. Typically, a larger seat count leads to lower costs, but ReadySetGo was unable to take advantage of this due to the inflexibility of their agreement.

In contrast, the chart below shows an important piece of well-negotiated pricing: Clearly defined tiers in the agreement, which has been seen in the case of a large unicorn we've worked with below:

PRODUCT	MONTHLY UNIT PRICE	FOR QUANTITY
Sales and Service Cloud – Enterprise Edition	USD [redacted]	3000
Sales and Service Cloud – Enterprise Edition	USD [redacted]	3001-6000
Sales and Service Cloud – Enterprise Edition	USD [redacted]	6001+
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- **Unreal Price Protection.** The Salesforce contract included language that ensured a 5% increase in revenue for the next term, which the internal negotiator viewed as a victory, calling it "price protection." However, this was a confirmed increase.
- **Swap Rights.** The procurement team thought they had scored a significant victory with "Swap Rights," which allowed them to switch between Salesforce products and services. But, as it turned out, this win was only on paper. Discover why it wasn't an actual win in the coming sections.



Why swap rights failed

ReadySetGo made a big mistake in 2021 when they acquired Mulesoft² licenses. Unfortunately, they went through a reseller for hugely discounted pricing, which later resulted in the loss of valuable swap rights that were part of Salesforce MSA. The licenses were locked in for three years with non-cancellable and non-refundable terms.

Since the procurement process was not done directly with Salesforce ("the OEM"), the terms were inconsistent with Salesforce's MSA. To make matters worse, the use of Mulesoft at ReadySetGo declined as teams switched to a competing iPaaS³ product that better met their integration needs.

Tech slowdown and downsizing

In 2022, faced with shifting market conditions and a downturn in the tech industry, ReadySetGo underwent major downsizing and cost-saving measures, including cutting back on tech expenses such as digital campaigns, cloud services, and SaaS.

Enter our team tasked with evaluating the savings potential. And with the Master SELA⁴ due for renewal in Q3, we set to work.

After conducting a thorough usage analysis with Quolum, we made a shocking discovery that may seem shocking to you, but common to us: a mere 50% of the Salesforce CRM licenses were being utilized, leaving the rest to gather dust on the shelf.

² Mulesoft is an integration platform that was later acquired by Salesforce.

³ Integration Platform as a Service.

⁴ Salesforce Enterprise License Agreement.

\$1.1M and counting

With Quolum's expert intervention, ReadySetGo saw remarkable savings of \$1.1 million in 2023. The following four outcomes were the driving force behind this success:

1. The so-called "Price Protection," which was a forced increase, was canceled both for the current and future terms.
2. The Mulesoft deal was renegotiated directly with the OEM, resulting in a shorter term and an additional discount.
3. The total number of licenses was reduced by 20% due to under-utilized software. Usage metrics played a crucial role in the negotiations.
4. While some shelfware still exists, the remaining licenses will be used to replace other solutions previously used by ReadySetGo.

Conclusion

In conclusion, Quolum achieved significant savings of over \$1 million for this customer on just one product. This was executed through the combination of (a) usage analytics data, (b) SaaS specialization, (c) the expertise of specialists with experience procuring over \$25 Billion in software, and (d) Quolum's industry connections and relationships.

While traditional procurement negotiation only aims to get the best per-seat subscription price, Quolum's data-driven approach provides an informed renewal process that benefits both parties. The buyer receives flexible pricing while the seller retains a satisfied long-term customer.