

TMG

ENABLING STRATEGIC IMPACT:

Successfully completing large, complex transactions involves more than negotiating the lowest possible price. These game-changing deals impact multiple organizations across the enterprise and require careful planning to be successful. The Mpower Group believes that taking a holistic approach to complex negotiations – focusing on the process and Total Cost of Ownership instead of the price – is the best way to extract the most value from every deal.

WHAT CLIENTS ARE SAYING

“The work TMG did with my team during DeVry’s ERP selection process was extremely valuable. As expert negotiators in this category, they went beyond traditional price negotiations; a successful implementation and lowest Total Cost of Ownership was the goal. They drove us to build executive sponsored decision criteria and scoring matrixes, reviewed contract terms and assisted our legal team, and included both industry-specific and external-industry comparable terms, prices and conditions. Their holistic approach to complex transactions ultimately delivered the most value from this type of deal both in hard dollars and long term risk mitigation.”

- Eric Dirst, CIO
Devry, Inc.

THE MPOWER GROUP

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CLIENT **DeVry** 

CHALLENGE

Minimize cost and risk; Maximize the probability of success for ERP software purchase

For several years, DeVry Inc. has led the growth of the for-profit education industry. In 2008, the Technology department planned to purchase ERP software to drive further value from DeVry’s success. They realized early in the supplier selection process that it would be much more complicated than anticipated. Stakeholders struggled to define critical (sometimes competing) requirements for the software. The decision process slowed. Months passed; competitive leverage among bidders and substantial savings opportunities were lost. A new CIO came on board in the middle of the process and shook things up. He partnered with The Mpower Group (TMG) to create internal alignment, define and execute a sourcing strategy for procuring the software and associated implementation services.

APPROACH

The Mpower Group recognizes that most large complex transactions, like choosing ERP software, have similar challenges related to the decision making and implementation processes. These challenges include lack of stakeholder alignment, emphasis on price not Total Cost of Ownership, and lack of internal Risk Management expertise. The following approach accelerates the sourcing process and maximizes deal value creation:

Environmental Scan & Discovery Process: TMG identified all key stakeholders and ensured the decision process was smooth, supported and implemented by each of them.

Develop Total Cost of Ownership Model: Taking into account culture, quality, relationship fit, commitment from the supplier, and implementation costs, The Mpower Group developed a logical Total Cost of Ownership framework to drive DeVry’s decision process.

Create Hard-Hitting Negotiation Strategy: TMG reviewed and refined DeVry’s existing sourcing strategy to define a negotiation strategy for ERP software and services that minimized cost and risk while maximizing the probability of success.

RESULTS

- > Building on DeVry’s work, TMG expanded the selection criteria beyond functional requirements to focus on Total Cost of Ownership, not short term savings.
- > Alignment of key decision makers created internal consensus, an efficient process and sustainable implementation.
- > A comprehensive, global Enterprise Risk Identification and Management program ensured that risks were fully understood and mitigated across the enterprise.
- > TMG saved DeVry 30% on a \$65 million deal.