

CASE STUDY



Evergreen Clause



THE CHALLENGE

Sometimes the unknown can lead to wasting a significant amount of money. This was the case for a \$580M Financial Institution with 11 branches. Unaware that the original contract (signed 15 years ago and without a copy on file) contained an Evergreen Clause, the FI was auto-renewing multiple service contracts annually at an average increase of 3%. The CFO estimates the FI lost more than \$30,000.

Due to these Evergreen Clauses, the FI's annual maintenance budget was locked into the price of each contract. Additionally, they had no flexibility in selecting their service providers.



THE SOLUTION

Equips was chosen to assist the FI in consolidating its equipment inventory and streamlining its contracts. We offered a layered solution to resolve the issues of the Evergreen Clauses and to prevent auto-renewals from occurring in the future.

First, we exercised the "opt-out" provision in all contracts with an Evergreen Clause. We also recommended the FI implement a policy to remove auto-renew language going forward, effectively eliminating the issue.

We then consolidated 23 maintenance contracts into one Equips agreement. These strategies extricated the FI from the auto-renewal cycle and gave them a solution that allows them to budget and accurately project the cost of equipment maintenance. Additionally, the FI gained freedom to choose their own service providers.



THE RESULT

By opting out of the Evergreen Clause on multiple contracts, Equips saved the FI \$30,000. Additionally, with the consolidating of their other maintenance contracts, the FI realized further savings of 18.6%.

Cost savings is one result, but another key outcome is the time savings experienced by the FI. Leveraging our online platform, Equips.com, greatly reduced the amount of staff time spent on managing service events. Operating under a single agreement has helped the FI save time on contract management and negotiation.

