MMI 408

Assignment 4

Contract Strategy and Negotiations
-Vendor Perspective-

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Vital Element, Inc (VEI) would like to open the contract strategy and negotiations review with

a brief prologue adapted from our website:

About Us Vital Element, Inc.

We provide comprehensive medical web development, marketing, management & support services

At Vital Element Inc. we are dedicated to you, our medical customer. We provide high performance healthcare web development and ongoing growth management by orchestrating medical strength web technology around your specific needs. Our expert medical web design and management teams will develop and deliver a comprehensive web strategy. For all projects, large or small, think of us as your fully staffed web marketing and IT department.

Our comprehensive custom tailored "all-in-one" web development plans are developed by your dedicated team. We diagnose, build, grow and continually manage your web resources and opportunities; turning your web environments into strong assets.

We are committed to taking your web strategy beyond just a web site. We focus on developing your web environments to driving revenue, present a professional brand, educate, get found, create efficiency and reduce overhead.

Why choose us as your medical web site and marketing company?

Top 10 Reasons to Choose us as your Medical Web Company

1. We're Dedicated to the Medical Industry

2. Our Web Teams are Medical Professionals

3. We're Medical Search Engine Results Focused

4. Professional results for various budgets

5. Packages tailored specifically to you

6. Ongoing Growth Management

7. Proven Outstanding Customer Service

8. Ongoing Site Traffic Statistics

9. We understand & have medical content

10. Our customers sing our song - test us!

Vital Element is committed to improving the healthcare industry through technology

We provide a full spectrum of services to our medical customers. We develop solid web sites with proper brand representation and combine this with advanced web technologies. Together we build and support healthcare environments that make for more efficient patient processing and improved effectiveness for medical device manufacturers.

VEI requires the following key issues to be addressed and mutually accepted by end of negotiation. **A precise definition of functionality** will give Vital Element, Inc (VEI) a picture of the Largesse Urban Health Center's (LUHC) desired end product. This will help us deliver that product in an accurate and efficient manner by allowing us to utilize our resources efficiently and effectively from the very beginning. Upon review of the specifications, VIE will be able to assign the appropriate talent and experience to the project and move forward into development and implementation.

The following are the functionalities contained in the RFP response:

These components will be built into LUHC website by 30 October 2010. It is the responsibility of LUHC to provide all pertinent information. These features will be activated in a phase approach. Testing of each phase occurs two weeks prior to phase go-live. All site content will be reviewable by 30 October. After 30 October 2010, content changes will be charged on an "add-on" basis.

Medical Web Office Features

- Online Appointment Patients and medical services
- Physician Referrals Online
- "Ask The Doctor" - patient question and answer system
- Rx Prescription Refill Requests – using secure messaging between patient and physician/office (portal from the PHR).
- Online Requests for Lab or Test Results - transmitted from the EMR to the PHR (LUHC functionality)
- Pay Bill Online
- Patient Forms & Instructions (Healthwise content) Available Online
- New Patient Registration - filled out secure and online
- New Patient Health History Forms - filled out secure online – available from the PHR and website – present via secure messaging
- Patient Satisfaction Survey
- "Best In Health" Education Search Feature
- Portal using secure connection to LUHC's EMR and PHR
- Export your secure online Patient Registration and Health Forms files to your EMR or PHR
- Social Networks" feature - Easily add and integrate your network accounts like Facebook, Twitter, Yelp, Google, Academy Memberships, Hospital Affiliations, and virtually any other network account

Secure Staff Administration & Records

- Secure Staff Notifications
- Record Tracking, Noting and Patient Processing Tools
- Secure Electronic Record Download to EMR, Chart, Print or Internal File Systems
- Secure Email Message Response to Patients and Referring Physicians
- New Patient Marketing Tracking
- HR online application, job posting, co-worker site

Payment to accomplish expected functionality is key to enabling VEI to dedicate as many resources as applicable to the project. This will help LUHC achieve their goals of a high quality website within the desired timeline of October 30th and continue to function as a competitive company.

VEI requires a **clear definition of extent of access to software code.** LUHC want to modify the user interface for to achieve customer satisfaction. Understanding the level of access to software code will help VEI maintain the integrity of our intellectual resources and provide LUHC a positive web management strategy. VEI is agreeable to disclosing code for minor modifications such as the look of a web page. We are resistant to disclose in-depth code access related to functionalities or changes which VEI has identified as covert, or an infringement on intellectual property.

Specifics regarding maintenance and support will be required by VEI to adequately determine expectations and needs of LUHC. The depth of maintenance and support vary from customer to customer depending on IT capabilities. Therefore VEI will require a comprehensive summary of LUHC's requirements in this area.

A **specific and reasonable warranty agreement** will be required by VEI to fulfill the needs of LUHC per the standards stated in the RFP response. Warranty expectations will be concise and appropriate. Insufficient or exorbitant warranty expectations may delay website development or cause other unforeseen problems.

VEI is willing to take everything off of the table if negotiation concludes that that is what best meets the business needs of our customer and the integrity of our product. The services we are offering to LUHC were customized to meet the needs specified in the RFP. While we believe it is optimal for LUHC to purchase our services as a package, the customer may also chose to negate the contract and purchase items ala carte.

VEI's best alternative to a negotiated agreement (BATNA) would be a Fee-for-Service or unbundled offering in which LUHC would contract with VEI for individual functions of the website and pay as they are delivered individually. While this is not the preferred scenario, VEI finds it a viable alternative to preserve the working relationship with LUHC and enable VEI to build all or part of the

hospital's website. Other than a walk-away, this is the only alternative we foresee as compatible with our commitment to delivering a product that meets our highest quality standards.

Vital Element, Inc. will provide Largesse Urban Health Centre a website designed and hosted by our company. The website (as reflected in our response to the RFP and requested functionalities) will offer multiple consumer/patient/customer sections that detail the LUHC's organization: history, leadership, medical services, human resources, scheduling, intelligent search engine for both physician and medical services, portal for the patient health record, portal for corporate electronic medical record, scheduling for physician and medical services, access to billing functionality, secured messaging, a web community, video/animation and text for patient information, and referral functionality.

The static information will reflect LUHC's corporate information as delivered to Vital Element, Inc. The website will exactly reflect data as offered by LUCH. The site will meet standards set by the World Wide Web Consortium (W3C), XHTML, and CSS coding practices. LUHC will maintain and control user specific security access. LUHC assumes all medicolegal responsibility for medical content.

Vital Element design and website developers will work with LUHC's core team to develop the website. Our team consists of a functionality expert, two web design experts, and an interface expert. This team will work daily (business day) with LUHC staff to develop site content, functionality, and appearance. On October 1, 2010, Vital Element's implementation team will be reduced to technical support and interface experts who will work with LUHC's core team two and one half days per week. Any web design changes will accrue as an add-on charge. The implementation team will conduct dual testing with LUHC staff. On December 1, 2010, the site will go-live in the phased approach as detailed by LUHC. Two weeks prior to each phased go-live, the complete technical team will be available three days per week making final changes (only as needed) and ensure user testing and acceptance is maintained.

Negotiating the service level agreement (SLA) is important to clearly articulate expectations set by the vendor (Vital Element, Inc.) and LUHC. VEI wants to maintain a professional and cooperative working relationship. Having exact expectations is vital to insure a defined project is completed and scope creep does not harm the relationship. VEI will offer specific resources to

complete the project as described in the timeline required. Adding or significantly alerting

functionality/expectation likely will jeopardize the fee schedule mutually accepted as well as the time

line.

VEI would "go to the balcony" for the following reasons: scope change, unreasonable

operational expectations, unreasonable monitoring requirement, excessive technical support

requirements, excessive fine or liability, and unreasonable hardware operational expectations.

VEI's business philosophy is that we provide our customers with a web site that meets and or

exceeds their expectation. For VEI's customers to be pleased with our web package(s), exact

understanding of the applications and functionalities to be implemented ensures our ability to meet

project goals and deadlines. Scope creep by LUHC would jeopardize VEI's ability to build and

implement their web presence. Should applications be desired that are not available through VEI,

adding a third-party vendor would complicate our ability to successfully meet the project plan (refer to

the detailed list of applications and functionalities previously stated).

VEI meets national web hosting and development standards (W3C). We fully understand that

LUHC has operational informatics standards and requirements. As part of our business commitment

to our customers, we ensure that applications and functionalities are available as commonly accepted

in the community. Therefore, we require a detailed understanding of the number of expected users

that will need simultaneous access to the web presence. If LUHC wants unlimited scalability, then our

pricing structure will need to reflect the technology required. If LUHC's expectations are exacting to a

limited number of users, the hardware issues are minimized. VEI will require typical industry

allowances for upgrade, enhancements, maintenance, etc. VEI therefore, will not be able to

accommodate 100% site availability. VEI also appreciates that user expectation of site efficiency and

speed is essential for successful web presence usability. There, we will ensure proper hardware and

technology is available to guarantee industry standards. We are committed to provide a positive user-

level experience that facilitates and propagates on-going usability.

VEI will make the website marketable and available to all major web searching tools (Google,

Yahoo, Chrome, Firefox, etc.).   As part of the contract VEI will make LUHC's website quickly available

by most frequently used search engines. We will report monthly the number of "hits" to the website,

length of duration using the site, and the locations within the site visited. We cannot guarantee an actual number of "hits" per month, but will work with LUHC to ensure that website meets/exceeds all user expectation and continues to be an institutional resource for increasing patient access to the facility.

VEI and LUHC need to agree upon a technical support model that allows resolution of user issues and problem solving. LUHC's FRP did not detail the level of on-going support they will require. WE have the ability to offer unlimited round-the-clock support if desired. We recommend that LUHC manage user-level security (a patient/customer will not have access to the EMR). We recommend that LUHC identify, triage (categorize), classify, and submit technical issues. Depending upon level of severity, VEI's response varies depending upon identification of urgent fixes to future optimizations. We will report monthly to LUHC the resolution for each reported issue including time to resolution, detailing the solution. Historically, we have enjoyed very limited user reported site issues.

We plan to have all components ready for review (including all phased functionality) by November 1, 2010. We realize that LUHC has interest to adjusting user site interface to quickly meet self-determined site adaptations. We require that LUHC determine the level of expertise their staff require for VEI to develop and implement a training curriculum. The more control of the site LUHC expects, the more training by LUHC staff we require. For in-depth customer level site alterations, a certification test is required and LUHC will have to accept more risk for site disturbance and availability.

LUHC has asked for portal access to legacy EMR and PHR systems. We will not store any patient data (other than secure messaging). We expect LUHC to continue full responsibility for these systems. During testing, we will insure that single sign-on is functioning and that users can activate the proper applications. We accept no control or responsibility for any technical issue other than portal usability.

Risks and benefits using the "go to the balcony" strategy: VEI has made every attempt to work close with LUHC. We have no hidden agendas, or hidden requirements for success. Our business model has been to provide the most professional, efficient, cost-effective services. We are intent to partner with LUHC. There are many benefits. The time to think about requests and evaluate

how it will impact on the project allows us to ensure that both sides can agree upon functionality, expenses, and operation costs. VEI realizes that LUCH faces many challenges. These challenges affect their collective view of the project. We are very much interested to understand their requests for change in order to better meet their project goals. The balcony allows us to plan a response to challenging requests, rephrase the request, and provide possible solutions that protect both VEI and LUCH. We find negligible risk using this method to ensure that the best outcome is obtained through negotiation.

VEI and LUHC have been able to achieve a level of professional relationship. The Service Level Agreement (SLA) is important to both companies. Collectively, we would be inclined to use two additional options in negotiating the SLA, "build a golden bridge, and "use power to educate, don't escalate. These two methods can be used simultaneously to achieve a mutually agreeable SLA. Our goal is a customer happy with our services. Our reputation depends on successful implementations and "word of mouth". The progression of the process should be mutually beneficial. Should LUHC have a need to adjust the agreement, VEI needs to understand the complexities of the request. For example, LUHC may want VEI to perform direct customer support because of their limited IT staff. LUHC may feel economic pressure. Our initial offering may not adequately address LUHC's customer support needs. We can offer them different levels of support, times of day access, and or varying fee schedules for support. Perhaps LUHC may expect a faster level of user transactions for patient care. We may not appreciate LUHC's perceived pressure for information workflow efficiency and need to find a method to accommodate (constructive criticism by hospital to adjust). To improve the negotiating relationship, we encourage LUHC to offer potential solutions to areas of concern. After discovery, we can then pose acceptable alternatives to both sides. We want LUHC to appreciate that their contract is fair in every aspect. Our goal is to make LUHC a vocal happy customer who believed in the process and deliverables. Obviously if LUHC can identify that VEI has "gone the distance" we have secured a happy customer.

In order to mutually understand each other's position, in-depth understanding of company specific issues allows the step-by-step analysis of process flow. During the discovery and open communication during negotiation, understanding   the details of each party's BATNA will encourage trust. If we can't find common ground (appreciation for personalized tolerances) and understand

consequences and benefits of the position , then both companies, especially VEI, would not benefit from the business relationship.

For example, LUHC's RFP discussed having a medical home component to the website. Currently, a medical home is a physician-patient provision of care concept. A medical home module/functionality does not currently exist as a single all-inclusive application. VEI would use education to differentiate the difference between VEI's applications and how our functionalities help realize a medical home philosophy. We can capitalize our secure messaging, patient education, PHR, and EMR portals to ensure that the model of patient directed communication and therapeutic plans could be documented and meet the functional components of a medical home. Therefore, VEI can offer healthcare systems the ability to activate a medical home model utilizing our multifaceted application opportunities.

Ultimately, through education, VEI and LUHC can both cross the golden bridge to finalize a contract and work together to realize LUHC's goals.

VEI uses SaaS to offer our web based services. SaaS is important for several reasons; security, multi-tenant use, control of software applications, cost containment, efficient scalability, quick innovation cycles, easier to deploy, and improved access for customers to have some affect on user interfaces. ASP has some of the same features of SaaS; however it is significantly restricted against simultaneous users. Our current business plan with LUHC requires that they manage user access by assigning appropriate user-level security and automated user enrollment. If ASP were to be used, a manual process would be required. VEI needs to ensure that every LUHC (approximately 1200 per shift) and unlimited customer/patient access is always available. Using the SaaS model, we will be able to accomplish the access requirement. One of SaaS's strength is that hardware can be used at both VEI and LUHC locations. VEI has increased control over security and allowing a firewall to be utilized. We believe that patient data confidentiality is of utmost concern. Using the security features within a SaaS model provides heightened security.

An option that we have is cloud. The main difference cloud and SaaS is that cloud is very effective when computing functionality is required. A cloud model allows applications to be held outside of VEI's data center. We prefer to handle all applications onsite or in partnership with LUHC.

Obviously, a hybrid cloud model could be established between LUHC and VEI, however, despite cheaper costs, we would insist that all applications are maintained within our facilities. To ensure security, VPNs would need to be used (more problematic than SaaS).

If LUHC were to increase the number of functionalities or change expectations for the website, it would not be possible within the scope of the project offered in our RFP response. We have carefully considered the functionalities requested and developed the project plan to accomplish LUHC's goals using industry accepted standards.

The scope of the project is to develop a website which will serve as a portal for patients and employees of LUHC and does not include any acts of promoting or marketing other than search engine marketing (SEO) and search engine marketing (SEM) as stated in schedule B of contract. In order to reach the optimal number of customers within their own community it would be most effective for LUHC to market the website as they deem appropriate for their organization and community's culture. Additionally, it would be difficult if not impossible for VEI to verify how much if LUHC's profit was a result of the website. For these reasons, VEI is unable to agree with the ROI Warranty clause which promises a specific return on investment for LUCH and will counter by stating that we will not guarantee any ROI based on this project.

As it will be necessary due to scope of the project to interface hospital and VEI systems, VEI will require a clear definition of Material Breach and how this will be quantified. In addition VIO is requesting that should a breach occur, VIO have access to all records surrounding in order to concurrently review source of failure of the breach.

Vital Elements Inc finds the Source Code Escrow agreement (section 12) acceptable. It is clearly defined and offers protection to both parties. To summarize that section of the contract, a source code will be placed with a reputable escrow agent within 30 days of LUHC's initial software payment and will be released permanently or temporarily for reasons described in 12.2. The terms of this section are explicit and offer a fair and reasonable protection of LUHC against vendor bankruptcy or solution failure/discontinuation, and protection of VEI against abuse of source code abuse by the hospital.

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