Business Consulting Project Pricing & Investment Guidance

Process Documentation

Microsoft Office User

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# purpose

The valuation of our offerings delivered through the services of our people requires consistency in market, in addition to ensuring our people are appropriately compensated for the work they contribute. As we scale in market and across regions, maintaining a standard approach to project pricing will be critical.

In addition, the investments we make to support customer needs requires visibility and measurement centrally to ensure we’re making such investments prudently.

The purpose of this document is to provide guidance on project pricing through the use of standard internal rates, in addition to the process required for setting up and executing project-related investments.

# Pricing Guidance

* Practice Leaders and Principals should own the project scoping activities, which includes the resource estimation that will establish project fees. Input from team members is welcomed but final resource structure requires review and approval by the Practice Leader prior to project pricing being presented to the customer.
* As best as possible, project agreements should almost always target a fixed fee model. This allows us to establish a fee for our services that best represent market value. Almost all of our customers’ MSAs do not include a rate card for business consulting roles, and time and material agreements would force us toward professional services rates that are much lower.
* We expect the introduction of business consulting rates into MSAs to occur gradually over time. Within customers where we have rate cards that include business consulting roles, it is recommended to still initiate pricing discussions through a fixed fee approach.
* *There are clear exceptions to where it is in our best interest to proactively present a time & material fee model. Practice Leaders should use their discretion in this approach.*
* When a customer is insistent upon leveraging rates captured within an agreed upon MSA tied to a time & material fee model of if we are operating as a workstream within a broader time & material program (e.g., partnering with Professional Services), Practice Leaders and Principals should identify the most appropriate rates tied to the level of resources assigned to this engagement. *This is not considered an investment.*
* It is recommended to include a contingency pricing of 10 – 15% on top of the fixed fee. *Practice Leaders should user their discretion in this approach.*
* There are two typical methods for invoicing through a fixed fee model: time-based and deliverable-based milestones. Both are acceptable methods. As best as possible, it is recommended to leverage kick-off or project initiation as a milestone to capture roughly 25% of project fees.

# Fixed fee rates

Effective January 1, 2021, Business Consulting projects priced through fixed fee should establish pricing through the internal standard rates represented below:

|  |  |
| --- | --- |
| **Role** | **2021 Rate (USD)** |
| Leader | $425 |
| Principal | $360 |
| Senior Consultant | $315 |
| Consultant | $275 |
| Associate Consultant | $240 |
| Content Steward |  |

Conversion rates to local currency outside of the US should be assessed on a quarterly basis at minimum.

*Business Consulting delivery within LatAm will adjust to local market pricing needs, and aligned upon with the market GM.*

# Investments

* For the purposes of fixed fee agreements, an investment is defined as a reduction in fees built from the standard internal rates. An investment does not mean cutting into the additional contingency fees you may choose to apply.
* Investments tied to fixed fee engagements should always be applied to the fee itself when presented to the customer, and not the rate (thus not disclosing the rate).
* All investments require emailed approval by the Global Practice Leader.
* All approved investments will be established and measured through an internal investment code (*i.e., POC code)* within Lynx*.* This will help to ensure for centralized tracking of investments made at the account level, within region, and globally.