Master’s Degree Thesis

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ARCADA

Process improvement in ICT services purchasing

Case study: Posti Oy

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Abstract:

This thesis is about purchasing ICT services and the empirical research is made for Posti Oy. The aim of the research is to describe present ICT services purchasing procedures in theory and in practice in Posti Oy, and also to give recommendations for improvement of the ICT services purchasing process in Posti Oy.

The research includes mainly recent theory of ICT services purchasing and is not adaptable to any other type of service purchasing since service purchasing types differ between services purchased. The theory includes handling new and existing ICT services purchasing processes and their challenges. The empirical part of the research is made as a case study because the aim of the study is to change something in the way the commissioner operates. The case study includes interaction with the research subject and in this thesis it means interviews and a survey as sources of information.

Companies outsource their processes to gain savings among other benefits. When purchasing services from a third party, defining need is challenging. In ICT services purchasing professional knowledge and language create extra challenges to need defining and communication. ICT services purchasing varies depending if the purchasing process is new or continuously existing. The commissioner Posti Oy is a traditional company facing challenges in its ICT services purchasing process. The author recommends commissioner to standardise ICT products and services, to calculate benefits of outsourcing vs. internal services more efficiently, and to take a proactive approach to purchasing continuous ICT services and improving project tools.

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Tiivistelmä:

Tämä opinnäytetyö käsittelee ICT palveluiden ostamista ja sen käytännön tutkimus on tehty Posti Oy:lle. Työn tarkoituksena on kuvata ajantasaiset ICT palveluiden ostoprosessit teoriassa ja käytännössä Posti Oy:ssä, sekä antaa suosituksia ICT palveluiden ostoprosessien kehittämiseen Posti Oy:ssä.

Tutkimus sisältää pääasiassa tuoreinta teoriaa ICT palveluiden ostamisesta eikä tutkimusta voida soveltaa muunlaiseen palveluiden ostamiseen, sillä palveluiden ostaminen on sidonnaista ostettavaan palveluun. Teoria sisältää uusien ja olemassa olevien ICT palveluiden ostoprosessit sekä niiden haasteet. Käytännön tutkimus on tehty tapaustutkimuksena, koska tutkimuksen tarkoitus on muuttaa tutkimuskohteen toimintatapaa. Tapaustutkimukseen kuuluu yhteistyö tutkimuskohteen kanssa ja tässä opinnäytetyössä tämä tarkoittaa tiedonhankintaa haastattelujen sekä tehdyn kyselyn kautta.

Yritykset ulkoistavat prosessejaan saavuttaakseen säästöjä muiden hyötyjen ohella. Kun palveluita ostetaan kolmannelta osapuolelta, tarpeen määrittäminen on haastavaa. ICT palveluiden ostamisessa prosessi on erilainen riippuen siitä, onko ostoprosessi uusi vai olemassa oleva. Toimeksiantaja Posti Oy on perinteikäs yritys, joka kohtaa haasteita ICT palveluiden ostoprosesseissaan. Kirjoittaja suosittaa toimeksiantajaa standardisoimaan ICT tuotteet ja palvelut, laskemaan ulkoistamisen ja sisäisten palveluiden väliset hyödyt tehokkaammin, ottamaan proaktiivisen lähestymistavan jatkuvien ICT palveluiden ostamiseen ja kehittämään projektityökaluja.

Avainsanat:	Posti Oy, ICT, palveluiden ostaminen, hankinta, ostotilaus, ulkoistaminen
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TABLE OF CONTENTS

This Master’s Degree Thesis is for my dad.

Isseelle.

Taija-Leena Maria Lönnberg

1. INTRODUCTION

1.1 Background and need

The ICT services purchasing requires special knowledge on service content which creates barriers of common language between the buyers, the suppliers and the end users. ICT is rapidly changing and hard to follow: keeping up in ICT requires full-day attention. For this reason many companies end up outsourcing their ICT services.

This thesis is written to understand more of the ICT services purchasing with its special features and reasons behind it. This topic is very present in most of the companies now-a-days. In this thesis the ICT services purchasing process is also analyzed in commissioner Posti Oy's business.

This thesis includes seven chapters. The method is introduced in chapter three and the theoretical framework in chapter two. The theoretical framework focuses on the ICT services purchasing and assumes that the basic theories of purchasing are common to the readers. The empirical part of the thesis is introduced in chapter four. Posti Oy's current situation of the ICT services purchasing process is explained. The current situation is researched by using interviews of a certain Posti Oy personnel as sources. The method explained in chapter three includes a survey. The survey and its results are introduced in chapter five. Chapter six includes results from the survey in a form of recommendations for Posti Oy to improve their ICT services purchasing process.

The overall aims of this thesis are to:

-Describe present ICT services purchasing procedures in theory and in practice in Posti Oy

-Give recommendations for improvement of the ICT services purchasing process in Posti Oy

1.2 Definitions

Some terminology used in this thesis is explained next.

ICT—Information and Communication Technology

ICT stands for Information and Communication Technology. ICT covers any product that will store, retrieve, manipulate, transmit or receive information electronically in a digital form (Riley 2012). ICT includes tangibles and intangibles. Tangibles means hardware like devices, equipment and software. Intangibles means for example consulting and user support. (Heikkilä *et al*. 2013 p. 108).

ICT has high impact in companies when they change or grow their new businesses or operations. ICT has become strategic resource for companies. The importance of ICT lays less in technologies than in their ability to create greater access to information and communication (Heikkilä *et al*. 2013 p. 103). Beside the actual activities ICT processes need resources like technology infrastructure, application software, data and ICT personnel. These are the resources a company can use from inside or they can be purchased.

Purchasing and services

Purchasing business services is about acquiring resources and systems from the suppliers who possess highly knowledge-intensive capabilities (Heikkilä *et al*. 2013 p. 9). One decision in the service purchasing may affect the buying company for years.

> A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer's problems. (Axelsson & Wynstra 2002 p. 9).

Services differ from goods because they are heterogeneous, intangible, consumed and provided at the same time, and linked to a moment. The service purchasing process starts with tactical purchasing: service specification followed by a supplier selection and a contract agreement with service delivery. The service implementation and the service measurement complete the service purchasing process. The stages are close to the generic purchasing process model in which activities are ordered and labeled as specification, supplier selection, contracting, ordering, expediting, follow-up and evaluation. (Van Weele 2002 p. 52-70).

Outsourcing

Outsourcing is a process where the company delegates some of its own processes to third parties to handle. Outsourcing can be based on tactical or strategic reasons. It may also be capacity related or expertise related. In the future, we will see companies focusing even more on purchasing ICT as a service, instead of focusing on purchase of ICT products (Heikkilä *et al*. 2013 p. 103). Top ten reasons for outsourcing ICT services are introduced in this thesis in chapter 2.2.

1.3 Commissioner

The empirical part of this thesis is made for Posti Oy. Posti Oy is part of Posti Group Oyj which is owned by the state of Finland. Posti Oy has four business groups: the postal services, the parcel and logistics services, Itella Russia and OpusCapita. Posti Oy has Finland's largest distribution network and beside Finland it operates in ten other countries with name Itella. (Posti Group, 2015).

The postal services are responsible for letter, magazine and marketing services. In details the letter services takes care of the business and consumer letter services, the stamps, redirecting post, the electronic Netpost and the international postal cooperation. The magazine services produce and develop delivering newspapers and magazines for its corporate customers. The marketing services produce and develop services for corporate customers: value-add services and services for addressed or non-addressed distribution. (Posti Group, 2015).

The parcel and logistic services produces and develops package posting and online store solutions for corporate customers. The logistic services are for corporate customers: all transportation is done in every size. The supply chain solutions are mainly focused on warehousing services. (Posti Group, 2015).

Itella Russia serves the Russian market and its customers operating in their market. OpusCapita clarifies financial administration by providing automation and outsourcing services to its customers. (Posti Group, 2015).

Posti Oy has over 200 000 business customers and its personnel includes 23 000 employees. The net sales are 1,859 million euro. The Posti Group Sourcing processes 60 000 orders through its procurement annually. It has 10 200 suppliers globally. The annual spend is 720 million euro. All this is done through 38 professionals in the Sourcing department. Three buyers are responsible for the ICT purchasing. (Posti Group, 2015).

> Posti Oy has defined its strategy to be moving towards higher value added solutions in all business segments. Besides this Posti Oy wants to be a powerful operator in Russia, based on difference in its services compared to competitors and based especially it its ICT abilities. Third strategic focus is to be a powerful international operator on each four business segments. (Pärssinen 2015 p. 4).

Markku Gerdt, a VP of the Sourcing at Posti Group Oyj, summarizes outlook: “Future focus of sourcing is in effectiveness and in bringing best products and services actively to different departments in Posti Oy. We will also be more carefully following sourcing policy in every operating country” (Pärssinen 2015 p. 5).

> Our vision is that Posti Oy sourcing will be the sector’s benchmark. According to our mission, sourcing provides the whole supply process, professionals and the best-value supplier base to improve competitiveness and profitability of all Posti Oy business units. (Kämppä 2013).

This thesis is linked to the Posti Oy Group Functions where both the ICT and the Sourcing departments are part of.

2. THEORETICAL FRAMEWORK

2.1 Challenges in buying ICT services

The unique challenges in buying business services include the difficulty of defining the content of service deliverables and in designing how to work together with the service providers, as sometimes the project can last up to many years. (Heikkilä *et al*. 2013 p. 9). The ICT services can be considered challenging, since they are based on expertise and knowledge of a professional: this professionalism is critical to the quality of the service. The concordant processes and tools helps companies to source needed utilities at the right time from the right supplier and with the right price after the company has solidified its supplier base (Lumijärvi 2007 p. 98).

The sophisticated equipment like tablets, laptops and intelligent phones create networks, applications and systems crisscross inside and outside of the company. ICT has to communicate between various equipment, software and users. The primary objective of the ICT services is to support critical business processes (Heikkilä *et al.* 2013 p. 104).

The ICT investments are expensive and they chance often. Figuring out all the costs and the risks of the entire life-cycle of a certain process or system is challenging. In the ICT services purchasing the process varies depending on if the ICT systems are totally new or already existing. The requirements also change during the life-cycle due to changes in technology, trends and innovations. The common ways to operate and the common tools increase efficiency and lower risks. (Lumijärvi 2007 p. 98).

Identifying and understanding the exact need is difficult. The purchasing team in a company buying the ICT services might not have the expert knowledge to the details of the required ICT services. On the other hand, the supplier has information advantage. Even companies do not always recognize their own needs regarding the ICT services, simply due to the lack of expertise inside the organisation. Also all specifications and agreements, and their changes, concerning services purchased are handled in the buyer-supplier interactions, so good communication is relevant. "A good professional buyer creates and also maintains the right type of competition between suppliers. Therefore, purchasing can be a true value-adding partner for the ICT experts and decision makers." (Heikkilä *et al*. 2013 p. 106).

Organisations with little experience of purchasing ICT systems have a natural tendency to order large, complete system packages provided by single suppliers. This type of operating may lead to difficulties with the supplier and the system: updates are expensive, upgrading takes a lot of time or is not possible with the supplier's resources. While choosing the supplier it is important to calculate and ensure total costs of the cooperation during the whole time of demand. Also paying attention into clauses of dissolving agreements and cooperation is vital. (Heikkilä *et al*. 2013 p. 106). "You need to take a systematic approach to ICT - related purchasing to optimize your ICT spend. The pre-requisite for this is to know your spend and what products and services are purchased under the ICT category." (Heikkilä *et al*. 2013 p. 109).

Since new ICT systems are rapidly developed it has led to the fact that ICT systems may vary a lot inside one organisation. Business units are purchasing equipment and services they desire. Brands and service providers vary. This causes a lot of splurge of company money. Ideally, the requirements for ICT services should be derived from business process requirements, not from individual needs and wants of units and functions (Heikkilä *et al*. 2013 p. 110).

> Standardisation is the process by which specifications are set. The majority of ICT specifications help ensure that products retain the ability to connect with each other, boosting innovation, and keeping ICT markets open and competitive. (European commission, 2016).

Centralisation and standardisation of ICT purchasing is what companies are generally moving towards. This means centrally evaluating and selecting the suppliers to an approved vendor list. Fulfilling needs from the organisation-wide vendor list increases the efficiency of using the ICT systems and services and of course purchasing itself. When the systems and the suppliers are compared and orders made in bulks money is saved. (Heikkilä *et al*. 2013 p. 107).

2.2 Why outsource ICT services

The ICT services are purchased when the ICT services are outsourced. Outsourcing ICT services is often called also as offshoring, since it is service based and is often related to the commissioning of work in to a provider in a low-cost country. Yet in this thesis all type of outsourcing is concerned with term outsourcing. According to van Weele (2014 p. 177) reason for outsourcing is one overall objective: to improve the overall performance of the outsourcing firm and increasing revenues by enhancing the company's value propositions to its customers. For each company the triggering reason for outsourcing may vary. "Before any decision on using an external service provider is made, purchasing should play an active part in defining the service requirements, together with the ICT experts, and in challenging the right way to implement them." (Heikkilä *et al*. 2013 p. 105).

As outsourcing has become a part of business strategy it may be executed for strategic or tactical reasons. The strategic reasons might include getting access to new resources, improving the customer satisfaction, increasing flexibility, sharing risks, improving the company focus to its core-business, gaining access to the world class supplier capabilities or to accelerate the re-engineering benefits. The tactical reasons might include improving performance, managing uncontrollable functions, receiving cash infusion, freeing up internal resources or reducing operating and control costs. (van Weele 2014 p. 177).

Outsourcing may be capacity or expertise related. If the outsourcing is needed because there is not enough capacity to provide the service needed in the outsourcing company, the outsourcing is capacity related. If the outsourcing company does not have for example enough skills to achieve certain quality levels, the outsourcing is expertise related. (van Weele 2014, p. 177-178)

In Purchasing and Supply chain management (p. 178) van Weele gathers the most common reasons for outsourcing into a top ten list. The list is created by the courtesy of Flatworld Solutions. The most common reasons for outsourcing are mentioned next in this thesis.

Lower costs

Outsourcing may bring savings worth mentioning. For many companies this is the main reason for outsourcing: lower operational costs and lower labor costs. Especially the ICT services are often outsourced to low-cost countries.

Focus to core-business

Services that require a lot of expertise are common to be outsourced: it gives time to focus on outsourcing company's own core-business. Focusing to own know-how brings business value and on the other hand outsourcing saves money for example from the continuous training of personnel.

Knowledge base

Outsourcing may bring value to the outsourcing company with the supplier's expertise and know-how. A supplier with global knowledge brings also unexpected quality to the outsourcing company and its customers. In the rapidly changing business fields specialized knowledge is highly important.

Freeing up internal resources

Outsourcing certain services in a company allows more internal capital to be used in the core-businesses. This makes the employees more efficient and allows them to focus on their work instead of using time for non-valuable or non-profit routines.

Access to resources

Beside accessing to knowledge base some companies outsource to access new resources or resources that are not available to them internally.

Buffer capital

Outsourcing may save costs and make it possible to create a buffer capital from savings achieved. The buffer capital saved can be used to profit the outsourcing company the most.

Less responsibility

When the difficult functions to operate are outsourced, it allows the outsourcing company to disengage from the responsibility of managing and controlling them. Outsourcing allows the benefits of these types of difficult functions to be achieved without taking the responsibility.

Mitigate risk

One of the primary reasons for outsourcing is mitigating risks via outsourcing.

Re-engineering benefits

Outsourcing also enables companies to realize the benefits of re-engineering.

New market areas

Outsourcing the service delivery near to the end users may help to gain access and expanding to new market areas.

In another view of reasons for outsourcing Lumijärvi (2007 p. 205) gathers together reasons for outsourcing that has been discovered by Accenture in a Nordic outsourcing survey. In this listing it is interesting that the cost savings are marked as the fourth important reason for outsourcing in the Nordic countries. More important is to be able to focus into the core-business and gaining expertise.

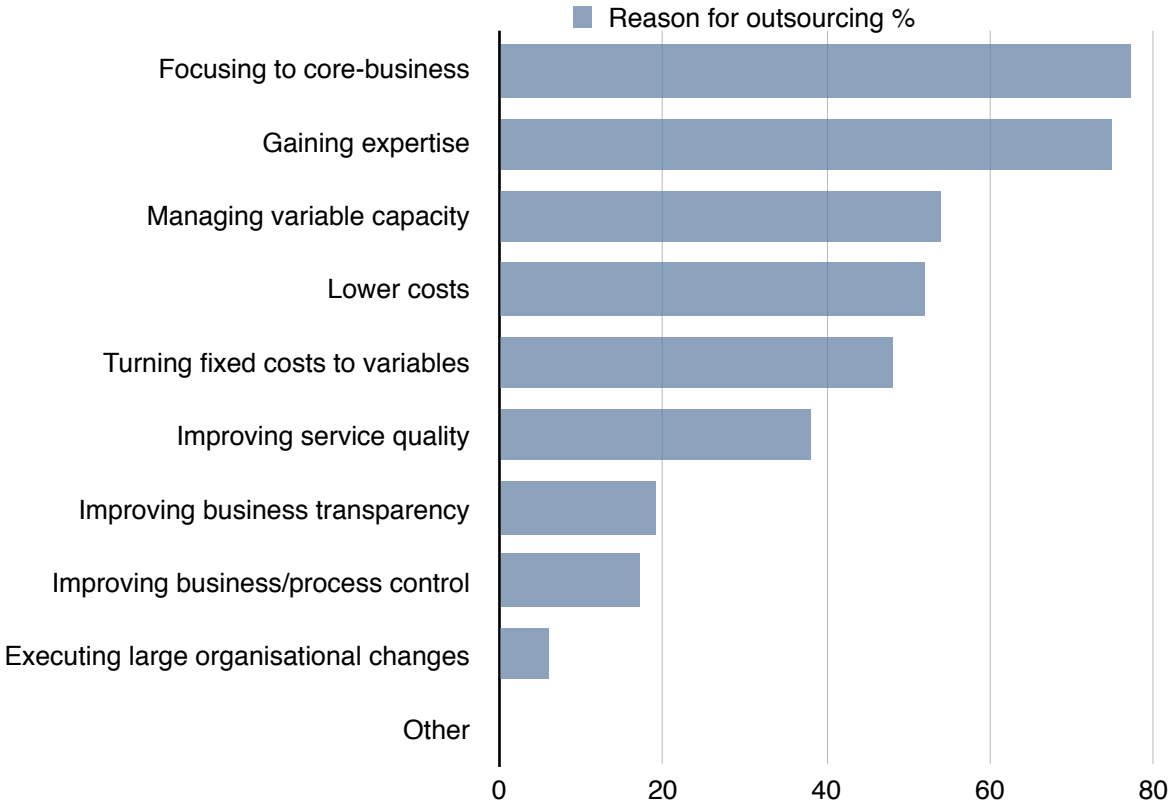

Figure 1 Main reasons for outsourcing (Accenture Nordic outsourcing survey in Lumijärvi 2007 p. 205)

2.3 Outsource decision making

Deciding whether to outsource or not, is a delicate matter. In this thesis this subject is only shortly introduced to remind the reader of the depth of the decision making. It includes concerning every business angle as shown in the outsourcing matrix. Also a lot of cost counting is included as shown in a total-cost-of-ownership.

2.3.1 The outsourcing matrix

In figure 2 is the outsourcing matrix. It is one guideline to see if outsourcing is needed. The decision for outsourcing is dependent on two variables: in this matrix the variables are the strategic importance of competence and the level of competitiveness relative to suppliers. In companies there are many options of variables to be matched together. With two variables there is four options how to proceed. With low scores of both options of the variables, the company should go for outsourcing.

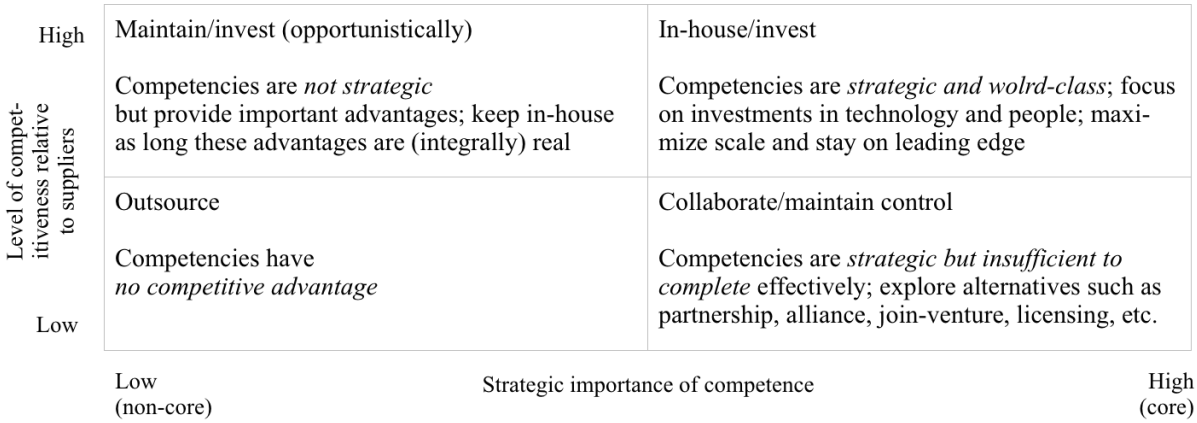

Figure 2 The outsourcing matrix (adapted from R. Savelkoul: Creating value in the 21st century, public lecture by van Weele 2014 p. 179)

2.3.2 TCO —Total-Cost-Of-Ownership

The cost versus benefit impacts of total or selective outsourcing can be evaluated with the Total-Cost-Of-Ownership (TCO) calculation (Heikkilä *et al*. 2013 p. 114). The TCO analyses total lifetime costs that follow from owning certain kinds of assets. For this reason, the TCO is sometimes called a life cycle cost analysis. How long is life, might be considered either how long the asset is to depreciate in accounting, how long the asset returns more value than it takes or how long the asset is actually in service (Schmidt 2004-2016).

Owning assets brings along substantial costs beside purchasing. These costs might include initial capital costs, installation costs, software and upgrades, training, user support, maintenance costs, connections such as remote use via mobile terminals, repairs and disposal costs and replacement costs (Heikkilä *et al*. 2013 p. 114). Strategy of using a single supplier for large system packages as descriped in chapter 2.1, requires special attention to the TCO over the entire life cycle to avoid struggles with expensive updates and upgrades (Heikkilä *et al*. 2013 p. 106).

2.4 Purchasing process for new ICT services

Purchasing process for new ICT services is presented next. The process descriptions are based on the theory introduced in the Purchasing Business Services written by Heikkilä, Vuori and Laine in 2014 if not mentioned otherwise. Purchasing process for continuous ICT services is presented in chapter 2.5.

2.4.1 Confining requirements

The ICT services purchasing process starts with defining what services support the business. The service users inform their requirements, also requirements for service quality and wideness are considered. It is urgent to revalue if all needs are needs or just likings or wants. The role of purchasing is also to challenge the requirements.

Because of unequal level of knowledge between the supplier and the buyer contractual controls maybe installed. This may include behavioral and outcome controls. If these controls are well-chosen they may improve the controllability of the contract during the service delivery. The contractual control can be done by splitting large projects into smaller, choosing the right method to contractual governance and adding penalties to the control quality.

2.4.2 Project Initiation Document

Discussions with the service users and the internal stakeholders should take place: are the requirements business critical or not? The service requirements should be considered by describing who, where, what, why, when and how of the desired service and outline them in writing (Heikkilä *et al.* 2013 p. 113). The quality of a service as perceived by the customer is highly dependent on the result of the customer's comparison between the experienced service and the expected one (Axelsson & Wynstra 2002 p. 143).

According to Axelsson and Wynstra (2002 p. 143-150) the service definitions can be described in four different type of definitions. The input-oriented definition focuses on the supplier's resources and capabilities. The process-oriented definition focuses on how the service is produced. The function-oriented definition focuses on the service functionality and output. The outcome-oriented definition focuses on the economic value.

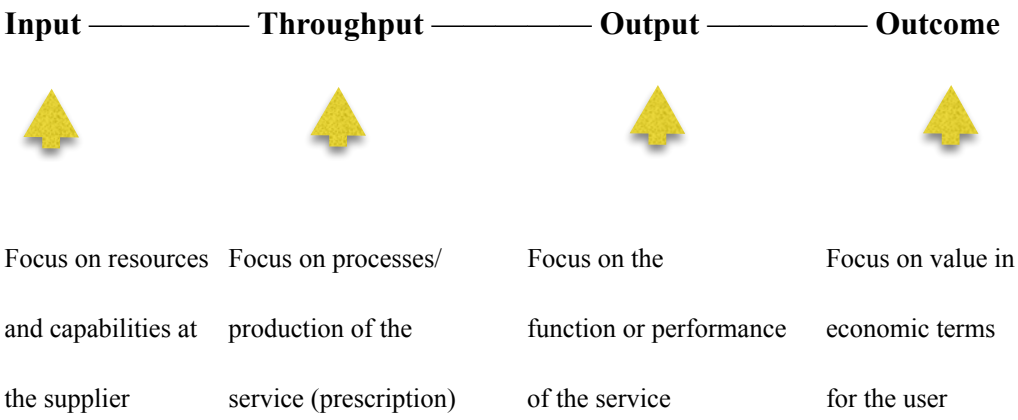

Figure 3 Four methods for specifying business services (Axelsson & Wynstra 2002 p. 144)

This describing the service requirements may be called a Project Initiation Document and it should have a limited standard form, for example one A4 with certain fields to fulfill. The Project Initiation Document is prepared by an internal customer for the system per each project. This covers questions who and where. The document itself covers question what. In the document, the internal customer defines why the project is needed, what the internal and external dependencies in terms of other projects and schedules are, and what the detailed content to be purchased is (Heikkilä *et al*. 2013 p. 113). Also the question who is covered by naming the supplier candidates.

In some Project Initiation Documents costs are included: for example, the planned acquisition costs are calculated for a certain period of time from the moment of signing the contract. There may be a comparison between the recent costs and the costs after the acquisition.

After defining the need it is time to decide if outsourcing is preferred. Also only parts of the service process can be outsourced: this is called selective outsourcing. When the entire service is outsourced it is called total outsourcing. Outsourcing is handled in this thesis in chapters 2.2-2.3.

2.4.3 Four phases of choosing supplier

If the outsourcing is decided to get into, it is time to focus on selecting the right suppliers. “The process includes four main phases: Business requirement specification including Request for Information (RFI) phase, Request for Proposal (RFP) phase, Proposal and Negotiation phases.” (Nissilä 2009 p. 11).

Choosing the supplier requires specific information for the company to be able to decide whether the supplier considered meets the evaluation criteria. To ensure the competency of the suppliers the Request for Information is sent to them. Further evaluation of the potential suppliers can include technical and service capability, contract management, technical design, training skills, and environmental sustainability and quality. The suppliers can be found on the Internet, they can be recommended by the trade associations, by the business partners or for example met at a trade fair. (Heikkilä *et al*. 2013 p. 115).

After evaluating the Request for Information, selected suppliers should be sent the Request for Proposal, also called Request for Quotation. The response would be a offer with the supplier's best price. The Request for Proposal should specify what the new service is supposed to do or at least set the minimum level of the requirements. The Request for Proposal can include an open text field where the suppliers can suggest their own solutions or offer something extra. (Heikkilä *et al*. 2013 p. 115).

When all potential suppliers have answered the Request of Proposal, suppliers can be evaluated. According to Heikkilä, Vuori and Laine (2013 p. 116) evaluation criterias to be considered are financial viability, track record, understanding the purchasing organisation, resources, technical competency and project management capability, relevance of references, standard maintenance and support, service level guarantees, solution usability, functions and features, compliance to standards, overall suitability, fitness-for-purpose and capacity for growth. The supplier or suppliers are chosen based on the criteria of the purchasing organisation. The Proposal and the Negotiation phases can begin.

2.5 Purchasing process for existing or continuous ICT services

When handling the purchasing process for the continuous services it is important to keep constantly track on the current situation and possible future changes. The continuous services require a proactive approach in which future changes and requirements for the service need to be continuously anticipated (Heikkilä *et al.* 2013 p. 119). Collaboration between several stakeholders for the services is needed. To drive the competition it is important to keep the ICT purchasing open and to avoid too strict requirements and connection to certain brands or suppliers.

Monitoring the suppliers, needs and contacts should be regular and continuous. The actual deliveries with content, quality, volume, time and costs are usually monitored sharply but also the supplier performance should be followed. This is usually made by following the Key Performance Indicators and having service review meetings. In these meetings actualised performance, improvements and possible service updates can be discussed. Dividing service elements into smaller parts clarify handling each section and makes cost structure easier to understand. (Heikkilä *et al.* 2013 p. 121). The Key Performance Indicators are presented next.

2.5.1 Key Performance Indicators

> Key Performance Indicators (KPI) are a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. KPIs vary between companies and industries, depending on their priorities or performance criteria. (Investopedia 2016).

Performance ratios can be classified in several ways, but when measuring the quality of incoming goods and services, the Key Performance Indicators (according to van Weele 2014, p. 297) available are:

- Percentage rejected deliveries related to the number of total deliveries made
- Percentage rejected, but repaired goods
- Cost related to repair of incoming goods and services
- Line reject rate, due to inferior quality of components
- Cost related to quality inspection and auditing of incoming goods
- Number of credit notes to suppliers and the cost related to non-quality deliveries
- Number of quality claims to suppliers and amounts involved

In a company level, stock price might be the best KPI for measuring how well the shareholder value is maximised. Yet each department within a company has to have its own KPIs. Every department's KPIs must contribute to the company wide KPIs. (Investopedia 2016).

To value purchasing logistics performance the following performance (according to van Weele 2014, p. 298-299) measures are available:

Ordering:

- Purchasing administrative lead-time
- Purchasing order backlog per month
- Number of requisitions processed per month
- Number of supplier quotations obtained per month
- Number of orders issued per month
- Number of rush orders per month

On-time delivery:

- Number of on-time deliveries
- Number of late deliveries
- Number of deliveries made too early
- Number of incomplete deliveries
- Premium transportation cost due to rush orders

Payment:

- Average payment terms versus standard payment term
- Number of invoices processed
- Number of non-matching invoices
- Average invoice value
- Number of invoices per supplier

Supply-chain efficiency:

- Percentage non-moving inventory
- Material shortages per month
- Number of partial deliveries
- Number of all rush orders
- Inventory turnover ratio per month
- Inventory value per month
- Number of outstanding order (quantity and volume) per month

Van Weele recommends (2014, p. 299) to differentiate between internal and external performance indicators. Keeping track of the performance of all the suppliers is not realistic: the companies needs to decide what products and suppliers needs to be monitored.

2.5.2 Service Catalogue

Baseline information of all the services provided should be included in the Service Catalogue. If there is no documented data, the company may be supporting services that the business no longer uses or requires. The data written down in the Service Catalogue should be for example the service content, users of the service, the providers of the service and how the service is provided. Also analysis of the existing contracts, the service level agreements and the invoices should be included into the Service Catalogue. (Heikkilä *et al*. 2013 p. 120).

Analysing service levels includes finding out if there are regular meetings with the suppliers, when the contracts were last evaluated, when business requirements per service have been challenged, what service levels are actually paid annually and what benefits they bring. The Service Catalogue is typically owned and updated by the company ICT department. (Heikkilä *et al*. 2013 p. 120).

3. RESEARCH DESIGN AND METHOD

3.1 Research design

The previously presented theoretical framework presents foundation for this research. It introduces valid and recent literature and models that are meaningful for the research. This framework supports and structures the base for understanding the commissioner's current situation and manners so that also the empirical research question can be answered. The empirical part of the thesis is presented next in chapter 4.

The case study methodology was chosen to the empirical part of this thesis. Case studies are the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events and when the focus is on a contemporary phenomenon within some real-life context (Yin 2003 p. 1). This method is valid for research where the aim is to change the way the commissioner operates. The interest is in how things should be beside the fact how they are at the moment.

The case study includes strong demand of practicality. It should reach for everyday actions of existing people. Typically it is cooperation between the researcher and the examinee and it is problem based.

This thesis is written with the ethical writing principle guidelines given by the Finnish Advisory Board on Research Integrity.

3.2 Method

Based on the overall content and the theory of purchasing ICT services in a book Purchasing Business Services, Heikkilä, Vuori and Laine have created "Checklist for purchasing ICT services" (2014 p. 124). In this checklist there are nine questions to ease the evaluation of the current situation of a company's ICT service purchasing. Each question can be answered with Yes or No.

As one research question of this thesis is to make recommendations for improvement of the ICT services purchasing process in Posti Oy, the mentioned checklist can be brought to practice. These nine questions are asked from the selected Posti Oy employees as a survey. The answers are analysed and based to them recommendations for improvement of the ICT services purchasing process are done. This checklist is selected to be used because it is part of the latest ICT service purchasing theory and is well suitable for this research and the research questions and also for the empirical atmosphere of Posti Oy. Beside Yes and No answers, the survey includes open text field for additional commenting.

Questions of the Checklist for purchasing ICT services are:

1. Is your company following a centralised approach to purchasing ICT?
2. Has your ICT spend been systematically categorised?
3. Has your company standardised the ICT products and services in use?
4. Do you have a systematic purchasing process in use, both in the context of acquiring new ICT services and continuous ICT services?
5. Does your purchasing organisation have a clearly defined role in the ICT related purchases?
6. Does your purchasing organisation co-operate with business managers and service users to discuss and determine the requirements derived from the business processes?

7. Does your purchasing organisation make Total-Cost-of-Ownership (TCO) analyses in order to consider options related to outsourcing versus using internal services?
8. Does you purchasing organisation take proactive approach to purchasing continuous ICT services?
9. Do you have tools and measures in place to actively manage your service suppliers and monitor their performance?

Beside the Checklist the ICT Category Manager and the Sourcing Specialist at Posti Oy are interviewed to clarify the authors understanding of Posti Oy's current process of the ICT services purchasing in chapter 4.

4. CURRENT SITUATION AT POSTI OY

The aim of this empirical part of the thesis is to understand how Posti Oy currently operates and what can be considered as its strengths and challenges. With this analyses the weaknesses of the processes are aimed to be noticed and then proposals for improvements are made known to Posti Oy.

4.1 Purchasing process for ICT services

4.1.1 ICT is included in all business segments

In Posti Oy the Business department creates need, the ICT department finds solution to the need and the Sourcing department selects most suitable supplier sand best prices. Inside the Sourcing department there are three buyers specialized in ICT purchasing. Same buyers purchase both goods and services. The ICT Sourcing is rather new part of the Sourcing in Posti Oy and is solution for a trend where the ICT purchasing has moved from the earlier resource hire activity towards the life cycle handling.

The ICT is included in every action in Posti Oy nowadays. From handling letters to organizing trucks, everything includes ICT, also as a service. A big part of Sourcing is focusing in automation and process handling. “It is important to keep in mind that stakeholders needs are those to fulfill and resources and know-how of the sourcing should be developed to match those true needs.” (The Category Manager 2015).

4.1.2 Decision Points approve projects

Posti Oy is using one common project management framework in all of its projects in all business groups. This framework is called the Project Model Awareness alias the PAW. It includes eight steps from handling the idea up to evaluating the implemented project. These steps are called the Decision Points and they are starting from the Decision Point -1 up to the Decision Point 7.

For launching projects Posti Oy follows two steps of the Decision Points and in this thesis these two steps are focused and presented as they are relevant for the research. The Decision Point 0 known as the DP0 stands for permission to preliminary prepare the project. The Decision Point 1 known as the DP1 stands for permission to begin the actual project.

The DP0 is a general preliminary go through of the project. This phase finds solutions to who is involved, how to implement the process and defines preliminary needs. In other words what, how and who is defined.

The DP1 includes the Sourcing department in negotiations. The time scheduling, the purchasing process and the contract negotiations are agreed. In the DP1 the project may also still be canceled. The focus of the Decision Points should not be in passing the DP1 but evaluating the real needs and important factors for the process. “The DP0 phase should have more focus so that the possible errors could be noticed on time.” (The Category Manager 2015).

4.1.3 An ideal perfect order

Next an ideal perfect order in Posti Oy is presented including the Sourcing Specialist's view and wishes. This gives idea of how the order is made in theory. The process information is based on interviews made in 2015.

The purchasing orders are made with a Supply Center -program in Posti Oy. It includes base for the orders and handling them. The stakeholder fills in the order, sends it for approval based on the predefined approval limit and after this the buyers make the operative purchases and handles the invoices. The buyers also maintains information about the products and the services available in the catalogs and takes care of the relationships to the stakeholders and the suppliers.

Before the order reaches the buyer it should be linked to a Cost Centre with an upfront approval. The Cost Centre needs to be filled in the order. The order should also include the information of what contract is linked to the order or if there is no contract. The same information is needed if the supplier is already existing. In these cases the contact information for liaison should be added.

At the moment the Supply Center does not include information if a certain supplier is delivering for multiple Cost Centre's in one project. This information should be added into the Supply Center order-form according to the buyer. "It would make the entirety easier to handle in the procurement." (The Sourcing Specialist 2015).

In the order-form the assignment is a open text-box. Description of the service or the product should be filled shortly. Important here is to use a language commonly understandable. The detailed budget should be written in the text-box. This should include an estimation of the price but also the managing level's approval for the maximum price.

The Supply Centre also includes an Internal Comment -field. It is a open text-box that should be used to register the inner negotiations concerning the process. It is available to all parties handling the order. For the buyer it would create value if the supplier's offers could be found in the Internal Comments.

4.1.4 Incorrect orders slow down processes

Incorrect fulfil in the orders in the Supply Center leads to e-mails bouncing between the buyers, the stakeholders and the approving managing levels. This handling back and forth takes a lot of time from already tight time schedules and prevents resources from focusing to their work. Short answering to the e-mails without noticing the whole process increases the amount of e-mails since the amount of corrective questions increases too.

The bouncing e-mails crisscross the company creates risks in the information handling. The e-mails are not available for all the parties handling the order and for example a sick leave of the buyer starts the bouncing again from the start with the substitute. Some buyers do leave track marks of their e-mailing into the Internal Comments field in the Supply Center.

> Feedback about the lack of information in the orders given during the process does not remove the problem from next orders. Training face-to-face seems to correct the future orders. Generally guiding the subscribers into using the Supply Center would be desirable. (The Sourcing Specialist 2015).

4.2 Overall challenges in purchasing ICT services in Posti Oy

Based on the interviews of the Category Manager and the Sourcing Specialist, challenges in purchasing the ICT services in Posti Oy are presented next.

4.2.1 Need defining is difficult

The major issue at Posti Oy is the proper need and request definition. If this is made only half way it may lead into ordering the wrong items from the wrong suppliers: this would waste all the savings received. After selecting the supplier ideal is that the negotiation continues with selecting the details. If the need changes, even the supplier may not be the right one anymore: this emphasises the meaning of the need defining. “Comprehensive purchasing of the services is challenging for everyone and even the suppliers does not always know how to operate or fully understand what the request indeed has been or how the supplier actually was committed.” (The Category Manager 2015).

With the imperfect need defining it is also possible that time ends. When all the orders are project connected, it is possible to have so tight schedules that it is not possible to re-select the supplier or negotiate the terms again. Every project should have enough time to succeed. Also all type of will-ordering instead of the need-ordering has to be deleted.

4.2.2 Deadlines escalate

During the past year the ICT procurement in Posti Oy has faced the challenges that working full speed can create in the processes. The assets needed as services are difficult to understand. While purchasing services it is important to have time to make analyses about the future development around the service. The lack of analyses may cause the loss of profit.

Working full speed in the processes gathers pressure. This may increase the risks and the prices when there is no time for deep analyses concerning the need or the supplier. Convergent deadlines put pressure also for implementing faster. “Purpose of flexibility is highlighted in radically changing competition and marketing environment. It makes creating contracts challenging. The meaning of the good suppliers and the supplier connections is truly emphasized.” (The Category Manager 2015).

4.2.3 Good supplier relationships lead to savings

In purchasing services and especially the ICT services good supplier relationships are important. The good suppliers may give more than is asked or even was known to ask for. New innovations, flexibility and the ease of contacting brings comfort to everybody’s work.

Changing the supplier in the future may even be impossible after implementing the project. Implementing the project costs easily high amounts of money, it may have a fixed term contract and using the service is expensive. Also transfers of the personnel may have been included. All of this seals the supplier relationships for a long time. “Our goal is that the main suppliers will become our partners who know, even more extensively than us, what Posti needs, and are thus capable of providing us with the most cost-effective solutions.” (Kämppä 2013).

4.2.4 Predicting future is preparing

In purchasing services it is urgent to know the future needs and the current needs. The flexibility is created when it is accurately defined what the current situation is, what is needed and who is the correct supplier. The supplier relationships cannot be too much highlighted. All decisions towards future should include for example 12 months perspective. This preparation towards the future is both the Business department’s and the Sourcing department’s to do in the Posti Oy.

When considering 12 months ahead it should be considered if something already existing can be exploited to the project, what new is needed and should something be outsourced. It is possible that same type of project is already ongoing somewhere else inside the company and this might bring new needs or demands into the project. In worst case scenario this possibility of two project lines is ignored and it leads to the fact that sourcing for a current need may disappear in a less than a year. Loss of this type of expenses can be avoided with a proper preparation between all the parties handling the project for example during the Decision Points.

When considering the ICT services it may in some cases be impossible to predict for example over 18 months. While preparing the project for purchasing ICT services building the future image is yet extremely important and requires professional knowledge. The ICT is rapidly changing industry and new innovations may anyway change the predictions made during the Decision Points.

4.2.5 ICT matters are hard to communicate

In practice one problem in Posti Oy is that the Business department does not always understand what the need truly is or does not communicate it to the ICT department well enough. In a traditional company like Posti Oy the ICT department has been working as a support function for so long that challenging the Business department in need defining is not active. The orders from the ICT department to the Sourcing department may include terms that the buyers are not familiar with. Understanding the ICT terms itself requires special skills and professional understanding.

Important issues for developing are evaluating the personnels know-how and its trend. “Ability in defining the need and understanding it in the ICT department is good to raise in discussions: the requests and understanding has to clarify.” (The Category Manager 2015). The definitions and answers to the clarification requests are often short and partial.

> Overall the project sheets are one development target. There is definitely no need for new documents, but the quality of the project sheets already existing should be inspected. The instructions for use should be delivered to all of the users. (The Category Manager 2015).

4.3 Traditional company has head start

As Posti Oy is nearly four hundred years old it has gained a unique know-how also in the purchasing field. Since 2013 Posti Oy has centralised its Sourcing department into one instead of decentralised Sourcing departments in several business units. This was made to redirect sourcing towards the right suppliers in a right way.

For a large and traditional company it is not possible to re-new the projects from end-to-end as it is in start-ups or companies with small and simple projects. The development requires a lot of demanding work and finding useful tools is emphasised. Ability to select these types of development tools becomes competent only with experience.

5. SURVEY ANALYSES AND DISCUSSION

5.1 Overview of the survey results

This survey was made in January-February 2016 via e-mail. The survey was sent to five parties in the ICT service purchasing process in Posti Oy. These parties were in random order the Head of Sourcing, the Category Manager and the Sourcing Specialist from the Sourcing department, the Controller from the Finance department and the Development Manager from the ICT department. The respondents were selected by the commissioner. The answers are handled in a random order and are referred as the Respondents 1, 2, 3, 4 and 5 because of the small amount of employees working with these certain parts of the ICT purchasing process in the Posti Oy. The questions required answer as Yes or No. Short comments were also requested as already introduced in chapter 3.2 Method.

In figure 4 it is shown how the survey was responded: Yes and No answers are listed per question and per respondent. According to the figure 4 most of the respondents answered the same to most of the questions which is ideal for Posti Oy since then the process is clear for all concerning the questioned topic. If the responses vary, more analysis are needed because the subject is not then clear for all parties in the ICT purchasing process. This is the case with four of the questions and their content. The answers are opened per question next.

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
1	Yes	Yes	Yes	Yes	Yes	No
2	Yes	Yes	Yes	Yes	Yes	No
3	Yes	Yes/No	No	Yes	Yes/No	**Yes**
4	Yes	Yes	Yes	Yes	Yes	No
5	Yes	Yes	Yes	Yes	Yes	No
6	Yes	Yes	Yes	Yes	Yes	No
7	Yes	Yes	No	-	-	**Yes**
8	Yes	Yes	Yes	-	No	**Yes**
9	Yes	Yes	No	Yes	Yes	**Yes**

Figure 4 Survey results per respondent

5.1.1 Is your company following a centralised approach to purchasing ICT?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
1	Yes	Yes	Yes	Yes	Yes	No

Capture from Figure 4

The ICT Purchasing was centralised in Posti Oy couple of years ago to be able to save costs and to have better control over the purchasing. This way of operating seems clear to all of the respondents and appears in their everyday work.

> Yes all purchases are to go through approved channels via Sourcing. This is also followed up and any maverick buying is reported. (The Respondent 1, 18.1.2016).

> Posti has predefined approved procurement channels such as Supply Center and First Card. Maverick buying report is supporting Posti Sourcing that these channels are being used. (The Respondent 5, 26.2.2016).

The operating manners are common in all purchasing which clarifies the whole operating field in Posti Oy.

> Yes. ICT purchasing is centralised, like all other purchases in our company. (The Respondent 2, 9.2.2016).

5.1.2 Has your ICT spend been systematically categorised?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
2	Yes	Yes	Yes	Yes	Yes	No

Capture from Figure 4

In Posti Oy systematical categorising in the ICT spends is commonly understood to exist: all the respondents agree that the categorising is done. Three of the respondents saw it important to list the categories, while others left them unmentioned.

> Yes, including categories like; IT experts, consulting and software development, IT services, Network services, Software product support service, Workstations, Server equipment and product support services. (The Respondent 2, 9.2.2016).

> Yes. The spend is categorised for example by area (networks, servers, licenses etc.) and by supplier and by country. (The Respondent 1, 28.1.2016).

> Yes. We have a clear spend view for different areas such as licenses, work stations, IT accessories etc… ICT spend is also defined by country. (The Respondent 5, 26.2.2016).

5.1.3 Has your company standardised the ICT products and services in use?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
3	Yes	Yes/No	No	Yes	Yes/No	**Yes**

Capture from Figure 4

According to the respondents, in Posti Oy the standardising varies and can be multidimensionally understood. The Respondent 4 sees standardising clearly exists (9.2.2016). The Respondent 1 agrees that standardisation exists, but the level varies:

> Most areas are where and whenever feasible. Rate of standardisation varies as due to for example production specific requirements 100% in not achievable not in most cases feasible target for standardisation. (28.1.2016).

Also the Respondent 2 (9.2.2016) and the Respondent 5 (26.2.2016) sees that the standardisation level varies between the products and the services used. The Respondent 3 sees standardising is partly done in the products, but in the services its all about categorising (10.2.2016).

5.1.4 Do you have a systematic purchasing process in use, both in the context of acquiring new ICT services and continuous ICT services?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
4	Yes	Yes	Yes	Yes	Yes	No

Capture from Figure 4

According to the respondents the purchasing processes for the new ICT services and the existing continuous services are systematic. The Respondent 1 and the Respondent 5 enhances that the processes are documented. The Respondent 4 also applies that there are improvement actions on-going.

5.1.5 Does your purchasing organisation have a clearly defined role in the ICT related purchases?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
5	Yes	Yes	Yes	Yes	Yes	No

Capture from Figure 4

The purchasing organisation's role in the ICT related purchases is clear to all of the respondents.

> In a nutshell Sourcing runs RFx process and supplier selection, ICT describe demands and requirements (The Respondent 2, 9.2.2016).

> Even in the project acceptance proposal sourcing is required to be taken into account (The Respondent 1, 28.1.2016).

In practice in majority of the cases the purchasing organisation is present. The Respondent 5 (26.2.2016) believes it still takes some time that the purchasing organisation is taken into account in every case.

5.1.6 Does your purchasing organization co-operate with business managers and service users to discuss and determine the requirements derived from the business processes?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
6	Yes	Yes	Yes	Yes	Yes	No

Capture from Figure 4

Co-operation exists according to the respondents in common. Yet this is seen as a wider and so important issue that the Respondent 3 sees it should be even more focused on.

The Respondent 1 and the Respondent 5 connects the co-operation with the business strategy:

> This is not process related but rather business strategy, needs and company visio to which we align sourcing strategy. (The Respondent 1, 28.1.2016).

> I believe our sourcing organisation's strategy is being partly formed according to these requirements. (The Respondent 5, 26.2.2016)

5.1.7 Does your purchasing organisation make TCO analyses in order to consider options related to outsourcing versus using internal services?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
7	Yes	Yes	No	-	-	**Yes**

Capture from Figure 4

According to the Respondent 2 the TCO analyses are made in co-operation with the other stakeholders like the ICT department, the HR department and the Business department. The Respondent 1 points out that the TCO analyses are done but on the areas where due to the selected strategy or needs the outsourcing becomes an actual potential:

> The TCO cannot be only metric however when evaluating outsourcing cases as these have both HR and legal interests to be considered (The Respondent 1, 28.1.2016).

The Respondent 3 has not seen the TCO analyses made to compare the outsourcing and the insourcing. According to him/her they are made case-by-case to support the vendor selection. The Respondents 4 and 5 have no knowledge of the TCO analyses in this context.

5.1.8 Does you purchasing organisation take proactive approach to purchasing continuous ICT services?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
8	Yes	Yes	Yes	-	No	**Yes**

Capture from Figure 4

This question seemed to be the most difficult to connect in practice in Posti Oy. Several of the respondents were unsure about the meanings of the question.

> We do not buy proactively due to cost constraints but only based on realised needs. However in case the need is evaluated be continuous the contract is made for a continuous service with suitable exit terms to allow for both volume discounts and insuring suitable resources are available. (The Respondent 1, 28.1.2016).

> Continuous ICT services are purchased if needed and benefits are seen.
> (The Respondent 2, 9.2.2016)

The Respondent 5 answered (26.2.2016) that the purchasing organisation does not take proactive approach since the ICT first evaluates the actual need and then makes the purchasing decisions. The Respondent 3 responded that the Sourcing department is co-operating with the ICT department. The Respondent 4 did not answer this question in the survey.

5.1.9 Do you have tools and measures in place to actively manage your service suppliers and monitor their performance?

Question	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Variety in responses
9	Yes	Yes	No	Yes	Yes	**Yes**

Capture from Figure 4

> Sourcing has SBM tool and agreed measures etc. in place. Also suppliers are categorised and SBM measures are suited for the categorisation. (The Respondent 1, 28.1.2016).

> Yes, we have classified our suppliers using SBM tool and have framework in place to manage ans measure supplier performance. Sophisticated measurement tools are missing. (The Respondent 2, 9.2.2016).

> Yes. We have a SBM tool but I believe its utilisation rate is not close to 100%. Anyhow, we categorise our suppliers to S2, S1, S0 etc. based on how we value our suppliers. (The Respondent 5, 26.2.2016).

According to the Respondent 4 the tools and the measures are also under improvement. The Respondent 3 does not see the real time performance measuring existing:

> NO, costs YES, service levels and performance not in real time and only for selected suppliers (The Respondent 3, 10.2.2016).

6. RECOMMENDATIONS FOR IMPROVEMENT

All different opinions in the results or different levels of understanding the questions in the survey unveils opportunities to improve the process but also chances of risk in the ICT purchasing process in Posti Oy. There were four questions out of nine in the survey varying with the results. The variation in the results does not straightforward indicate the existence of weak links in the purchasing process, but according to this research these sectors may need careful attention in the ICT purchasing process in Posti Oy. Next these four sectors with varying results are more deeply presented. In chapter 6.2 recommendations for improvement based on the interviews are presented.

6.1 Survey based improvement recommendations and discussion

6.1.1 Standardising ICT products and services

According to the respondents the standardisation varies in Posti Oy depending on the services and the products in use. As mentioned in chapter 2.1 in this thesis, the standardisation ensures that the products retain their ability to connect with each other and it keeps the ICT markets open and competitive. The author believes that the lack of standardisation may lead to purchasing similar but non-compatible services or parts which may lead to unnecessary extra costs.

Only one of the respondents found standardisation existing, others see it varies. The author believes 100 % level of standardising is impossible to achieve in a large company like Posti Oy. Yet standardising needs careful attention and is good to keep as a silent goal for all the purchasing decisions. Analysing and going through why certain services or products can not be standardised in Posti Oy might bring out knowledge of vain differences in the products or the services that could be cleared with standardisation.

6.1.2 Making TCO -analyses of outsourcing vs. internal services

As mentioned in chapter 2.3.2 in this thesis, the TCO calculation evaluates the cost versus benefit impacts in the process life cycle. Analysing the entire life cycle protects the purchasing company against for example expensive updates and slow upgrades (see chapter 2.1). Calculating the life cycle cost, both for the outsourced and the internally provided processes summarises which way to operate is cheaper for the company to follow. Working against these analyses would not be profitable. Profound instructions for making the TCO-analyses are not covered in this thesis.

According to the respondents the TCO -analyses are made in Posti Oy in co-operations between the different business units. To the author this seems like the only right way to do the analyses so that they cover all possible costs in the process. One of the respondents say the TCO -analyses are made to support the vendor selection: the TCO -analyses should be done before the vendor selection is relevant to see if it actually is the right way to proceed with the process in consideration.

Basically half of the respondents are not familiar with the TCO -analyses. When the respondents are all part of the ICT services purchasing process in Posti Oy it is interesting that half of the respondents do not know how the outsourcing is ended up to select. If the reason behind choosing a certain way to operate is unknown, also it's advantages are unfamiliar.

The author proposes adding overview of the TCO -analyses made into the agenda in the DP1 -meeting including the attendants from all the parties of the ICT services purchasing process. This would increase the awareness behind the decisions: the strengths and the weaknesses of each process could be noticed in the supplier selections and the supplier relationships. Overall understanding of the work would increase.

6.1.3 Taking proactive approach to purchasing continuous ICT services

Tracking what the current services are and how the business process requirements are evolving need to be proactively followed while purchasing the continuous ICT services as learned in chapter 2.4 in this thesis. From the results of the survey it becomes clear that the cost constraints narrow down the opportunities to purchase the continuous ICT services in Posti Oy. Also it is emphasised that the possible continuous purchasing decisions are made in the ICT department if the benefits are seen, not in the Sourcing department.

To the author it seems Posti Oy might be making frequent orders from the same suppliers without considering it as the purchasing of continuous ICT services. The author believes using the same suppliers regularly for the same type of orders should also be seen and treated as continuous operating. Using the same suppliers in the regular ordering might be the easiest way to operate but the outcome of it might be that certain type of orders are repeated from the same suppliers without questioning. According to the theoretical framework the existing suppliers should be challenged to match the service requirements at their best price.

The author does understand that some of the ICT services are provided by only one service provider and challenging these type of suppliers is not possible. The author believes these are the purchasing decisions the ICT department makes instead of the Sourcing department: if the ICT department makes other kind of purchasing decisions instead of the Sourcing department, to the author it seems non-align purchasing within the company.

As presented in chapter 4.2.3 Posti Oy believes that good supplier relationships are vital in it's current business situation and they are what Posti Oy is aiming for in the future too. Good supplier relationships may bring value as told in the theoretical framework. But the supplier faithfulness may also lead to dropping out the proactive approach to purchasing the continuous ICT services. The author recommends regular supplier analyses for all the existing suppliers to ensure all the benefits are up-to-date.

6.1.4 Improving tools to manage suppliers and their performance

According to the respondents the supplier performance monitoring is deficient in Posti Oy at the moment. Most of the respondents see the supplier performance monitoring existing but still the quality of the measuring is questioned: it is not 100 % exploited, there are no sophisticated tools existing, the tools are under improvement and the measuring is not possible in real time or used for all the suppliers. According to the respondents monitoring is done with the SBM tool in Posti Oy. In chapter 2.4 in this thesis it is learned that the supplier performance is usually made by following the Key Performance Indicators and by having the service review meetings.

Not all the suppliers are supposed to be monitored but if the respondents see monitoring imperfectly done, re-valuating of the monitored suppliers and services might be considered. Re-considering the Key Performance Indicators per department and sharing the indicators with each part of the process internally, for example during the DP1, might give the respondents and the employees clearer picture of the evaluation done. Regular service review meetings with the suppliers are recommended.

6.2 Interview based improvement recommendations and discussion

In the following chapters the author presents some observes based on the interviews made and recommends these observes also to be considered in the commissioners ICT services purchasing process.

6.2.1 Communication is key to need defining

Key to defining needs seem to be discussion and good communication. Brainstorming should find answer to the questions who, where, why, when and how as it's summarised in the theory of the Project Initiation Document in chapter 2.3.2 in this thesis. In Posti Oy this is supposed to be done during the Decision Points 0 and 1. These starting points to projects are rather new and it seems they are still finding their final form. It seems more parties would be willing to participate the DP's to bring out good quality conversations to be able to find the communication key to the need defining.

Typical challenge in businesses today is matching the time and the resources to the expenses. This is also challenge in Posti Oy while defining the need. Naturally when everything is aiming to the best combination of profit and cost, everything is expected to happen as effectively as possible. Urgency in the projects leads to many risks in the need defining. Firstly some needs stay unseen when there is no time to figure them out. Secondly errors tend to double while working under the pressure.

Posti Oy has emphasised the power of the good supplier relationships. They believe that the good relationships add value. The suppliers may offer extra for example in a form of solving problems Posti Oy did not find existing. The suppliers operate smoothly when they know their customer Posti Oy well. Maybe they give good prices to good customers. Contacting the familiar contact persons lower barriers of interaction. It is important to see that there is always people behind every business, this eases the need defining and daily work.

The author figured out that the need defining is recurring during the project. In Posti Oy it is made first in the mind of the stakeholder. Then it is defined in the Decision Point. Yet the need is again refined when the purchase is bid by the Sourcing department and the suppliers during the Request for Information process. And again the need is defined more deeply when the supplier is selected and the details are agreed for the contract. During every step the need may be re-defined or dropped out. Favorably this happens sooner than later in the process.

6.2.2 Load to personnel

To the author it seems concerning that the Posti Oy Sourcing department handles 60 000 orders with 10 200 suppliers but with only 38 Sourcing personnel (year 2015) of which only three handles the ICT purchasing. All the ICT buyers handle both goods and services. As everything includes the ICT now-a-days, from handling letters to trucks, the author would see investing in the ICT purchasing capacity as considerable option to keep up and develop the good quality in supplier relationships and in handling of the urgency in this business field.

In the company that has 23 000 employees there is always some personnel who has “always been there” and has always “done things in a certain way”. This type of personnel attitude may lead the need defining from the actual need defining into the will-orders. The author sees that centralising the Sourcing department is effective step against this type of business culture. In Posti Oy centralisation is on its quite early stages and some will-ordering can still be recognised in the Sourcing department according to the interviews. Question is how easily this can be deleted or does it vanish slowly by itself while time runs and the personnel changes? From the authors business experience these people in the personnel are often powerful and impossible to do the business without, so they are silently allowed to continue “doing things as they always have done”.

6.2.3 Create a check list to ease Supply Center use

Creating the perfect order (see chapter 4.1.3) in Posti Oy's Supply Center requires manual bothering. Everything in business requiring manual effort is challenging in the authors own business experience. It is dependent on the individuals in the personnel. As they are human they forget, they are too busy, they do not know how and they do not want to. Also reactions and answers to the requires concerning incorrect orders vary for the same reason. It will be extremely difficult to fix this issue but at the same time it is key element in reducing the iterations costs in the ICT service purchasing process in Posti Oy.

Automating as much daily routines as possible leads closer to the perfect order. Updating the Supply Center to the way that the users request would definitely be considerable. To the author it seemed the right matters are contained in the existing program. Problem in using is that the quality of information filled varies. User training is missing or running out of date and the used terminology may be difficult to understand. These problems are user-based matters. From the authors business experience these are the most difficult to fix.

The author believes creating a Check list for users would solve the above mentioned problems. The Check list would mean listing points to notice before sending the order. This would work as a cheat sheet for those who make orders rarely and there for do not always remember what to mention. This would reduce the iteration costs caused by the lack of user training. The Check list should be delivered to all possible users.

The iteration costs are also caused when every detail in the order is not fulfilled. With the Check list this could be avoided but since the users are reason for this type of problems some sanction is required. The author believes the Check list would require sanction so that if the order is send without following the Check list, it could be returned back to sender from the Sourcing department. The buyer would have right to return the orders and this would skip the requiring via e-mail.

The Check list might also include mentioning the usage of commonly known terminology but to the author this seems the hard to fix. Every department and person has their own beliefs of commonly understandable language. In the Supply Centre this refers to the use of the open text-box with the description of the process. The author believes this is yet the only way to have this done: no tick tack could fit into the needs of thousands of different type of service orders.

The author also believes that the use of the Check list might have an effect on reducing the will-orders. When all the orders are made the same way they require more of a ground survey. Noticing the non-rational orders might come more visible to the agreement level managers and the buyers.

The way of sending the Check list for all the users might be challenging. It can surely be e-mailed or attached to the Supply Center as a document. The author believes it should be eventually coded into the purchasing order in the Supply Center. Then it would be automated not to be able to skip the points needed. The order might not be send without filling the required points.

Based on the interviews of the personnel at Posti Oy, the Check list should include:

- The Cost Centre
- Information of the collateral Cost Centres when one supplier within the same project delivers to many
- The contract information/ no contract
- If the contract exists, information about the contract in the Internal Comments
- The supplier information/ no supplier
- If the supplier exists, the liaison information
- Description of the service or the product with understandable language
- Estimation of the price
- Maximum price allowed for the purchase
- Name of the inspector of the invoice

Clarifying the processes, saving the costs and implementing the new innovations is much more difficult in the traditional large companies than in the new or small organisations. Basically these changes can be made in some parts of the processes but it is not possible to renew something totally again from end-to-end. The author might say that big wheels turn slowly. Yet huge improvements and changes has been made in Posti Oy Sourcing department during past years.

7. FUTURE RESEARCH TOPICS

Related to this research there are other subjects inside Posti Oy that might be worth investigating for the future research topics. The results from these researches could improve the organisation.

For example Van Weele (2014, p. 289) advises that surveys and reports can also be used to assess the purchasing quality beside the ratios and different type of indexes. These surveys can be internally or externally oriented. The internal surveys might include figuring out how well the purchasing department performs in its relationship with its internal customers. The external surveys might include figuring out how attractive Posti Oy is to its suppliers. The author also adds that research concerning the supplier performance measuring in Posti Oy would be needed.

Investigating how the DP1 meetings are developed in the future would be interesting as their importance and interest among the respondents to participate has raised up in this thesis. For example investigating who should attend the meeting and how often, what the agenda for the meeting should include and how the decision points should be improved could be taken under research.

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APPENDIX 1

ICT Category Manager Posti Oy, interviewed 6.11.2015

Keskittäminen nostaa riskejä! Uudessa yrityksessä voidaan lähteä puhtaalta pöydältä ja suoraan miettiä end-to-end kokonaisuutta, mutta vanhassa ja suuressa yrityksessä on niin paljon velvoitteita legacy sekä useiden järjestelmien synnyttämänä että hyödyllisten työkalujen löytämisen merkitys korostuu. Neljä sataa vuotta vanhassa yrityksessä ei pystytä enää yksinkertaistamaan niin paljon, että kokonaisuus saataisiin kerralla tehokkaasti haltuun end-to-end, vaan se vaatii hyvin pitkän ja myös vaativan ja jopa kalliin kehitystyön, mihin ei usein ole mahdollisuutta ainakaan kokonaisvaltaisesti. Mutta on tässä etunsakin; tekijät ymmärtävät tekojensa hyödyn ja tuntevat vaatimukset. Kaikki ongelmat on rämmitty läpi ja tiedetään mikä toimii. Ongelmia ovat esimerkiksi sopivien ratkaisujen löytäminen, implementointi ja toki maksajan löytäminen. ICT nähdään valitettavasti edelleen kulueränä, vaikka se tuo suurimmat säästöt ja etenkin liiketoiminta kuitenkin usein rakentuu hyvinkin pitkälle ICT varaan. Työmäärät ja vaatimustasot kasvavat kokoajan ja perusasiat täytyy saada kuntoon.

Sanotaan, että palveluiden oston määrä vain kasvaa. Mutta mitä on palvelu? Määritelmä on muuttunut. Aiemmasta resource hire aktiviteetista on siirrytty elinkaarien hallintaan. Skaala tässä välissä on laaja.

Suurin haaste meille on kunnollinen ja perusteellinen tarve- ja vaatimusmäärittely. Kuluneen vuoden aikana merkittävä haaste on ollut kiire. Palveluina haluttavat asiat ovat vaikeita hahmottaa, etenkin kun niitä hankittaessa on kyettävä miettimään myös tulevaisuuden tarpeiden kannalta. Muun muassa näistä syistä niiden määrittely jää puolivillaiseksi, mikä nostaa riskejä, hintaa ja luo painetta sopimuksen impelementoinnille. Tästä syystä sopimuksiin on luotava joustoa, jotta ei jouduta täysin pattitilanteeseen, mikäli palvelun määrittelyssä on epäonnistuttu. Jouston merkitys yhä nopeammin muuttuvassa kilpailu- ja markkinatilanteessa korostuu, vaikkakin tekee sopimuksen teon merkittävästi vaativammaksi. Tässä hyvien toimittajien ja toimittajasuhteiden merkitys korostuu huomattavasti.

Business tuo meillä tarpeen, ICT etsii ratkaisun tarpeeseen ja Hankinta koittaa löytää soveltuvimman toimittajan ja parhaan hinnan. Tehtävänämme on haastaa, mikäli tarve tai määrittely eivät ole riittäviä hyvän sopimuksen perustaksi. Ongelma käytännössä tässä on se, että Business ei aina ymmärrä mitä tarvitaan tai ei osaa kertoa sitä niin, että ICT ymmärtäisi tarpeen. ICT on ollut niin pitkään tukifunktiomoodissa, ettei sieltä osata vaatia ja haastaa määrittelyä, vaan koetetaan tehdä parhain arvaus siitä mitä liiketoiminnoista on kerrottu tarpeena. Tämä voi johtaa siihen, että tarve määrittyy ja sitä muokataan vasta kilpailutuksen aikana tai pahimmassa tapauksessa sen jälkeen sopimusneuvotteluvaiheessa. Tällainen tilanne on erityisen haastava: säästöt katoavat ikkunasta ja neuvottelutilanne on tyhjän päällä, koska ei saada niin sanotusti edes perustuksia valetuksi. Kilpailutuksen jälkeen pitäisi enää hioa yksityiskohtia, mutta pahimmillaan tarve voi muuttua niin paljon, ettei kilpailutettu toimittaja ole enää oikea. Tässä vaiheessa voi myös käydä niin, että aika loppuu. Huonolla määrittelyllä ja joustamattomalla aikataululla voidaan päätyä tilaamaan väärää tavaraa väärältä toimittajalta. Kokonaisvaltaisten palveluiden ostaminen on kaikille haastavaa, eikä aina toimittajakaan tiedä mitä tekee tai ole täysin ymmärtänyt mitä siltä on todella vaadittu tai mihin on sitoutunut.

Erityisesti laajan palveluhankinnan yhteydessä hyvä toimittajasuhde on elintärkeä. Toimittajan vaihtaminen voi olla jopa mahdotonta. Palveluista on maksettu suuria summia, on määräaikaisuuksia, palvelun käyttäjäksi siirtyminen on jo maksanut mahdollisesti hyvinkin paljon, vaihtaminenkin maksaa: ajatus “vaihtamalla paranee” ei toimi. Lisäksi sopimukseen on saattanut sisältyä henkilöstösiirtoja, jolloin vaihtamiselle ja sopimuksen purkamiselle tai toimittajan vaihtamiselle on omia erityshaasteitaan.

Hankkeiden valmisteluun on varattava riittävästi aikaa ja oikeat ihmiset. Kaikki työ mikä valmisteluvaiheessa tehdään, vaikuttaa varmasti merkittävästi lopputuloksen laatuun. On varmistettava, että tarpeet todellakin täyttyvät, samoin vaatimukset. Näitä laiminlyödään usein kun kiire johtaa valintoihin, joita ei voi aina edes korjata. Oikeat yksiköt, kuten ICT ja hankinta, on otettava mukaan hankkeisiin riittävän aikaisin! Tukemalla ja varmistamalla tehokkaamman ICT:n ja Busineksen keskustelun saadaan hankkeille enemmän aikaa ja tehdään hankinnasta laadukkaampaa.

Ainoatakaan hankintaa ei tehdä ilman hyväksyntöjä. Sovitut foorumit/henkilöt hyväksyvät kaikki rahaa vaativat projektit sovitun prosessin mukaisesti. Tähän on jo projektimallissa kaksivaiheinen pohja: DP0 on lupa esivalmistella hanke ja DP1 on varsinaisen hankkeen aloituslupa. DP0 määrittää kuka on
mukana ja on yleisesti hankkeen alustava läpikäynti: selvitetään keinot toteutukseen ja tehdään alustava tarvemääritys. DP1:ssä on hankinta resursoitu mukaan: selvitetään aikataulutus, hankintaprosessi ja sopimusneuvotteluosuus. On mahdollista, että DP1 hylätään tai se lähtee väärin liikkeelle. DP0 vaiheeseen olisi keskityttävä enemmän, jotta mahdolliset virheet huomattaisiin ajoissa. Ei tule vääjäämättä tähdätä DP1 hyväksymiseen laadun kustannuksella.

Tärkeitä kehityskohteita tällä hetkellä ovat esimerkiksi henkilöstön osaamisen arviointi ja kehityssuunnitelma. Kyvykkyys tarpeen määrittelyssä ja ymmärtämisessä ICT puolella on hyvä nostaa keskusteluihin: vaatimusten ja ymmärryksen on selkiydyttävä. Myös esimerkiksi project managereiden laatu vaihtelee: osa hoitaa asiat hyvin ja osa ei. Helposti keskitytään omaan yksikköön tai projektiin sivuuttaen muut kuitenkin oleelliset stakeholderit ja tukifunktiot.

Yleisluontoisesti projektipohjat ovat myös kehityskohde. Dokumentteja ei missään nimessä tarvita lisää, mutta olemassa olevien laatua pitää kehittää. Määrittelyt ja vastaukset jäävät usein vajaiksi. Ohjeistukset pitää toimittaa kaikille käyttäjille.

2015 on tehty toista sataa ICT projektia, lähinnä pieniä ja keskikokoisia. ICT puolella näitä tekee 130 henkeä ja lukuisia externaaleja samalla kun hankinnassa työskentelee kolme henkilöä ICT hankintojen parissa. ICT hankkijoiden pula johtaa pullonkaulaan ja tekee ICT hankinnan resursoinnista heikon lenkin. Kun resursseja on vähän, onko se oikeassa paikassa? Sinne missä näennäisesti on eniten spendiä palkataan lisää väkeä, mutta rekrytoinnissa tulisi ajatella kokonaistarpeen kannalta. Kun työntekijöiden määrä on rajallinen, yksikön toiminta on kiinni työkyvystä. Hankinnassa ei ole rahaa tai dedikoituja koulutussuunnitelmia, joten osaamisenkehittäminen jää omalle vastuulle ja usein tämä tarkoittaa, että huikean kiireen vuoksi se jää pois. Työntekijöiden osaamista ei analysoida systemaattisesti. Tarkoitus on tehdä toimittajatutkimusta ja analyyseja, mutta onko enää edes oikea osaaminen oikeassa tehtävässä?

Kaikki ICT hankkeet ovat jo resurssivajeen ja tiukan budjetin johdosta priorisoituja kun ne tulevat hankintaan ja ovat ns. elintärkeitä. Hankinnan on vaikea antaa syvempää tai pitkäjänteisempää tukea hankkeille joissa sitä tarvittaisiin, kun ei priorisoinnissa ole enää eroja ja resursointi ei sitä mahdollista. Kun Business ja ICT oikovat, myös hankinta joutuu oikomaan. Potentiaali häviää ja riskit kasvavat. Vajavainen, osittainen kilpailutus kasvattaa riskejä. Supplier base management (SBM eli systemaattinen toimittajahallinta) on osa työtä, mutta sen toteuttamiseen jää vain vähän aikaa: riippuu toki osastosta, mutta resurssivajeessa ei ehditä toteuttaa best practisea. Ei kerta kaikkiaan ole kykyä ottaa toimittajalta parhaita ratkaisuja. Tarvittaisiin enemmän aikaa ja rahaa. Nyt luova yhteistyö kärsii ja samoin informaation jakaminen ja sen saaminen.

Tänä päivänä ICT on kaikkialla kirjeistä rekkoihin, myös palveluina. Osaamistason kehittäminen ICT hankintojen puolella on vaativaa, eikä junior-tasoinen osaaminen riitä. ICT hankinta tarvitsee neuvottelukumppania: Business ymmärtää ICT:n tarpeen kasvun, mutta hankinta ei muutu tarpeen tahdissa. Tarve ohjaa kompetenssia: hankinta keskittyy prosessinhallintaan, automatisointiin jne. ja samalla kompetenssinkehitys ja todellinen analyysi asiakkaan todellisesta tarpeesta jää vajavaiseksi. Hankinta on tuore organisaatio tai radikaalisti viime vuosina muuttunut, jossa nyt helposti kehitys on kääntynyt sisäänpäin. Ajatusmalliin pitää tehostaa, että stakeholdereiden tarpeiden mukaan pitää mennä ja hankinnan resursointia ja osaamista pitää kehittää liiketoimintojen todellisten tarpeiden mukaisesti.

Hankitatoimen muutokset ovat lähteneet liikkeelle 2008 globaalista syöksystä, yrityksemme ICT on muuttunut 2013 alkaen. Toimintoja ja palveluita ICT puolella on ulkoistettu paljon. Liiketoiminta on muuttunut ICT pohjaiseksi, kilpailu vapautunut ja rahahanat lyöty samalla kiinni. Yrityksemme hankintaorganisaatio on luotu kolmessa vuodessa tyhjästä ja saavuttanut paljon huomattavan nopeasti. Nyt kuitenkin tuokaan ei riitä sillä sisäisen prosessimuutoksen lisäksi ja jopa sijaan on fokus palautettava liiketoimintojen tarpeille ja kehitykselle. Hankinnan on kyettävä muuttumaan liiketoimintojen muutosten mukaan, tai jopa edellä. Jos evoluutio menee ohi, ainoa keino on revoluutio. Nyt on hypättävä evoluution kelkkaan ja tehtävä muutos tai joudutaan revoluution eteen jälleen vuoden sisällä. Nykytila on analysoitava: on ymmärrettävä missä nyt mennään. On selvitettävä mitkä ovat core tarpeet, mitä pitää hallita, mitkä ovat toisarvoisia, mutta vaikuttavia asioita, mitä tapahtuu 12 kk aikana, mihin pitää varautua. Palvelunhankinnassa tärkeää on tietää nykytilan lisäksi tulevatkin tarpeet! Oikeasti täytyy kyetä määrittelemään missä ollaan, mitä halutaan ja hankitaan toimittaja, implementoidaan ratkaisu ja otetaan se käyttöön: muuten ostetaan sikaa säkissä. Toimimalla näin luodaan joustoa palvelunhankintaan ja päästään eroon arvailuista. 12 kk varautuminen on sekä busineksen että oston huomioitava!

ICT:n yhteydessä yli 18 kk ennusteanalyysin saaminen on vaikeaa: toisilla osa-alueilla jopa mahdotonta. Hyvä tilanne on, jos alussa on määritelty ymmärrys siitä millä rajoilla liikutaan: hinnan, aikataulujen ja projektin käynnistävien ihmisten suhteen. Pitää olla jo perusnäkemyksessä onko hankkeeseen jotain sopivaa jo hyödynnettävissä, tarvitaanko uutta, voidaanko ulkoistaa. Usein osa näistä mietitään, muttei kaikkea läpi. Huomioitava olisi myös sisäiset linjat: jos toisaalla on hanke tai jopa hankkeita, joista tulee lisätarpeita tai vaatimuksia, voi olla, että nyt alkanut tarve ja siten hankinta on kadonnut 12 kk kuluessa ja kaikki hankinnan vaiheet ja kulut ovat olleen alle vuoden mittainen investointi. Vastaavilta ongelmilta vältytään, jos kaikki osapuolet, kuten ICT ja stakeholderit, olisivat aina läsnä DP0 tapaamisissa. Alkuvaiheen työ on älyttömän tärkeää, sillä alussa tehdyllä työllä on hyvä payback.

APPENDIX 2

Sourcing Specialist, ICT Sourcing Posti Oy, interview 6.11.2015

Osto tekee operatiivista ostamista käyttäen Supply Center -työkalua. Tehtävään kuuluu tuotekatalogien ylläpitoa ja yhteydenpitoa stakeholdereihin ja toimittajiin. Varastonhallintaa ei ole. Tilataan saman ostajan kautta sekä tavaratilauksia että palvelutilauksia. Tilausmalleja kehitetään tilaustarpeiden mukaisesti: ongelmat kohdataan ja uudet kehitysmallit muodostetaan. Konsulttihankinnat ja sopimukset tulisi olla tehty valmiiksi ennen oston roolia. ICT:n ja operatiivisen hankinnan välisiä tapaamisia ei ole riittävän useasti ja niitä olisi jatkossa hyvä pitää useammin yhteisten toimittajatapaamisten lisäksi.

Ostotilauksessa on oltava tietyt perustiedot, jotta tilaus voidaan toteuttaa: usein tiedot on täytetty Supply Centeriin vajavaisesti. Ennen tilausta se sidotaan kustannuspaikkaan etukäteishyväksynnällä. Tieto kustannuspaikasta tarvitaan ostotilaukseen. Tilausmallissa toimeksianto on vapaa tekstikenttä, johon annetaan lyhyt kuvaus palvelusta tai tuotteesta. Sen pitäisi sisältää kustannusarvio ja olla yleiskielinen. Nyt mukana on ollut paljon ICT lyhenteitä ja termejä, jotka eivät ole yleisymmärrettäviä. Tilauksesta tulisi ilmetä myös sopimus, johon tilaus perustuu tai tieto sopimuksen puuttumisesta. Jos tarjous on jo olemassa, tulisi tämä mainita. Jos tilaus on tarkoitus tehdä tietyltä toimittajalta, toimittaja tulee mainita. Yhteyshenkilö on syytä mainita.

Ikävimmässä skenaariossa tilaus on vajavainen ja vaatii runsaasti sähköpostitse käytävää selvittelyä tilauksen sisällöstä. Perehtymättömän kustannusarvion seuraus voi olla kulun uusi hyväksyttäminen kolmannella osapuolella. Tilauksen tapahduttua hyväksytetään toisinaan laskua usean sähköpostin kautta. Jos tässä projektissa esimerkiksi ostaja sairastuu, on selvittely sähköpostitse käytännössä aloitettava uudestaan. Käytössä on sisäinen kommenttikenttä, johon on mahdollista tehdä merkintöjä esimerkiksi tästä sisäisestä neuvotteluprojektista ja keskustelun etenemisestä. Hankintojen suuntaaminen sopimustoimittajille on ostajien ja sourcing managerien välistä jumppaa: jos sopimusosapuoli olisi kunnossa jo ennen kuin tilataan ja sourcing manager mukana heti kun tilauksista päätetään, olisi sopimustoimittajilta tilaaminen sujuvampaa. Yksi merkittävä syy tilausten pompotteluun talon sisällä on vastausten typistely: jos kysymyksiin vastattaisiin kattavasti ja kokonaisuutta ajatellen, säästyttäisiin useilta jatkokysymyksiltä. Pallottelun poisjäämisestä olisi liiketoiminnallista hyötyä.

Yleisesti ottaen tilaajien ohjaaminen Supply Centerin käyttöön olisi suotavaa: palautteen antaminen tilauksen yhteydessä puutteellisista tiedoista ei tuota selvää parannusta seuraavaan tilaukseen. Kontaktikoulutuksena annettu ohjeistus näyttää poistaneen epäkohdat tulevaisuuden tilauksilta. Osa käyttäjistä hallitsee tilauksen teon paremmin ja osa huonommin kuin toiset eli laatu on hyvin käyttäjäsidottua. On myös käyttäjiä, jotka tekevät ohitilauksia ja tästä tavasta olisi hyvä päästä eroon. Osa tilauksista Postissa on yhä ns. halutilauksia, ei selkeitä tarvetilauksia.

Hyötyä ostajan näkökulmasta olisi, jos sisäiset kommentit kentästä löytyisi toimittajan tarjous ja jos kokonaiskustannusarviossa ilmoitettaisiin myös ehdoton yläraja tilauksen hinnalle. Tämä helpottaisi tilausten tekoa, kun pienestä hintaerosta annettuun arvioon ei tarvitsisi tehdä uutta hyväksyntää. Kokonaiskustannusarviossa muutenkin on ymmärryseroa tilaajien välillä: haetaanko oikeata hintaa vai mahdollista hintaa?

Supply Centeriin tarvittaisiin uusi perustieto kustannuspaikasta: ostajalle ei muodostu kokonaiskuvaa hankkeesta niin, että olisi havaittavissa, jos samalta toimittajalta tulee tilaus eri kustannuspaikoille. Tämän tiedon lisäämisellä tilauspohjaan, kokonaisuudet olisivat helpommin hallittavissa.