



Expertise  
and insight  
for the future

Robin Kaski

# Five steps for B2B ICT-service suppliers to co-operate more effectively with customers' procurement on the Finnish market

Metropolia University of Applied Sciences

Bachelor of Business Administration

International Business and Logistics

Bachelor's Thesis

30.4.2020

Author Title Number of Pages Date	Robin Kaski Five steps for B2B ICT-service suppliers to co-operate more effectively with customers' procurement on the Finnish market 50 pages + 1 appendices 30 April 2020
Degree	Bachelor of Business Administration
Degree Programme	International Business and Logistics
Instructor/Tutor	William Simcoe, Senior Lecturer.
<p>ICT-service suppliers in Finland operate in a hectic environment with many external challenges. The challenges companies face in the fast-paced market are fast growth, numerous competitors, new technologies, dependency on certain skills, labour shortage, continuously growing ICT-services etc. According to research, 50 percent of IT projects fail and only 30-35 percent measure tangible benefits. One of six projects overrun an average cost of over 200 percent in which the average time schedule overrun was over 70 percent. This research aims to find a few important points which could help ICT-service suppliers to co-operate more effectively with customers procurement.</p> <p>By reviewing the previous literature and research, the main problems lie in human interaction, knowledge and communication. A qualitative study method was used in order to build knowledge on the previous literature. The qualitative study is based on three interviews with professionals in the Finnish ICT-sector. After analysing the research, five important topics were created for ICT-service suppliers to use in the fast-paced environment. The 5 topics are:</p> <ol style="list-style-type: none"> <li>1. Understanding buyer view</li> <li>2. Gathering &amp; using information/data</li> <li>3. Effort on preparation</li> <li>4. Solving across silos</li> <li>5. Manage contracts continuously</li> </ol> <p>Based on this research, the most important factors are that ICT-service suppliers understand the opposite sides view, uses the information provided and opens internal and external communication silos.</p>	
Keywords	ICT-suppliers, ICT-service, Sales, Negotiations

## Contents

### List of Figures

1	Introduction	1
2	Literature review	3
2.1	ICT suppliers	3
2.1.1	Information and communications technology	3
2.1.2	ICT in Finland	4
2.1.3	ICT- categories	5
2.1.4	Outsourcing IT	6
2.2	Procurement	8
2.2.1	Procurement sector scope	9
2.2.2	Procurement organisation scope	10
2.2.3	Procurement within the public sector	10
2.2.4	Procurement within the EU	12
2.3	Problems between the co-operation of ICT-suppliers and procurement	13
2.3.1	Reasons for ICT-project failures	13
2.3.2	Characteristics of market	14
2.3.3	Buyer view	15
2.3.4	Supplier/Seller view	17
2.3.5	Negotiations	19
2.3.6	Silo effect	21
2.3.7	Reducing the silo effect	22
2.3.8	Contract management	23
3	Methodology	24
3.1	Interviews	24
3.1.1	Misa	25
3.1.2	Sasha	25
3.1.3	Eeri	26
3.2	Reliability of the study	26
4	Analysis	27
4.1	Understanding buyer view	28
4.2	Gathering and using information/data	31

4.2.1	Communication	32
4.2.2	Using data	33
4.3	Effort on preparation	34
4.4	Solving across silos	36
4.5	Managing contracts continuously	38
5	Conclusion and discussion	39
5.1	Conclusion	40
5.1.1	Customer focused	41
5.1.2	Firm Focused	42
5.2	End note	43
5.3	Further research	43
	References	44
	Appendices	
	Appendix 1. Interview questions & Interview quotes used (in Finnish)	

## List of Figures

- Figure 1. Client's reasons for choosing a consultant.
- Figure 2. Procurement positioning tool (or Kraljic matrix)
- Figure 3. The sales funnel
- Figure 4. What top professionals do that other don't
- Figure 5. Value pie, creating and claiming value
- Figure 6. The generic value chain
- Figure 7. Research findings

## 1 Introduction

After digitization in the 21<sup>st</sup> century, companies are relying on technology more than ever. In the fast-paced environment, companies need to adapt and be aware of the new technologies that are on the market in order to stay competitive. The environment is hectic for ICT-suppliers which need to consider new technologies, rapidly growing competitors/customers, adapt new ways of doing tasks, dependency on expertise of certain skills, continuously growing ICT-services etc. (Oracle, 2018., Eurostat cited in Ficom, 2019., IDC Corporate, 2018)

Information and communications technology (ICT) is a constantly growing sector. From 2006 to 2017 the global ICT revenue rose from approximately 2600 billion to 4600 billion euros. (IDC Corporate, 2018) Finland is known for its high competencies in the ICT sector, which attracts many ICT companies to test products on the Finnish market. (FiCom, 2019) Competencies are that Finland has the highest labour percentage of skilled ICT workers in the EU, an extremely competent startup scene (Businessfinland, n.d.), the countries 340 000 square kilometres are fully equipped with mobile networks, consumers use the highest amount and pay the lowest amount of data/gb in Europe, consumers are early adaptors and capable of using technologies. The competencies are known worldwide, attracting ICT companies to test their products and the country is now known as being the world's ICT test laboratory. (FiCom, 2019)

Many companies have purchased ICT-systems which are made in successful co-operation with both the ICT-supplier and the buyer. Although, over 50 percent of the IT-projects fail and only 30-35 percent manage to measure tangible benefits of the project. (Lientz & Larssen, 2006: 3) One of six projects overrun an average cost of over 200 percent in which the average time schedule overrun was over 70 percent. (Flyvbjerg and Budzier, 2011) This results to extra costs for customers and loss of customers for ICT service suppliers.

Studies or previous research indicate that ICT project failures continue with alarming failure rates. Although technology is changing with disruptive technologies, previous research still indicates that reasons have remained as mostly human failures during the past 40 years. (Lientz & Larssen, 2006., Flyvbjerg and Budzier, 2011)

The relationship between sales and procurement have been researched and large quantities of literature has been produced for sales, procurement and negotiations. (O'brien, 2016: 27) The aim of this research is to find different ways how B2B ICT-suppliers could co-operate more effectively with customers procurement within the highly competent Finnish market. Quantitative and qualitative studies about ICT are done consistently in Finland. This research would focus on the relationship between the ICT-supplier and procurement while taking to account the vast research produced about ICT in the Finnish market. It would start filling the gap between ICT supplier and procurement relations and how suppliers could co-operate more effectively in the world's most highly competent country within ICT.

In order to research the question, research about previous literature was conducted in a literature review in which insights about ICT, the Finnish market, procurement and problems between the co-operation are gathered. The theoretical framework will then be compared to a qualitative research study which was conducted by interviewing three persons which belong to the top experts from Finland with vast knowledge and experience of the Finnish ICT-sector.

## 2 Literature review

### 2.1 ICT suppliers

#### 2.1.1 Information and communications technology

In today's modern and global world, information has never been as accessible and demanded as it is today. Organisations and companies use various technologies to gather information and spread it within the organisation, using the data, managing finances, spreading it to customers etc. (Murray, 2011) ICT is an abbreviation for information and communications technology, which is a broader definition from its more famous definition information technology (IT) (Techopedia.com, 2019). The term ICT was adopted when the internet and telecommunications networks became combined systems and it enabled companies' to not only process information with technology but also communicate it forward. Previously, telecommunications and the internet were separate technologies but now both systems are combined. (Murray, 2011)

An ICT-system is a network combined of multiple converging technologies such as telecommunications, internet, broadcast media, audio-visual processing, network-based control etc. (Techopedia.com, 2019). Ferguson and Pratt (2019) explain that ICT-systems can have many of the following features combined to each other: cloud computing, software, hardware, internet access, transactions, communications technology and data.

Reasons for companies using ICT-systems is to improve decision-making, financial performance, customer service, increase manufacturing productivity and enhance easy collaboration (Linton, 2018). It is used in multiple varying organisations, companies, and sectors.

As the technology sector is receiving awareness and adapting new disruptive technologies such as Artificial Intelligence (AI), blockchain and Internet of things (IoT). They have a high potential of contributing to the ICT-sector as well. It will not only



contribute to the ICT-sector, but also enterprises and the public sector will benefit from the innovations. (Oracle, 2018)

### 2.1.2 ICT in Finland

The quality of ICT networks in Finland is among the highest in the world. Finland is a country with 17 inhabitants per square kilometre and mobile networks which cover the whole country of 340,000 square kilometres. Finland is also the leading country in mobile data usage within the EU. The average Finn uses 15.42GB data per month while the EU average is 4.42 GB per month. Mobile data costs are also the lowest in Europe, with prices of 1 GB costing 0.02€ while the average price in Europe is 0.84€ GB. (FiCom, 2019)

Finland is therefore a proficient country for companies launching new technologies and ICT-related products. The country is known as the world's telecommunications test laboratory. The reasoning for becoming the telecommunications test laboratory are the extremely high technological capabilities within the telecommunication sector, which attracts companies to test their products. (FiCom, 2019) The reason for high ICT advancements in Finland is a result of the telecommunications never being operated by a state monopoly during the history of Finland. Private companies were responsible of Finland's telecommunications which enabled free market competition. The free market competition made markets effective and advanced the technologies in the telecommunications sector to the present-day. (Statistics Finland, 2007)

The ICT-sector in Finland is highly competitive of its nature. New companies are storming the markets and new technologies are developed consistently, combined with an active startup scene in Finland which also raises and attracts entrepreneurship. (Businessfinland, n.d.) The active startup scene not only attracts entrepreneurship within Finland but also capital outside the country in the form of foreign direct investments (FDI's). In 2018 Finland's FDI's topped the Nordic countries altogether by attracting in 194 FDI projects whereas Sweden as second place received 73 projects. (Ey, 2019: 6). From the 194 FDI projects, the digital sector ranked first with 53 projects, health and

social work second with 22 projects, business services ranked a divided third spot with machinery and equipment in which both sectors received 17 projects. (Ey, 2019: 34)

The Finnish governments startup grant incentives is to make entrepreneurship possible within the country. TE-keskus, which is the Finnish job and livelihood services distribute a startup grant of 700€ per month. Although, the process takes effort and time in order to receive the grant money, with a possibility of not everyone receiving the grant. (Te-palvelut, 2020)

### 2.1.3 ICT- categories

The ICT sector can be divided into two categories. According to the OECD standards, the two sectors are called manufacturing and services. (OECD, 2011: 58-59)

ICT manufacturing is described as:

*"For manufacturing industries, the products of a candidate industry: must be intended to fulfil the function of information processing and communication including transmission and display, or must use electronic processing to detect, measure and/or record physical phenomena or to control a physical process."* (OECD, 2011: 58)

The ICT service industries description is the following:

*"For services industries, the products of a candidate industry: must be intended to enable the function of information processing and communication by electronic means."* (OECD, 2011: 58)

Both definitions above were changed, discussed again and agreed to in 2007 after the official description in 1988. The intent of changing the definition slightly was to define the sectors properly in order to gather meaningful data and statics for the OECD countries. (OECD, 2011: 58-59)

#### 2.1.4 Outsourcing IT

By outsourcing strategically, it can bring significant value to a company. The company can be able to focus on its core competencies therefore creating a competitive advantage. The company does not need to focus on the non-strategic or non-relevant parts of the company. (Quinn and Hilmer, 1994: 1)

When companies outsource certain parts of the company, a demand for certain expertise is typically needed. The knowledge or expertise can be provided directly by the IT provider or even by external consultants. Rope claims that the use of the word consultant has become a popular term and many companies use it in the wrong context. Especially in the IT context, the difference between the terms of an IT- systems supplier and consultant can be hard to distinguish. Rope defines consulting as transferring a person's own knowledge in a time limited frame into another party. (Rope, 2006: 40-41, 51).

Rope (2006: 21-22) defines the four main needs and features for hiring consultants:

1. Expertise, which defines consulting as having special knowledge of a certain subject and being capable of advising the customer as a form of service.
2. Temporary work, as an example, companies typically use inside consultants and these consultants are used temporarily inform of projects. Project work is a typical form of working in the consulting context.
3. Customers experience of needing the consulting service, the customer might have the same knowledge and expertise as the consultant. Although, the customer might feel the need of hiring a consultant because the voice and expertise of an outsider might influence the employees more effectively. Another reason is that the customer does not have the time or will to do a certain task e.g. firing employees.

4. Hiring expertise is profitable, customer believes that by hiring the consultant it will give the company an economic and operational benefit which is worth more than the expenses of hiring the consultant.

Consequently, according to research in which clients responded reasons for hiring the consultant. (Talouselämä 5/2001 cited in Rope, 2006: 45)

1.	References	32 %
2.	Image of the consulting firm	21 %
3.	Client's industry knowledge	21 %
4.	Internationality	12 %
5.	The consultant's personal reputation	6 %
6.	Clearly defined product	6 %
7.	Price	2 %

Figure 1. Client's reasons for choosing a consultant. (Talouselämä 5/2001 cited in Rope 2006: 45)

The data enhances the importance of references, image of the consulting firm and client's industry knowledge which builds up to 74 percent of the reasons for hiring the consultant. (see Figure 1.)

Although strategically outsourcing has its advantages, there are also disadvantages which need to be considered. Lientz & Larssen (2006: 165-170) claims that there are certain common problems which occur when outsourcing IT. A few of common problems when outsourcing consultants (Lientz & Larssen, 2006: 165-170):

- *"Inadequate vendor performance"*
- *"Vendor staff who do not share information"*
- *"Vendors that use their own proprietary methods and tools"*
- *"Vendors that do something different from what they agreed to"*

Lientz & Larssen conclude that problems with the vendor will diminish if clear behaviour patterns can be established by the hiring company in: Expectations, promises and commitments, issues management, transfer of knowledge and information. (Lientz, Larssen, 2006: 179)

## 2.2 Procurement

In short, procurement is the department or part of the organization which is responsible for purchasing materials and services to the company.

Baily, Farmer, Crocker, Jessop, Jones (2015: 4) describe the function purchasing as:

*"To buy efficiently and wisely, obtaining by ethical means the best value for every pound spent."* (Baily et al. 2015: 4)

*"To ensure continuity of supply by maintaining effective relationships with existing sources and by developing other sources of supply either as alternatives or to meet emerging planned needs."* (Baily et al. 2015: 4)

The goals of procurement are to purchase efficiently, find the best suppliers on the market, ensure a continuous supply of materials, maintain effective relationships, develop staff policies, procedures etc. All the above mentioned is done to ensure the achievement of organizational goals. (Baily et al. 2015: 3-5)

Procurement is becoming recognized as a strategically important task within organizations. (Baily et al. 2015: 9) Other external factors such as global sourcing, corporate social responsibility and early supplier involvement are factors which procurement needs to consider in the modern day. (Van Weele, A, 2014: 16-17) Lifecycles become shorter, products need to be developed quickly and reaction times are shorter. In order to stay competitive, it requires excellent communication between managers and several departments. Because strategies are reconstructed consistently,

procurement needs to be aware of changes and the requirements of company demands. (Baily et al. 2015: 12)

### 2.2.1 Procurement sector scope

From a broader perspective, procurement departments have differing tasks and characteristics when comparing the sector in which the company is operating in. (Baily et al., 2015: 66-67)

Baily et al. (2015: 67) has organized the different types of organisations. Below are listed a few examples of different procurement.

Small single-product organisations procurement, in which common characteristics are low pay and status, purchasing has little specialisation, reports to finance or production executives and is unlikely involved in strategy determination. (Baily et al., 2015: 67)

Process industries procurement. In which characteristics are large quantities of raw material purchases, continuity of supply important, professionalism needed in the procurement function, purchases are done worldwide, and the company has category specialists. (Baily et al., 2015: 67)

Service industries procurement. The largest part is the people within the company, know-how is needed in order to provide the service with right technique. Therefore, the procurement department does not have a large role. (Baily et al., 2015: 67) Although some companies classify the human resources function as "procurement of people" and this typically falls to the category recruitment, but this depends on how the managers view their HR and procurement processes. Some service industries such as airlines have possibly large procurement departments. (Chrisos, 2018)

The public sectors procurement. Characteristics are: Highly standardised processes, high knowledge in the procurement function, large amounts or services are bought with taxpayers' money. (Baily et al., 2015: 68)

### 2.2.2 Procurement organisation scope

When considering a narrower organisational perspective, the scope of procurements tasks, functions and importance lies heavily on the company, company identity, the market and its placement, capabilities of the company, management issues etc. (Lim, n.d.)

Procurement of ICT is organized in different ways within organisations. Some organisations have separate people or even team(s) focusing on purely ICT while in other organisations procurement professionals handle ICT procurement as part of their other responsibilities. The United states agency (2011: 5) recommends gathering a team from different departments when procuring ICT in order to receive many point of views into the procurement process.

*"ICT Procurement is all about aligning a company's IT strategy with its business strategy to fulfill its needs better."* (Gujadhur, 2017)

Gujadhur also states that ICT procurement officers perform normal procurement tasks. The difference is that the ICT officers understand the company's technology, communicate with many departments and are aware of the companies needs in order to make the right decisions when purchasing ICT. (Gujadhur 2017)

From an ICT supplier perspective, the differing ICT procurement practices in client companies has to be taken into account when designing the approach of selling to the customer.

### 2.2.3 Procurement within the public sector

Tasks and processes differ when comparing procurement in the public sector to procurement within the private sector. The public sector must be transparent and accountable in order to assure taxpayers that money is spent wisely and not abused. (Baily et al., 2015: 114-115) Therefore, the public sector is highly processed, and they have certain boundaries and they need to follow the EU's public procurement law.

Governmental purchasing decisions are also made on a best 'value for money' principle (Baily et al., 2015: 114-115). To assure taxpayers that money is spent wisely, many western countries have centralized and decentralized procurement entities to abide the law. Within the EU there are six types of procedures the contracting authority can choose from. (European commission, 2017) The most popular procedures are open -, restricted – and negotiated procedures. (Hansel.fi, 2019) Depending on the type of the project, the contracting authority can choose which procedure will be most sufficient for the tender. E.g. if the contracting authority realizes that only a few suppliers can execute the difficult building project, the wisest option is to make a negotiated procedure since the contracting authority can then negotiate the possibilities with each competitor.

Some western countries such as Finland, Denmark & Austria have a joint procurement unit which is responsible for making frame agreements to the government. (Hansel.fi, 2019) The joint procurement unit is a separate entity, in form of a company in which the government owns most of its shares. The procurement unit competes and shapes the deals in benefit for the government, which produces cost savings instead of having every government department, state or municipality using public tendering and therefore raising costs of procurement in total for the government. Contracts between different vendors are established after public tendering and the contracts are public. All municipalities can use the same frame agreements which the procurement unit has provided. (Hansel.fi, 2019)

The Finnish governments central procurement unit is called Hansel, which operates under the ministry of finance. (Hansel.fi, 2019)

Government tenders are located in supplier portals online in which government tenders are available and can be answered in the online portals. ([hanki.tarjouspalvelu.fi/](http://hanki.tarjouspalvelu.fi/), [tarjouspalvelu.fi/](http://tarjouspalvelu.fi/), [hankintailmoitukset.fi](http://hankintailmoitukset.fi/), 2020)



#### 2.2.4 Procurement within the EU

The underlying procurement law within the EU states all the way back to 1957 to the Treaty of Rome. The aims of the treaty were to bring transparency, free movement of goods, services capital & people, effectiveness on developing public tenders, standardise specifications and provide advance information of procurement needs to the marketplace. (Baily et al., 2015: 126-127)

When public entities within the EU are procuring materials or services, they need to follow the EU's *Good Procurement Practice* guidance. The guidance gives advice on "avoiding the most common errors in projects funded by the European Structural and Investment Funds" (European commission, 2020. *Good procurement Practice for Practitioners*, 2018: 1). It inherits all the fundamental basics of a procurement process and deepens with knowledge around public tenders. (European commission, 2020)

These types of processes and laws makes public procurement incentives highly processed. Although, the goal is to lower expenses which is beneficial considering from the perspective of the European taxpayer.

The European Commission has also developed best principles for public entities procuring ICT. Public entities should preferably read the commissions rapport "*Best Practices For ICT Procurement Based On Standards In Order To Promote Efficiency And Reduce Lock-In*" (European Commission, 2016: 9) reasons for building the rapport was to reduce vendor lock-in within the public entities in the EU. Vendor lock-in means that the customer has become locked in with a certain ICT solution, in which the only entity capable of operating or fixing the solution is the vendor. This creates future turnover for the vendor and creates high costs for the customer. The European commission's goal was to raise awareness of the high costs of ICT vendor lock-in and create a community in which the public entities could discuss best practices in procuring ICT. (European Commission, 2016: 9) From an ICT-supplier perspective, vendor lock-in is one of the fears that the ICT procuring entity has, this should be taken to account when the ICT service supplier is selling to the public sector.

## 2.3 Problems between the co-operation of ICT-suppliers and procurement

This chapter lists problems and certain factors which affect the relationship between ICT-service suppliers and procurement.

### 2.3.1 Reasons for ICT-project failures

Information systems (IS) or IT project failures have been studied ever since information technology was invented 50 years ago. During the 1980's it was reported that over 50 percent of IT projects fail, during the years around 2005 the percentage of successfully measurable IT projects with tangible benefits was around 30-35 percent. (Lientz and Larssen, 2006: 3) A research by the Harvard Business Review examined 1471 IT projects in which they found that the average project cost overrun is 27 percent. One of six projects overran an average cost of over 200 percent in which the average schedule overrun was over 70 percent. (Flyvbjerg and Budzier, 2011)

According to Lientz and Larssen, 2006 the reasons for IT project failures are human problems. Even though technologies have developed substantially into the possibilities in today's world, one would think that the amount of failures would have dropped in 50 years. The same mistakes are made repeatedly by humans. Common reasons are that system development is viewed as an art or craft, which creates an illusion of every project being unique and individual. When system development is viewed as unique, managers do not recognize failures beforehand which could have been prevented from previous learning experiences. The lessons learned could be gathered and learned but by the time this has been done, everyone is working on another project already and the learning experience is never reached. (Lientz & Larssen, 2006: 3)

One differing view which also affects IT project failures is the relationship between Business & IT. Businesspeople have mostly routine projects which are easily measured. The amount of time and costs can be estimated in advance in business projects as well. IT projects tend to be variable, which makes it difficult to estimate costs and time for the IT project. As Lientz & Larssen (2006: 7-8) states, a businessperson workday tends to be routine work which varies slightly. Contrarily, an IT-persons workday might be

filled with requests and problem-solving which might require a high amount of work hours. It is difficult to tell if an IT persons work has been effective for days or for weeks. These problems typically cause communication problems between business and IT. (Lientz & Larssen, 2006: 7-8)

### 2.3.2 Characteristics of market

The characteristics of market chapter describes the hectic Finnish ICT-sector. It is divided in Market growth and competitors.

#### 2.3.2.1 Market growth

The ICT sector is a constantly growing sector. From 2006 to 2017 the global ICT revenue rose from approximately 2600 billion to 4600 billion euros. (IDC corporate, *Global ICT Spending*, 2018) Total spend also grew from 4.3 trillion to 5.06 trillion US dollars during the time period of 2016 to 2019. Estimations of spend have been made up to 6.06 trillion in 2022. (Statista, 2020)

The ICT sector is indicating a constant growth in the future. New technologies such as Internet of Things (Iot), robotics, drones and AR/VR are in the turning point in which companies are raising investments in order to compete on the markets. (IDC corporate, *Global ICT Spending*, 2018)

#### 2.3.2.2 Competitors

The Finnish ICT-sector is a competitive environment for ICT- companies. Finland has the most ICT- employees in the European union with an ICT-employee account of 6,8 percent or over 100 000 people while the EU average remains at 3,7 percent. (Ficom, 2019) Although Finland has a lot of expertise within the ICT-sector, the yearly demand of ICT-talent is still growing, and the immediate demand of e.g. coders is around 7000-9000 employees. Talent acquisition is important for ICT-companies. Companies' are struggling to receive employees into the workplace and the whole sector is competing

for the best talent. (Eurostat cited in Ficom, 2019) Overall the ICT-sectors employment has been on a steady rise every half year. According to Statistics Finland, the consulting & programming sector has been on a 13,5 percent rise in 2019. (Statistics Finland, 2019)

The increasingly growing market attracts competitors and many companies grow with fast rates. Companies grow with fast rates being unable to keep up with the talent acquisition required for growth. This combined with a deficit of programmers and engineers in Finland results in a large competition between finding talent within the ICT-sector. (Kaleva, 2019) The Finnish ministry of education and culture has started to take actions against the deficit of programmers by organizing more open university programs in collaboration with higher education. Topics regarding coding & computer sciences are online courses organized by universities of applied sciences (Laurea.fi, n.d., Amkoodari, n.d.). Also, University of Helsinki is organizing Massive open online courses (MOOC's) which are free courses, for anyone to be able to take the courses in coding from the comfort of their own home. (Mooc.fi, n.d.)

### 2.3.3 Buyer view

Procurement professionals use a famous model which is called the "procurement positioning tool" to define in which category the supplier is categorized in. (Mulder. P, 2013) The model is used for determining which suppliers would be best sought in a close relationship (Baily et al., 2015:19). The model is also known as the Kraljic- Matrix. The matrix shows 4 different categories which are called Critical, Leverage, Bottleneck and Routine. Kraljic's incentive in 1983 was to raise awareness within the procurement community that they can purchase materials and services more intelligently. The model became widely known and is still used today. (Mulder. P, 2013)

Although the model is simple and it can be used efficiently, many companies and especially in small procurement departments might use it wrong. If a small company rarely purchases products in a year, it might consider most of their suppliers to be strategic even though they could be considered as leverage products. Therefore, paying high prices for products they could pay less for. (Webb, 2017)

The financial impact in the Kraljic matrix considers the costs and how it will affect the profit margins. Supply risk contrarily considers the risks of receiving the product. It considers the stability of supply and how uninterrupted the supply of the product can be. (Baily et al., 2015: 19-20)

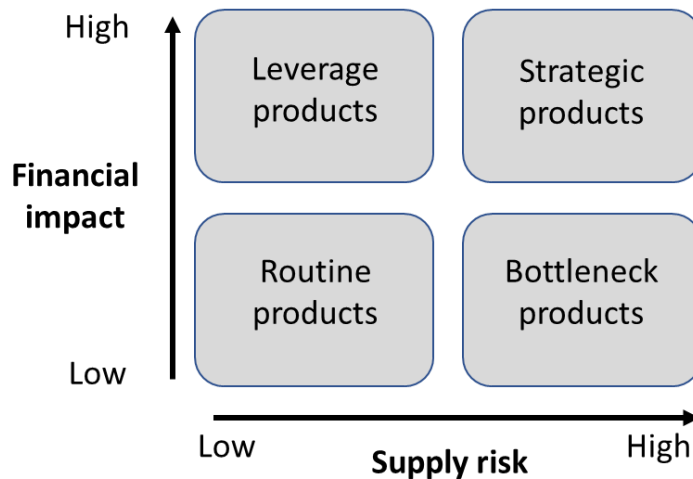


Figure 2. Procurement positioning tool (or Kraljic matrix) (Baily et al., 2015: 19)

The different categories of the Procurement positioning tool are the following according to Baily, P., Farmer, D., Crocker, B., Jessop, D. and Jones, D. (2015: 20-23):

Routine products= Have low financial impact and low supply risk. E.g. Ordering office supplies

Leverage products= Have a high financial impact but have low supply risk e.g. Ordering laptops or new IT products to the office

Bottleneck= High supply risk and low financial impact. A typical example is a technology product which is hard to find e.g. the power bank of a certain laptop.

Strategic products = High supply risk and high financial impact. These products typically affect the business and management is involved in decision making e.g. powergenerator for a factory, automated robots, ERP-systems etc.

Another important view from the buyer perspective is the Total cost of ownership (TCO). The purpose of calculating TCO is to not only to consider the cost of the product or service, but also consider other costs which affect the total costs of the project, both short and long term. (Baily, P. 2015: 25-26)

#### 2.3.4 Supplier/Seller view

McBane (1995, as quoted in O'Brien, 2016: 29-31) states that the empathic salesperson has three basic attributes. These are: The ability to adopt the viewpoint of the buyer, emotional contagion and concern shown for the feelings and welfare of the buyer.

The sales process or also known as the sales funnel (see figure 3) is the common view in how the seller views the situation in co-operating with the buyer. O'Brien states that salespeople typically have an edge in negotiations. Typically, an organization has a sales process and the whole organization is supporting the process. Sales receives conveniently support from different departments and the whole organisation if needed. (O'Brien, 2016: 32-33)



Figure 3. The sales funnel (Rich, Spiro and Stanton 2007, cited in O'brien 2016: 25)

Firstly, the seller prospects for candidates and then qualifies leads. After leads are qualified, the customer needs are then identified in which a proposal is made. When the proposal has been offered, the buyer and seller then negotiate. If negotiations are successful, a deal is closed and a transaction is made. In short, the customer goes through the different parts of the sales funnel and this is commonly the sellers view of the situation. (O'brien, 2016: 23-26)

Khalsa and Lillig argue that typical ways of interacting with the customer is that we tell, we accept, and we guess. (Khalsa, Lillig 2008: 24-27) They are all valid options to engage the customer with although the authors present a fourth option called mutual exploration. The matrix (see figure 4) describes what top professionals do that others don't.

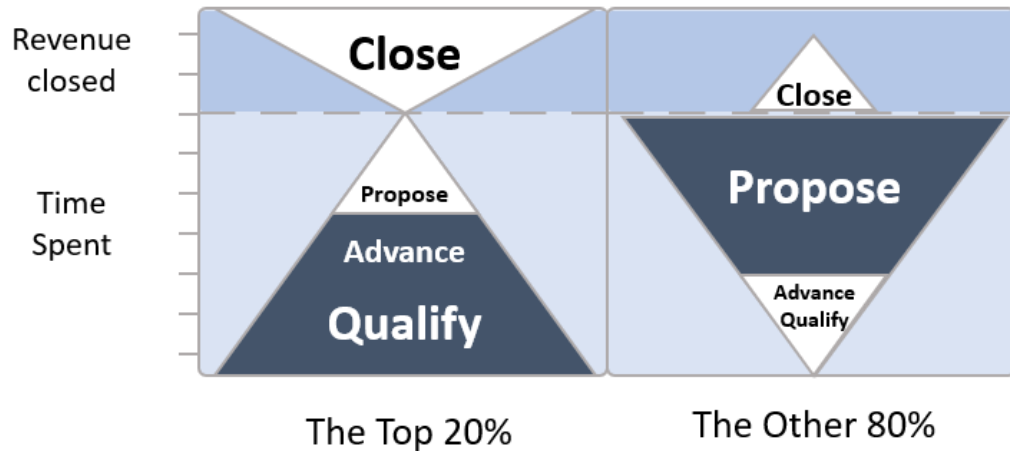


Figure 4. What top professionals do that others don't (Khalsa, Illig 2008:27)

The authors claim that the top 20 percent of professionals spend more time on qualifying and advancing the customer, therefore receiving a higher revenue close rate than the rest 80 percent. With the authors' purpose of qualifying the most potential customers and creating a highly valuable solution for the customer, common arguments are that it is more time consuming to qualify and advance for a longer period. Although the authors claim that time is used more effectively in this scenario since un potential clients are discarded at an earlier phase. Which saves time in later phases of the sales funnel. Another argument is that a potential sale is therefore lost when the client has been discarded at an earlier phase, however the authors point out that selling a solution to a client which does not fit their needs is also a loss since the client will most likely not purchase the solution. If the solution would be purchased the client might feel displeased afterwards which is not beneficial. (Khalsa, Lillig 2008 pp 26-27)

### 2.3.5 Negotiations

Deepak Malhotra describes that negotiation is fundamentally human interaction. (Malhotra, 2016: 5)



Fisher and Ury (1992: 13) describe negotiation as: "*Negotiation is a basic means of getting what you want from others. It is a back-and-forth communication designed to reach an agreement when you and the other side have some interests that are shared and others that are opposed.*"

Based on the definitions of negotiation, a scenario of a buyer and seller discussing business can be considered as negotiating. Therefore, the theories and techniques of negotiations can be used in a supplier buyer relationship.

A frequent term in negotiation literature is called creating and claiming value. Claiming and creating value can be described as a value pie (See figure 5). When claiming value, one party assumes a fixed pie or a fixed set of value within the negotiation, also known as a zero-sum game. The party tries to claim a bigger slice of the pie for themselves, while the other party gets a smaller slice and is likely disappointed. Claiming value is beneficial when a party is pursuing in maximizing short-term win while risking the relationship to last short-term as well. (O'brien, 2016: 6-9)

Creating value is about expanding the pie, also known as believing in a non-zero-sum game, in which the party pursues to create more value for both parties by creating options that were not considered before. Value can be created by expanding different options. Creating value is more beneficial when pursuing long-term relationships. (O'brien, 2016: 6-9)

In creating value, a party seeks to create more value to the deal. In claiming value, the negotiator believes in a zero-sum game or a "fixed pie", in which the negotiator tries to claim most of the value for themselves. Negotiators should preferably seek to create value than claim value. (Lax and Sebenius, 2006:16-19, 119-123)

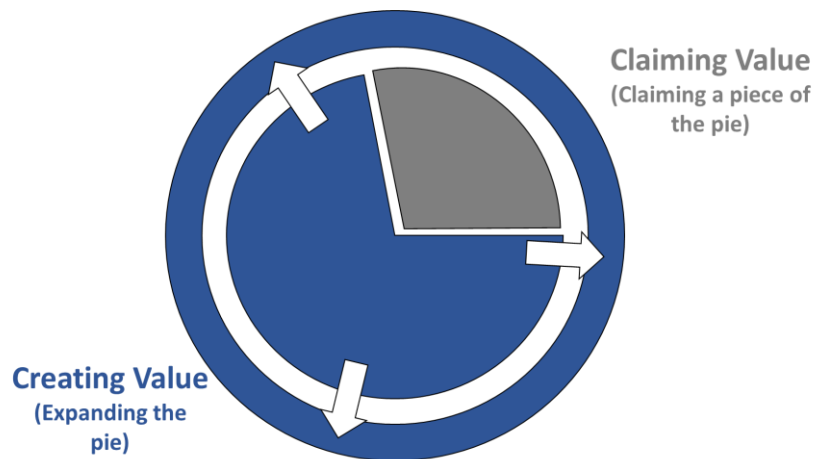


Figure 5. Value pie, creating and claiming value

### 2.3.6 Silo effect

The silo effect is seen as a problem mostly in large companies. When departments get larger and extensive workers are hired for newly created standardized positions, the silo effect is a greater concern. The silo effect is a lack of communication between departments within an organization. Managers are considered as gatekeepers, making communication difficult and a hard task between departments. (Vatanpour, Forutan and Khorramnia, 2013)

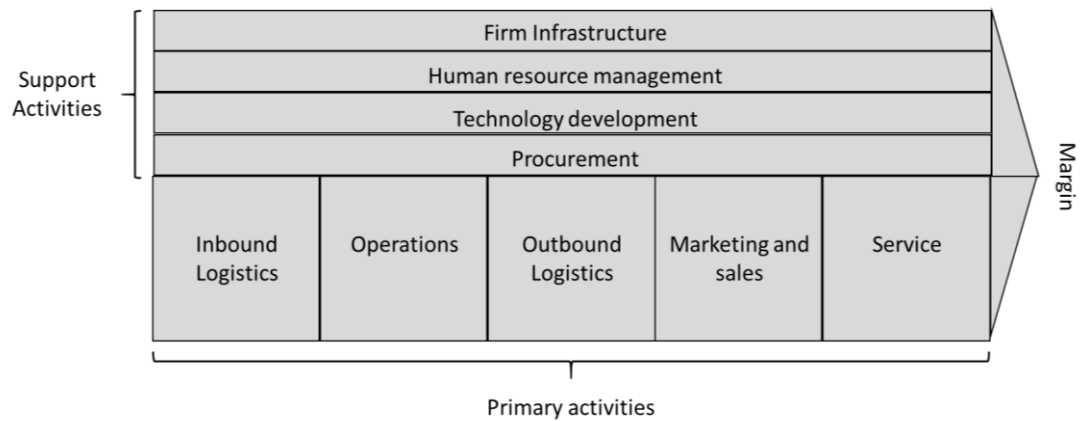


Figure 6. The generic value chain (Porter cited in Kotler, 2005: 469- 471)

The value chain is used as a tool for viewing on delivering value to the end customer. Value is delivered through not only primary activities but also through support activities which affect every primary activity within the value chain. The point is for companies to understand costs as well as potential sources of competitive differentiation. (Kotler, 2005: 469- 471)

When observing the silo effect from a value chain perspective, the silos are created between the different departments within the organization. Kotler states that coordination between departments is a crucial factor for succeeding in the creation of an effective value chain. Departments typically become interested in maximizing their own interests instead of viewing the situation from the value chain. Therefore, losing the organisations possible differentiation and competitive advantage. (Kotler, 2005: 469- 471) By viewing the silo effect from a value chain perspective, high communication and low silo activities between departments would benefit the end customer as the firm is set up to create the highest end value possible to the customer.

### 2.3.7 Reducing the silo effect

Using cross-silo teams is the most common way for organizations to reduce silo building. A cross-silo team includes persons from different silos in which they work together for a problem or opportunity which spans over silos in the organization. Another form is to

create task force teams. Task force teams differ from cross-silo teams by having a timeframe for a certain task. As an example, Aaker refers to Mastercard which organized a successful task force team for managing a major sponsorship, the World Cup. (Aaker, 2008: 74-78)

Facebook tackled silo problems by designing open offices in which communication between departments could form easily. The company also designed a 6-week recruit program for every employee joining the organisation. Executives, engineers, coders managers etc. had to all accomplish the course. End goals of the six-week course were to find the candidates who could suit in a certain department. Another goal was to create social ties among employees, which lowers the barrier to ask for help from another department. Because now the employee has a personal relationship with someone from another department. (Tett, 2015: 202-236) In short, Tett describes that the ways to reduce the silo effect is rotating staff through different departments, design the offices so that departments can easily collaborate, create programs where different departments can participate and get to know each other. In general, focusing on ways to stop making people inward-looking and defensive. (Tett, 2015: 202-236)

### 2.3.8 Contract management

*The rationale behind the framework method of purchasing is to achieve savings in both costs of procurement and time spent in the procurement process. (Sigma, 2011)*

Contract management's focus is to deliver what the company has promised, the purpose is to deliver the expected value to the client while maximizing profits and minimizing risk (IACCM, n.d.). It is the process that ensures that all parties to a contract fully meet their obligations, in order to satisfy the operational objectives of the contract and the strategic business goals of the customer. (van Weele, 2014: 95)

### 3 Methodology

In the following chapter the methodological approach for the research will be presented. The different methods used to gather the information will be discussed as well as critical aspects of the methods and how they may have influenced the study.

#### 3.1 Interviews

In order to find sufficient answers for the research question "How could ICT-service suppliers co-operate more effectively with customers procurement in the Finnish market", a qualitative method was chosen for studying the research question. It was considered the most suitable option for conducting the research with the available resources. The reason for choosing the qualitative study as the most suitable option was because qualitative methods are good for gaining in-depth insight into certain concepts or phenomena (McCombes, 2019).

The qualitative method was performed in the form of interviews, in which three persons with vast experience in the field of ICT were interviewed. The persons were chosen based on their experience and different positions within the ICT- field. Work titles regarding the interviewed persons were the following: "Head of ICT-procurement", "Head of contract management" and "CEO, Head of ICT". The corresponding persons have been working in comparable positions within the ICT sector with experience as CEO, ICT-sales, procurement consulting for the public & private sector. The reasoning behind choosing persons with different backgrounds within the ICT-sector was to gather information from different perspectives in order to get a broad view of the current situation. Therefore, finding answers on how ICT-service suppliers could co-operate more effectively with customers procurement.

Interviews were conducted in December 2019. The participants were found through a familiar network. The interviewees worked as CEO of an ICT-service consulting company, head of ICT in a Finnish corporation and head of contract management in a company operating within the ICT service sector.

The interview took form of a semi-structured interview. Most of the interview questions were planned, although follow-up questions were allowed. Questions also differed per participant. The purpose for conducting different interview questions for the participants was to gain more specific and in-depth information about the corresponding participants point-of-view in their specific area of expertise.

Interviews were approximately one hour long, and they were voice recorded. The reason for voice recording was for the researcher being able to repeat and understand the participant properly in order to be able to clarify their point-of-view. All interviews were conducted in Finnish. Therefore, there is a risk of modifying the context when translating the interview to English. For these purposes, the researcher recorded the interviews in order to listen and properly translate the interview so that answers could remain as transparent as possible without changing the context (Jacobs, 2019).

In terms of transparency and identity. The interviewees wished to remain under anonymity. Their request has been respected and names have been changed in the research in order to keep the persons anonymous. The chosen names were "Sasha", "Eeri" and "Misa" which are all gender-neutral names and the three interviewees labelled names in this research.

### 3.1.1 Misa

The interview was conducted in the offices of a consulting firm in Helsinki. Misa has a mixed history within procurement, sales as well as CEO and different consulting positions within ICT services. Misa responded on the questions while giving more insight on the subject matter. The setup was a casual and relaxed atmosphere and it was organized in an office space. Main questions were prepared for the interview followed by mixed random follow-up questions.

### 3.1.2 Sasha

Sasha's interview took place in the offices of the Finnish corporation. Sasha has experience as head of ICT within the corporation. Sasha picked me up from the office

lobby and we went to a small room which was reserved for the interview. During the interview, Sasha gave insight on the corporation's procurement processes. I asked Sasha the basic questions which had been prepared, then following up with other follow-up questions.

### 3.1.3 Eeri

Eeri's interview was conducted in an office space. Eeri has knowledge within the ICT service sector as head of contract management and a background within ICT procurement. The office spaces were large, and the atmosphere was relaxed. Eeri gave a lot of insight during the interview, also by drawing processes on a drawing board in order to clarify his statements. Prepared questions and follow-up questions were used in this interview as well.

## 3.2 Reliability of the study

This chapter discusses the different aspects regarding the reliability of the study.

The studies reliability can be questioned considering that a narrow group of three persons were interviewed. Conclusions based on three persons experience within the ICT-sector can arguably be too narrow to base any reliable conclusions on. Therefore, the researcher has backed up the research answers by finding evidence and similar opinions in other forms of literature. Many other factors might affect the reliability of the study as well. The interviewees are all from an ICT-companies network. Since the company is a known expert in the field of ICT, negotiations and sales development, similar topics might have been discussed within the network while influencing the other interviewees personal opinions on the subject matter.

Other factors that can affect the study is the researchers influence with certain questions. A question might have been presented in a persuasive way steering the conversation into a certain direction, although this was not the intention of the researcher. The person being interviewed might have therefore answered the question differently than in

another situation. For this reason, open ended questions were asked in order to not steer the conversation. Yet it can be argued that the methodology of asking different open questions during the separate interviews, might be considered as affecting the result when comparing to having standard questions for every interview. It was necessary for the study to ask targeted open questions depending on the experience and position within the field of ICT in order to achieve a sufficient amount of in-depth knowledge.

There is also a risk of the researcher understanding an interview answer wrong. To reduce the amount of misunderstandings, the interviews were conducted in the Finnish language, which is the mother tongue of all the persons interviewed. In order to formulate the answers for the research, the language was necessary to translate into English. The translation process might also affect the interpretation of the answer. The interview was therefore recorded in which the researcher could then interpret what the interviewee was saying in order to diminish the amount of misunderstandings during the translation process. However, it can be argued that recording the interview might make the interviewed person feel restricted. Since the person being interviewed now knows that anything he or she says is recorded, the person might be more cautious about what they say.

## **4 Analysis**

This chapter analyses the findings in the interviews. It compares the frame created in the literature review with the interviews. The interviews have some aspects in common with the frame and there are some differing views or new findings from an ICT-sector perspective. Five topics stood out from the interviews. For a topic to stand out, it was either mentioned by all three interviewees or found as important by the researcher. The interviewees have been quoted as e.g. (Sasha, 1), (Eeri, 4), (Misa, 5). The number after the name is to label the quote number which can be found in appendix 1.



#### 4.1 Understanding buyer view

Understanding buyer view was a topic which was found important in all three interviews. Understanding buyer view indicates that the ICT-supplier should preferably understand the perspective of the buyer. It is important for the supplier to understand the buyer's perspective and what are their needs. As Roger Fisher and William Ury states, one of the most important skills of a negotiator is the ability to put themselves in the opposing parties' shoes (Fisher, Ury, 1992: 22-24).

Misa explains that when selling to the public sector, the importance of understanding the customers operating environment becomes emphasized. It is harder to gain information about the public sectors processes and operational environment since the information is not as often available publicly. This emphasizes the importance of having long-term relationships with the public sector. The companies' which operate in the public sectors environment and those who use the information available to understand the public sectors real needs are the ones who might stand out. In a competitive bid setting where the weight is put on price, you cannot stand out with quality. Typically, in a case where the weight is put on quality, larger differences between suppliers can be seen. (Misa 1)

Misa interpreted the importance of understanding the buyer perspective. Especially in situations when selling to the public sector, understanding the buyer's needs is a way to stand out from the competition which gives the supplier a competitive advantage.

McBane (1995, as quoted in O'Brien, 2016: 29-31) also states that the buyer perspective is an important factor. He claims that the empathic salesperson has three basic attributes. These are: The ability to adopt the viewpoint of the buyer, concern shown for the feelings and welfare of the buyer, emotional contagion.

Misa also talks about how the public sector uses two criteria's: quality and price in the public sector bid. Both criteria's are always asked for in the bid and they can have certain weight, for example price can be 80 percent and quality 20 percent. Price is easier to

calculate than quality, therefore quality projects tend to require more work for the public sector. (Misa 2)

It is important for ICT-suppliers to understand this view from the procurement point of view on the public sector. ICT-suppliers should respond in a concise manner and help the public procurement so that they can be provided with the required information effortlessly, having the buyer perspective in mind first.

Sasha explains in the interview that their ICT procurement department is responsible for leading all strategic ICT purchases for the corporation. All purchases are based on executing the company's strategy. (Sasha1)

Based on Sasha's comment, ICT-suppliers should research the client company's strategies thoroughly. Then constructing the solution according to the client's needs and strategy. This could help in making the buyer feel understood. One of the most important points for a successful negotiation is making the opposing party feeling understood (Fisher & Ury, 1992: 35).

From an ICT-procurement perspective, Sasha's company rates suppliers yearly and evaluates if they drop from the role of a strategic supplier to a key supplier role. They have a tool which they use to rank suppliers, the tool is similar to the Kraljic matrix although it has more dimensions such as customer experience, supplier service capabilities, Service level agreements (SLA:s) and other measures. Sasha's company also scans the market if there are any suppliers with outstanding competencies within for example robotics or services. When new potential is found, evaluations are then made if this type of partner network is worth pursuing. (Sasha 2 & 3)

From an ICT-supplier perspective, it is important to understand the supplier rating processes that the buyer uses during a current client relationship. It would be wise to ask the customer how they evaluate their suppliers and how they are currently positioned in the customers supplier valuation in order to receive feedback. This is something that many suppliers are afraid to do since they do not want to know the answer (Younger,

2015). Although, by asking it would show a high amount of dedication and willingness to change.

Sasha's company as a buyer also views the situation from the supplier's perspective. If Sasha's team believes that their company are of high value as a reference to the supplier, this should then be seen in the price as a further price reduction. (Sasha 4)

Therefore, it is important that ICT-suppliers understand the buyers view in this matter. Negotiators pursuing for long-term relationships should preferably seek to create value rather than claim value (Lax and Sebenius, 2006: 119-123). Therefore, ICT-suppliers should preferably create value than seek to claim value. E.g. if a buyer wants a price reduction for being an excellent reference to the ICT-supplier, the ICT-supplier could accept the offer if they get a social media post of the collaborative partnership on the buyer's internet page or something similar. This creates more value to the ICT-supplier, the buyer gets a discount and only must make a social media post of the partnership which is not a financial loss for the buyer. Therefore, value is created by understanding both parties' interests. As Fisher and Ury (1992: 51) states, serving both parties interests requires communicating them. In which both parties hopefully get what they are pursuing in the negotiations.

Sasha says that their company's existence is measured with customer visits. The more effectively price can be affected, the cheaper it can be sold. The service quality needs to be good or according to the requirements and the price negotiations are also an important criteria. (Sasha 5)

As O'brien (2016: 6-9) states, sometimes there is no win/win option in certain situations if one of the party's priority is to claim value rather than create value. Considering that price is an important part of the buyer's point of view and especially the total cost of ownership (Baily, P. 2015: 25-26). Buyer's might have an interest in purely claiming value in a short-term relationship rather than pursuing a long-term relationship by creating value. If a negotiator is searching for long-term relationships, then a creating value approach is more appropriate according to O'brien.

Eeri talks about his experience as a buyer and how they considered the high-risk profiles of small ICT-suppliers. Concerns regarding the ICT-supplier's capital, resources and knowledge were common. Also, what if the ICT-supplier company grows fast and they receive a lot of customers? Does Eeri's company drop in the customer hierarchy? Eeri also explains that one of the reasons large companies enjoy working together is because capital is available, and it can be withdrawn if the project does not go according to plan. (Eeri 1)

For these reasons' small ICT-suppliers should consider the buyer view when selling to a large company in order to understand their underlying concerns. In order to understand the buyer view fully, the ICT-supplier should pursue in gaining information about the underlying concerns of the buyer. Searching for opportunities to diminish the concerns.

Eeri also explains that there is a tendency of companies training their "sales to sell" and "buyers to buy". When Eeri was in a procurement training within a firm, Eeri mentions the procurement training having a rivalry mentality against sales people and vice versa with sales training in another firm. Typical comments were: "salespeople use these and these tricks", "Procurement tries everything to pull prices down". Therefore, Eeri's company is trying to emphasize the importance of balanced concerns, honesty and telling the opposing side your honest opinions. In order to achieve cooperativeness, both parties need be open about their interests, which requires courage. (Eeri 2)

#### 4.2 Gathering and using information/data

Interviewees pinpointed the importance of gathering and organizing the data of customers in order to pursue further sales to the customer. The following chapter is divided into two, communication and using data. Communication discusses different ways and benefits within communication in order to receive and gather the information, whilst the data chapter discusses ways to understand and interpret the gathered data.

#### 4.2.1 Communication

Misa states that a key customer's supplier typically knows what kind of challenges or needs will be faced in the future. However, there are differences in how well suppliers use the available data and understand customer communication says Misa. Some needs can be estimated based on the sector the company is operating in. However, if a supplier has managed to build a trusting relationship, the customer might communicate and give information on a yearly plan level. (Misa 3)

As Misa states in the paragraph earlier, it would be recommended for ICT-suppliers to build a trusting relationship from the beginning in order to receive information. Ury & Fisher (1992: 51-54) claims that when interests are shared, there is a better possibility for the issues being resolved by both parties getting what they need. In this case, preferably building a long-lasting relationship.

Eeri talks about balanced concerns and how suppliers could function more effectively if procurement could provide information and their interests. (Eeri 3)

Consequently, it is the ICT-service supplier's responsibility to aim for an open and trusting relationship in order to receive the information needed. Roger Fisher & William Ury (1992: 51-54) suggests being open about interests and not arguing over positions. Interests are the actions the person/company is willing to pursue, whilst positions are defined as holding onto a certain opinion without backing in.

Eeri explains that by being open and asking straightforward questions from the customer, information gathering will become easier. There is a high likelihood of the customer giving a straightforward and honest answer if the supplier asks. When honest communication is opened, suppliers can then recommend and sell further solutions to the customer based on data gathered. (Eeri 4)

Eeri pinpoints that suppliers should be open and not afraid to ask questions which are important for creating a solution for both counterparts. This opens communication and

it brings a trust between the customer-supplier relationship. When the relationship is trusting, it might lead to a long-lasting relationship. (O'Brien, 2016: 6-9)

#### 4.2.2 Using data

Misa states that there are differences between suppliers and how well they can use the information provided. In the best-case scenario, the ICT-supplier understands the customer's needs from the beginning, and it reflects back to the tender. This makes the ICT-supplier stand out from the competition. (Misa 4)

For ICT-suppliers, gathering and understanding data is an important practice for gaining a competitive advantage. This also applies not only for acquiring customers, but also for current customer relationship (Eeri 4). When a supplier can provide specific solutions to the customer based on the gathered data, it can support further sales for both current and new customers. This is emphasized on the public sector where public procurement law principle is that public procurement should be transparent and efficient, also that there is non-discrimination and equal treatment of all tenderers (Ministry of Economic Affairs and Employment of Finland, n.d.). Therefore, if an ICT-supplier manages to create a more valuable solution based on the data available for everyone, it can stand out from the competition as Misa stated.

Eeri explains the importance of gathering all the data from multiple sources and integrating it together in order to understand and use the information it provides. (Eeri 5)

Eeri pinpoints the importance of understanding the data. ICT-suppliers should interpret their data and have it in the same format in order to understand it and make decisions based on it. Large tech companies gather big data which has become increasingly popular. Companies which use big data can have a competitive advantage against those who do not. (Rouse, Botelho and Bigelow, 2019)

In the pre-identification and identification part of the sales process, there are many companies' which do not put too much effort. Eeri believes that one reason is that

customer management and similar roles are seen as expenses for the supplier, although at the same time the supplier cannot understand how much customer management has provided further sales to the customer. Eeri also believes that there are many firms which track these numbers as well. (Eeri 6)

Eeri believes that one reason for companies not putting enough effort (See figure 4.) on the prospecting and qualification part of sales process (See figure 3.) is because customer management and similar roles are seen as expenses for the supplier. At the same time the supplier does not recognize the potential sales that customer management has brought for the company. Eeri also believes that there are many companies that do track these numbers. (Eeri 6)

As an ICT-supplier, customer management should not be underestimated since they might have a larger role in identifying further sales options in current customer relationships in order to provide more sales to the company.

#### 4.3 Effort on preparation

In the research, the interviewees pinpointed out certain subjects which were then summarized into the following chapter, effort on preparation. The chapter discusses subjects in what the supplier should focus on during the preparations. Preparations as a term in the following chapter does not have any clear boundaries. The chapter discusses about preparations in general, perhaps before meeting the client or tasks which need to be done before meeting the client for the first time.

In a competitive bid setting, the public sector typically has two criteria's: quality and price. The public sector then sets a percentage for the criteria's e.g. 80 percent quality and 20 percent price, which indicates that they are searching for a quality supplier. According to Misa, price can be calculated more easily while quality is harder to measure. (Misa 2)

Smaller suppliers should therefore consider if it is worth to compete in the bid, weighing in their own company's strengths. Public tenders are often time consuming and therefore estimations should be made from the ICT-suppliers side if there is a chance to win the deal and then consider competing in the bid. As Khalsa and Lillig (2008: 26-27) states that un potential clients are better to be found in an earlier phase of the sales process (see figure 3.), in order to save time and effort.

When selling ICT to the public sector, a common surprise for a first timer is the amount of work and accuracy which is required when answering the RFI. Everything which is asked for, must be answered and nothing can be left unanswered. (Misa 5)

On the private sector, Sasha pinpoints that from a buyer perspective, supplier quality can be seen in everything since the beginning of the relationship. The quality in the material, presentations and documentation which the supplier provides can be seen before negotiating the original deal. References are also checked from the supplier's previous customers and their opinions about the supplier are asked. When the buyer realizes that the supplier's material is not sufficient enough, the buyer can ask the supplier: "How would you execute this?". In this phase the buyer may realize many deficiencies from the supplier. (Sasha 6)

Eeri states that sales is typically solutions-oriented, in which salespeople might have a readymade solution prepared before going to the customer. A typical problem for sales, is to sell a solution without understanding the customers problem. Reasons are that little effort is put on information gathering, preparations, different approaches are not thought of nor negotiation strategies planned. (Eeri 7)

As Khalsa and Lillig claim that the top 20 percent of sales professionals spend more time on qualifying and advancing the customer (Khalsa, Lillig, 2008: 24-27), ICT-suppliers should pursue in understanding the buyer and putting effort on preparing before recommending solutions.

Eeri explains that their contract management team have considered creating "gates" in their company in order to review certain processes within the company. The idea is to



review the quality produced between certain parties' in order to raise the quality of the service or product. As an example, they review if the company has put enough effort in product development so that product knowledge and the documentation is in order. Eeri also says that sales should be trained in order to understand how they sell and how the product works. When selling the product, the sales team should also have a certain number of specialists who can give the customer a deeper understanding of the product competencies. (Eeri 8)

ICT-suppliers could benefit from creating similar gates as Eeri suggested. The idea is to put effort in the processes before selling in order to maximize value to the end customer.

#### 4.4 Solving across silos

This chapter emphasizes the importance of having open communication within the sales organization. The interviewees pinpointed that internal communication is important when co-operating with the customer. Things might go wrong when internal communication is not functioning properly.

Misa pinpoints that typical mistakes suppliers do is that the ICT- suppliers own internal communication flow is broken. Different people from the supplier's side ask the same questions from the customer even though the issues have been discussed in the beginning of the process. Misa points out that it is not the responsibility of the customer to distribute information to different people within the supplier organization. (Misa 6)

Based on Misas comment, ICT-suppliers should focus on sharing customer information within the supplier organization. Although, this is still a common problem among organisations and many companies (Gleeson, 2013).

Eeri discusses about their role in the organization as contract management. They need to be able to understand the contracts and the different communication barriers between IT and business. He states that they are working as a mediator between different

stakeholders within and outside the organization, and that their goal is to keep the contract alive through its whole life cycle. (Eeri 9)

As earlier stated in the literature review, Lientz and Larssen claim that tasks vary between IT and business. Therefore, creating communication problems between both departments. (Lientz & Larssen, 2006:7-8)

Eeri states that internal silo problems can show up in a lot of places and they also reflect to the end customer. Silos can form between employees or teams and it produces problems in internal processes, invoicing and cost management. Problems arise when communication lacks and nobody knows where certain tasks are advancing. (Eeri 10)

As mentioned earlier in paragraph how to reduce silos, Aaker suggests that cross-silo teams are a common way for organizations to reduce silo-building, in which they span over silos within the organization. (Aaker, David A. 2008: 74-78) Contract management in Eeri's organization could be considered as a cross silo team, which breaks internal silos and silos built between the customer and their own organization. ICT-suppliers could consider in creating similar cross-silo teams in order to raise the cooperativeness within their own organization.

Eeri discusses about adding value as an ICT-supplier by using their network of other suppliers. As an example, a customer needs a specific element in an ICT project which can only be resolved by contacting the original software supplier. A way of making the process faster is to ask a network rather than asking a supplier chain hierarchy. The customer gets a faster response and someone else might benefit from helping the network. (Eeri 11)

#### 4.5 Managing contracts continuously

Managing contracts was chosen as a topic after the interviewees brought up the subject during the interviews.

From the buyer perspective, Sasha says that their company has framework agreements for their strategic partners and that they prioritise them as service suppliers. They purposely centralize purchases from strategic suppliers unless they do not have a reason to purchase from another supplier. This is done in order to make the procurement process faster by making it more of an ordering process. (Sasha 7)

Sasha's opinion is that frame agreements work well from a buyer perspective in general, but there can be issues such as the supplier changing the pricing during the contract period. Sasha's company is prepared for this scenario by agreeing in the contract when prices are going to be negotiated. Another issue which might arise in frame agreements is not recognizing other more competent and potential suppliers when the relationship is running smoothly with the current supplier. Therefore, Sasha's company pursues to have many suppliers with frame agreements in order to choose from. Sasha's opinion is that frame agreements has many more positive sides than negative ones. (Sasha 8)

*The rationale behind the framework method of purchasing is to achieve savings in both costs of procurement and time spent in the procurement process. (Sigma, 2011)*

Besides creating cost-savings and time saving as Sigma states, Sasha points out that it also creates the procurement process faster into more of an ordering process. Opposingly, ICT-suppliers should consider using frame agreements in order to pursue long-term relationships. Since it fulfils the customers procurements cost-savings and creates the process into more of an ordering process. This can be considered as creating value within the value chain (see Figure 6.) for the end customer in mind. Bearing in mind that the TCO is an important factor for procurement and producing cost-savings will benefit them (Baily, P. 2015: 25- 26). Therefore, fulfilling procurements needs and creating long-term relationships which are beneficial for ICT-suppliers.

Eeri describes that contracts are located in multiple parts in their organizations operating model. Therefore, they have a commercial contract management team which analyses the contract lifecycle from product development to sales until production, in order to find out where problems occur in the operating model from a broader perspective. The sales contracts need to be planned from the very beginning in the product development phase. Typically, mistakes are found in production and in the contracts, although the underlying problem might have been made in e.g. product development. In case problems occur, the contract management team traces where the underlying problem has been made and gives feedback to the person responsible. In order to reduce problems, policies need to be established within the organization for the different departments in order to lean on similar principles. (Eeri 12)

Based on Eeri's statement, ICT-suppliers could investigate the contracts consistently in order to find out where problems occur. Preferably the contracts would be thoughtfully produced from product development until production and therefore mistakes reduced. In the case of problems occurring with the customer, contracts could be checked in case the root problem lies within the contract. Contract management's focus is to deliver what the company has promised, the purpose is to deliver the expected value to the client while maximizing profits and minimizing risk (IACCM, n.d.). The importance of constantly managing the contracts within the organization is an important practice for ICT-suppliers.

## **5 Conclusion and discussion**

The following chapter will reflect the findings in the analysis chapter as well as discuss further research which would need to be completed in order to find more information about the field of study.

## 5.1 Conclusion

The research has reflected around how Finnish B2B ICT-service suppliers can co-operate more effectively with customers procurement. The following topics were found from the research: understanding the buyer, gathering and using information/data, putting effort on preparation, solving silo problems and managing contracts continuously. In order to co-operate more effectively with the customer, ICT-suppliers can adopt the 5 topics into their processes. The five topics which were found from the qualitative study are common in the business world. This research summed the most important topics together with the perspective of an ICT-supplier willing to co-operate more effectively with customers procurement. In order to understand the whole picture, the five topics were analysed and categorized into two themes, customer focused and firm focused. The following picture displays the findings.

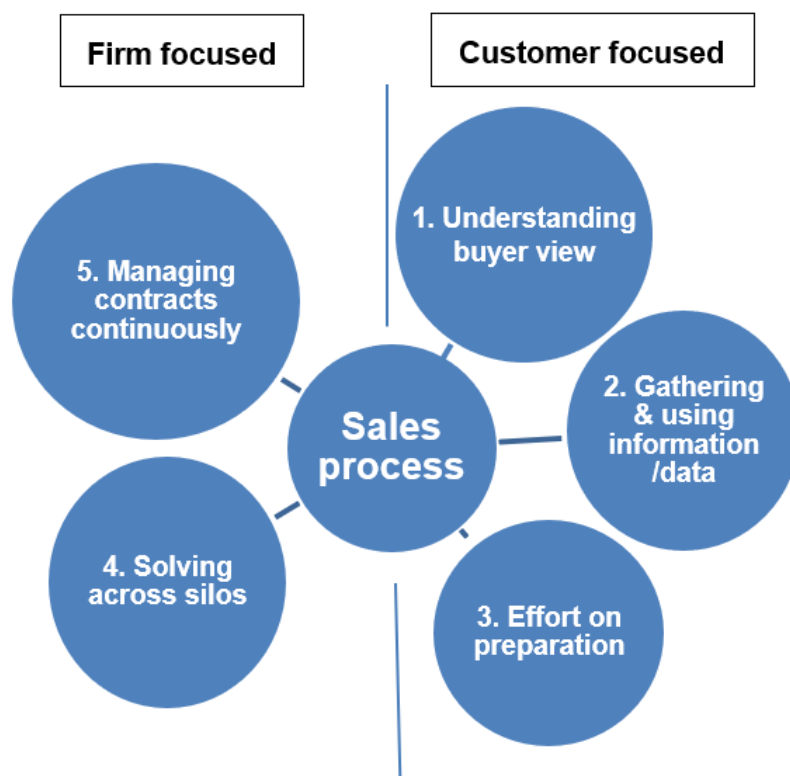


Figure 7. Research findings

### 5.1.1 Customer focused

The category “customer focused” targets the customer in order to provide a quality service. From the five topics, three were chosen to be classified as “customer focused”. The topics chosen to the category customer focused were understanding the buyer, use of data and putting effort on preparation.

Understanding the buyer view takes on a viewpoint from the customer. In sales and negotiation literature, understanding the buyer view is a commonly discussed and brought up topic. It is important for the supplier to understand the view from a customer perspective and understand their needs in order to satisfy them. Understanding the buyer view on the public sector becomes emphasized because processes and other information from the public sector is not as easily available when compared to the private sector. Also, understanding that customers procurement is focused on price and especially the total cost of ownership (TCO).

Gathering and using information/data describes the importance of gathering meaningful data which the customer can provide for the supplier to create a need specific solution. Sufficient communication is needed in order to gather and understand information in the most effective manner. It is recommended that suppliers are open about their interests and encourage customers to take a similar approach. By developing open communication and asking straightforward questions, information can be gathered in an efficient way. When ICT-suppliers manage to gather useful data from the customer, they can create a solution which fits their customer’s needs. In order to create a solution, the data needs to be integrated together and understood properly. Therefore, gaining a competitive advantage against the Finnish ICT-market by providing a quality service.

Effort on preparation is a method of focusing on the preparations of providing the customer a clear and need based solution in order to win over the customer. It works in sync with understanding buyer view and gathering of data. When a supplier has understood the buyer view and gathered all the needed information, it is important to emphasize work on the preparation. Quotations on the public sector needs a high amount of work and the amount of work might come as a surprise to suppliers who have

not sold to the public sector yet. Therefore, it is important to have the right data and put a lot of time in preparing the quotation in order to stand out from the competition.

The ICT-supplier needs to start by understanding the buyer view in order to gather relevant data and information which can then be used to provide an excellent solution. In order to provide and sell the solution, work needs to be done during the preparation phase. In order to acquire customers or resell to current customers effort on preparation is needed in order to communicate properly a solution which can be provided based on the data and understanding the customer's needs. Therefore, the first three points are customer related points.

### 5.1.2 Firm Focused

The other category created is named firm focused. This category focuses on the ICT-supplier itself and solving its processes. Firm focused topics are both solving across silos and managing contracts continuously. Solving across silos focuses on opening communication within the ICT-suppliers formed silos, managing contracts continuously is about protecting the ICT-suppliers best interest of creating quality service by managing the contracts.

Solving across silos is an internal solution for ICT-suppliers. The key is to reduce communication barriers between departments and between business and IT. The benefits of solving across silos is that it makes communication more effective both internally and externally. Reduced silos will also benefit the end customer by enhanced communication and more value created solutions.

Managing contracts continuously is a practice which can be developed within the ICT-suppliers organization. Benefits of managing the contracts are to create more customer value in terms of cost-savings for procurement and creating frame agreements which saves work by making the procurement process into more of an ordering process. Also, by continuously managing and checking the contracts, problems within the contracts can be found and even reduced before they occur within the products or services lifecycle.

## 5.2 End note

It can be thought as controversial to rely on the topics based on this research and three persons interviews. However, the persons interviewed had multiple career backgrounds from the Finnish ICT sector and are highly experienced which gives a broader perspective on the matter from both buyer and seller view within the ICT sector. The topics can be applied within the sales process to improve both customer acquisition and relations with former customers in order to improve negotiations and sales. There is no need to adopt all five principles found in the research, perhaps the ICT-supplier can try one or two of them. Therefore, if ICT-suppliers were to adopt some of these principles into their sales process, I as the researcher believe that these tips could help ICT-service suppliers to co-operate with customers procurement more effectively.

## 5.3 Further research

This research has contributed to further research regarding the insights about ICT-service suppliers and their relationship to customers procurement. The research has found five topics regarding how ICT-service suppliers could co-operate more effectively with customers procurement. The five topics presented in the research has so far been broadly defined. In order to receive more insight on methods that could help ICT-service suppliers co-operate more effectively with customer's procurement, a suggestion for further research is to narrow down and research the five topics presented in the study separately.



## References

Aaker, David A., 2008. *Spanning silos: the new CMO imperative*. Boston: Harvard Business School Publishing, 74-78.

Amkoodari. (n.d.). *amkoodari.fi*. [online] Available at: <<https://amkoodari.fi/fi>> [Accessed 1 March 2020].

Baily, P., Farmer, D., Crocker, B., Jessop, D. and Jones, D., 2015. *Procurement principles and management*. 11th ed. Pearson Education Limited: 3-5,9,12, 16-17, 19, 20-23, 25-26, 66-68, 114-115, 126-127, 284, 299

Businessfinland.fi, n.d. *Finnish startup scene*. [online] Available at: <<https://www.businessfinland.fi/en/do-business-with-finland/invest-in-finland/why-invest-in-finland/vibrant-startup-scene/>> [Accessed 22 January 2020].

Chrisos, M. 2018. *Best Ways to Understand the HR Procurement Process*. [online] Techfunnel. Available at: <<https://www.techfunnel.com/hr-tech/best-ways-to-understand-the-hr-procurement-process/>> [Accessed 21 November 2019].

European commission, 2020. *Public Procurement - Guidance for practitioners (2018)*. [online] Available at: <[https://ec.europa.eu/regional\\_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018](https://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018)> [Accessed 13 January 2020].

European commission, n 2017. *Public Procurement - Internal Market, Industry, Entrepreneurship and SMEs - European Commission*. [online] Available at: [https://ec.europa.eu/growth/single-market/public-procurement\\_en](https://ec.europa.eu/growth/single-market/public-procurement_en) [Accessed 12 Feb. 2020].

European commission, 2016. *Best Practices For ICT Procurement Based On Standards In Order To Promote Efficiency And Reduce Lock-In* [online] pp. 9 Available at: <<https://ec.europa.eu/digital-single-market/en/news/best-practices-ict-procurement->

based-standards-order-promote-efficiency-and-reduce-lock-2-year> [Accessed 20 April 2020].

Ey, 2019. *Ey Nordics Attractiveness Survey*. 2019: 6, 34 [online] Available at: <[https://assets.ey.com/content/dam/ey-sites/ey-com/no\\_no/topics/attractiveness/ey-nordics-attractiveness-survey-20191.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/no_no/topics/attractiveness/ey-nordics-attractiveness-survey-20191.pdf)> [Accessed 22 January 2020]

Ferguson, K. and K.Pratt, M., 2019. *What is ICT (Information and Communications Technology)?*. [online] SearchCIO. Available at: <https://searchcio.techtarget.com/definition/ICT-information-and-communications-technology-or-technologies> [Accessed 21 November 2019].

FiCom, 2019. *ICT in Finland*. [online] Available at: <<https://www.ficom.fi/english/ict-finland>> [Accessed 21 January 2020].

FiCom, 2019. *ICT tarvitsee osaajia*. [online] Available at: <[https://www.ficom.fi/sites/default/files/pictures/Osaavien%20ICT-alan%20ty%C3%B6ntekij%C3%B6iden%20saatavuus%20varmistettava\\_0.pdf](https://www.ficom.fi/sites/default/files/pictures/Osaavien%20ICT-alan%20ty%C3%B6ntekij%C3%B6iden%20saatavuus%20varmistettava_0.pdf)> [Accessed 21 January 2020].

Fisher, R. and Ury, W. (1992). *Getting to Yes*. 2nd ed. Random House books: 13, 22-24, 35, 51-54

Flyvbjerg, B., Budzier, A., 2011. *Why Your IT Project May Be Riskier Than You Think*. [online] Available at: <<https://hbr.org/2011/09/why-your-it-project-may-be-riskier-than-you-think>> [Accessed 27 April 2020].

Gleeson, B., 2013. *The Silo Mentality: How To Break Down The Barriers*. [online] Forbes. Available at: <<https://www.forbes.com/sites/brentgleeson/2013/10/02/the-silo-mentality-how-to-break-down-the-barriers/#3dfbedc18c7e>> [Accessed 25 April 2020].

Gujadhur, R., 2017. *What Is The Secret Sauce Of Procurement?.* [online] Medium. Available at: <<https://medium.com/breathe-publication/ict-procurement-in-a-nutshell-bf08f4d8b5b7>> [Accessed 29 April 2020].

Hanki.tarjouspalvelu.fi, 2020. *The Supplier Portal (Tarjouspalvelu.Fi) - The Easiest Path To Great Contracts - Calls For Tenders.* [online] Available at: <<https://hanki.tarjouspalvelu.fi/tarjouspynnnot.aspx?p=279&g=d231d663-0097-44b7-9806-49f2e6ecb786>> [Accessed 28 April 2020].

Hankintailmoitukset.fi. n.d. *Hilma.* [online] Available at: <<http://www.hankintailmoitukset.fi/>> [Accessed 29 April 2020].

Hansel, 2019. *Tendering services.* [online] Available at: <<https://www.hansel.fi/en/tendering-services/>> [Accessed 25 November 2019].

Hansel, 2019. *Finland's public procurement competence brought under one company.* [online] Available at: <https://www.hansel.fi/en/hansel/hansel-brief/finlands-public-procurement-competence-brought-under-one-company/> [Accessed 2 December 2019].

IACCM - International Association for Contract and Commercial Management. n.d. *What Is Contract Management?.* [online] Available at: <<https://www.iaccm.com/about/contract-management/>> [Accessed 27 March 2020].

IDC Corporate, 2018. *Global ICT Spending - 2018 -.* [online] Available at: <<https://www.idc.com/promo/global-ict-spending/overview>> [Accessed 18 February 2020].

Jacobs, E., 2019. *Why You Should Transcribe Interviews For Qualitative Research - Rev.* [online] Available at: <<https://www.rev.com/blog/transcribe-interviews-for-qualitative-research>> [Accessed 27 April 2020].

Kaleva, 2019. *Ict-Alan Osaajapula Käy Kalliiksi – Oulun Kehitettävä Koko Ajan Globaalia Osaamiskeskittymäänsä.* [online] Available at:

<<https://www.kaleva.fi/mielipide/paakirjoitukset/ict-alan-osaajapula-kay-kalliiksi-oulun-kehittava-koko-ajan-globaalia-osaamiskeskittymaansa/829873/>> [Accessed 18 March 2020].

Khalsa, M., Illig, R. 2008. *Let's get real or let's not play: Transforming the buyer/seller relationship*. Franklin Covey Co. United states of America: Penguin Group, 24-27

Kotler, P., Wong, V., Saunders, J., Armstrong, G., 2005 *Principles of Marketing*. 4<sup>th</sup> ed. Pearson Education Limited: 469-471,

Laurea.fi. (n.d.). *Viiden ammattikorkeakoulun AMKoodari-koulutus vastaa ohjelmistoalan osaajapulaan*. [online] Available at: <<https://www.laurea.fi/ajankohtaista/uutiset/viiden-ammattikorkeakoulun-amkoodari-koulutus/>> [Accessed 1 March 2020].

Lax, D. and Sebenius, J., 2006. *3D-Negotiation: Powerful Tools To Change The Game In Your Most Important Deals*. Harvard Business Review Press, pp. 16- 19, 119-123

Lientz, B. and Larssen, L., 2006. *Risk Management for IT Projects: How to deal with over 150 issues and risks*. Oxford: Butterworth-Heinemann, 3, 7-8, 165-170, 179

Linton, I., 2018. *The Benefits Of Using Icts In Business & Finance*. [online] Available at: <<https://bizfluent.com/list-6641121-benefits-using-icts-business-finance.html>> [Accessed 6 April 2020].

Malhotra, D., 2016. *Negotiating the impossible: How to break deadlocks and resolve ugly conflicts*. 1st ed. Berrett-Koehler Publishers, pp. 5

McCombes, S. (2019). *How to Write Research Methodology in Four Steps*. [online] Scribbr. Available at: <https://www.scribbr.com/dissertation/methodology/> [Accessed 26 January 2020].

Ministry of Economic Affairs and Employment of Finland. n.d. *Public Procurement Is Regulated*. [online] Available at: <<https://tem.fi/en/public-procurement>> [Accessed 9 March 2020].

Mooc.fi. (n.d.). *MOOC.fi*. [online] Available at: <<https://www.mooc.fi/>> [Accessed 1 Mar. 2020].

Mulder, P., 2013. *Kraljic portfolio purchasing model*. [online] Available at: <<https://www.toolshero.com/strategy/kraljic-portfolio-purchasing-model/>> [12 February 2020]

Murray, J. (2011). *Cloud network architecture and ICT*. [online] It Knowledge Exchange. Available at: <<https://itknowledgeexchange.techtarget.com/modern-network-architecture/cloud-network-architecture-and-ict/>> [Accessed 21 November 2019].

O'Brien, J. (2016). *Negotiation for procurement professionals*. 2nd ed. London: KoganPage, pp. 6-9, 23-26, 27,29-31, 31-33,

OECD iLibrary, 2011. *OECD Guide to Measuring the Information Society 2011*. [online] pp. 58-59 Available at: <[https://read.oecd-ilibrary.org/science-and-technology/oecd-guide-to-measuring-the-information-society-2011\\_9789264113541-en#page60](https://read.oecd-ilibrary.org/science-and-technology/oecd-guide-to-measuring-the-information-society-2011_9789264113541-en#page60)> [Accessed 10 February 2020].

Oracle (2018). *Transformational technologies: Today* [online] Available at: <<http://www.oracle.com/us/solutions/cloud/tt-technologies-white-paper-4498079.pdf>> [Accessed 28.2.2020]

Quinn, J. and Hilmer, F., 1994. *Strategic Outsourcing*. Massachusetts Institute of Technology: Sloan Management review. pp. 1

Rope, T., 2006. *Menesty konsulttina*. Helsinki: Talentum: 21-23, 40-41, 45, 51

Rouse, M., Botelho, B. and Bigelow, S., 2019. *Big Data*. [online] SearchDataManagement. Available at: <<https://searchdatamanagement.techtarget.com/definition/big-data>> [Accessed 24 March 2020].

SIGMA.2011. *Public Procurement: Framework Agreements Brief 19*. [online] Available at: <<https://www.oecd-ilibrary.org/docserver/5js4vmnmnhf7-en.pdf?expires=1587714111&id=id&accname=guest&checksum=2A508E94F990D409AE73BF885415E223>> [Accessed 24 April 2020]

Statistics Finland, 2007. *Tilastokeskus - Sentraalisantroista kännykkäkansaan - televiestinnän historia Suomessa tilastojen valossa*. [online] Available at: <<https://www.stat.fi/tup/suomi90/syyskuu.html>> [Accessed 22 January 2020].

Statistics Finland, 2019. *ICT-Alan Työlliset Puolivuosittain\_Tilastokeskus Työvoimatutkimus*. [online] Available at: <[https://www.ficom.fi/sites/default/files/pictures/Graafit/ICT/ictalanmerkitys/ICT-alan%20ty%C3%B6lliset%20puolivuosittain\\_Tilastokeskus%20ty%C3%B6voimatutkimus\\_sk\\_20200205.pdf](https://www.ficom.fi/sites/default/files/pictures/Graafit/ICT/ictalanmerkitys/ICT-alan%20ty%C3%B6lliset%20puolivuosittain_Tilastokeskus%20ty%C3%B6voimatutkimus_sk_20200205.pdf)> [Accessed 18 March 2020]

Statista. 2020. *Worldwide ICT spending 2016-2022* [online] Available at: <<https://www.statista.com/statistics/922470/largest-ict-companies-in-finland/>> [Accessed 10 March 2020].

Tarjouspalvelu.fi. n.d. *Tarjouspalvelu*. [online] Available at: <<https://tarjouspalvelu.fi/>> [Accessed 29 April 2020].

Techopedia.com., 2019. *Information and Communications Technology (ICT)*. [online] Available at: <<https://www.techopedia.com/definition/24152/information-and-communications-technology-ict>> [Accessed 25 November 2019].

Tett, G. 2015. *The Silo effect, why every organization needs to disrupt itself to survive*. 2016 ed. Abacus. 202-236

Te-palvelut, 2020. *Starttiraha – aloittavan yrittäjän tuki- TE-palvelut*. [online] Available at: <[https://www.te-palvelut.fi/te/fi/tyonantajalle/yrittajalle/aloittavan\\_yrittajan\\_palvelut/starttiraha/index.html](https://www.te-palvelut.fi/te/fi/tyonantajalle/yrittajalle/aloittavan_yrittajan_palvelut/starttiraha/index.html)> [Accessed 22 January 2020].

United States Agency for International Development, 2011. *Information And Communications Technology Procurement Best Practices Guide For Customs Administrations*. P. 5 [online] Available at: <[https://www.tfafacility.org/sites/default/files/case-studies/usaid\\_ict\\_procurement\\_guide\\_for\\_customs.pdf](https://www.tfafacility.org/sites/default/files/case-studies/usaid_ict_procurement_guide_for_customs.pdf)> [Accessed 29 April 2020].

Van Weele, A., 2014. *Purchasing and supply chain management* 6<sup>th</sup> ed. Cengage Learning EMEA. pp. 95

Vatanpour, H., Forutan, N. and Khorramnia, A. (2013). *Silo Effect a Prominence Factor to Decrease Efficiency of Pharmaceutical Industry*. [online] PubMed Central (PMC). Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3813367/> [Accessed 9 September 2019].

Webb, J., 2017. *What Is The Kraljic Matrix?*. [online] Forbes. Available at: <<https://www.forbes.com/sites/jwebb/2017/02/28/what-is-the-kraljic-matrix/#5deec681675f>> [Accessed 31 March 2020].

Younger, H., 2015. *Four Reasons Why Companies Are Afraid Of Customer Feedback*. [online] LinkedIn.com. Available at: <<https://www.linkedin.com/pulse/four-reasons-why-companies-afraid-customer-feedback-younger/>> [Accessed 25 April 2020].

## Interview questions

### Misa interview questions:

1. Miltä sinun työpäiväsi näyttää hankinta konsulttina?
2. Milloin asiakas huomaa tarvitsevansa hankintakonsultin apua?
3. Eli olette toimineet eniten julkisen puolen hankinta konsulttina?
4. Miten hankinta prosessin neuvottelut eroavat julkisella ja yksityisellä puolella?
5. Ymmärtääkö julkinen puoli neuvottelujen tärkeyden? Oletteko myyneet palvelua teidän palvelua korostaen että teillä on neuvottelutaitoja?
6. Oletteko hankkineet pelkkää ICT:tä vai myös muita tuotteita/palveluita?
7. Millä toimialalla olette yleensä hankkineet ICT:tä?
8. Mitkä asiat erottaa hyvän ja huonon toimittajan julkisella puolella?
9. Miten pisteytys toimii?
10. Sanoisitteko että julkisen puolen hankinta prosessi toimii aina samalla tavalla, vai toimiiko eri tavalla esim toimitalasta riippuen?
11. Kun olette toimineet hankintakonsulttina julkisella puolella, oletteko olleet yksin vai tiimissä?
12. Missä vaiheessa huomataan, että ICT projekti menee pieleen?
13. Oletteko käyttäneet Kraljicin matriisia julkisella puolella?



14. Mikä on jotain tiettyä jota ICT-toimittajien pitää huomioida kun myydään julkiselle puolelle?
15. Eli suurin työ on tarjouksen laatimisessa?
16. Kauan tällaisessa tarjouspyynnössä voi mennä aikaa?
17. Mikä on teidän mielestä asioita jotka on hoidettu fiksusti toimittajilta hankinta prosessin alkuvaiheessa hankinnan näkökulmasta.
18. Tuleeko teille tästä suoraan mieleen kun vertailee prosesseja missä vaiheessa tulee tiettyjä huomautuksia jolloin toimittaja on toiminut huonosti.
19. Miten alkuvaiheissa erottuu hyvä hankinta?
20. Liittyykö joku liiketoiminnasta mukana hankintaprosessiin?

**Sasha interview questions:**

1. Miten aloitatte valitsemaan toimittajia?
2. Mitä hyötyjä ja etuja on puitesopimuksissa?
3. Miten lähdette toimittajien kanssa toimimaan, kun olette tehneet kategorisoinnin?
4. Onko Kraljicin matriisi tuttu?
5. Ketkä ovat mukana päättämässä hankinnat?

6. Väite: "Myyjät eivät tee tarpeeksi töitä myynti prosessin alkuvaiheessa." Mitä mieltä olette väittämästä?
7. Mikä erottaa hyvän ja huonon toimittajan hankintavaiheen alkuvaiheessa?
8. Neuvottelumatriisi toimittajan näkökulmasta?
9. Näkykö referenssiys myös muualla kuin hinnoittelussa.
10. Julkisella puolella käytetään esim vaatimuksissa 80% laatua 20% hinta menettelyä. Käytättekö samalla tavalla jotain kriteereitä?
11. Koulutetaanko teidän yrityksessä neuvottelutaitoja?

### **Eeri interview questions:**

1. Voisitko toistaa työhistorian?
2. Miltä päiväsi näyttää nykyisessä tehtävässä?
3. Koetko olevasi mediator tiedon ja asiakkaan välissä?
4. Hyviä ja huonoja puolia contract managementin kanssa?
5. Onko tämä vähän niin kuin pre-myyntiä ennen myyntiprosessia?
6. Miten Myyjät voisivat toimia tehokkaammin teidän kanssa?
7. Mitä siiloissa voisi parantaa?

8. Väite: "Myyjät eivät tee tarpeeksi töitä myynti prosessin alkuvaiheessa." Mitä mieltä olette väittämästä
  
9. ICT-alalla on paljon variaatiota, esim pieni firma kasvaa 200% 3 vuotta putkeen. Huomioidaanko nämä asiat kun mennään myymään asiakkaalle, esim jos isona firmana mennään myymään pienelle firmalle, niin mietitään: Hei onko meillä lisämyyntiä tuolla ja tuolla. Kerro vähän siitä.
  
10. Missä koulutetaan eniten neuvottelustrategioita firman sisällä?
  
11. Otetaanko nämä huomioon missä vaiheessa myyntiprosessia?
  
12. Oletko koskaan nähnyt mitään yhteisiä bonuksia tai muuta?
  
12. Onko Kraljicin matriisi tuttu? Entä neuvottelumatriisi?

### **Interview quotes used:**

#### **Misa:**

*Julkisella puolella ehkä korostuu enemmän se että ymmärtää asiakkaan toiminta ympäristön. Siitä on ehkä vaikeampi saada toiminta ympäristöstä ja niistä prosesseista tietoa kun yksityisellä puolella, koska julkishallinnon toimintalogiikkaa ei voi lukea kauppalehdestä samalla tavalla kuin yksityispuolella. Eli siellä pitkäaikaiset toimittaja suhteet korostuu sillä tavalla että ne jotka projektien välissä jaksaa ja pystyy käyttää aikaa siellä asiakkaan ympäristössä ja saa sitä ymmärrystä että mitkä ne todelliset tarpeet on niin ne ehkä erottuu. Kilpailutus tilanteessa on vähän vaikea sitten edes erottautua koska varsinkin tilanteissa, jossa pisteytys tehdään niin että hinnan painoarvo on huomattavasti suurempi kuin laadun painoarvo, tavallaan silloin ei pysty erottautumaan laadullisesti vaan silloin hinta on mikä tulee ja se ratkaisee. Niissä kohdissa missä laadun painoarvo on suurempi niin huomaa eroja toimittajien välillä.*

(Misa 1)

*Hankintalain lähtökohta on se että kokonaistaloudellisesti edullisin tarjous pitää aina voittaa. Siihen annetaan kaksi kriteeriä, toinen on se että sinä voit mitata laadullista eroa ja sitten voit mitata hinnallista eroa. Molempia aina kysytään: laatua ja hintaa. Sitten kilpailutus tilanteesta ja kilpailutuksen kohteesta riippuen niin näille voidaan antaa erilaiset painoarvot. Voi olla niin että hinnan painoarvo on 80% ja laadun painoarvo 20%. Jolloin se tarkoittaa sitä että käytännössä haetaan halvinta hintaa ja sillä laadulla ei ole niin suurta merkitystä. Sit jos on toisin päin että laadun arvo on 80% ja hinnan arvo on 20%. Silloin haetaan laadukasta toimijaa, haasteena on se että hinnan sä pystyt laskemaan nopeasti tossa excelillä ja se on niin kuin nopeasti tehty ja on yksi selitteinen sinänsä kun kaikki tarjoukset noudattaa samaa hinnoittelu kaavaa joka on tarjouspyynnössä sanottu, se ei vaadi työtä. Mutta sitten taas laadullinen mittaaminen vaatii työtä. Sun pitää tehdä ne arviointit esimerkiksi jos asiantuntijata haetaan niin ne pitää oikeasti lukee ne CV:t ja jos se perustuu haastatteluun niin ne oikeesti pitää pitää ne haastattelut. Se on paljon työläämpi tapa mitata tää laatu. Mutta nää kaksi kriteeriä, niistä lasketaan yleensä tyypillisesti se lopputulos, että näitten painoarvojen mukaan. Voittaja selviää matemaattisella kaavalla. (Misa 2)*

*Jos olet päässyt avainasiakkaaksi jollekin toimittajalle niin tyypillisesti toimittajan porukka on aika hyvin tietoinen siitä että minkälaisia haasteita tai minkälaisia tarpeita on tulossa. Se että kuinka hyvin ne sitten osaa niihin tietoihin tarttua niin siinä on toimittaja kohtaisia eroja. Toimialasta pystyy päättelemään, että minkälaiset jutut on toimialalle tulossa mutta sitten taas toisaalta jos on päässyt hyviin ja luottamuksellisiin suhteisiin asiakkaan kanssa niin asiakas kyllä kertoo sitten esimerkiksi ihan vuosisuunnitelma tasolla että mitä juttuja tälle vuodelle on tehty. (Misa 3)*

*Ja sitten tulee eroja siitä kuin hyvin sitä informaatiota osataan käyttää. Parhaimmillaan se heijastuu ihan sinne tarjous sopimukseen asti, että ollaan oltu jo aikaisessa vaiheessa niin kuin käryllä ja tietoisia siitä että minkälaisia tarpeita siellä asiakkaan puolella on. (Misa 4)*

*Jos ei koskaan aikaisemmin ole myynyt julkiselle puolelle, niin ehkä suurin yllätys tulee työmäärästä mikä tarjouksen tekemiseen ja tarjouspyyntöjen vastaamiseen edellyttää. Ja myös semmoinen tarkkuus siinä, että tarjouspyyntöihin pitää vastata täsmällisesti ja kaikki ne tiedot mitä siellä pyydetään niin ne pitää olla siellä, mitään ei voi jättää arvauksen varaan. Se siinä varmasti on se suurin. (Misa 5)*

*Semmosessa vaiheessa missä ne ehkä paljastuu että se myyntiorganisaation oma toiminta ei ole ihan ajan tasalla on semmoiset asiat kuin esim. kysytään samoja asioita joita on jo selvitetty prosessin alkuvaiheessa. Eli semmoinen sisäinen tiedonkulku paljastuu siinä kun eri ihmiset kysyvät samoja asioita jotka on käyty jo läpi. Tavallaan ei ole asiakkaan vastuulla pitää huolta siitä että jos on käynyt myyjän tai teknisen asiantuntijan kanssa jotakin tulevaa tarvetta läpi, että se ei ole asiakkaan vastuulla levittää sitä tietoa siellä toimittaja organisaatiossa. (Misa 6)*

### **Sasha:**

*Meidän tehtävä on johtaa kaikki strategiset hankinnat joita meillä toimialojen ja IT:n kanssa yhdessä. Meillä on priorisoitu lista toimialoittain, mitä hankitaan missäkin vaiheessa? Kaikki hankinnat pohjautuvat firman strategian toteuttamiseen. (Sasha 1)*

*Kraljicin matriisi on tuttu, mutta meidän luokittelumme perustuu omaan frameworkiin. Saman tyyppisesti luokitellaan toimittajia, täydentämään tällaista neljää dimensiota niin siihen tulee mukaan tällaiset: asiakaskokemukselliset asiat, toimittajan palvelukyvykkyys asiat puhutaan SLA ja muista mittareista, eli miten luotettavaa sen toimittajan palvelu on. Sitten yhteistyön euromäärä. (Sasha 2)*

*Pyrimme skannaamaan markkinaa ja meillä vuosittain arvioidaan nyky toimittajat ja katsotaan putoaako joku strategisista toimittajista avain toimittajan rooliin. Ja onko siellä uusia kandidaatteja joiden kanssa me nähdään että vaikka robotiikan tai palveluiden osalta nähdään että tuolla on edistyksellistä osaamista niin voidaan sitten lähteä arvioimaan mikä on se kumppani verkosto jonka kanssa haluamme tulevaisuudessa solmia tällainen strateginen kumppanuus. (Sasha 3)*

*Me katsotaan tämä niin että meidän asiakkuutemme toimittajalle on merkittävä ja tavallaan se että mitä me esimerkiksi referenssiydellä saavutetaan niin se tuo lisä arvoa sille toimittajalle. Tavallaan meidän referenssiydellä on taloudellinen lisä arvo toimittajalle joka taas pitää näkyä meillä siinä hankinta hinnassa. (Sasha 4)*

*Olemassaolomme punnitaan asiakaskäynneillä. Mitä paremmin pystymme vaikuttamaan tuotteen hankinta hintaan, sitä edullisemmin pystymme myymään tuotetta halvempaan hintaan. Palvelun laatu pitää olla hyvä, tai vaatimusten mukaan ja hintaneuvottelu on myös tärkeä kriteeri. (Sasha 5)*

*Kyllä se näkyy joka paikassa. Kaikki asiat alkaen ihan alkuvaiheesta. Tässä vaihdetaan aineistoa ja kun näkee materiaalin minkä toimittaja toimittaa, ja millä se esittää näitä asioita. Niin oikeastaan se laatu kaikissa esityksissä, dokumentaatiossa ennen kuin mennään edes siihen varsinaiseen palveluun mitä ollaan hankkimassa. Kun toimittajan taustatiedot selvitetään niin siinä nähdään mikä on toimittajan koko, referensseillä kysytään toimittajan asiakkaiden aikaisemmat kokemukset. Ja kun huomataan että esitykset ovat ohutta yläpilveä, niin kun kysyy toimittajalta: Miten he tämän toteuttaisivat? Tässä vaiheessa voi huomata paljon puutteita jotka voi itse paikallistaa. (Sasha 6)*

*Strategisilla kumppaneilla on puitesopimukset ja ensisijaisesti hyödynnämme heitä palvelun tarjoajina. Pyrimme keskittämään hankintamme tällaiselle kumppanille jollei ole perusteltua syytä hankkia jostain muualta. Koska se sit taas nopeuttaa hankintaa kun on olemassa olevat sopimukset ja olemassa olevat hinnat niin se on tavallaan enemmän tilausprosessi. (Sasha 7)*

*Lähtökohtaisesti ei ole huono puoli mutta siinä voi käydä sillä tavalla että toimittaja osittain muuttaa omaa hinnoitteluaan sopimuskauden aikana. Vaikka meillä on siinäkin tietty toiminta periaate, sopimuksissa on sovittu milloin hinnoista keskustellaan jne. Kun yhteistyö sujuu kivuita ja säröittä voi olla sellainen heikkous että ei osatakaan katsoa parhaita toteuttajia jollekin palvelulle. Vaan valitaan suoraan se puitesopimus toimittaja*

*tähän rooliin jossa se ei olekaan paras mahdollinen. Näen että siinä on kuitenkin paljon enemmän hyviä puolia, kunhan pitää silmät auki. Pyritään siihen että meillä on toimittaja vaihtoehtoja riittävästi mistä valita joka lähtöön. Emme silmät ummessa mene kaikkea tekemään jonkun määrätyn toimittajan kanssa. (Sasha 8)*

### **Eeri:**

*Kun oli itse asiakkaan puolella niin iso kysymys on se riski. Esim. Pienellä firmalla on hieno tuote mutta kysymykset ovat onko heillä oikeasti kapitaalia, onko heillä resursseja, syvä tietotaito, entä jos se kasvaa nopeasti? Jos he saavat paljon asiakkaita, tiputaanko me arvojärjestyksessä hännille? Startupeissa on aina iso riskiprofiili. Jos tulee liability asioita, isot firmat eivät koskaan mene pienten firmojen perään koska ne ei tuu koskaan saamaan mitään. Sen takia monet isot firmat tykkäävät tehdä toisten isojen firmojen kanssa koska he tietävät että siellä on kapitaalia. Jos jokin menee huonosti niin saa varat ulos. Onko esimerkiksi mahdollista tukea rakentaa tai investoida firmaan ja hyödyntää sen erikoisuuden. (Eeri 1)*

*Myyjät koulutetaan myymään, hankinnan hankkimaan. Juuri tämä vastakkainasettelu, olin Neuvottelu koulutuksessa tai "hankinta koulutuksessa" yhdessä firmassa. Siellä vastakkainasettelu huomattiin nopeasti, eli "Myyjät käyttävät tämmöisiä ja tämmöisiä kikkoja". Toisessa firmassa sanottiin myyjäkoulutuksessa: "Hankinta käyttää tällaisia kikkoja ja aina yrittää vetää hintaa alas jne.". Meidän yrityksessä yritetään nyt painottaa Harvardin mallia, nimenomaan *balanced concerns*. Kysy rehellisesti toisen puolen mielipiteitä ja kertoo myös aidosti omasi. Se on luottamus peliä, sinun on uskallettava avautua koska muuten et voi löytää yhteistä toiminta ympäristöä. (Eeri 2)*

*Avoimuus on tärkeää, se mitä neuvottelu taidoissa puhutaan on tämä *balanced concerns*. Miten hankinnan näkökulmasta voisi saada toimittajat toimimaan tehokkaammin? No, esimerkiksi kertomalla niille mitä te halutte. (Eeri 3)*

*Tämä linkittyy sopimushallinnan puolella ja just se innovaation läpituominen, miten voitaisiin panostaa omiin resursseihin jotta mennään asiakkaille "Hei toimitukset hoituvat ihan ok, olen huomannut että nämä saattavat olla tarpeesi?" Just tiedon kerääminen sekä keskustelut. Jos kysyt suoraan, niin todennäköisesti saat suoran vastauksen ja asiakas kertoo mielellään. Avoimuutta peliin. (Eeri 4)*

*Prosessit, työkalut, data, eli Sopimuksellinen informaatio ja miten se linkittyy tuoteinformaatioon, asiakasinformaatioon, finanssi-informaatioon, resurssi - informaatioon ja miten kaikki nämä pitää olla integroitu yhteen ymmärtääkseen koko datamallia ja minkälaisia tietoja sieltä tulee. (Eeri 5)*

*Myöhemmin Pre-identification, identification kohdassa on yrityksiä jotka eivät tee tarpeeksi töitä siinä kohtaa. Saattaa poikia siitä että asiakkaanhallinta ja muut roolit nähdään kuluina. Ei pystytä näkemään kuinka paljon lisämyyntiä on saatu sillä että asiakashallinta on ollut siellä tarkkana. Tätä pystytään katsomaan luvuista ja uskon että moni firma laskee näitä lukuja. (Eeri 6)*

*Kyllä mietitään liian vähän näitä asioita. Jos mietitään myyntiä niin se on hyvin ratkaisu orientoitunutta. Mietit yleensä valmiin ratkaisun ennen kuin mennään sinne asiakkaalle myymään. Eli myyt sinun ratkaisua ymmärtämättä asiakkaan ongelmaa. Liian vähän valmistaudutaan, haetaan informaatiota, mietitään miten voidaan lähestyä tätä, tarvitaanko pyytää lisäinformaatiota, minkä näköisiä neuvottelustrategioita jne. (Eeri 7)*

*Ollaan ajateltu että rakennetaan tiettyjä "portteja". Esim. katsotaan onko tuote kehitykseen laitettu tarpeeksi aikaa jotta löytyy tietotaito osaaminen, dokumentaatio on kunnossa jotta voi laittaa se myyntiin. Pitäisi olla myös myyjille koulutus jotta ymmärtävät mitä myyvät ja miten tuote käyttäytyy, minkälaista tuotetta myydään. Kun lähdetään myymään niin pitää myös olla myyjien lisäksi teknisiä asiantuntijoita jotta voi antaa asiakkaalle deep divea. (Eeri 8)*

*Jos neuvotteluvaiheessa ollaan ja jatkuvan palvelun vaiheessa. Sopimukset on yleensä aika komplekseja varsinkin tulkinnan varaisia, IT ihmiset puhuu omaa kieltään ja*



*liiketoiminta ihmiset puhuu omaa kieltään, vähän niin kuin puhuisi viroa ja suomea. Se on melkein sama kieli mutta ei kuitenkaan ole. Me toimitaan tulkkina eri stakeholdereiden välissä. Tällöisessä roolissa kuin on niin pitää ymmärtää: lakimiehiä , liiketoimintaa , finanssi ihmisiä (esim treasury), tekniikka ihmisiä, service management, henkilöstöhallintaa jne. Tietyllä tavalla laaja alue mistä pitää olla jonkinlaisia tietoja ja osaamista, syvä osaaminen tulee sopimuksen hallinnassa jotta sopimus pysyy ehjänä sen elinkaaren aikana. (Eeri 9)*

*Valitettavasti ei pelkästään meillä vaan monessa muussa paikassa niin rakentuu silloja. Kaikki tekevät oman asiansa ja pahimmassa tapauksessa kaikki asiat ovat eri ja silloin asiakas ihmettelee "mitä ihmettä?" Ja se tuottaa myös sisäisesti ongelmia koska meidän tuoterakenteissamme, laskutuksessa sekä kustannushallinnassa ei pysty saamaan kiinni siitä mikä menee missäkin ja millä momentilla ne näkyy siellä. Välillä tapahtuu vahinko ja huomataan että tehtiin eri asia kuin myytiin. Silloin avautuu ongelmat: löytyykö tätä hintaa listasta? Kuinka kytken kustannukset tähän mitä me myytiin? Voinko minä laskea tästä tulosta vai en? (Eeri 10)*

*Nyt kun puhutaan palvelu komponenteista. Niin asiakkaan tahto tila ja toivetila ja muut asiat menee niin suoraan seuraavaan toimijaan. Eli meidän partnerimme on heti meidän perässä ja asiakas pyytää jotain mitä me ei voida toteuttaa vaan ainoastaan meidän partneri. Silloin tämä muuttuu enemmän chainistä networkiksi. Ja meidän pitäisi enemmän painottaa miten networkina voidaan toimittaa lisä arvoa, ei se meidän asiakas välttämättä saa siitä suoraan lisäarvoa vaan voi olla että hän toimittaa jotain arvokasta asiakkailleen jotka voi olla esim. loppukäyttäjilleen. Että jos on tarvetta nopeudelle, joustavuudelle ja muille asioille niin ne asiat pitää tarkistaa suoraan networkissa. Eikä niin että viestitellään edes takas koska se on hidasta toimintaa. (Eeri 11)*

*Me ollaan labeloitu commercial contract managementiksi. Rakennetaan mielikuvaa mitä tämä voisi olla meidän firmassa vuonna 2025. Jos katsotaan asiaa suuremmassa mittakaavassa ja mietitään missä kaikkialla tätä kauppasopimuksellista asiaa esiintyy meidän firman operating mallissa? Tätä esiintyy äärimmäisen monessa paikkaa. Meidän pitää olla mietitty sopimukselliset kaupalliset asiat jo tuotekehityksen aikana, pitää*

*rakentaa firmaan tiettyjä käytäntöjä minkä mukaan erinäköisillä businessmalleilla toimivat yksiköt nojautuvat samoihin käytäntöihin, johon meidän hankinta myös nojautuu. On back2back politiikkaa miten ostetaan ja miten me myydään ja että ne ovat linjassa keskenään. Me katsotaan asiaa isommalta mittakaavalta ja katsotaan mistä asioita puuttuu, me teemme virheitä jossain kohtaa elinkaarta tuotekehityksestä myyntiin kautta tuotantoon. Ne virheet ilmeentyy tuotannossa ja sopimuksen hallinoissa. Mutta virhe on ehkä tehty jo tuotekehityksessä. Silloin selvitetään ongelman alkuperä ja annetaan feedbackia jotta virheet eivät tapahdu taas tulevaisuudessa. (Eeri 12)*