

SelectSoftware
Reviews



How to Get the Best Possible Pricing in HR Tech

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WHAT'S IN THIS EBOOK?

Tips and tricks from select HR experts on how to negotiate the best possible price when purchasing a new addition to your tech stack.

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HOW MUCH CAN I REALLY SAVE ON HR SOFTWARE?

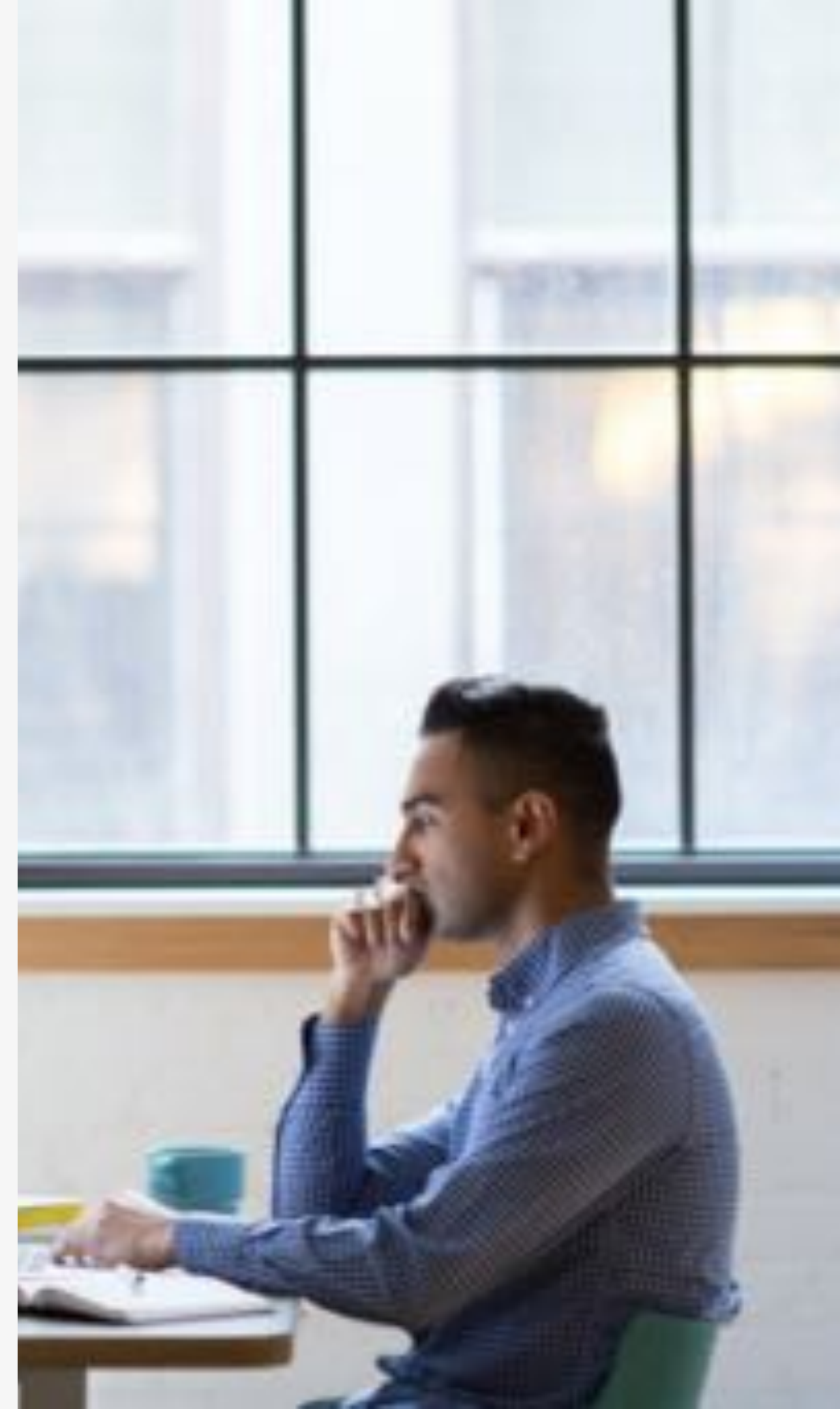
Savvy HR professionals know how to get discounts when buying business software. Research from [Entrepreneur.com](https://www.entrepreneur.com) says that most software vendors offer 15% to 20% discounts just to open negotiations, and that figure can get larger at certain times of the year (end of quarter, end of year, or end of month).

However, we've found tactics that can result in much more significant savings. This eBook will explore the specific actions that you can take to get the best price for the software you're buying.

This pricing advice is part of our larger body of research around HR Tech. At SelectSoftware, we are on a mission to share the best expert advice with our readership of HR and recruiting professionals. We typically focus on the best software for a given space (ATS, HRIS, AI, etc), as well as everything you need to successfully buy the right software (ROI calculators, questions for vendors, etc).

Pricing is such an essential and confusing aspect of the HR Tech buying process. With this eBook, we are providing the definitive guide to this topic so you can save money on your next purchase. These expert tips are now in your hands, and you're free to share this with whomever you think can benefit from it.

Without further ado, here are the top tips that we've applied and witnessed when it comes to negotiating the best price on the newest addition to your HR tech stack.





1. HOW SAVVY BUYERS SAVE UP TO 60% ON ENTERPRISE SOFTWARE: LET YOUR SALES REP IN ON YOUR VETTING PROCESS

We'll start with one of the most effective and less obvious ways of driving the price down. This tip has actually proven to lower initial quotes for enterprise software by up to 60%.

In a nutshell, If you're vetting multiple vendors, as you should, don't be afraid to let each of them know that you're doing so. It's like when you're in the process of purchasing a car. You can let each dealership know that you're also talking to other dealerships about the same model. A good salesperson would know that there's a strong chance of you going with the best deal, so will likely try to lower their initial quote to keep your business.

It's a similar story with software, but you don't have to downright tell your sales representative that X or Y company is offering you a better deal. A more subtle way of doing this was shared with us by [Dan Cmejla](#), Head of Community and Partnerships at Chili Piper.

Diligent notes pay off

In a recent negotiation, Dan made an effort to keep detailed notes of all the demos he had with the vendors he and his team had shortlisted. His notes were gathered in a sizable spreadsheet and included the usual deal-breakers such as the most-relevant features, customer success metrics, but also pricing.

After each call, Dan would send a redacted version of his excel spreadsheet to the sales rep and ask: “this is what I have you guys down for in terms of functionality – is that right?”. While this was an honest attempt to make sure he got the best notes (since many times the sales rep did correct him on a misunderstanding or two), it also served a secondary purpose.

Dan noticed that **most sales reps would revise their original quote after taking a look at his spreadsheet**. Obviously, they had seen the other vendors being considered. This happened even though Dan took the time to black out the features and pricing that he got from other vendors. However, just knowing that he was an educated buyer considering several options, the sales reps still decided to lower their initial pricing, by up to 60% in some cases.



Before working at Chili Piper Dan had long and productive tenures in sales, which might explain his approach.




Jay has been in recruiting for nearly 15 years. At Talent Robot, he's helped hundreds of recruiters incorporate the right tech into their day to day.

The more the merrier

Of course, considering several options is good not just because of what your primary option might do when made aware of it. Even if you're already very enthusiastic about a particular vendor and feel like vetting others might be unnecessary, consider that getting more bids from their direct competitors is also a useful way of understanding the price range. In other words, knowing how much you should be paying for what you're getting.

In a recent conversation with Jay Curry, Head of Talent Acquisition at TalentRobot, he shared that one of the most common mistakes people make when buying HR tech is sticking to the price the first vendor gave them and not reviewing other options. In his words, "getting other bids changes your whole mindset. Often, by marrying a brand, you miss out on what the others have to offer."

Taking it a step further, we'll add that when considering other vendors, you don't even have to stick to the direct competition. If there's a vendor that could meet the needs outlined in your business case in some other way, by all means, add them to that spreadsheet. Whether you choose to share it with your sales rep or not, this can also be a good way of saving money, should you find that there's a cheaper way of solving the problem that you may not have considered just because a solution isn't in the category you're looking at. An example here would be large HR organizations who've used Salesforce as their ATS.



2. HOW TO FACE A NEGOTIATION: PARTNER INTERNALLY

In order to get the best pricing when purchasing HR Tech, it can also help a great deal to assemble a negotiation team. This super group should include people from your IT, finance, and legal teams, if you have them, but it could very well be anyone that has a stake in and expectations about the decision. Since we're talking about HR software, it could be almost anyone that will be impacted by the tool who is also senior enough to have the social capital and experience you'll need to make an impact.

As to a good example of partnering internally to succeed at negotiating with vendors, we recently got to hear from [Stephanie Baysinger](#), Head of Recruiting Operations at Klaviyo. She shared that it's a common practice for members of their finance team to join negotiations when it comes to larger contracts or major renewals. She added that: "Many contracts are based on employee size or company growth, and the finance team can provide context and terms that let the operations team focus on the features and use cases."

The power of the business case

Having that freedom to concentrate solely on the features that she needs means that Stephanie and her team can take the time to conduct internal audits. She says that she tries to keep track of each feature within the tool in question and always asks what features are coming in the roadmap. Understanding how her team is using each feature, or not, lets her have an honest conversation with the vendor around where they find the most ROI and adjust the contract accordingly.

The basic idea is for your colleagues to cover the aspects of the solution that concern them so that **you won't have to face a team on the vendor's side all by yourself**. Plus, you'll have the expertise you need to succeed.

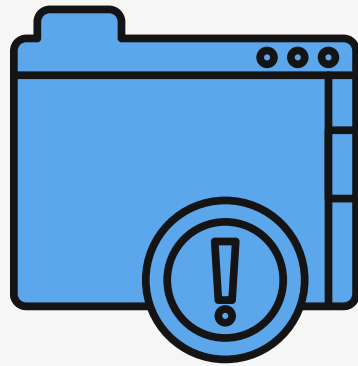
One pro tip here is that you will need a strong business case in order to rally resources internally. Everyone is busy and unless they see the expected return, it's hard to become motivated to do the extra work to help out your team.

If you're looking for help on the business case, you can always use our [HR tech ROI calculators](#) as a starting point.

In a recent chat with [Paul French](#), Director at Intrinsic Executive Search, he had this to say about coming to the negotiating table with clear objectives:

“If you are looking to minimize annual costs, for example, your negotiations should focus on scoring amicable implementation and set up costs. On the other hand, you'd want to negotiate for low subscription fees if your objective is to minimize long-term costs. Using this approach as your guide will help you to stick to your budget and to purchase the features that you really need as opposed to getting side-tracked by nice-to-have features that end up costing you more.”

BONUS ADVICE: DON'T FORGET TO CONSIDER YEARLY PLANS



Paying upfront

Although it's one of the most common ways to drive the price down, it's worth mentioning that you can get a better deal by asking for a yearly or multi-year contract.



Building Trust

Once you're more comfortable with a vendor and have built sufficient trust (either from a really good demo, free trial, or as an experienced user), this is a good way to get sizable discounts.



Longtime partnership

Large companies usually have quarter or annual discount policies built into their pricing models. This is also a good way of locking variable pricing, and it will go a long way into creating a strong sense of partnership between the two companies.



3. HOW TO GET A PRICING PLAN THAT'S UNIQUE FOR YOUR NEEDS: TELL YOUR STORY

Another common practice in software is for companies to offer discounts to startups. Even if they don't explicitly have a listed plan for them, experienced vendors know that a 10-person startup might grow fast and become a larger account, and they're likely to stick with them if they've been using the product for years. However, just because you're not eligible for a startup plan, doesn't mean that you can't ask for a unique pricing scheme based on your needs.

If you get in touch with a vendor that you really like and communicate your team's size, needs, growth projections, circumstances, and the way you plan to use their product, maybe there's something you can work out. **We've heard of one-person teams getting 100% discounts for one year of Intercom just because the product they were building integrated with it, for instance.**

Find your angle

Aside from team size, you can also ask for a better deal based on usage. If the way you plan to use a certain solution strays from the default of most use cases, it doesn't hurt to explicitly say that in negotiations.

Some vendors will have hidden plans and features that are feasible but just not the one-size-fits all pricing structure that you may see in their website or get in the first demo.



This resonates with advice we recently got from Jes Osrow, SHRM senior certified professional and Co-Founder at The Rise Journey. She recently told us the following:

“When negotiating, think about the ROI for the end user. Will they use the platform daily? Or only a few times a year? If frequently, the UI needs to be top notch and you know you're paying for that. If it is software with limited interaction, the backend has to be super powerful to support the HR team. If either side is lacking, it is a great place to begin negotiations.”



4. HOW TO GO INTO A NEGOTIATION WITH TRUE PRICE ASSESSMENT: UNDERSTAND FEES, T&C, AND HIDDEN COSTS

One of the biggest mistakes people make when negotiating HR Tech pricing is not asking sufficient questions. Often, software buyers don't inquire deep enough about functionality, a better deal, and especially about hidden fees. Unless you inquire, vendors can skip important details either to cover up less favorable parts of the contractor, or for simplicity's sake. Hidden fees can come in the form of implementation fees, upcharges for modules you want to use, more seats, or even ending the contract.

In addition to hidden fees, it's useful to understand the costs that your team will incur in to implement and maintain the software. Vendor selection is not only about finding the right features and integration for the best price. It's also about how much time the solution will take to implement. Naturally, this should also impact your overall cost analysis since you have to account for all those man hours.



Expert Advice:

"Always look at how much it will cost to maintain the HR Tech. Sometimes annual maintenance costs can be a killer"

Neville Postwalla, AVP - Talent Management at Harbinger Group

True cost assessment

To put it differently, if a solution will take longer to manage, maybe it's not really cheaper even though it has a lower per-user fee. The same can go for the cost of certain custom integrations that you might really need, or the customer support services. If a particular solution has a really competitive price but is seriously lacking in proper guidelines and support, that will cost in the long run as well.

Of course, this type of true cost assessment should be done with each vendor that you've shortlisted in order to get an accurate, big picture comparison. **By having an in-depth understanding of how they actually stack up against one another, you can also use this information to straight up ask for a better deal.** Whether it's because you don't need a lengthy implementation and training process, or you can do with reduced-fee software support services, these cost savings could amount to hundreds or even thousands of dollars.





Tracie has been in Human Resources since 1994. While being the HR director for companies with hundreds of employees, she's lead many successful implementations.

Asking the right questions

Take the example of Tracie Sponenberg, Chief People Officer at The Granite Group. When her team was in the lookout for a new LMS, they were able to narrow down the search to two vendors, one with an established reputation in their niche, and another one that was just starting out.

By asking around in her network and going beyond the references that each sales team would give her, she learned that the startup had somewhat of a history of cutting down on implementation fees. Knowing of this flexibility, she brought it up with the sales team, proposed an implementation plan that better fit her company's needs, and was able to get a better price because of it. In Tracie's words: "negotiation is an art and a skill and is not something that everyone deploys, so getting the best price starts with simply asking the right questions."

On working with agencies or consultants

As a final word on unnecessary fees, if you happen to be working with a consultant or an agency for your software purchase, you should also consider their fees. Understanding every nook and cranny from a contract shouldn't be limited to your relationship with the vendor. When working with an agency, even if they're doing a good part of the negotiation for you, another way to drive down the price is to ask what kind of fees they are receiving from the vendor.

This piece of advice actually came to us from Maury Hanigan, CEO at SparcStart, who told us that “many agencies receive incentive payments that exceed their 15% commission and they are likely to recommend the most expensive product because it produces the greatest revenue for them.”

So, same as with the vendor, it helps to know what their motivations are. Will your sales rep, consultant, or agency get a straight commission? Are they compensated differently for some product and services? Do they get bonuses at a certain time of the year? Taking the time to politely ask for this information could help a great deal when it comes to our next piece of advice:



Maury also speaks from the vendor perspective. She's been leading the team at SparcStart, an award-winning video platform, since 2012.



5. HOW TO MAKE THE SEASON WORK FOR YOU: TIME YOUR PURCHASE

Like any sales department, the ones from the vendors you've shortlisted have goals to meet at the end of each quarter and year. When they're adamant about hitting their targets, sales reps might be more willing to concede to discounts in order to ensure you stick with them.

While some people consider this somewhat of a myth in IT, it doesn't hurt to try. In a recent chat, [Michael Brown](#), VP of People at Cogo Labs, told us that he's had great success timing his purchases at the end of a month or quarter. He added, "many quota-carrying sales people are more willing to negotiate during these times as they want to close the deal to impact their final numbers."

Further, research from [Capiche](#) pointed out cases of buyers cutting their final bills in half for companies like Hubspot, Salesforce, and Slack simply by buying at the end of the quarter.

Other key times to negotiate

And by all means, the end of the year or quarter isn't the only time when a company might need to push hard on sales. The fiscal year end in your particular area can also be a good time to negotiate, as well as when a company is about to enter a funding round or go public. This is where it really helps to know your vendor, their unique situation, and any past deals you may be able to become privy to.

As a last word of advice on timing, we've also heard of teams getting steep discounts by suggesting a price deadline. If you're already near signing time, you can suggest that you'll sign by the end of a certain day/week that you know might be crucial for that sales team, if only they can meet your price point.



5. CONSERVE YOUR BUDGET: MAKE THE MOST OUT OF FREE TOOLS

In case you're a smaller business, our last piece of advice doesn't have much to do with negotiating the best price but with simply avoiding a paid solution in the first place. We include it here not only because it could actually lead to you saving your budget, but also because **there's nothing like negotiating when you know you can walk away from the deal**. While this is true when you have several vendors, having a plausible scenario where you can make your business case happen without spending a dime is like having an ace up one's sleeve.

The way to do this is relatively simple, but it will vary a lot depending on your particular circumstances. Certain apps can offer a lot for free, especially if you find a way to have only key team members have access to them. You can also work around limitations, or find a way to let limitations work in your favor. As the team at Capiche put it, "Zoom calls are free for up to 40 minutes, which could be an annoyance or a handy reminder to keep meetings focused."

HAVE YOU TRIED THE FREE OPTIONS?

Tools that are worth a look

Shayne Sherman, CEO of Techloris, shared this same advice in a recent chat. “By being able to compare free tech with the expensive options, you can see if paying the money is worth it, or if you can make do with something cheaper, and save that budget for something else if you were to need it.”

Granted, this would not work with any business case and no free tool could replace the right enterprise software. However, there are instances where some of the excellent free tools out there could do the trick and it's well within reason to at least consider them.

As HR people, sometimes we get caught up in the inertia of buying a reputable tool, we get shiny object syndrome, or we have a budget to spend. Nevertheless, we should at least be aware of the free options out there. Again, this would make the path of negotiation, should we choose to pursue it, all the more fruitful.

ABOUT SELECTSOFTWARE

Buying B2B software is hard. We make it easy by finding the best vendors for a given category, highlighting their strengths and weaknesses, and giving you the advice you need to make the right decision.

Our research is free, unbiased, and based on the opinions of hundreds of industry experts and practitioners.

We save HR and TA teams time through unbiased, expert research that relies heavily on the expertise of forward thinking People people.

We'll give you the advice you need to make the right decision in the short term, and keep you up to date on the various trends in HR and talent acquisition tools as they evolve.

In addition to the best vendors in each space, we'll tell you how to manage internal stakeholders, build an ROI model, and avoid common pitfalls other HR leaders have run into.





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ADDITIONAL RESOURCES YOU MAY LIKE

[How to Buy HR Tech: Sales Leaders' Advice](#)

Sales people have a lot of insider knowledge, since they get to see things from the vendor side. So, we asked several of them to tell us how they think HR practitioners can improve their process of finding, vetting, and buying new software.

[Read More](#)

[How to Buy HR Software – A Step by Step Guide Complete with Best Practices](#)

This is a comprehensive list of the best tactics you need throughout each step of the process of buying HR Tech. Spruced up with a couple of videos, this guide will walk you from writing the business case all the way to negotiating a contract.

[Read More](#)

How to Get Buy-In for Your Next HR Tech Purchase: the HR Tech Roadshow

For those interested in assembling a stellar negotiation team, this is a bulletproof playbook for securing internal support when buying new HR and TA software. In a nutshell, it's a guide to creating a roadshow to win over each key stakeholder.

[Read More](#)

HR and Recruiting Software Categories

We've spent over 7,000 hours researching the HR Tech ecosystem to come up with the vendor landscapes you'll find here. They are mostly organized by the employee lifecycle starting with the top of the recruiting funnel.

[Read More](#)

