

## Teaming with Cyber-Run

### Role: Software Development Company

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You are the owner of a software development company, and you are currently working with an agency of the United States government providing software development services. Everything is going well with the current contract – communication is positive between you and the agency, your employees enjoy doing the work, your work product is on time, and so are the agency's payments. The agency has put out a new call for bids on a software development contract, and you would like to submit a bid. However, the contract would require cybersecurity specialty, and you do not currently have that specialty. The scope of the contract is not clear about how much software development and cybersecurity might be required. You would like to team with a subcontractor to conduct the cybersecurity portion of the contract.

You have approached Cyber-run, a small business specializing in cybersecurity that has been building a positive reputation in your industry. Two businesses in your network have used Cyber-run as a subcontractor. These businesses have reported that Cyber-run treats their employees well, they have a good work product, and are early or on time in submitting their work. Your initial discussions with Cyber-run have been positive, and you think it might be a good fit to team with Cyber-run to submit the bid.

Although there are likely many more issues other than the issues described below to discuss in the eventual agreement, for the purposes of this exercise please focus on the 5 following issues. Also, imagine that you have complete authority to negotiate these issues. Below, is a summary of the 5 main issues:

**Percentage of contract:** This is the amount of workshare that the software company will have in the contract versus the subcontractor. The amounts are expressed as a percentage of the workshare of the contract with 100% being the total contract. For example, 51%/49% indicates that 51% of the contract would be owned by the software company and 49% would be owned by Cyber-run.

**Payment terms:** The software company will submit an invoice to the agency, and the agency will provide payment within 30 days. Payment terms is the number of days the software company will have to pay Cyber-run following the receipt of the agency's payment.

**Security Engineer pricing:** This is the amount billed to the agency per hour for the work performed by the security engineer.

**Expiration of Agreement:** This is the amount of time until the teaming agreement will expire. The agreement can be extended with the agreement of both parties.

**Cyber Project Manager Assistant:** The percentage of time that a project manager from Cyber-Run will assist a project manager from the software company in leading the project.

On the next page you have an outline of different possible options for each of the issues. For example, you could decide that payment terms are upon receipt of payment from the agency or 15 days after the receipt of payment from the agency. You should note that each issue has a different degree of importance to you, as indicated by the magnitude of the number of points you could gain or lose. Your goal, as the owner of the software development company, is to reach an agreement with the Cyber-run representative on all 5 issues that is best for you. **THE MORE POINTS YOU EARN, THE BETTER.** Although you may disagree with the way in which the points were assigned, please use the points schedule on the following page in this exercise. Be sure to note the number of points

you will receive for each type of agreement. As a negotiator, you may settle upon any of the options for each of the issues. Thus, there are a very large number of feasible settlements.

Finally, you only have a certain number of points that you can allow for this agreement. For you points = resources, and you must negotiate a deal that is worth at least **800** points to you. You have a different cybersecurity company that is willing to team with you for the bid that is worth 800 points. Further, failing to achieve at least 800 points could result in you not being able to have a contract that will be beneficial for your company. You will have 20 minutes to negotiate.

<b>Payoff Schedule</b>		
<b>Issue</b>	<b>Lowest</b>	<b>Highest</b>
Percentage of contract	0	600
Payment terms	0	120
Security Engineer pricing	0	80
Expiration of Agreement	0	240
Cyber Project Manager Assistant	0	400
<b>Total</b>	<b>0</b>	<b>1440</b>

## Software Development Company Points Sheet

***NOTE: DO NOT LET THE CYBER-RUN REPRESENTATIVE VIEW THIS INFORMATION***

<i>Issue</i>	<i>Options</i>	<i>Points</i>
Percentage of contract (software development company/Cyber-run)	51%/49%	0
	60%/40%	150
	70%/30%	300
	80%/20%	450
	90%/10%	600
Payment terms	Upon receipt	0
	15 days	120
	30 days	90
	45 days	60
	60 days	0
Security Engineer pricing	\$240 per hour	0
	\$220 per hour	20
	\$200 per hour	40
	\$180 per hour	60
	\$160 per hour	80
Expiration of Agreement	14 months	60
	12 months	240
	10 months	180
	8 months	60
	6 months	0
Cyber Project Manager Assistant	0%	400
	5%	300
	10%	200
	15%	100
	20%	0