

<General Strategy>

Blue will negotiate perusing Blue's future profit while creating a good relation with its key customer Red at the same time. Future profit is to acquire the maximum profit from the EC site development and Robot project. In addition to create more business opportunity in the long run.

<Importance of issues in E-commerce >

1. Years of support service
2. Fee for support service
3.Charge for site development
4. Omni Channel Marketing & Blue V. Negoland

< Importance of issues in Robot case>

1.Retain ownership of IP rights
2. Length of exclusivity for Red
3. Type of robots to be developed

<<Aim of the Negotiation for EC site development >>

1. To develop a good reputation in the EC site development business and make it Blue's main business in the future.

	Term of contract	Fee of service	Site development
<b>Top</b>	<b>5 years</b>	<b>30%</b>	<b>20 million</b>
<b>Bottom</b>	<b>5 years</b>	<b>20%</b>	<b>15 million</b>

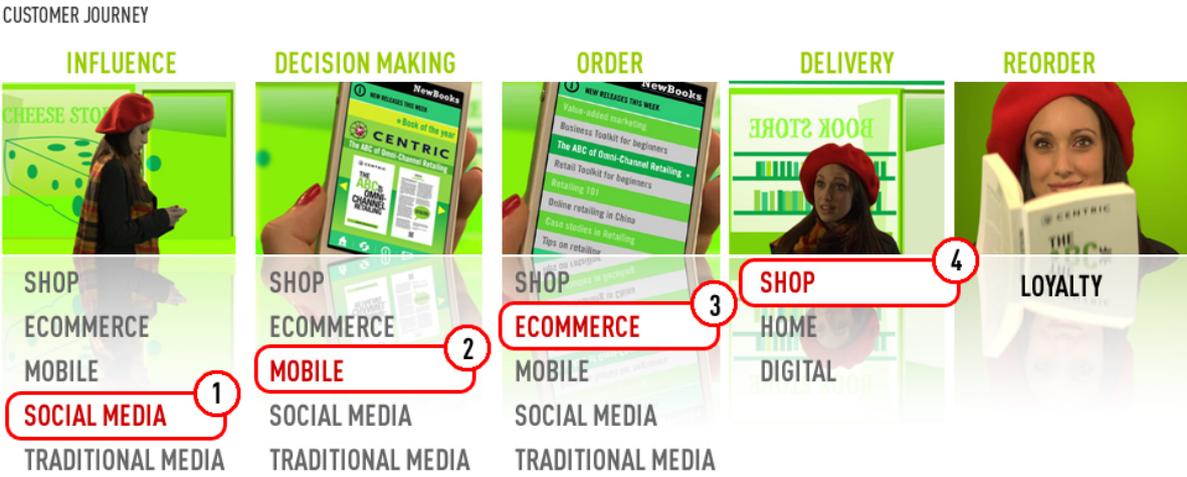
Priority	1.	2.	3.	4.	5.	6.	Green
<b>Term</b>	5 yr	5 yr	5 yr	4 yr	2 yr	2 yr	<b>5 yr</b>
<b>Fee</b>	30%	30%	20%	30%	30%	25%	<b>30%</b>
<b>Dev. Fee</b>	20 mill	15 mill	15 mill	20 mill	20 mill	15 mill	<b>10 mil</b>
<b>Profit</b>	111 mill	106 mill	75 mill	84 mill	43 mill	34 mill	<b>82 mil</b>

Strategy

Blue wants to provide EC site development services to its valued customer, Red, hoping that it will lead to further business opportunities in Negoland. During the negotiation, Blue will explain why it is charging Red US\$20 million for e-commerce site development. If Red insist on lowering the development charge and ongoing support service fee, Blue will make it clear that Blue is willing to offer any discount on charge and fee, if the term of the contract will be extended and fixed. Blue will offer 25% for ongoing support service fee, if Red agrees to make the term of the contract to 5 years.

Blue will explain the advantages for continuing the ongoing support service for longer period of time than 1 year. In the course of that Blue will address Red's reasons and concerns for limiting period to 1 year. Blue will make sure that Red understands how this service is crucial to running and managing the new e-commerce site. Other vendors were very fond of it and opted for a 3-5 year period.

1. Details of coordination between the e-commerce and Red's physical stores in Negoland



<Goal for omni channel strategy>

Offer innovative ideas to Red to achieve its goal of integrating online and offline channels into its business .

Strategy

Blue shall propose the following omni channel strategies:

1. Delivery from physical stores
2. Self Service Register (Fast track / bar code / stock information)
3. Online video call from fitting room
4. Online forum for customers on the EC site (customers can share pictures about their outfits, discuss fashion, enables Red to carry out market research)
5. Convenience store delivery

Also, Blue will listen to Red's ideas on omni channel strategy and try to incorporate both parties' strategies and ideas into the final plan. The more services they agree on, the longer the ongoing support service has to be.

<Goals for Blue Village Negoland>

<b>Top</b>	<b>Keep the contract and the consignment fee of 25%</b>
<b>Bottom</b>	<u>Terminate the contract</u>

**Strategy:**

It would ruin the reputation of Blue Village Negoland if Blue lets go of such a famous vendor, therefore Blue aims to keep the contract with Red. Blue has to provide them services that persuade them to keep their contract with BNV: Blue would offer to lower the consignment fee, or even to abolish the fee. Blue will propose to keep the line-up of Red on BNV, but for purchasing the customer would be redirected to Red's site.

If Red is willing to secure its ties with Blue, Blue will propose account sharing of Blue Village Negoland to Red's EC site.

<b>&lt;Aims for Robot Development&gt;</b>	
1. Develop robots that satisfy the needs of society	
2. Extend Blue's share in the robot industry and generate profits by 2019	

**1. Type of robots to be jointly developed**

<b>Top</b>	<b>Care Support type first and then Communication/Security type robots</b>
<b>Bottom</b>	<b>Develop Care Support type robots only</b>

**Strategy**

Blue will explore Red's underlying reasons for developing Care Support type first. Then, Blue will explain advantages for developing Communication/Security type Robots. After clarifying both parties intentions and interests, Blue will attempt to come up with solutions acceptable to both parties. If both parties end up developing Care Support type first in future, Blue will not give up the type of robots without any compromise from Red on the exclusive right term.

**2. Ownership of intellectual property rights in and to the robots to be developed**

<b>Top</b>	<b>Secure all intellectual property rights</b>
<b>Bottom</b>	<b>Grant Red exclusive rights for a limited period of time</b>

**Strategy**

Blue will try to explore Red's reasons for retaining intellectual property rights then explain them that this issue is non-negotiable for us. Blue can accommodate their requests for exclusive rights in exchange.

Blue wants to reward Red for its contribution, but the IP rights have to belong to Blue in order to expand its business. Blue can license Red the rights to use the robots but exclusivity has to be limited to a few years of time.

**3. Exclusive agreement**

<b>Top</b>	<b>Term of exclusive agreement is 1 year</b>
<b>Bottom</b>	<b>Term of exclusive agreement is 2 years</b>

\*In all cases, it is necessary to add a clause in the contract allowing Blue to lease the robots to parties other than Red in the event of Red's refusal to use the robots.

**Strategy**

Blue will start out with a 6 months exclusive period. The reason would be securing funds for the development of the second type of robots and recouping the initial investment costs. If Red gives convincing reasons for longer exclusive period, Blue will offer a 1 year period. Blue will inquire Red about the number of robots they are intending to use and request Red to use at least 1 robot in each of their facilities. In any event, Blue will request to add a contract clause, which would allow Blue to lease the robots to other parties in the event Red does not use them in spite of the exclusive period. If Red agrees on using the robots in all of its facilities, the term of the contract could be extended to 1,5 years.

**BATNA**

If Blue and Red could not reach to an agreement, there is the option of dropping the agreement with Red. Blue could make a new offer to Green for e-commerce development and Purple – an Arbitrian company, for joint development of health care robots. Blue will express that possibility as a negotiation tool whenever needed — nevertheless, this option shall not be de facto considered as it would be greatly damaging to Blue.

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