

BEYOND LEVERAGE

Vendor Management When You Are Not the Biggest Client

A Practitioner's Perspective on Managing Data Platform Vendors from a Position of Scale Disadvantage in Banking

Giovanni Leonardi

July 2026



Vendor Management When You Are Not the Biggest Client

Portfolio · No. 122
July 2026

“Goodwill is the only form of priority a small account can accumulate, and it is accumulated in the ordinary weeks, not demanded in the difficult ones.”

1. The Asymmetry Nobody Prices Into the Business Case

The moment a smaller institution signs a data platform contract, the economics of the relationship are already settled — and not in its favour. To the vendor, the annual fee is a modest line against an account they may have signed the same quarter with an institution twenty times the size. That asymmetry appears nowhere in the procurement pack. The business case models licence cost, implementation effort and expected benefit; it does not model the one variable that will shape the next five years of the relationship, which is how much of the vendor's attention the contract actually buys.

The pattern I have observed across smaller banks, building societies and specialist lenders is consistent. Leaders assume that signing the contract establishes the relationship. It does not. It establishes an obligation — the vendor will keep the lights on, honour the SLA, and answer the phone within the contracted window. What it does not establish is priority: a seat at the table when the roadmap is set, a sympathetic ear when an upgrade breaks something, or flexibility when the commercial terms need to bend. Those are allocated by a different logic entirely, and the smaller institution that does not understand that logic will spend years feeling ignored and blaming the vendor for it.

2. Why Chasing Leverage You Cannot Have Is the Wrong Fight

The reflexive response to scale disadvantage is to try to manufacture the leverage a large client would have. I have watched capable people exhaust themselves doing exactly this — threatening to switch platforms when everyone in the room knows the switching cost is prohibitive, escalating every irritation to the vendor's senior management as though volume of complaint substitutes for commercial weight, or benchmarking their terms against a Tier 1 bank's and demanding parity. None of it works, and it is worth being honest about why.

A credible threat to leave requires a credible alternative and a tolerable cost of exit. A smaller institution running its core analytics on a platform it took two years to implement has neither. Escalation works when the person you are escalating to has a reason to care;

to a vendor for whom your account is immaterial to the quarter, a loud small customer is a cost to be managed, not a risk to be mitigated. And demanding Tier 1 terms invites the entirely rational answer that you are not a Tier 1 client. Each of these moves spends relationship capital to chase leverage the structure will never grant. The energy is real; the return is close to zero.

The question is not how to acquire the leverage a large client has. It is how to become the kind of small client a vendor chooses to look after well – because the levers that produce that outcome are entirely within your control, and they are not the ones procurement teaches.

3. The Levers You Actually Hold

Strip away the leverage you cannot have and a surprising amount remains. The levers available to a scale-disadvantaged client are quieter than commercial muscle, but over the life of a platform they compound, and they are almost entirely self-generated.

- Clarity of requirements. A client who knows precisely what they need, and can articulate it in the vendor's own terms, is cheap to serve and pleasant to work with. That is worth real money to an account team measured on margin.
- Low cost-to-serve. Every ticket you do not raise because your own house is in order, every escalation you resolve internally, every ambiguous request you sharpen before it reaches the vendor, lowers the cost of your account and raises the goodwill in it.
- Reference value. A vendor selling into your segment needs credible customers of your size who will take a call from a prospect. That is a currency large clients rarely offer and small ones can.
- Advocacy and signal. Thoughtful product feedback from a customer who understands the domain is an input the product function actively wants. Being a source of good signal buys you a hearing that your contract value alone never would.
- Aggregation. The leverage you lack alone may exist in concert with peers who face the same vendor with the same problems.

None of these is a negotiating tactic to be deployed at renewal. They are postures to be held continuously, and the institutions that hold them well are treated materially better than their contract size would predict.

4. Requirements Clarity Is a Commercial Instrument

Of all the levers, requirements clarity is the one most consistently underused, because it is mistaken for a technical virtue rather than a commercial one. When a smaller institution goes to its vendor with a vague ask – "we need better reporting", "the data doesn't reconcile" – it hands the vendor an expensive problem to diagnose, and expensive problems from small accounts are exactly the ones that drift to the bottom of the queue. When the same institution arrives with a precise, well-scoped, well-evidenced request – the specific data flow, the observed behaviour, the expected behaviour, the

business consequence — it hands the vendor something cheap to action and easy to prioritise.

The discipline this requires is internal, and that is the point: it is a lever you can pull without the vendor's permission. It means investing in your own people's understanding of the platform so that requests leave your building already sharp. It means never using the vendor as a substitute for thinking you should have done yourself. Over time, an account team learns which of its clients generate clean, actionable, respectful demand and which generate noise, and it allocates its discretionary effort accordingly. Being the former is a choice, and it is free.

5. Partnership Is a Posture, Not a Sentiment

"Partnership" is the most abused word in vendor management, usually deployed to dress up a transactional relationship in warmer language at contract signing and then forgotten. Used seriously, it describes something specific: a stance in which you make the vendor's success with your account genuinely easier, in the expectation — not the guarantee — that the relationship returns the favour when you need it.

In practice this means treating the account team as people with their own pressures and incentives rather than as a service-desk abstraction. It means understanding what they are measured on — retention, expansion, reference-ability, low support cost — and, where it costs you nothing, helping them hit it. It means giving the vendor enough forward visibility of your plans that they can help rather than react. The institutions that do this build up a reservoir of goodwill that does not appear on any contract but is drawn down at precisely the moments the contract does not cover: the emergency fix, the sympathetic reading of an ambiguous licence clause, the quiet heads-up that a breaking change is coming. Goodwill is the only form of priority a small account can accumulate, and it is accumulated in the ordinary weeks, not demanded in the difficult ones.

"The smaller institution cannot buy priority. It can only earn it, one low-friction interaction at a time, in the long stretches when it needs nothing at all."

6. The Reference Economy

There is one currency in which a smaller bank is often richer than a large one, and it is systematically undervalued: reference-ability. A vendor selling into the mid-market and specialist-lender segment needs proof points from institutions that look like its prospects. Large marquee logos impress, but a prospect of modest size wants to hear from someone their own size who made it work. That makes a willing, articulate small customer disproportionately valuable to the vendor's growth engine — and value to their growth engine converts, quietly, into attention on your account.

This lever should be used deliberately and never given away for free. A reference call, a case study, a slot on a customer panel, a willingness to host a prospect visit — each of these is a genuine gift to the vendor, and each can be offered in exchange for something that matters to you: earlier sight of the roadmap, a named senior contact, engineering time on a problem that matters to you more than your contract value would justify. The mistake is to hand out references as a favour and then wonder why the relationship feels one-directional. Treat them as the scarce, tradeable asset they are.

7. When to Stop Being Alone

The single largest source of latent leverage for a scale-disadvantaged client is other scale-disadvantaged clients. A vendor can comfortably ignore one small institution asking for a roadmap change; it cannot as easily ignore eight of them asking for the same thing, particularly when those eight together approach the contract value of an account it would fight to keep. User groups, segment forums and informal peer networks turn individually negligible voices into a collectively material one.

Aggregation has a second benefit that is almost as valuable as the leverage itself: it tells you whether your problem is yours or everyone's. A great deal of energy is wasted escalating issues that are idiosyncratic to one institution's configuration and would have been better solved internally. Comparing notes with peers reveals which frustrations are shared — and therefore worth pushing on collectively — and which are self-inflicted. The caution is to enter these arrangements to solve real, shared, specific problems, not as a standing grievance club; a coalition with a precise ask commands respect, while a coalition that only complains trains the vendor to tune it out.

8. Choosing Which Battles Are Worth Fighting

All of the above depends on a discipline that scale-disadvantaged institutions find hardest of all: restraint. Because you hold few levers, each one must be spent where it matters. The client who treats every defect as a crisis, escalates every irritation, and demands attention on every request is not being assertive; they are debasing their own currency. When everything is urgent, the vendor learns that nothing from you is, and the goodwill you will genuinely need for the one issue that is existential has already been spent on a dozen that were not.

The practitioner's task, then, is triage. Distinguish the issues that threaten your ability to serve customers or meet an obligation to the regulator — where you press hard, formally, and with your full accumulated goodwill behind you — from the ordinary friction of running someone else's software, which you absorb, work around, or raise gently and let go. This is not passivity. It is the deliberate concentration of scarce influence on the few things that genuinely warrant it, which is the only strategy that works when influence is the thing you are short of.

9. What Good Looks Like

The institutions that manage vendors well from a position of scale disadvantage do not look like the ones with the toughest procurement or the loudest escalation culture. They look, from the outside, almost unremarkable: they are clear about what they need, easy to deal with, generous with the things that cost them little and matter to the vendor, disciplined about the things that matter to them, and connected to peers who share their position. They have stopped trying to be a big client and started being an excellent small one — and in doing so they secure a level of attention and flexibility that their contract value, read on its own, would never predict.

That is the reframing the business case should have contained from the start. The question was never whether you could negotiate like the biggest client in the vendor's portfolio. You cannot, and pretending otherwise wastes the years you have. The question is whether you can become the client the vendor's own account team quietly hopes to keep — because that, and not commercial muscle, is what actually buys a smaller institution a future it can rely on.