



# Martech Procurement Tips and Contract Guidance

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## What Is Martech?

- Martech (marketing technology) refers to any technology used by a marketer to automate or streamline processes, collect and analyze data, or provide various means of reaching and engaging with existing or potential customers.
- The full suite of these interconnected tools a company leverages to achieve marketing goals and objectives is known as the “martech stack.”
- For many marketers, martech has become essential because of its ability to automate and streamline marketing campaigns.

# Martech Tools

- Last year, the number of martech suppliers grew to 8,000 (and counting).
- Martech tools fall into one or a combination of the following categories:
  - **Management Tools**
    - Talent Management, Product Management, Budget and Finance, Collaboration, Projects and Workflow
  - **Commerce & Sales**
    - Ecommerce Platforms & Carts, Sales Enablement, Sales Intelligence, Sales Automation
  - **Content & Experience**
    - Video Marketing, Content Marketing, CMS & Web Experience Management, Optimization/Personalization & Testing
  - **Advertising & Promotions**
    - Native/Content Advertising, PR, Video Advertising, Search & Social Advertising, Display & Programmatic Advertising
  - **Data (fastest-growing category)**
    - Marketing Analytics, Performance & Attribution, Dashboards & Data Visualization, etc.
  - **Social and Relationships**
    - Feedback & Chat, Customer Experience, Account Based Marketing (ABM), Events, Relationship (CRM), Social Media Marketing, etc.



## Martech Landscape

- In 2021, marketing budgets dropped on average from 11% to 6.4%, but as a percentage of that budget martech still accounts for approximately 26.6%.
- Even with decreased budgets, the martech area of spend has still experienced growth.
- Approximately 67% of marketers replaced a martech tool in the past year, with a majority counting data centralization and data capabilities as a factor.
- As expected, as growth continues, so too does the complexity of the related issues that arise from the implementation and integration of what are often disparate solutions, especially related to data and artificial intelligence (AI).
- However, issues can be mitigated by thoughtful planning during the procurement, implementation, and renewal phases.



## Initial Considerations

- Consider whether it makes sense to build martech internally or buy it.
- Initial steps prior to vendor selection are the most important.
- Many issues that arise in martech, such as dispersed or soiled data or integration hiccups, can be prevented by spending time analyzing and evaluating both your existing stack and proposed needs, as well as all available vendor options before making purchase decision(s).
- First, create a team of key stakeholders who understand the technology and the integration process.



## Initial Considerations

- Next, assess your current stack (or visualize your new stack) and define your actual needs.
  - If you are constructing a stack from scratch — plan your stack and how the tools/solutions will work together, focusing particularly on data flow.
  - If you're adding to your stack — review your stack and its capabilities to ensure that your tools are optimized and confirm what resources and technologies are lacking. If necessary, talk to existing vendors about ways you can further utilize their tools.
- Do not rush these initial steps. Have clearly defined objectives, a set of criteria that you will use to measure success (such as specific KPIs), and a clear understanding of how the new martech will integrate into your stack.

# Initial Considerations

- Some initial questions during this planning phase should include the following:
  - What are you trying to achieve with the new technology?
  - How will you measure the success of the implementation and the use of the new technology?
  - Who are the users going to be, internally and externally?
  - Have you aligned all internal stakeholders (users, IT, finance, others) around this initiative?
  - What processes will the new technology enable/accelerate/automate?
  - What data sources will need to be linked and integrated?
  - What legacy core technology will the new technology need to integrate with?
  - What other existing martech components will the new technology need to integrate with?
  - How will the data flow between all applications?
  - Where will the core data be housed and who owns it?

## Vendor Selection

- If you don't have one vendor in mind, consider using an RFP. You may include your company's contract terms and conditions with the RFP and request that the vendors redline the terms.
- Consider your non-negotiables and use these to narrow down vendors.
  - Items to consider early on include specific contract language your company may require and data ownership.
  - Use these to narrow down vendors so you won't waste time negotiating only to be stuck on your non-negotiables.
- When evaluating vendors, it's important to focus on the vendor's roadmap. How the vendor is investing in their tools and where they see themselves in the future is often more important than what the vendor currently has.



## Vendor Selection

- Focus on interoperability early and request to speak with a vendor engineer to discuss how their tool will integrate with your existing stack, as engineers will generally have a more realistic view of the tool's capabilities than the sales team.
- Don't be afraid to ask for demonstrations that are tailored to your use case.
- Have a clear understanding of the implementation timeline and the expected ROI from the tool.

# Vendor Selection

- Some points that should be discussed with the vendor during the selection process include:
  - Data Use and Ownership — Ask the vendor for a detailed explanation of how data will be collected, what type of data will be collected, who will own the data, what rights you will have to use the data, and what analytic tools will be used.
  - Maintenance and Support — What are the support models available for the tool(s)? Is a managed service team typical or required?
  - Data Storage — Where will your data be stored? Who will have access to the data?
  - Integration — Describe the products you currently use and ask the vendor for a detailed explanation of how their product can be integrated into your existing stack.
  - Subscription Fees and Hidden Costs — Never accept pricing that isn't itemized for the product/service offering.
  - Key Performance Indicators — What KPIs are collected/offered? How often are they measured?
  - Security — Is security adequate given the type of information the vendor will be handling?

## Contract Negotiations

- Consider your relative bargaining power with the vendor. It's much harder to argue for negotiated changes with a general service provided at a nominal fee. If possible, negotiate from your own contract form.
- If your bargaining power is low, stay focused on the important contract terms, such as proprietary rights, data ownership, indemnification, and warranties.
- Consider using a term sheet only if it will help clarify initial positions.
- To gain a cost advantage as well as leverage negotiation, consider bolting on or utilizing existing MSA or enterprise-level agreements, particularly within larger corporate structures with multiple department touchpoints.

# Contract Negotiations

- Some notes on specific contract provisions:
  - Termination — Try to negotiate the ability to walk away for any reason in the first six months in case the relationship is not going as planned.
  - Payment — Tie payments to a timeline, schedule, or benchmarks instead of payment upon specific dates, which will add additional accountability for the vendor.
  - Remedies — Ensure that you are entitled to a credit or a refund if the services fall below expectations, and that you are able to withhold payment if deliverables are late or if there are performance issues. Avoid clauses that disregard damage to the business from the vendor's poor performance.
  - Limitation of Liability — Damage caps should never carve out liability for actions brought by third parties the vendor's actions. Vendors should be solely responsible for any harm they cause.
  - Transition Assistance — Add transition services or assistance upon termination, and make sure the contract is clear on whether there will be additional fees for transition services.
  - SLA/Uptime Requirements — There should be language specifying how the vendor will track downtime and report it to you, and mitigation (such as credits) for downtime. Push for an uptime requirement of at least 99 percent or greater (as calculated on a monthly basis).

## Implementation

- Integrate the new tool quickly to avoid gaps in your martech stack. If necessary, consider purchasing additional consulting hours from the vendor to assist with the implementation.
- Consider using tiger teams to disseminate knowledge regarding the new tool. The tiger team should learn the tool in its entirety and then tailor training to each individual's specific use of the tool, avoid overloading employees with unnecessary information about the tool.
- Training should occur no more than two weeks prior to receiving the tool; otherwise people are likely to forget what they have learned.
- Don't assume that new hires know how to use a tool, even if they were using the tool at their previous employer. How a tool was used at their previous company may not be how it is used at your company, particularly if you have customized the tool.

## Business Reviews

- In order to hold vendors accountable and optimize the relationship, there should be open communication throughout the contract term – ideally monthly, if not quarterly – and you should conduct a business review to evaluate the product and how well it has been integrated into your company.
- Using the criteria and objectives you created during the initial phase, evaluate how well the tool has met your expectations.
- Consider the following when evaluating the tool:
  - How well has the tool been integrated into your company?
  - How many people are using the product and how often are they using it?
  - Is the tool meeting the initial ROI you calculated?



## Business Reviews

- This will provide a good opportunity for the vendor to share any features of the tool that you may be underutilizing, and having this record of the vendor's and tool's performance will be valuable during renegotiations.
- You should additionally evaluate the vendor's performance and share these evaluations with the vendor.
- Consider creating a scorecard for the vendor, including how many open items you have with the vendor, response times, and any additional issues you may have.



## Renewal

- Renewals provide a great opportunity to bring any existing issues with the tool to the vendor's attention and to hold vendors accountable to the expectations of what a tool is supposed to accomplish for you. You will have the most leverage during renewal periods.
- Discuss the vendor's and tool's business reviews and whether each has met expectations.
- Use the business reviews as a negotiation tool to negotiate better terms during renewal (lower fees or additional free products).
- Don't be afraid to walk away if a tool is not performing well.

# Questions?



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