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Negotiate Enterprise Communications Deals

VERIZON RAPID DELIVERY – NOT SO FAST

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Long delivery times are among customers' biggest complaints about their telecom vendors, so Verizon's "rapid delivery" automation platform is sure to catch the attention of enterprise users. It's *supposed* to drive faster quoting, contracting, ordering and provisioning, and more accurate billing. What's not to love?

A lot, actually, if you are an enterprise customer who understands that price is more than just a number and likes to negotiate appropriate terms when contracting for network services. Fast is good, but it's not synonymous with value, especially when accompanied by hidden terms and higher fees for mission critical services. And there is little evidence that Verizon's approach is actually yielding better, more quickly deployed, and more efficient services for customers.

VERIZON'S RAPID DELIVERY CONTRACTING MODEL

Every few years one of the vendors comes up with a "solution" to the age old enterprise complaint that their contracts are cumbersome and one-sided, and the delivery and implementation of new prices and services is slow. Unfortunately, the "solutions" are usually illusory. Verizon's Rapid Delivery contracting model fits this trend in a way that's similar to AT&T's "Comprehensive Service Order Attachment," introduced almost a decade ago. That initiative also led to confusion and customer dissatisfaction, and AT&T has since moved away from it.

Verizon recently started aggressively pushing its large enterprise customers – potential and existing – to a ***new*** contracting model it calls Verizon Rapid Delivery. The new model has the same elements as the old – (1) a Verizon form contract with (2) service-specific Attachments, both of which are subject to (3) Verizon standard web-based documents (such as its Service Publication and Price Guide and Acceptable Use Policies). The difference is in how it treats these elements.

Under the existing/old model, Verizon customers have a master service agreement with service-specific attachments that are just that – specific to a particular service, such as Internet Access, MPLS (which Verizon calls "Private IP Service"), web conferencing, security services, WAN optimization, etc. Under the new model, Verizon's Rapid Delivery Attachment is set up so that it can be applied to all Verizon services that are "optimized" for its automation platform, and applies specifically to the services listed as "New Rapid Delivery Services". Verizon no longer provides a copy of the service attachment for a specific service; the VRD Attachment incorporates by reference Verizon's web-based terms.

The number of "optimized" services is large and growing, though Verizon has not yet included (and may never include) services that it wants to do away with, like TDM based long distance and web based telephone directory services. We've appended a list of "optimized services as of mid-July of 2014; it includes most of the services of greatest interest to enterprise customers, such as SONET and Ethernet access, MPLS, Internet Access, managed WAN, Voice over IP, wavelength services, and Wi-Fi.

Why should you care and how is this approach different from what enterprise customers have experienced from Verizon (and other providers) in the past? Under the "old" approach sophisticated enterprise customers were able to avoid some of the worst parts of Verizon's web-based terms and prevent many material and unhelpful changes to things like key functions and features. They did so by negotiating terms in their contracts to "trump" undesirable web-based terms and by copying desirable web-based terms into a service attachment or their master agreement to eliminate Verizon's ability to change them. Sophisticated customers refused to allow non-negotiated terms "incorporated by reference" to undermine their negotiated contracts by specifying that negotiated terms would take precedence over non-negotiated, incorporated terms.

All of this matters to customers because under today's standard order of priority, if there's a conflict, service-specific terms in an attachment trump the master agreement, and the master agreement trumps the web-based terms. But Verizon's Rapid Delivery muddies these waters: the Rapid Delivery terms take precedence over the master agreement and other attachments. And the Rapid Delivery terms include new, often less favorable terms and incorporate web-based terms. They also ask customers to acknowledge that the Rapid Delivery terms and rates (and any modifications and incorporated terms) are binding.

Verizon's approach draws into question which terms will apply. This is not a question any enterprise customer wants to leave unanswered. Negotiated terms and rates should always trump the on-line terms (and prices) that the vendor wrote and can change at will.

In short, it appears that Verizon is promising "rapid delivery" by eliminating negotiated terms and undermining existing ones. That is a trade-off few enterprise customers are willing to make for mission critical services.

Verizon Throttles Services, So Customers Should Throttle VRD

What Customers Can Do:

New customers don't have to accept Verizon's "solution". If you are a potential Verizon customer preparing to release an RFP, include specific prohibitions against a vendor using its order process or other sleights of hand to avoid complying with the agreement reached.

If you are a potential Verizon customer that released an RFP, but are still in discussions with a short list of vendors, use the other bidders contracting flexibility to negotiate a clause specifically excluding application of the VRD Attachment to any services provided under the agreement.

If you are a potential customer that released an RFP, but have already chosen Verizon as the winning bidder, ask for the clause described above and, if Verizon refuses, re-evaluate the bids.

What Existing Customers Can Do:

Over the past few months, the concern over the Verizon Rapid Delivery Attachment has grown, particularly when Verizon claims it will no longer process orders for the "optimized" services under a customer's existing contract –a contract that appropriately reflected the user's understanding of the business deal when it decided to purchase Verizon services. We have yet to hear why the automation platform could not be used, but with services remaining subject to the negotiated contract. What we *have* heard is that Verizon is refusing to place orders for services like Voice Over IP, Private IP and Access – services that businesses need and take time to implement. Ironically, even with VRD, Verizon will *NOT* be required to deliver these services any faster under the new VRD than under your existing contract.[1]

As business pressure builds, what are you to do?

First, explain the risks to your colleagues. If the company places the order under Verizon's new VRD contracting model, the VRD attachment terms apply in lieu of the key terms the business spent time negotiating in its Verizon master agreement and service-specific attachments. Here are *some* key examples:

- Charges for the services

[1] Verizon claims its new VRD platform yielded improvements of 70% in quote to delivery times, http://i.crn.com/custom/Verizon_PPG_Gatefold_Advert.pdf, but the improvements were only claimed for channel partners. So, before accepting Verizon's claims, have your account representative point out anything in the VRD contract that requires Verizon to improve delivery times and watch your account rep squirm.

- What contributes to purchase requirements/minimum commitments
- time to dispute charges
- time within which Verizon may bill charges
- the size of early termination charges and when they apply
- SLAs

If this doesn't convince them to slow down nothing will.

Second, just say "No." If Verizon wants the business, it should be willing to live with the terms it negotiated. And create leverage -- consider moving or threatening to move existing business (e.g., Internet access) to another provider that doesn't dictate new and terrible terms mid-deal. This is particularly effective if you have existing contracts with other telecom providers. Tell Verizon they may not be included in future requests for quotes. Escalate within Verizon. The individuals refusing to place the orders may have limited authority to address your concerns, but higher ups can do so. Verizon will not want to indefinitely postpone new business and should be reminded of the irony if its "rapid delivery" approach is delaying new revenue.

We commend Verizon for trying to tackle one of its customers' serious issues, but this time the carrier got it wrong. Verizon's Rapid Delivery makes great promises and claims to solve customer frustrations, but once again Ben Franklin's age old aphorism applies. "Take time for all things; great haste makes great waste".

As of July 16, 2014, Verizon had “optimized”:

Access (including Ethernet access and network services local access),
Business Connection,
IP Contact Center Services,
Customer Premises Equipment and Related Services,
Ethernet Switched E-LAN,
Ethernet Switched E-Line,
Internet Broadband,
Internet Dedicated Services,
IP Business Bundle,
Location Data Service,
Mobile Workforce Manager,
Managed Call Recording,
Managed Global Network,
Managed WAN,
Managed LAN,
Managed WAN Optimization,
Managed Wireless LAN,
Network Discover,
Secure Gateway,
Wi-Fi for Business,
Application Assurance,
Mobile Merchant,
WAN Analysis Reporting,
Wavelength Service Solution,
Private IP Service (Layer 3),
DoS Defense,
Managed Certificate Services,
Managed Security Services (Cloud and Premises),
Security Management Program,
Security SaaS,
SSL OnDemand/Corporate ID,
Voice Over IP