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General Instructions

Data Voice markets telecommunications ("telecom") services to both residential and business customers. Consulting Integration, a small business customer of Data Voice, is expanding: its consulting staff has almost doubled in size over the past year. This year, Consulting Integration needs to renew and adjust its telecom services contract with Data Voice. Data Voice serves most of the surrounding metropolitan area in voice services, and its data services contracts and reputation are growing.

This will be Consulting Integration's second three-year telecom services contract with Data Voice. Consulting Integration plans to continue expanding its workforce by about 20 percent. Technical specialist Robin Rigley represents Consulting Integration in the service contract negotiations, and regional sales manager Kelsey Kidd represents Data Voice.

Robin and Kelsey have to negotiate a difficult issue: the number of integrated voice/data/video workstation setups. With a large part of its business devoted to onsite client consulting, Consulting Integration does not currently require the integrated workstation packages that Data Voice offers. However, when Consulting Integration's website improvements begin to expand its offsite consulting services, the need for integrated workstation packages may grow. The monthly service fee per workstation for an integrated package of telecom services is \$175 more than that for a voice-only package. The voice-only package includes 3,000 mobile services anytime minutes. The integrated package also includes data and video connectivity. Because Data Voice's contracts are all based on this price structure, it is fixed and non-negotiable.

Before Data Voice expanded its telecom platforms, Data Voice lost many clients who preferred to maintain telecom service agreements with a single carrier. In response, Data Voice began to offer data and video telecom services, bundling them in package agreements like those of their competitors. Because of the additional networking hardware required to offer these services, Data Voice has had to expand its technical, operational, and customer service divisions threefold. Thus, Data Voice can no longer afford to continue contracts restricted to voice-only packages. As the regional sales manager, Kelsey Kidd is responsible for giving each client a "fair" number of voice-only packages. These "fair" numbers are based on the total number of workstations the client fits out, and on Kelsey's judgment of each client's need for voice-only setups.

In addition, Kelsey may consider the likelihood of a client adding and/or transitioning voice-only packages to integrated packages in the future. In this case, Robin needs to understand that the \$175 monthly service increase per workstation only applies for integrated packages purchased now. Transitioning an existing workstation or adding a new one later will certainly involve

additional cost, because the network of data lines would require further adjustments and possible upgrades. The future cost increase might fall upwards of \$300 monthly per workstation.

In the last telecom services negotiation, Robin and Kelsey had a difficult time reaching agreement. After much debate, Consulting Integration purchased 50 workstation setups (40 full-featured voice/data/video setups and 10 voice-only setups with mobile services included). Robin felt that Kelsey treated Consulting Integration unfairly in the negotiation, giving it a

smaller number of voice-only setups than other clients who contracted for the same number of workstation setups. Robin and Kelsey are about to meet to discuss their telecom services contract adjustment and renewal.

Confidential Instructions for Kelsey Kidd, Regional Sales Manager for Data Voice Ltd

You are eager for Consulting Integration to purchase a large number of fully integrated telecom service packages this year. Your sales numbers for integrated packages (including voice, data, and video lines) have been low compared to those of other regional sales managers. If you do not increase the number of integrated packages you sell, your total sales will suffer. Data Voice is known for its voice services, and its client base and service history reflect that. The world is rapidly changing to an internet society, though. Your company has to start selling data and video services to keep its clients and keep pace with the rest of the industry. It is no secret that data and video line contracts are much more profitable. Offering efficient “bundled” options to clients in place of single-platform (voice-only, for instance) options is the current winning sales formula.

Only within the last three years did a branding consultant rename your company Data Voice. With “data” leading in the name, you know your sales figures need to reflect the new emphasis. Several of the largest business clients of Data Voice have recently renewed their service contracts, and they have all pressured you to give them inexpensive voice-only lines that include mobile services without data or video. These clients already had DSL providers, and they only chose to stay with you for your voice service reputation and to avoid new voice setup costs. Because prices for integrated telecom service packages generally have started to fall, you have been willing to give these large business clients voice-only setups as incentive to stay with Data Voice. At the moment, you actually need to sell a significant number of integrated telecom service packages to Consulting Integration for the quarter. You can't give Consulting Integration too many voice-only setups.

You are not looking forward to your meeting with Robin Rigley. Even with a 20 percent increase in workstations, Consulting Integration still won't be one of Data Voice's largest clients. But Robin still acts like Consulting Integration deserves special treatment. Robin has been a demanding client, insisting on fast service for very minor repairs to the Consulting Integration workstation setups. Robin has a real attitude problem, and you had a hard time keeping your cool in your last contract negotiations.

Of all the problems you have had with Robin, the voice-only issue has definitely been the worst. Over the last few years, you have offered Consulting Integration a perfectly reasonable combination of integrated and voice-only workstation packages, based on its regular office staff as well as its telecommuting staff needs. It's true that you might have been a bit less generous with voice-only packages for Consulting Integration than for some of the largest or oldest business clients of Data Voice. Still, you think that it is only fair to reward the clients who have made the biggest contributions to Data Voice's bottom line. Robin didn't see it that way. In the past, Robin has complained many times that you "played favorites" with other clients, and "didn't treat

Consulting Integration fairly" in your telecom service contract negotiations.

To increase revenues while limiting new single-platform (i.e. voice-only) packages, the Data

Voice VP of Sales set a new "bundling" rule: **BUSINESSES WHO PURCHASE AT LEAST 90 PACKAGES MAY HAVE UP TO 1/3 OF THEIR PACKAGES ALLOCATED TO A SINGLE PLATFORM (VOICE/DATA/VIDEO). THERE IS ABSOLUTELY NO WAY YOU CAN GO OVER THE ONE-THIRD LIMIT. IT IS NOT NEGOTIABLE INSIDE THE COMPANY.** You think this rule is fair, and should also encourage smaller businesses to buy more workstation packages. For smaller businesses

with less than 90 workstation packages, you have allowed yourself the flexibility to make the best possible deal from Data Voice's point of view.

Of course, you'd like to set up less than 1/3 of Consulting Integration's workstations with voice-only capability, even if they purchase more than 90 total workstation packages. In fact, because you have had to give additional single-platform capabilities to larger businesses, you are hoping that you can actually give Consulting Integration as few voice-only packages as possible. You are also hoping that since Consulting Integration has increased their workforce, you can get Robin to purchase more than 50 total workstation packages this time. On the other hand, you don't want to push Robin so hard on telecom services that Consulting Integration becomes a dissatisfied business client.

Although you considered changing the price structure of the telecom service packages, you know the consequence would be re-negotiating all your other larger contracts already in place. Because renegotiating existing contracts is completely unacceptable to Data Voice, you have no latitude on the price structure.

To help you negotiate with Robin, you have also developed a scoring system and a minimum acceptable score for yourself:

For each workstation package over 50 (including voice-only and voice/data/video packages) that Consulting Integration purchases, ADD 5 points to your score.

For each voice-only package over 5 that Consulting Integration purchases, SUBTRACT 3 points from your score.

You've figured out that even if Consulting Integration decided not to purchase any workstation packages from Data Voice this year, you could still make telecom service agreements with new clients. Given your scoring system, you estimate that your best alternative to a negotiated agreement (BATNA) – i.e., the best telecom services agreement that you could get with clients other than Consulting Integration – is worth 45 points to you. Therefore, **you may not accept an agreement with Consulting Integration that is worth less than 45 points to you.**

Here's an example of how to figure your point total: If Robin agrees to purchase 90 workstation packages, and you agree to make 20 of them voice-only packages, your score is 155. [For every workstation package over 50, you receive 5 points. Since 90 is 40 more than

50, you receive 200 points ($40 \times 5 = 200$). For every voice-only package over 5, you subtract 3 points ($15 \times 3 = 45$). Subtract 45 from 200, and your total is 155.]

YOU DO NOT HAVE TO CALCULATE YOUR SCORE YOURSELF. THE ATTACHED CHART DOES IT FOR YOU.

**Kelsey Kidd, Data Voice, Regional
Sales Manager**

Total # workstation packages

		50	55	60	65	70	75	80	85	90	95	100
# voice-only packages	5	0	25	50	75	100	125	150	175	200	225	250
	6	-3	22	47	72	97	122	147	172	197	222	247
	7	-6	19	44	69	94	119	144	169	194	219	244
	8	-9	16	41	66	91	116	141	166	191	216	241
	9	-12	13	38	63	88	113	138	163	188	213	238
	10	-15	10	35	60	85	110	135	160	185	210	235
	11	-18	7	32	57	82	107	132	157	182	207	232
	12	-21	4	29	54	79	104	129	154	179	204	229
	13	-24	1	26	51	76	101	126	151	176	201	226
	14	-27	-2	23	48	73	98	123	148	173	198	223
	15	-30	-5	20	45	70	95	120	145	170	195	220
	16	-33	-8	17	42	67	92	117	142	167	192	217
	17	-36	-11	14	39	64	89	114	139	164	189	214
	18	-39	-14	11	36	61	86	111	136	161	186	211
	19	-42	-17	8	33	58	83	108	133	158	183	208
	20	-45	-20	5	30	55	80	105	130	155	180	205
	21	-48	-23	2	27	52	77	102	127	152	177	202
	22	-51	-26	-1	24	49	74	99	124	149	174	199
	23	-54	-29	-4	21	46	71	96	121	146	171	196
	24	-57	-32	-7	18	43	68	93	118	143	168	193
	25	-60	-35	-10	15	40	65	90	115	140	165	190
	26	-63	-38	-13	12	37	62	87	112	137	162	187
	27	-66	-41	-16	9	34	59	84	109	134	159	184
	28	-69	-44	-19	6	31	56	81	106	131	156	181
	29	-72	-47	-22	3	28	53	78	103	128	153	178
	30	-75	-50	-25	0	25	50	75	100	125	150	175
	31	-78	-53	-27	-3	22	47	72	97	122	147	172
	32	-81	-56	-31	-6	19	44	69	94	119	144	169
	33	-84	-59	-34	-9	16	41	66	91	116	141	166

Note: Agreements in shaded areas are unacceptable either because of the total score or the one-third rule.

Confidential Instructions for Robin Rigley, Technical Specialist, Consulting Integration Inc.

You are not looking forward to negotiating with Kelsey Kidd about telecom services again. Certainly, Data Voice has the best voice services out there, but last time Kelsey talked you into buying many more “bundled” services than your staff requires. The newer consultants all travel too much to take advantage of the workstations you have fully equipped with voice, data, and video services. All of the Consulting Integration executives are sick and tired of walking by the unused, fully-loaded workstations. Every single slow day, you've had to listen to them complain as they walk by the cubicle area again and again. It's even worse when they've had to ride up on the elevator next to one of the traveling consultants, dropping in just to make face contact, equipped with a personal laptop. Just to add to the pressure, your boss, the Regional VP, made a special point of telling you to get more voice-only setups from Data Voice this year.

The worst thing is, you know that voice-only service packages will be a difficult issue again. You're not sure if you can manage to get more voice-only packages this time. Kelsey Kidd of Data Voice is always difficult to deal with on this issue, as well as others. As Data Voice's regional sales manager, Kelsey has been slow and not very polite in responding to your workstation maintenance and repair requests. Considering how much Consulting Integration is paying for telecom services, Data Voice's customer service ought to be fast, efficient and pleasant.

Last time, you tried to get more voice-only setups from Kelsey, but Kelsey said that Consulting Integration would need to purchase more bundled packages if it wanted more voice-only packages, and you just didn't have the budget. You've actually started comparing your telecom services contract with those of other companies, and you have realized that Kelsey has given other clients many more voice-only setups.

Things would be easy if you had a big telecom services budget this year and could purchase a lot of integrated workstation setups from Kelsey and get a lot of voice-only setups in exchange. Unfortunately, your budget was eaten up in salary negotiations by Consulting Integration's need for more consultants. Even though prices for voice services are flat, Consulting Integration wants to keep the same phone extensions, and you know you'll be hard pressed to win a significant number of voice-only lines from Kelsey.

Now, you're sure that Kelsey is going to try again to give Consulting Integration too few voice-only lines. You know Kelsey plays favorites with other companies with larger contracts from Data Voice. You don't think this is fair: Consulting Integration is a good client, and Data Voice should treat every good client equally.

Right now you have 50 workstations equipped with Data Voice lines. You've got 10 voice-only lines, and 40 full-featured voice/data/video lines. Though it is hiring new staff, Consulting Integration doesn't need so many workstations with integrated service packages.

The new staff will travel most of the time, thereby limiting their onsite data/video needs. However, they will require individual voice lines to conduct their business. Your voice-only workstation packages include mobile minute usage that serves you and your traveling staff well.

You need to save as much as you can on these telecom costs in order to cover expenses for building out the website. You've calculated that if absolutely necessary, you could fully equip up to 80 workstations. But, you want to keep costs down to make your executives happy. Whatever the total number of workstations you choose to equip, you want to get as many as you can with voice-only setups.

To help you negotiate with Kelsey, you have developed a scoring system and a minimum acceptable score for yourself:

For each workstation service package over 50 (including voice-only and voice/data/video packages) that Consulting Integration purchases, SUBTRACT 3 points from your score.

For each voice-only package Consulting Integration purchases, ADD 5 points to your score.

Painful as it may be, because of the cost of the other deals you have made during telecom service negotiations with Kelsey, you are willing to accept less than the status quo of 50 workstation packages in total and 10 voice-only packages, but only if you absolutely have to. You have also figured that if you cannot make a deal with Data Voice worth at least 30 points, you do have a fallback. You can purchase telecom services from another carrier which would include expensive but reliable mobile services. Given your scoring system, you estimate that this alternative (your BATNA) is worth as much as, but no more than, 30 points to you. Therefore, you may not accept an agreement with Kelsey that is worth less than 30 points.

Here's an example of how to figure your point total: If you agree to purchase 60 workstation packages, and 25 of them are voice-only packages, your score is 95. [For every voice-only package, you get 5 points, for a total of 125 points ($25 \times 5 = 125$). For each workstation package you purchase over 50, you subtract 3 points. Since 60 is 10 more than 50, you subtract 30 points ($10 \times 3 = 30$). Subtract 30 from 125, and your total is 95 points.]

YOU DO NOT HAVE TO CALCULATE YOUR SCORE YOURSELF. THE CHART DOES IT FOR YOU.

**Robin Rigley,
Consulting Integration Technical Specialist**

Total # workstation packages

	50	55	60	65	70	75	80
5	25	10	-5	-20	-35	-50	-65
6	30	15	0	-15	-30	-45	-60
7	35	20	5	-10	-25	-40	-55
8	40	25	10	-5	-20	-35	-50
9	45	30	15	0	-15	-30	-45
10	50	35	20	5	-10	-25	-40
11	55	40	25	10	-5	-20	-35
12	60	45	30	15	0	-15	-30
13	65	50	35	20	5	-10	-25
14	70	55	40	25	10	-5	-20
15	75	60	45	30	15	0	-15
16	80	65	50	35	20	5	-10
17	85	70	55	40	25	10	-5
18	90	75	60	45	30	15	0
19	95	80	65	50	35	20	5
20	100	85	70	55	40	25	10
21	105	90	75	60	45	30	15
22	110	95	80	65	50	35	20
23	115	100	85	70	55	40	25
24	120	105	90	75	60	45	30
25	125	110	95	80	65	50	35
26	130	115	100	85	70	55	40
27	135	120	105	90	75	60	45
28	140	125	110	95	80	65	50
29	145	130	115	100	85	70	55
30	150	135	120	105	90	75	60
31	155	140	125	110	95	80	65
32	160	145	130	115	100	85	70
33	165	150	135	120	105	90	75
34	170	155	140	125	110	95	80
35	175	160	145	130	115	100	85
36	180	165	150	135	120	105	90
37	185	170	155	140	125	110	95
38	190	175	160	145	130	115	100
39	195	180	165	150	135	120	105
40	200	185	170	155	140	125	110

voice-only
packages

Note: Agreements in shaded areas are unacceptable either because of the total score or the one-third rule.