

CASE –Software Development Partnership

Background Information

A startup offering AI-powered customer service chatbots negotiates with a mid-sized company looking to integrate the chatbot into its CRM.

AIChat Solutions is a fast-growing AI startup offering customizable chatbots for customer service automation. Their product integrates with CRM systems but has limited enterprise deployment experience.

TechNova Enterprises is a mid-sized IT services provider with 15,000+ CRM users. They need an AI chatbot to stay competitive but worry about integration complexity and data security.

Mutual Interest

TechNova wants to embed AIChat's chatbot into its CRM. AIChat sees this as a major expansion opportunity but must avoid overextending its small dev team.

Main Points of Negotiation

1. **Pricing Model:** Per-user fee vs. revenue share vs. flat rate.
2. **Customization and Integration:** Who handles integration? How much technical support is included?
3. **Support & Maintenance:** Response times, SLAs, and costs.
4. **Data Privacy & Security:** Who owns chat logs? Can AIChat use data for training?
5. **Contract Duration:** Duration, renewal, early exit penalties.
6. **Branding:** Co-branded or white-label? At what cost?

External Events

- Market Pressure: AI adoption is accelerating across industries. Delays may risk losing competitive advantage.
- Economic uncertainty is impacting software buying behavior and startup pricing flexibility.
- Competition: TechNova is also in talks with ChatGenius, another AI vendor.
- Regulations: GDPR compliance is mandatory; data must be stored in the EU.

Confidential briefing – AIChat Solutions

You represent **AIChat Solutions**, a growing startup offering customizable AI chatbots for customer service automation. This is a major opportunity to expand your market through integration into **TechNova**'s CRM solution.

Your Key Objectives:

1. **Pricing Model:** Prefer per-user licensing at **€8–€12/month/user** to ensure recurring revenue. Open to revenue sharing if your cut is **at least 50%**.
2. **Customization:** You'll provide API access and documentation. TechNova should handle integration; you want to avoid dedicating scarce developer resources.
3. **Support:** Offer basic support for free (email, response in 48h). Premium support (24/7 phone, dedicated rep) should cost **€1000/month**.
4. **Data Privacy:** You retain all rights to your chatbot's training data and core AI model. Customer chat logs can remain with TechNova, but only under compliance conditions (GDPR).
5. **Contract Terms:** Minimum **2-year partnership**. Include early termination penalty of **€20,000** to recover onboarding costs.
6. **Branding:** Prefer co-branding, but will agree to white-label for an additional **€20,000/year** fee.

BATNA: Another CRM vendor is interested, but deal terms are weaker.

Key Risks:

- Being pulled into unpaid integration work.
- Losing visibility if product is white-labeled without compensation.
- Long-term exclusivity that blocks growth.

NOTES for participants:

1. *Read through the background information and your confidential briefing with your objectives for the negotiation (this page).*
2. *Discuss with your partner(s) what your negotiation strategy will be in the negotiation: how will you achieve your targets?*
3. *Agree on your roles for the negotiation – what is your role in the company? Will either of you be taking charge of some of the points in your list of objectives?*

ALSO:

4. *Please don't share the negotiation background and notes with other students in the class.*
5. *Prepare separately for your negotiation. Get together when both sides are ready and please record the meeting. The meeting will only be viewed by the teacher. Have fun in your negotiation 😊!*