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The Process and Supplier Selection
Criteria for Purchasing
IT-Consultancy Services

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KEYWORDS: IT-consultancy services; Professional services; Supplier selection; Choice criteria for supplier selection; Perceived value; Business relationships; Purchasing framework;
I. PREFACE AND ACKNOWLEDGEMENTS

This study is the result of our master thesis which was performed at Lund Institute of Technology during the spring semester 2017. It is the final element of our studies, and with its completion, we can now style ourselves as Engineers in Industrial Engineering and Management, with a specialization in Business and Innovation.

Our intention was to make the intangible subject of supplier selection for IT-consultancy services more tangible. In that regard, we have failed. During the project, we realized that the subject is more diffuse and complex than we first imagined. In addition to this, many choices rely on subjective judgment, which is very difficult to predict. This difficulty also makes it harder to get practical value out of the thesis. We believe that a better approach would be to study the process in-depth at one company, interviewing and observing many stakeholders involved in the purchasing process. To be able to generalize, this process would then have to be repeated at scale. However, that would require more resources and time than we had available. Despite this, we believe we managed to bring some additional insights to the subject of supplier selection for IT-consultancy services and related choice criteria.

Foremost, we want to extend our gratitude to our supervisor from LTH, Carl-Johan Asplund, and from Cybercom, Magnus Histrup. You have both been outstanding throughout the process, giving support and guidance which has raised the quality of this thesis. A big thank you also goes to Cybercom AB for their support during this process.

We also want to thank everyone who we interviewed, here in chronological order: Anonymous, Peter Theodoridis, Anonymous, Anonymous, Bassil Salameh, Carl Fransson, Lars Norling, Anonymous, Anonymous, Åke Englund and Jacek Szymanski. A big shout out to each of you and to your companies for allowing you to take time off to help us out.
Further, we would also like to thank the following people, for their different contributions to this thesis: Jan Bjerseth and Joakim Gyllin, along with everyone who participated in the survey that we originally intended to include.
II. ABSTRACT

There are plenty of IT-consultancy firms operating today, and the numbers show that they keep getting more and more. At the same time, the demand for these services are increasing. The biggest issue that these firms face today is related to finding new business opportunities. The complexity surrounding the purchase of these services make it a complex subject that is hard to fully grasp. It includes many variables, and until today, there has been no framework that considers all of these aspects. Further, the aspects that determine which supplier that gets chosen have not been investigated enough in-depth in regards to the purchase of professional services. The authors have not found a single study focusing specifically on IT-consultancy services in particular.

The main purpose of this master thesis is to examine and understand the supplier selection process for IT-consultancy services. The most important choice criteria concerning supplier selection will be identified and their impact on the supplier selection process will be discussed. Further, a modern purchasing framework for IT-consultancy services will be developed.

This thesis has identified the two most important choice criteria concerning the supplier selection as being perceived value and relationship. These two have been investigated in-depth in regard to the purchase of IT-consultancy services. Further, a unified purchasing framework for IT-consultancy services have been developed, including several aspects of purchasing.

This thesis has been performed at the Lund Faculty of Engineering, in collaboration with Cybercom Group AB. The thesis has not looked at procurement through third parties, or at public procurement and its private counterpart. The thesis has two intended audiences. The first is academics and students wishing to gain a deeper understanding of the purchasing of IT-consultancy services for academic purposes. The second is suppliers of IT-consultancy services seeking to gain a deeper theoretical understanding of the way their customers choose suppliers.
III. EXECUTIVE SUMMARY

Title
The Process and Supplier Selection Criteria for Purchasing IT-Consultancy Services

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Background
The consultancy sector has been growing for the last couple of decades. In Sweden, there are currently 300,000 people working as consultants. The growth does not mean that the consultancy sector is without its problem. A study by Hinge Research Institute reported that over 80 percent of consulting companies have trouble attracting and developing new business. Part of the problem for individual firms is that the understanding of how potential customers make a purchase, or, more specifically, what makes them choose one supplier over another, is limited.

Purpose
The main purpose of this master thesis is to examine and understand the supplier selection process for IT-consultancy services. The most important choice criteria concerning supplier selection will be identified and their impact on the supplier selection process will be discussed. Further, a modern purchasing framework for IT-consultancy services will be developed.
Methodology

This master thesis was performed as a case study with an explorative approach. Five cases were explored in-depth using personal interviews. To support the empirical research, a literature review was conducted focusing on the purchasing process, as well as factors influencing it.

Conclusion

Relationship and perceived value are the most important choice criteria concerning supplier selection. Relationship is more prevalent in the early phases of the supplier selection and decides to a large extent which suppliers are included in the process. Its importance fades throughout the process however, whereas the importance of perceived value grows in importance. The modern purchasing framework is depicted in figure III.1 and includes many aspects that were previously looked at in isolation. The framework is a generalization and does not apply to every purchase situation.
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V. LIST OF DEFINITIONS

Supplier - A firm delivering IT-consultancy services.
Buyer - An organization that is a potential buyer of a service, or that has already bought a service.
Choice criteria - The criteria on which a buyer bases its supplier selection decision on.
Attributes - The choice criteria studied in the buying-side interviews.
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1. INTRODUCTION

This thesis was written in collaboration with the IT-consultancy company Cybercom. In this chapter, the authors first present the background to the problem, followed by the purpose and delimitations.

1.1. Background

This thesis looks at the purchasing of IT-consultancy services, and the difficulties involved in these purchases.

1.1.1. Management Consulting

The term management consulting refers to different types of services related to strategic advice. Management consultancy firms have customers in both the private and public sector (Cheng n.d.). According to Giertz et al. (2016), management consultancy firms can be grouped in the following way:

1. Consulting firms - R&D
   a. R&D-related IT (I)
2. Consulting firms - object-related projection
3. Consulting firms - organization and management
   a. IT - administration and management (II)
4. Consulting firms - external functional expertise
5. Staffing agencies

The five groups can be divided further into subgroups (Giertz et al. 2016). Out of these, two are relevant to this thesis and have been denoted with (I) and (II). Management consultancy services involve a broad set of activities whose final goal is to improve the performance of an organization (Cheng n.d.; Turner 1982).

The management consultancy sector in Sweden is large. A study by Giertz et al. (2016) identified 6 421 active companies with more than five employees. This is equivalent to roughly 250 000 full time employees. The study also identified 10 205 active companies with one to four employees, corresponding to 35 212 full time employees. The majority of all companies
are found in group (I) and (II). Group (I) relates to companies that develop products or services that their customer then offers to its own customers. Companies in this group by and large have Swedish owners. Companies in group (II) offer services to increase the efficiency of their clients. Examples include developing systems for information storage, analysis and decision support, administrative routines as well as giving advice on how to use social media. This group makes up 26 percent of the total number of full time employees. This group is dominated by larger firms, and the Swedish companies are often owned by international organizations.

During the last four decades, the industry has seen strong growth - from 100 000 to 250 000 full time workers. Out of the different sub-groups, group (II) has grown the most (Giertz et al. 2016). According to Giertz et al. (2016), the reason for this is that it is difficult for today’s companies - the potential buyers - to build the necessary competence internally. Instead, they have to rely on external consultants.

While the demand for management consultancy services has grown significantly, the industry still has its problems. A study by Hinge Research Institute (2015) asked decision makers from 137 management consultancy firms about their most serious challenges. The results were the following:

1. Finding customers - 81.1 %
2. Competition - 25.2 %
3. Finding and keeping good employees - 24.4 %
4. Innovation - 24.4 %
5. Strategy and planning - 24.4 %

Despite the increased demand, fully 81.1 percent of firms think that finding new customers is a challenge. Naturally, there is value in insights that could alleviate this problem. Part of the problem for individual firms is that the understanding of how potential customers make a purchase, or, more specifically, what makes them choose one supplier over another, is limited.
1.1.2. The Purchasing of Services

There are substantial differences between products and services (Gordon et al. 1993) that make the purchasing of services more complex than for products (van Weele 2010, p. 92; Axelsson and Wynstra 2002). For example, it is often harder to judge the value of a service before it is performed (West 1997; van Weele 2010, p. 93). Management consultancy services are considered a professional service which are associated with higher costs and more risk compared to more generic services (Hill and Neetey 1988; West 1997; Armstrong & Kotler 2011, p. 188). Day and Barksdale (1994) argues the importance for the seller to understand how the buyer chooses and evaluates professional services. The choice of supplier follows a more or less formalized process where different suppliers are rated against each other based on several choice criteria (Armstrong & Kotler 2011, p. 188; van Weele 2010, p. 33-37; Makkonen et al. 2012). The value of an increased understanding of the buyer’s purchasing process lies, according to the authors, mainly in insights into the two main choice criteria that serves as the basis for supplier selection.

1.1.2.1. Purchasing of Management Consulting Services Today

There are different ways an organization can go about purchasing management consultancy services. Some companies use third party vendors such as eWork and ZeroChaos. These vendors work as intermediaries that match their customers’ needs with relevant suppliers (eWork n.d.). Another way to purchase these services is to use a procurement process, where different suppliers are invited to send proposals. The buyer then chooses which supplier to give the contract to. Firms can also go about establishing framework agreements with suppliers. The supplier with the contracted framework agreement will then get all of the business from the buyer as established by the agreement. Lastly, purchasing can be performed on an individual basis, where when the need is apparent, a purchasing process is commenced where the buyer itself looks for suppliers. This is

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1 Anonymous, interview 14th February 2017
2 Peter Theodoridis, Account Manager at Cybercom, interview 10th February 2017
3 Anonymous, interview 15th February 2017
usually a complex process that involves many people and departments (Heikka and Mustak 2017).

1.2. Purpose

The main purpose of this master thesis is to examine and understand the supplier selection process for IT-consultancy services. The most important choice criteria concerning supplier selection will be identified and their impact on the supplier selection process will be discussed. Further, a modern purchasing framework for IT-consultancy services will be developed.

1.3. Delimitations

Third party vendors generally use reverse auctions, and looks for companies to fulfill requirements for the lowest price possible\textsuperscript{4}. This process is substantially different from purchases where buyers and suppliers are in direct contact. It therefore falls outside the scope of the thesis and no consideration will be taken to purchases made via third party vendors. The thesis will also not investigate public procurement, or its private counterpart.

Price is unquestionably a very important criteria concerning supplier selection. However, in this thesis, price will not be discussed. It is a purely quantifiable factor that is normally weighed against the estimated benefit of the service. As the authors aim to study the benefits in a qualitative way, it is not possible to weigh the two factors against each other. If price is isolated in a qualitative fashion, it seems that the only possible conclusion will be that a lower price is preferred to a higher one.

\textsuperscript{4} Anonymous, interview 15th February 2017
1.4. Disposition

There is a total of six chapters in this thesis. The second chapter describes the methodology the authors used. The third chapter presents the theory that was used as a background to the empirical study. The fourth presents the results of the empirical study. Chapter five contains a discussion of the results from both the literature review and the empirical study. The final chapter contains the conclusions and the contribution of the thesis, as well as suggestions for future areas of research.
2. METHODOLOGY

This chapter describes the authors’ methodology when conducting this thesis. The chapter is divided into five parts: the literature review (section 2.1), the empirical study (2.2), analysis (2.3), study quality (2.4), and, finally, previous focus (2.5).

In this case study, an explorative approach has been chosen, as described by Höst et al. (2006, p. 29). Five different cases have been explored in-depth using personal interviews. To support the empirical research, the authors conducted a literature review focusing on the purchasing process, as well as factors influencing it.

The authors have used Day and Barksdale’s purchasing process framework (1994) in combination with Kotler and Armstrong’s description of the business buying unit (2012) as a background. The relevant steps in the purchasing process, in regard to the supplier selection process, as well as the affecting factors, have been examined. The authors originally intended to use the purchasing process described by van Weele (2010, p. 29). However, as this process is more general and not developed specifically for services, the more customized and specific process by Day and Barksdale was deemed more suitable.

Throughout the work with this thesis, insights from the empirical research brought forth a need to change the purpose several times. The reasoning behind changing the purpose is explained in chapter 2.2.1. A detailed description of the old purposes is found in chapter 2.2.7.

2.1. Literature Review

The literature review focused on gathering qualitative and quantitative secondary data. The goal was to build an understanding of the subject at hand. The following theoretical areas were reviewed: service theory, purchasing of services, choice criteria for purchasing professional services, value theory, business relationship theory, and risk.
Partly based on the theory, the following choice criteria were identified:

1. Experienced level of service from consultant
2. Experienced level of service from supplier
3. Experienced level of service at previous collaboration
4. Result delivered at previous collaboration
5. First contact
6. References from the same industry
7. References from a similar assignment
8. References in general
9. Brand
10. Cost
11. Price set-up

The complete results from the literature review are found in chapter three.

2.2. Empirical Study

In the empirical study, the focus was mainly on collecting qualitative data, although some quantitative data was also collected. This was then to be analyzed in order to further increase the understanding of the two main criteria and the purchasing of IT-consultancy services.

For the data collection, personal interviews were used. The interviews explored two areas: the selling side – suppliers; and the buying side – clients. The purpose of the supplier-side interviews was to map the most important choice criteria in the supplier selection process. The buy-side interviews were then used to explore these criteria in depth, and also to connect them to the purchasing process.

2.2.1. The Supplier-Side Interviews

Based on the findings in the literature review, an interview draft with the supplier side was developed. Based on insights from the interviews performed, the original draft was updated continuously. The interview draft can be seen in appendix A. Six interviews were conducted at Cybercom and
with people at different competing suppliers. Every interviewee had a direct connection to the sales of IT-consultancy services.

The results from these interviews provided insights that made the authors want to change the purpose. One reason was the fact that there were obvious inconsistencies in some answers of each interview subject. There were two questions that tested the same thing. One question asked them to rate the importance of the choice criteria from one to seven. The question following immediately after asked the subjects to rank the same criteria in order of importance. Despite being asked immediately after each other, the discrepancies were obvious for each subject. Furthermore, in one interview, the initial purpose of the paper was discussed, which further put to question the initial purpose. This eventually led to a change of purpose, from a more quantitative study, to a more qualitative study. Parts of five of the supplier-side interviews were still able to be used in the study despite the purpose change.

The supplier-side interviews resulted in several iterations of the choice criteria, where the final iteration led to the following choice criteria:

1. Relationship
2. Delivered value from previous collaboration
3. Reputation
4. References
5. Cost

The detailed results of the supplier-side interviews can be found in chapter 4.1.

2.2.2. The Buy-Side Interviews

Based on the results of the literature review, and the supplier-side interviews, the authors conclude that the top ranked choice criteria, apart from price, are a measurement of either the relationship between the buyer and the supplier, or of the expected value. In this thesis, every supplier is expected to have the basic necessary competence to complete the task, hence the criteria directly connected to this, for example, knowledge of a
certain system, are dismissed. The criteria that are left are those indirect criteria that relate to the perceived value of the suppliers, such as reputation and experience from the area or industry. This results in the following choice criteria and their respective breakdown:

- **Relationship**
  - With the supplier
  - With the consultant

- **Perceived value**
  - Reputation and references
  - Previously delivered value

**Relationship with the Supplier**
Relationship with the supplier in general. Without regard to previously performed work.

**Relationship with the Consultant**
The relationship with the consultant or consultants performing the work. Without regard to previously performed work.

**Reputation and References**
The supplier's reputation, both generally and specifically for the assignment and the buyer’s industry. References from previous assignments, both general and similar sectors and assignments.

**Previously Delivered Value**
Delivered results from previous cooperation. Without regard to the relationship with the supplier and its employees.
An interview guide was then developed based on these criteria. The authors looked at the following five cases:

1. Case 1 - ADB Safegate  
2. Case 2 - Company X  
3. Case 3 - Company Y  
4. Case 4 - Alfa Laval  
5. Case 5 - Duni

2.2.2.1. The Interviews

The interviews for the buying-side consisted of three parts: (1) the subject’s supplier selection process, (2) interview questions concerning the choice criteria, and (3) a simulation of a supplier selection process. The reasoning behind the simulation was to gather qualitative comments about the choice criteria. The simulation would hopefully minimize any possible discrepancies and result in more accurate data. The simulation was tested on the authors several times, as well as on the supervisor from LTH. Up until the first buying-side interview, the simulation was continuously revised and updated to ensure a smooth and process.

1. The Subjects Supplier Selection Process

Subjects were asked to describe how they would go about choosing an IT-consultancy supplier if a need were to appear.

2. Choice Criteria Interview

The authors prepared a series of questions regarding the choice criteria. These questions aimed to provide in-depth information about how the criteria affected the purchasing process. The interview guide is provided in appendix B.

3. Simulation of the Supplier Selection Process

In the simulation, the interview subjects were guided through a fictive supplier selection process for the implementation of the new general data protection regulation (GDPR). A scenario describing the situation, as well as 13 different fictive suppliers, were created. The suppliers all had different attributes in regard to the four sub-criteria. Each supplier was created to test
the relative value of one or more specific attributes or other factors, such as timing. These measuring cases are described in the coming pages. For some of these suppliers, some attributes were hidden and not revealed until later in the process. For example, the relationship to the consultant was, for some suppliers, only revealed when the subject had had a meeting with the supplier. This was done in order to mimic reality. Despite being unrealistic, some suppliers also had attributes that were non-existent in order to test the impact on perceived risk. The suppliers also had a fifth attribute outside of the criteria, which regarded the way that the contact was initiated with the subject.

In addition to company descriptions, three other documents were developed for the scenario. The first one contained rules for and a short description of the simulation process. The second document contained information about the actual scenario, setting up the task. The third contained a brief description of the GDPR. In order to minimize the risk of the authors influencing the subject’s decisions, every document was handed out to be read by the subject itself.

The simulation consisted of three steps:

1. Before first contact - The early phase of the process, right after the problem had been identified and before any contact had been taken with any supplier.
2. After first contact - After a phone call with the remaining suppliers
3. After a meeting - After a first meeting has been held with the chosen suppliers.

In the first step, nine companies were handed out in groups of two and three. The subject was asked to rank the suppliers in each group in relation to each other and to explain the choice. Then, the subject had to determine which suppliers to continue with to stage two. In stage two, the subject had had contact with each of the chosen suppliers, and the relationship with the supplier was unmasked for all suppliers where it was hidden before. An additional supplier was also handed out. The subject was asked to choose which suppliers to continue with and then stage three was commencing. In
stage three, the subject had met with each chosen supplier and the relationship to the consultant was revealed where applicable. Once again, an additional supplier was handed out and the subject had to first decide whether or not to meet this supplier. Then, a final supplier was to be chosen.

Although comparisons were made between the different suppliers, the purpose of the simulation was, as mentioned, to gather qualitative comments explaining the general perception that the subject had of each company and how particular attributes made an impact. Two of the suppliers were not used in the actual simulation. Rather, they were used afterwards, as the subject was asked to rank these two as well as another supplier, in regard to each other. The goal at first was to use these two in the main simulation. However, a test-run showed that having 13 suppliers in the simulation required a lot of time spent by the subject in order to read and reread about all the suppliers and make a decision. The two suppliers that were removed only served to measure one case: the importance of the first contact. In order to speed up the process and make it easier for the subject, they were therefore removed and only compared after the simulation was done.

The role of reputation became, unintentionally, strongly connected to the financial well-being of a supplier. Because of this, a lack of knowledge about the reputation became construed as poor financial well-being. This was noticed after the first interview had been held, and in order to remain consistent, no alterations were made to the simulation.

The complete simulation details can be found in appendix C.

**Measuring cases**

As mentioned, each supplier was created to test the value of attributes or some other factor. These were formulated in measuring cases.
In total, eight cases were developed that are described below:

1. The buyer chooses between Theta and Zeta. The buyer has a good relationship with Zeta, but not with the consultant. For Theta the situation is reversed. All their other attributes are identical. This answers the question if it is the firm or the consultant that is the most important.

2. The buyer chooses between Alfa, to which it has a good relationship with both the firm and its consultant, but is average in other attributes. Beta has a good reputation and has previously delivered good value, but has average relationship values. This tests the value of the relationship vs perceived value.

3. The buyer chooses between Beta and Epsilon, which is a more extreme version of Beta. It has the highest value for reputation and previously delivered value but has lower than average relationship values. This tests for preferences for more average versus extreme values.

4. Gamma has previously delivered excellent work, but has lower than average reputation and average relationship values. Delta has previously done a poor job, but has above average values for everything else. This tests the importance of previously delivered value against all other attributes.

5. Kappa and Lambda against all other suppliers. Both have stronger attributes than the other suppliers, but less information will be provided about them. This tests the impact of perceived risk.

6. Eta, Jota and My are identical to each other, except for how the buyer learned about the supplier. Eta has been recommended by a colleague, Jota was found after an internet search and My made a cold-call.
7. Kappa has a strong reputation but there will not be any information about the consultant who will do the work before the purchase is made. This tests the credibility of reputation and references as risk reducers.

8. My and Xi contacts the buyer later in the process. My makes the contact in the second stage, Xi in the third. Xi appears to be the strongest supplier when it makes the call. This tests for the impact of timing.

2.2.3. Sampling

To gather subjects to interview for the supplier side, a list of competitors and contact information were supplied by Cybercom. Cybercom also arranged meetings with relevant employees of its own. The method of sampling used by the authors falls into the category of convenience sample, as described by Lekvall and Wahlbin (2001, p. 250).

For the buying-side, three lists were supplied by Cybercom. These lists consisted of existing and previous customers, as well as potential customers. According to the supplier-side interviews, the majority of purchases are rebuys. It is fair to assume that in rebuy-situations, both parties already have plenty of information about each other. In a new purchase, however, this is not the case. Thus, to bring new information to Cybercom, it is likely better to look at companies that are not customers today. For this reason, the authors chose to focus on a list consisting of ‘leads’ - potential customers that Cybercom believe are likely to make purchases. The list was analyzed and duplicates and entries that were outside the scope of the study were removed. After this initial screening, the list consisted of 54 companies with a distribution according to table 2.1.
There are likely significant differences in how smaller and larger companies purchase IT-security consultancy services. In order to get a deeper analysis, the authors decided to focus on one of these segments. The authors picked a larger segment as order values are likely higher and there are more of these companies on the list. The cut-off revenue was 500 mSEK, resulting in a list of 38 companies. The companies on this list were contacted and a total of five interviews were conducted at five different companies.

### 2.3. Analysis

The analysis was based on the theoretical framework and the data gathered in the empirical study. The authors created their own purchasing model based on the literature and the empirical data. The two different choice criteria were analyzed in-depth, and general insights were discussed.

### 2.4. Study Quality

This section discusses the robustness of the thesis with regard to its reliability and validity.

#### 2.4.1. Reliability

As this thesis consist of two major components: the supplier-side interviews and the buy-side interviews, the reliability of both these components must be taken into account. The way to look at reliability differs in both of these cases. The purpose of the supplier-side interviews was to get an idea of which criteria was generally important to buyers. To get an accurate representation of this, a larger sample is necessary. The supplier-side interviews were performed on a small sample, and so the changes made in

<table>
<thead>
<tr>
<th>Revenue (mSEK)</th>
<th># Leads</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;100</td>
<td>8</td>
</tr>
<tr>
<td>100-500</td>
<td>7</td>
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<td>500-1000</td>
<td>3</td>
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<tr>
<td>1000-10000</td>
<td>25</td>
</tr>
<tr>
<td>&gt;10000</td>
<td>10</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>54</strong></td>
</tr>
</tbody>
</table>
response to these lowers the reliability of the thesis as a whole. However, this data was triangulated with data from the literature, which increased the reliability.

The buy-side interviews wanted to understand the workings of that particular firm, and therefore the low, non-random sample of firms does not impact the reliability of the thesis. Only one person at each firm was interviewed which can negatively impact the reliability as some answers rely on subjective judgements, which lowers reliability by definition. However, the interviews were conducted with people who are involved in the purchasing of IT-consultancy services. In cases where they were not directly involved, they had high knowledge of how the purchases were organized, and what the organization prioritizes. The authors believe that the thesis as a whole has medium reliability.

2.4.2. Validity

The validity of the supplier-side interviews must be handled differently because of the change of focus. While the interview results are less relevant to the thesis after the change, their importance to the thesis by themselves were always low. This lowers the validity of the thesis, but the effect is small.

While the buying-side interview subjects were all knowledgeable, the subject matter in itself is almost impossible to quantify. This makes it more difficult to estimate the validity of the thesis. While the authors aimed to make the simulation as realistic as possible, some things can be difficult to simulate. For instance, the authors consider it unlikely that a years-long relationship can be accurately simulated by two sentences. The authors believe the validity to be fair.

2.5. Previous Focus

At an earlier stage, the purpose of the thesis was to examine a broader set of choice criteria in a quantitative fashion. The thesis also intended to examine the whole purchasing process, as described by van Weele (2010, p. 29). The supplier-side interviews, as previously mentioned, showed large
discrepancies which affected the reliability and the validity of the thesis. This emphasized the need for a different way to measure them. Further, many of these criteria are subjective in their nature and hence hard to estimate quantitatively. The value of the previous purpose also came into question. The fact that the buyer-supplier relationship is considered more important than a supplier’s reputation is not something that can be clearly acted upon. Relationships for example are complex matters and quantitatively examining it provides no real practical value. Based on these insights, the purpose changed and the approach went from being quantitative to qualitative.

Acting based on the original purpose, the authors conducted a quantitative phone survey concerning the GDPR. When the purpose changed, this survey filled no purpose and was hence scrapped from the thesis. The authors have still chosen to include the survey draft in appendix D.
3. THEORETICAL FRAMEWORK

This chapter presents the theory that was used as a background to the empirical research. It concerns six areas: service theory, purchasing of professional services, choice criteria for purchasing professional services, value theory, business relationship theory, and risk. Service theory is presented in section 3.1. Purchasing of professional services is presented in section 3.2, and includes the remaining four areas as subsections. The main frameworks used in this chapter are Day and Barksdale’s (1994) purchasing process framework and Armstrong and Kotler’s (2012, p. 170) business buying unit. For the remaining sections, the authors have relied on using several articles to build an understanding of each subject.

![Figure 3.1 – Overview of theoretical framework](image)

Figure 3.1 gives an overview of the theories used and their relation to each other. The arrows show which areas impact each other. The arrow from the “Choice Criteria”-box to the “Purchasing Process”-box means that the choice criteria impact the purchasing process but not the other way around. Double-ended arrows mean that both areas impact each other. For purposes of visibility, some arrows, such as the one between perceived value and the purchasing process, have been left out.
3.1. Service Theory

Services can be defined in many different ways. The authors have chosen the one by Grönroos (2000):

"A process consisting of series of more or less tangible activities, that normally take place in the interaction between customer and supplier employees, or physical resources and systems, that are offered as an integrated solution to customer problems”

In the case of IT-consultancy, a service could be the analysis of an organization’s maturity in regard to the GDPR, and recommendations on what changes are needed to comply.

There are different types of services, and these, as well as their differences in regard to products, will be discussed below.

3.1.1. Differences Between Services and Products

There are several key differences between products and services that stem from services’ four distinct characteristics: intangibility, inseparability (simultaneity), heterogeneity (variability) and perishability (Armstrong et al. 2012, p. 250-251; Van Weele 2010, p. 93; Gordon et al. 1993; Edvardsson et al. 2005). Intangibility refers to the fact that services cannot be seen, felt, tasted, heard or smelled before the purchase. It is hence harder to assess the outcome before the purchase (Armstrong et al. 2012, p. 250-251; West 1997; Edvardsson et al. 2008). Services are inseparable from its providers and therefore produced and consumed simultaneously (Armstrong et al. 2012, p. 250-251; West 1997; Fitzsimmons et al. 1998). Heterogeneity means that the quality of services depends on who provides them, and when, where and how they are provided. The performance may therefore vary from day to day (West, 1997; Armstrong et al. 2012, p. 250-251; Fitzsimmons et al., 1998). Lastly, perishability means that services cannot be stored for future use (Armstrong et al. 2012, p. 250-251). These differences stem from the fact that services and products are created differently (Smeltzer and Ogden 2002) and means that the purchase of
services naturally carry more risk than that of purchasing products (Mitchell & Greatorex, 1993; Fitzsimmons et al. 1998). It also makes the process of purchasing more difficult as each stage is more complex (van Weele 2010, p. 92; Axelsson & Wynstra 2002).

3.1.2. Professional Services

Services can be classified in different ways (van Weele 2010, p. 94). Hill and Neeley (1988) and West (1997), divides services into two categories: professional services, such as management consultancy, legal and accounting; and generic services, such as secretarial and cleaning. Another term for professional services is KIBS, or knowledge-intensive business services (Heikka and Mustak 2017; Miles 2005).

3.1.2.1. Characteristics of Professional Services

Professional services are based on expert knowledge and expertise (Miles 2005), and they are usually customized to meet each buyer’s individual needs (Bettencourt et al. 2002). They generally involve more money, time, personnel, risk and uncertainty than that of more generic services (Hallikas et al. 2013; Verville et al. 2005; West 1997; Mitchell 1994; Mitchell et al. 2003). Further, given that the outcome is not guaranteed, the risk in increased even further (West 1997; Mitchell 1994). Seeing as the buyer’s needs are usually more complex, professional services tend to be more technical than regular consumer services (Fitzsimmons et al. 1998). These also tend to have higher profit opportunities than generic services (West 1997).

The purchasing of professional services from external suppliers within a B2B setting is becoming more frequent as today’s organizations need them to operate successfully (Atkinson and Bayazit 2014; Hallikas et al. 2013; Kowalski et al. 2011; Matthyssens and Vandenbempt 2008). Further, the increasing demand also relate to an increasing demand for continuous change brought forth by new information and communication technology (Pardos et al. 2007). Usually, the purchase is of great importance for the buyer as it can have a great effect on the organization and its business (Hallikas et al. 2013; Verville et al. 2005; Valk and Rozemeijer 2009; Fitzsimmons et al. 1998). When purchasing professional services, the buyer
is required to possess some level of knowledge of the service offering, the supplier, the risks and the costs (Lau et al. 2003). The buyer need to be involved in the service creation process and provide input throughout (Aarikka-Stenroos and Jaakkola 2012). This further increases the complexity involved with purchasing these services (Valk and Rozemeijer 2009).

3.2. Purchasing Professional Services

According to Makkonen et al. (2012), “[a]ny buying decision involve the evaluation of a set of attributes […] in a decision-making process on which a variety of factors influence”. The purchasing of services is no different. Companies follow a more or less formal process (Day & Barksdale 1994), that differ from that of products (van Weele 2010, p. 92, 96-101; Mitchell 1994). The characteristics of professional services also have an impact on the purchasing process, as the importance or difficulty of some steps in the process increases (Axelsson and Wynstra 2002; Smeltzer and Ogden 2002, van Weele 2010, p. 92). The purchasing process also differ depending on the type of purchase and the type of buying situation. Business purchases typically involve more decisions and has a more professional approach than that of consumer purchases. This is because of the increased complexity of the purchase. It usually involves more money, is more technically complex, involve economic considerations (Armstrong & Kotler 2012, p. 169), and concern many different stakeholders at different organizational levels. Buying decisions tend to take longer time and the process to be more formalized. Throughout the process, there are more interactions between buyer-supplier and their dependence on each other is higher (Armstrong & Kotler 2012, p. 170). There are three types of buying situations: new tasks, straight rebuys and modified rebuys (Armstrong & Kotler 2012, p. 170; van Weele 2011, p. 31). Rebuys refer to reorders, where a straight rebuy involve no modifications to what was previously established, and modified rebuy involve some modifications. A new task is a completely new purchase. The research – and time – necessary for each purchase increase from straight rebuy, to modified rebuy and new task (Armstrong & Kotler 2012, p. 171).

The literature contains many models of the purchasing process. Examples are found in van Weele (2010, p. 29), Armstrong and Kotler (2012, p. 173-
175), Mitchell (1994) and Day and Barksdale (1994). These processes share a lot of commonalities. Their differences lie mainly in the division of the stages themselves. For instance, Armstrong and Kotler (2012) divides van Weele’s specification phase in two, but the content is similar. The authors have decided to use Day and Barksdale’s (1994) eight-step purchasing model framework, as their framework is specific for purchasing professional services.

3.2.1 The Purchasing Process

Day and Barksdale’s model (1994) consist of eight stages as depicted in figure 3.1: (1) recognizing need or problem, (2) defining purchasing goals, (3) identifying ‘the initial consideration set’, (4) refining the consideration set, (5) evaluating the consideration set, (6) selecting the supplier, (7) evaluating the delivery quality, and lastly (8) evaluating the outcome.

![Diagram of the purchasing process](image)

*Figure 3.2 - Day and Barksdale’s purchasing process framework*
Recognizing Need
As the name of the step suggests, the process begins when the buyer recognizes a need that can be satisfied by purchasing professional services (Day & Barksdale 1994).

Defining Purchasing Goal
The buyer then describes the need, and what outcome it wants, from the purchase (Day & Barksdale 1994). This can be a tricky process for professional services, as the nature of the problem can often be ambiguous. This in turn makes the solution less clear (Mitchell 1994). All criteria relating both to the supplier selection and the evaluation, that are used in the following steps, are derived from the goals chosen in this stage (Day & Barksdale 1994).

Identifying the Initial Consideration Set
When the need and goal has been defined, the buyer starts searching for suppliers. This search is more confined than for that of products (Mitchell 1994). The buyer uses some set of prequalification criteria to ensure that the suppliers meet its needs. Prior experience as well as suppliers’ product portfolios can be used (Day & Barksdale 1994). As few professional service providers advertise, personal sources such as referrals and reputation becomes critical (Day & Barksdale 1994; Mitchell 1994). According to Mitchell (1994), general reputation and reputation in a specific functional area are the two most important criteria. Further, past experience, recommendations and personal contacts with the individuals performing the service is also of importance (Mitchell 1994). This stage should end with a list of all suppliers capable of meeting the need that the buyer is aware of (Day & Barksdale 1994).

Refining the Consideration Set
To reduce the number of suppliers, the buyer now applies another set of criteria to the firms on the list. The criteria are usually a more stringent version of the initial criteria. The criteria tend to work as a baseline, meaning that all of the criteria have to be met. The buyer is looking for reasons to disqualify firms. This should result in a short list of finalists (Day & Barksdale 1994).
**Evaluating the Consideration Set**
In this stage, buyers issue requests for proposals (RFP) to the remaining suppliers, who are usually required to come in for a presentation or interview. This tends to bring a lot of additional information about the providers’ ability to deliver the service on time and within the budget limit (Day & Barksdale 1994).

**Selecting the Professional Service Provider**
By this stage, the suppliers all meet the minimum requirements, and so the buyer is trying to identify which firm will deliver the most value in excess of the stated minimum. To accomplish this, the buyer generally relies on assessing how much of the determinant attributes each candidate firm has (Day & Barksdale 1994). As the outcome for professional services mainly depend on the skill level of the individuals performing them, a large focus in the selection process is usually placed on these individuals. For professional services, the decision usually comes down to comparing individuals who are equally skilled, making the decision harder (Mitchell 1994).

**Evaluating the Quality of Service Delivery**
The quality of the performance is evaluated regularly during the process, and tends to focus on the buyer-supplier relationship. How the relationship is working can be used a predictor of the quality of the final product. Objective indicators do exist, but in general, the indicators are subjective, such as the degree to which the buyer likes the personnel delivering the service (Day & Barksdale 1994; Mitchell 1994).

**Evaluating the Quality of the Outcome**
When the service has been delivered, the outcome of the service will be evaluated, along with the relationship. The evaluation then produces a general feeling of satisfaction or dissatisfaction. Whether the buyer is satisfied or dissatisfied, and to what extent, is determined both by buyer expectations and by perceived performance of the supplier. However, it is not always easy to determine a supplier’s performance, as the quality of the service provided is distinct from the quality of the outcome. For instance, if a company loses a court case, that does not necessarily mean that the law firm they hired performed poorly (Day & Barksdale 1994).
3.2.1.1 The Business Buying Unit

The buying process take place in what Armstrong and Kotler (2012, p. 170) refer to as the buying center, see figure 3.2. Despite the name, it is not a fixed or formal department, but rather consist of all the people involved in a particular purchase. Hence, it looks different for each purchase (Armstrong & Kotler 2012, p. 171-172). The people involved, the business buyers, are affected by both external and internal factors. The external factors refer to the environment that business buyers operate in. Armstrong and Kotler (2012, p. 170) refers to the environment as stimuli: market stimuli and other stimuli. Market stimuli refer to the four Ps of marketing: product, price, place and promotion. Other stimuli are economic, political, technological and other forces. The internal factors refer to interpersonal and individual factors, as well as corporate culture and structure (Armstrong & Kotler 2012, p. 170).

![Figure 3.3 - A model of business buyer behavior (Armstrong & Kotler 2012, p. 170)](image)

3.2.2. Choice Criteria

There are several studies looking at choice criteria for supplier selection when purchasing professional services. However, many of these studies are old. The authors have only found one study looking at IT-consultancy services, conducted by Dawes et al. in 1992. This study however, did not focus primarily on IT-consultancy services. Also, given the age of the paper, and the pace of change in IT as well as in the consultancy business, it is possible that preferences have changed. The authors have also looked at two more recent studies. One conducted in 2017 by Heikka and Mustak, that
looked at the purchasing of professional services in general, and one from 2010, that concerned the purchasing of training consultancy services, by Sonmez and and Moorhouse.

In the study by Dawes et al. (1992), 253 organizations ranked the criteria for selecting different management consultancy services. The study noted relatively few differences between how the choice criteria were valued between industries, different type of consulting services and the frequency of purchase. The top results of the study were the following:

1. Reputation in specific functional area
2. General reputation
3. Buyer knows specific consultant
4. Buyer has experience with the firm
5. Experience in the buyer’s industry
6. Has worked with consultant earlier

The study finds that price is not the most important factor, which is similar to the result of other studies such as the one by Haynes and Rothe (1974). The study also looked at which factors make a buyer choose not to work with a supplier:

1. Lack of industry experience - 12.3 %
2. Less experience in industry compared to chosen consultant - 11.1 %
3. Price/cost of service - 10.5 %
4. Lack of understanding of problem and buyer’s needs - 8.6 %
5. Inappropriate methodology - 7.4 %

The two most common reasons are related to the lack of relevant experience in the buyer’s industry. Despite price being ranked as the third most common reason for rejecting a supplier, it is important to highlight that the price factor shares no commonalities with the other choice criteria on the list. Meaning that if one were to bundle the similar choice criteria, the price criterion would fall far down on the list.
The study also identifies some differences in how the choice criteria are valued depending on how frequently purchases are made. Buyers making fewer purchases rely more on referrals, prefer to be assisted with implementation, prefer to work with firms they have experience with, and place a higher importance on personally knowing the consultants.

In their article from 2017, Heikka and Mustak identified eight factors that play a role when purchasing professional services:

1. Convincing value propositions
2. Perception of service quality
3. Perception of potential risks
4. Potential for customization
5. Quality customer relationships
6. Individual preferences
7. Geographic proximity
8. Availability of information

Heikka and Mustak (2017) divides these factors – or criteria – into two groups. The first four factors relate to the service itself, and the last four to the service provider. These criteria are not inclusive, meaning that they do not play a role in every purchase, and also that their degree of influence varies.

Sonmez and Moorhouse study (2010) was based on 24 face-to-face and telephone interviews and 309 survey responses. The high-level choice criteria were ranked in the following order according to their importance when choosing a supplier:

1. Competence
2. Knowledge and understanding
3. Product
4. Reputation
5. Organizational capability
6. Cost
Sonmez & Moorhouse (2010) split these main choice criteria into two different groups: pre-qualifiers and final stage differentiators. Pre-qualifiers, such as reputation, organizational capability and cost, can be used to screen companies in a long list and develop a short list. Knowledge and understanding, competence and product are the final stage differentiators, and can be used to select a final supplier from the short list.

### 3.2.3. Business Relationship Purchasing

The role of business relationships is becoming increasingly prevalent in the B2B-area for professional services, as the exchanges have started shifting from transactional to relational. These services also tend to be more relational in nature (Lian & Laing 2007). The business buying unit for these services usually consist of a smaller group of people with expertise in the affected business area or areas, and not necessarily procurement professionals. In each purchase, a multitude of buyer-supplier relationships are either formed or engaged (Lian & Laing 2007) and involve a high degree of interaction between buyer and supplier (Edvardsson et al. 2005). Further, seeing as the buyer is usually involved in the process of producing the service, the number of interactions between the buyer and the supplier are increased (Schertzer et al. 2013). The people involved in the purchasing process, at both the buyer and the supplier, interact with each other throughout the process, and all have unique ways of acting and thinking (Price and Harrison 2009).

avoid conflict, resolve disputes and to in turn create trust. Cooperation stems from trust and commitment. Lastly, RSIs build trust (Zaefarian et al. 2016).

Strong business relationships manifest in many ways. Zaefarian et al. (2016) claims that companies can obtain superior performance through building and maintaining strong business relationships. One reason being the ability to mobilize important and otherwise unobtainable resources. Schertzer et al. (2013) argue that strong business relationships are intangible assets, and that the value co-creation as a result of these relationships are crucial for creating competitive advantages. Strong business relationships can help to increase customer satisfaction even when the outcome is bad (Lian & Laing 2007; Schertzer et al. 2013). Satisfaction in turn, positively correlates to customer retention (Eriksson & Vaghult 2000). Schertzer et al. (2013) highlights the criticality of communication for complex services that involve problem definition and complex technical terms and processes, not unlike IT-consultancy services. Schertzer et al. (2013) also emphasizes the importance of empathy, commitment and clarity when conveying recommendations. Hallikas et al. (2013) emphasises the necessity of continuous and active interaction between all stakeholders involved in the purchasing process. To deal with the inherent risk involved with purchasing these services, Sillanpää et al. (2015) claims that strong and long-lasting relationships between buyers and suppliers are a necessity. Other benefits of strong business relationships are its potential to increase innovativeness (Zaefarian et al. 2016), quality (Schertzer et al. 2013) and the likelihood of future business (Eriksson & Vaghult 2000; Lian & Laing 2007), to lower costs (Zaefarian et al. 2016; Lian & Laing 2007), and to manage and simplify the purchasing process (Lian & Laing 2007).

3.2.4. Perceived Value Purchasing

The goal of every purchase is to create value. Value is essentially the tradeoff between benefits and drawbacks that a buyer experiences in the purchase of any given product or service – before, during and after (Pattersson & Spreng 1997). It is based on the buyer’s experiences and logic (Grönroos 2008; Grönroos and Raval 2011; Heinonen et al. 2010; Helkkula et al. 2012; Strandvik et al. 2012; Voima et al. 2011), and as a
concept, it is highly subjective. What is considered as value to one buyer, might not be considered as value to another (Voima et al. 2010; Heinonen et al. 2010). Functional and economic factors are not always the focus for the buyer. Softer aspects such as emotional, social, ethical and environmental factors can also be of importance (Barnes 2003; Norman and MacDonald 2004).

In a purchasing situation, the customer forms a perception of the value, either pre-purchase – the expected value – or post-purchase – the experienced value. The expected value plays a role in determining whether to actually make the purchase or not. The experienced value, in comparison with the expected value, affects buyer satisfaction, which in turn affects the likelihood of repurchases (Pattersson & Spreng 1997).

The perceived value is based on an evaluation of different factors, however, due to the intangible nature of services, it is hard to evaluate them objectively. Instead, these evaluations tend to be subjective (Pattersson & Spreng 1997; Makkonen et al. 2012; Fitzsimmons et al. 1998; Valk and Rozemeijer 2009; Heikka and Mustak 2017; Day and Barksdale 1994). Supplier brand, image and marketing, as well as previous experience with the supplier, play a role in both the expected and experienced value (Pattersson & Spreng 1997; Day and Barksdale 1994; Melander and Lakemond 2014). Post-purchase, the buyer has more experience with the supplier (Pattersson & Spreng 1997), making it easier to make fair assessments. The evaluation ‘window’ is far longer than for that of products. Just like for products, it starts at the very first contact with the supplier and ends when it is fully delivered. However, as services are produced and consumed simultaneously, the value is not created at an instant, but rather gradually throughout the production process (Grönroos 1984). Further, the value creation process is controlled by both the supplier and the buyer (Grönroos 2011; Grönroos and Ravald 2011; Heinonen et al. 2010; Helkkula et al. 2012; Voima et al. 2010, 2011). It is the actions of both the buyer and the supplier, as well as the interactions between them, that enables the creation of value (Grönroos 2008, 2011; Grönroos and Ravald 2011; Echeverri and Skålen 2011; Prahalad and Ramaswamy 2004; Ramírez 1999). However, interactions, if unsatisfactory from the buyer’s
perspective, can also be a destructor of value (Grönroos & Voima 2012). The service creation process is essentially a value creation process. According to Grönroos and Voima (2012), this process consists of three overlapping spheres, as depicted in figure 3.4 below.

In the provider sphere, the supplier produces resources and processes that the buyer can use. Here, the supplier acts as a value facilitator. The value created in this sphere is what Grönroos & Voima (2012) refer to as potential value. Potential value is value that has not yet been realized by the buyer. The joint sphere is where the buyer, alongside the supplier, co-produces resources and processes and turns potential value into real value. The buyer is a value creator on its own. In the last sphere, the customer sphere, the buyer creates value independently (Grönroos & Voima 2012). It is important to point out that had it not been for the actions of the buyer, the potential value created by the supplier would never have been realized and hence never used. This means that the buyer is highly responsible for creating the value and is therefore an integral part of the service creation process.
The buyer’s experiences throughout the service creation process, from all the buyer-supplier interchanges, affect the buyer’s perceived value. The performance of the service can only be evaluated post-purchase and it is about more than just the outcome. According to Grönroos (1984), the performance – or quality – of a service can be separated into two subcategories: technical quality and functional quality. Technical quality refers to the ‘what’ – the outcome. Functional quality on the other hand, regards the ‘how’ – the process of delivering the technical quality. Both play a role to the experienced value. However, Grönroos (1984) as well as Pattersson and Spreng (1997), argue that the technical quality component plays a larger factor in the evaluation and therefore in the satisfaction of the consumer.

3.2.5. Perceived Risk

Risk can be described as a combination of certainty and consequences. In this two-factor view of risk, described by Mitchell and Greatorex (1993), lower certainty or more severe or important consequences increase risk. Smaller risks are preferred to larger ones, all else being equal (Arrow 1965). Perceptions that a purchase involves risk can therefore reduce the attractiveness of an offer.

Professional services are expensive, the projects are sometimes long, and can require significant involvement of the businesses own personnel. Despite the significant costs, success is not guaranteed. In addition to this, many consultants are hired to solve serious problems that the organization has. Failure to solve the problem can have a significant negative impact on the business. Both of these reasons may inflate the perceived risk further (Mitchell 1994).

As mentioned earlier, services have four characteristics, all of which increase risk (Mitchell & Greatorex, 1993; Fitzsimmons et al. 1998). Mitchell and Greatorex also note that the impact of the four characteristics are intrinsically related to certainty, but that their impact on consequences vary in each case.
Heterogeneity undermines certainty in rebuy situations. Intangibility makes it harder to predict what the outcome will be, contributing to uncertainty by definition. Inseparability generally means that the buyer has to be involved in the delivery of the service. This contributes both to risk of lost time and to psychological risk, or potential damage to the purchaser’s self-esteem. Perishability means that there is a possibility that suppliers are understaffed in case of a demand peak (Mitchell & Greatorex 1993).

There are several other risk factors identified by Mitchell (1994). These include purchases of specific professional services not being common enough for purchasers to get significant experience. Purchasers that do have experience might leave. Also, professional services are often new tasks.

3.2.5.1. Risk reduction

There are many different strategies or approaches that can reduce risk. In a review by Mitchell (1995), 17 different strategies were identified. Given the two-factor view, there are two broad ways to reduce risk: reduce chances of negative results and/or events or reduce the severity of their consequences (Mitchell 1994). Ways to reduce uncertainty include various forms of information gathering. A study by Veres (2009) found that many buyers reduce risk by looking at references, and that a good brand or reputation can help reduce risk perceptions further. That brand loyalty is a common way to reduce uncertainty is also supported by Mitchell (1994). Mitchell (2003) identified regular meetings between the buyer and the consultant involved during the project as a way to reduce uncertainty. Ways to reduce the severity of the consequences include performance guarantees and risk sharing (Veres 2009) or choosing to use a fixed price contract (Mitchell, 1994).
4. EMPIRICAL STUDY

In this chapter, the results of the empirical study are presented. The results from the supplier-side interviews are presented in section 4.1, the buying-side interviews in section 4.2 and the simulation in section 4.3.

4.1. Supplier-Side Interviews

The interviewed subjects on the supplier-side have been characterized as the following:

1. Subject 1 (SS1) - Anonymous
2. Subject 2 (SS2) - Peter Theodoridis, Sales, Cybercom
3. Subject 3 (SS3) - Anonymous
4. Subject 4 (SS4) - Anonymous
5. Subject 5 (SS5) - Carl Fransson, VD, Konsultbolag1

The most important choice criteria, according to these five, are presented below in table 4.1. All five interview subjects emphasize the importance of competence, although with slight definition differences. Further, price and previous experience is pointed out by three of the five.
Table 4.1 - The most important choice criteria according to the supplier-side

<table>
<thead>
<tr>
<th>SS1</th>
<th>SS2</th>
<th>SS3</th>
<th>SS4</th>
<th>SS5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal relationship with salesperson and consultant</td>
<td>Previous experience with the supplier</td>
<td>Relationship</td>
<td>Credibility</td>
<td>Personality (consultant)</td>
</tr>
<tr>
<td>Reliability</td>
<td>Size</td>
<td>Size (# employees)</td>
<td>Reputation</td>
<td>Baseline experience</td>
</tr>
<tr>
<td>Competence</td>
<td>Broad competence</td>
<td>Competence</td>
<td>Competence (consultant)</td>
<td>Specific knowledge</td>
</tr>
<tr>
<td>Price</td>
<td>Price</td>
<td>Price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier Brand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Niche competence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results for each subject are described below. The results from the rating and ranking of the criteria compiled by the authors appear in table 4.2-4.6 below. The leftmost column represents the ranking of the criteria, based on the subject’s rating. The rightmost column contains the subjects ranking of the criteria, and in parenthesis, the ranking based on the rating (the leftmost column).
**SS1 - Anonymous**

In a purchase, the first contact is usually initiated by the buyer.

**Table 4.2 - SS1’s criteria rating and ranking**

<table>
<thead>
<tr>
<th>#</th>
<th>Criteria (rated)</th>
<th>1-7</th>
<th>Criteria (ranked)</th>
<th># (prev)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Experienced level of service (consultant)</td>
<td>7</td>
<td>Experienced level of service (supplier)</td>
<td>1 (1)</td>
</tr>
<tr>
<td>1</td>
<td>Experienced level of service (supplier)</td>
<td>7</td>
<td>Cost</td>
<td>2 (6)</td>
</tr>
<tr>
<td>3</td>
<td>Result delivered at previous collaboration</td>
<td>6</td>
<td>Result delivered at previous collaboration</td>
<td>3 (3)</td>
</tr>
<tr>
<td>4</td>
<td>Experienced level of service (previous collaboration)</td>
<td>5</td>
<td>References (assignment)</td>
<td>4 (6)</td>
</tr>
<tr>
<td>4</td>
<td>References (industry)</td>
<td>5</td>
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</tr>
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<td>4</td>
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</tr>
<tr>
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<td>Brand</td>
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</tr>
<tr>
<td>6</td>
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<td>4</td>
<td>First contact</td>
<td>8 (6)</td>
</tr>
<tr>
<td>6</td>
<td>Cost</td>
<td>4</td>
<td>Price set-up</td>
<td>9 (6)</td>
</tr>
<tr>
<td>6</td>
<td>First contact</td>
<td>4</td>
<td>Brand</td>
<td>10 (6)</td>
</tr>
<tr>
<td>11</td>
<td>References (general)</td>
<td>3</td>
<td>References (general)</td>
<td>11 (11)</td>
</tr>
</tbody>
</table>

**SS2 - Peter Theodoridis, Cybercom**

SS2 claimed that the price set-up, in regard to fixed versus variable price, is never an issue. Total price on the other hand, is. The importance of price also varies depending on the economic situation. SS2 also emphasized the importance of professionalism, and that despite there being many consultancy firms today, the demand is still bigger than the supply.
Table 4.3 - SS2’s criteria rating and ranking

<table>
<thead>
<tr>
<th>#</th>
<th>Criteria (rated)</th>
<th>1-7</th>
<th>Criteria (ranked)</th>
<th># (prev)</th>
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<tbody>
<tr>
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<tr>
<td>2</td>
<td>Result delivered at previous collaboration</td>
<td>6</td>
<td>Result delivered at previous collaboration</td>
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<td>2</td>
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<td>3 (4)</td>
</tr>
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<td>First contact</td>
<td>4 (3)</td>
</tr>
<tr>
<td>4</td>
<td>References (industry)</td>
<td>5</td>
<td>Experienced level of service (supplier)</td>
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<tr>
<td>4</td>
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<td>Price set-up</td>
<td>6 (11)</td>
</tr>
<tr>
<td>7</td>
<td>Brand</td>
<td>4</td>
<td>Cost</td>
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<td>7</td>
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<td>Brand</td>
<td>8 (7)</td>
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<tr>
<td>9</td>
<td>Cost</td>
<td>3</td>
<td>References (industry)</td>
<td>9 (4)</td>
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<td>9</td>
<td>References (general)</td>
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<td>References (assignment)</td>
<td>10 (4)</td>
</tr>
<tr>
<td>11</td>
<td>Price set-up</td>
<td>2</td>
<td>References (general)</td>
<td>11 (9)</td>
</tr>
</tbody>
</table>

**SS3 - Anonymous**

According to SS3, price is becoming a less and less important criterion in regard to the purchase of IT-consultancy services. It is of more importance during public procurement. The number of suppliers involved in the procurement process correlates positively with the size of the project. For public procurement, the long list usually contains more suppliers. SS3 further emphasizes the importance of buyer-supplier relationships in the purchasing process. When it comes to the evaluation of suppliers, SS3’s customers generally measure time and money, the ease of collaboration and the results.
Table 4.4 - SS3’s criteria rating and ranking

<table>
<thead>
<tr>
<th>#</th>
<th>Criteria (rated)</th>
<th>1-7</th>
<th>Criteria (ranked)</th>
<th># (prev)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Professionalism</td>
<td>6</td>
<td>Experience from previous collaboration</td>
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</tr>
<tr>
<td>1</td>
<td>Experience from previous collaboration</td>
<td>6</td>
<td>Cost</td>
<td>2 (3)</td>
</tr>
<tr>
<td>3</td>
<td>Cost</td>
<td>5</td>
<td>Professionalism</td>
<td>3 (1)</td>
</tr>
<tr>
<td>3</td>
<td>Reputation</td>
<td>5</td>
<td>References</td>
<td>4 (3)</td>
</tr>
<tr>
<td>3</td>
<td>References</td>
<td>5</td>
<td>Reputation</td>
<td>5 (3)</td>
</tr>
</tbody>
</table>

SS4 - Anonymous

Just like SS3, SS4 claims price to be of declining importance. Size also plays a factor in the purchase, as some companies only talk to bigger consultancy firms. SS4 also points out how consultants leaving their firm can lead to problems. SS4 relies on regular meetings with their customers to evaluate the performance of the consultants. Although some of their customers use clear systems to track performance, most of them base it on subjective feelings. For SS4 as suppliers, they can find it hard to know how well they really have performed, and base it more on gut-feeling.

Table 4.5 - SS4’s criteria rating and ranking

<table>
<thead>
<tr>
<th>#</th>
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<th>1-7</th>
<th>Criteria (ranked)</th>
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<tr>
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<tr>
<td>3</td>
<td>Experience from previous collaboration</td>
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<td>References</td>
<td>3 (1)</td>
</tr>
<tr>
<td>3</td>
<td>Reputation</td>
<td>6</td>
<td>Reputation</td>
<td>4 (3)</td>
</tr>
<tr>
<td>5</td>
<td>Cost</td>
<td>5</td>
<td>Cost</td>
<td>5 (5)</td>
</tr>
</tbody>
</table>

SS5 - Carl Fransson, Konsultbolag1

The size of the firm affects the way they work with consultants. Larger companies tend to work more project-based, whereas smaller companies tend to hire consultants that go in and work more individually. Relationships are important in the IT-consultancy business, as everything boils down to people. If you perform well, your contacts will stay with you. Service level agreements and defect measuring are ways for buyers to evaluate the
suppliers. Another factor is also how quickly suppliers can increase or decrease the number of consultants working for a buyer.

Table 4.6 - SS5’s criteria rating and ranking

<table>
<thead>
<tr>
<th>#</th>
<th>Criteria (rated)</th>
<th>1-7</th>
<th>Criteria (ranked)</th>
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</thead>
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<tr>
<td>1</td>
<td>Relationship</td>
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<td>Experience from previous collaboration</td>
<td>1 (2)</td>
</tr>
<tr>
<td>2</td>
<td>Experience from previous collaboration</td>
<td>5</td>
<td>Relationship</td>
<td>2 (1)</td>
</tr>
<tr>
<td>3</td>
<td>Reputation</td>
<td>4</td>
<td>Cost</td>
<td>3 (4)</td>
</tr>
<tr>
<td>4</td>
<td>References</td>
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<td>Reputation</td>
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<tr>
<td>4</td>
<td>Cost</td>
<td>3</td>
<td>References</td>
<td>5 (4)</td>
</tr>
</tbody>
</table>

4.2. Buying-Side Interviews

The subjects for the buying-side were the following:

1. Subject 1 (BS1) - Lars Norling, Director of IT-Operations, ADB Safegate
2. Subject 2 (BS2) - Anonymous, Company X
3. Subject 3 (BS3) - Anonymous, Company Y
4. Subject 4 (BS4) - Åke Englund, Supplier Account Manager, Alfa Laval
5. Subject 5 (BS5) - Jacek Szymanski, Process Development and CIO, Duni

4.2.1. BS1 - Lars Norling, ADB Safegate

ADB Safegate delivers different solutions to help airports improve their performance. They have 900 employees and operate worldwide. The interview subject was Lars Norling, director of IT-operations. He has a high mandate in regard to purchasing IT-consultancy services that affects his area of operations.

Process

ADB Safegate has an internal IT-department offshore that handles a lot of their IT-related issues. When the need for purchasing external IT-services appear, a lot of trust is put on the person handling the procurement in that
specific case. Colleagues are usually not consulted, apart from helping out to find suppliers initially. However, senior management does tend to get involved.

Relationships are the biggest factor in the purchasing process. The phone book is the key to finding suppliers, either directly or via connections. BS1 is also active in different networks that can help with the supplier search. Recommendations from connections are very valued in this process. Usually the established contact network is enough to find a supplier. In the cases where it is not, a wider search is commenced using, for example, Google. A suitable number of suppliers, depending on the project, are selected to enter the process. These suppliers are asked to present themselves, and their proposed solution, budget, and so on. Here, it is crucial that the suppliers show that they understand what it is that ADB Safegate really are after. ADB Safegate wants to minimize the risk taken, and so they estimate the odds of each supplier being able to deliver as promised. Price is not the deciding factor when the project concerns the core business of the company, as long as it does not go over budget. Both the consultant and the supplier are evaluated. It is important that there is a trust between ADB Safegate and the consultant. The size of the supplier also plays a role. It is BS1’s perception that large consultancy firms are stuck in processes, whereas they need suppliers that are flexible and who look at the organization’s needs and objectives.

**Relationship**

BS1 defines a good relationship as open, honest and with a long-term commitment. The relationships BS1 has today, he has worked with for 20 years, during which time others have come and gone. No matter the relationship, the supplier must still deliver. A failed delivery is not a crushing blow though.

BS1 prefers a buyer-supplier relationship to be initiated with a personal meeting. However, he admits that this can be hard without a way in, which is not easy to get. Often, BS1 gets contacted by suppliers each day trying to initiate a relationship. BS1 rarely has the time to meet these suppliers. If they use external meeting bookers for this, they will not get in. When
contacting, it is important to do so with a purpose, as an open call is hard. The first meeting does not necessarily have to focus on business. The beginning of a relationship should focus on building up honesty, openness and commitment. It is important that the supplier shows a curiosity concerning ADB Safegate and its operations. To maintain the relationship, BS1 appreciates getting contacted, even if it is purposeless. It could be a phone call, an email, a business discussion, or even a personal off-duty meeting.

The supplier’s and consultant’s interest in the situation and problems are of utmost importance. BS1 stresses this several times throughout the interview. Without it, it is not possible to obtain an order. Usually, listening and showing an understanding for their situation is enough.

The relationship to the supplier is not necessarily more important than to that of the consultant. The relationship to the supplier is important, as they do not want to be just another customer. At the same time, the supplier must have consultants with the right competences.

**Perceived Value**
When evaluating the performance of their suppliers, ADB Safegate looks at how they performed in regard to their expectations. The expectations are not always what is expressed in the contract. The contract is just a way to ensure that a baseline is met. Delivering only according to the agreement is not enough. Time and money is always a factor. For the more subjective aspects, it is usually experience that decides.

References are not used much as their network usually is enough. However, BS1 admits that they should use it more. The more in-depth and detailed that the references are, the more interesting. References on websites are not trustworthy. Instead, the organization that the reference refers to is contacted personally.

A supplier’s financial status is important. The supplier must be financially healthy in the long run. Suppliers that fail to deliver, or that engage in shady business, will quickly get a bad reputation. As this bad reputation can affect
ADB Safegate in a way that is noticeable by their customers, it is important to avoid these scenarios.

A supplier’s organization and culture is an important aspect that affects its performance. A good consultant can truly not make up for these aspects being lackluster.

**Miscellaneous**

The size of the project affects how tedious the purchasing process is. For larger projects, it is incredibly time consuming, as many stakeholders throughout the company might have to be involved. When the project remains lean, and only involve people with relevant knowledge and mandate, the process flows much more easily.

Purchasing of IT-consultancy services is considered risky, when the delivery is directly towards a customer. For internal projects, there is only a competence risk. These projects will always reach satisfactory quality, however, there is a risk that the consultant or consultants have to leave or be absent.

Timing in regard to the first contact is crucial. However, it is also hard to know when the timing is right. If you contact too early, it can be hard to remember you. On the other hand, if you contact late, it is easier to say no. Being too persistent is also not good. It is all about taking contact in the right moment.

Recommendations on suppliers from the network weighs heavy in the supplier selection process. However, it is crucial who gives the recommendation as it must be someone who is fairly knowledgeable about the subject.

**4.2.2. BS2 - Anonymous, Company X**

BS2 works at Company X and has asked to be anonymous. BS2 is responsible for global IT sourcing.
**Process**

For larger projects, which generally include purchasing software and after sale service as well as consultants for implementation, there are two different procurement processes. The first includes developing requirements and asking potential suppliers for request for information (RFI) and later RFPs. This is a heavy process and includes a lot of documentation. The second process relies on competition-based dialog. In this process, Company X sends out an RFI to suppliers and, after a first selection, meets with each potential supplier 15-20 times. Due to the number of meetings, fewer suppliers are involved, never more than three. During these sessions, the problem is described and the suppliers get to present their solution. In the later stages, the suppliers will deliver a complete contract suggestion and related requirements. Three decision criteria are used: scope of services and geographies, pricing model and the price itself. The first criterion aims to make sure that the supplier can deliver to Company X globally. The second looks at the level of transparency, flexibility in scaling up or down, the clarity of the pricing, pricing conflicts in different countries and also deals with currency risk. The last one looks at the price on a five-year time horizon.

Both of these processes are fairly time consuming. Which process is used depends on what is being purchased, the person or persons making the decisions, and the total expenditure. The people in charge of the service at Company X are often the same as the ones making the decisions about which process, and ultimately, which providers to use. In general, if they need a new service, the first process is used. When selecting firms to send RFIs to, Company X generally uses data from both Gartner and Forrester.

For smaller projects, a long procurement process can lead to increased costs, and are not worth spending time on. It is more important to make a quick decision than to find the best supplier. These projects are generally handled through personal relationships. The company has a large network, which makes it easy for the company to pick a supplier or consultant that they have worked with before.
Relationship
For BS2, the most important factor in a relationship with another firm is transparency. A supplier that tries to minimize or hide failures creates a very negative impression. Failing is not a problem if there is a clear ambition from the supplier to fix or compensate for the mistakes. Another thing that is important for credibility, is to take an interest in the buyer and its issues. Having an understanding of the industry helps, but as there are significant differences between firms within an industry, it does not have to be on a very high level.

Key for the relationship with the consultant is that he or she is active and involved in all relevant parts of the organization. It is important that the consultant creates a network at the buyer organization. In addition to this, the consultant should want to understand not just the specific area the person is involved in, but the organization as a whole. The consultant should act as if he was employed at the buyer.

BS2 receives a lot of calls from persons trying to sell consultancy services. The number of calls are so many that he no longer answers his phone when he receives a call from the switchboard. BS2 prefers that contact is initiated by email. Relevant information in the email would be a description of the company and its services, and relevant white papers and references if a specific issue is to be discussed. Some thought should be put into the contact, and the sender should at least be aware of what Company X does. If the contact turns into a meeting, both parties should spend more time reading up on each other beforehand. During the meeting itself, two things are important. The first, is that the companies get to know each other. Questions such as what the other company does in IT currently, what does their IT roadmap looks like and how they are organized internally are relevant. The second focus is to find a common agenda. What does the demand look like currently and in the future? Can the provider meet this demand? What to do next is decided on this basis.

To maintain a relationship after and between projects, a continuous dialog can be held by the salesperson. Another suggestion is to send invitations to relevant seminars.
Company X has agreements with its larger suppliers and is therefore loyal to these suppliers. They do not have contracts with smaller firms, so if a good consultant leaves that firm, they would be loyal to the consultant. BS2 notes that smaller companies are generally more loyal to consultants over suppliers. The underlying competence capital matters more than the results of one particular delivery. The firm is generally more important than a specific consultant. It is important to know that the supplier has an underlying competence capital to be able to back up the consultant.

**Perceived Value**

To get an idea of how competent potential firms are, references and reputation are important. References are important specifically for larger framework agreements. A supplier without references will not be able to get a framework agreement unless they have a particularly strong unique selling point. They are however less important for very specific tasks.

With regard to reputation, Company X wants assurance that the consultant can be backed up by his organization if necessary. The size of the supplier also matters. Company X wants to be seen as an important customer, and the supplier should lose a significant portion of their income if they lose Company X as a customer. For that reason, the supplier has to be of fairly similar size to Company X in terms of revenue.

Qualitative KPIs are used to judge the quality of work during implementation and looks at how the project was managed. Quality during and after the project is assessed through visits, evaluation forms and KPIs. They have reports on their SLAs, and have tactical and operational meetings to evaluate the entire delivery. They also assess governance structures.

A general piece of advice to a consultant or salesperson to appear competent is to only answer questions the person knows the answer to. The person can find out the answers afterwards and answer later. A person who is perceived as credible is generally perceived as competent too.
Miscellaneous

BS2 does not think that the process of purchasing consultants is very demanding. The implementation can be demanding, however. The largest issues with purchasing consultants is that they can sometimes rely on a specific consultant. If that person quits, it can cause serious issues. According to BS2, this is the main reason for failed purchases.

BS2 perceives that purchasing consultants is less risky compared to other IT purchases. If there is a good internal organization and a well-structured project group, the project is low risk.

Timing is not that important. Good timing makes a person more likely to listen, but if the timing is bad and the person makes a good impression, BS2 will contact the person once the timing is right.

4.2.3. BS3 - Anonymous, Company Y

BS3 works at Company Y and has asked to be anonymous. BS3 is a manager at the IT-department, and has a strong mandate when it comes to purchasing IT-consultancy services.

Process

Company Y has contracts with two firms. When the need appears, these two are contacted first. One is a broker, and the other one is a consultancy firm. If any of these firms do not have the resources themselves, they usually have sub-contractors that have the necessary resources. In the rare case that neither of these firms can deliver, Company Y goes to the market and looks for other suppliers. This process is done in the following way: first they check internally to see if someone has suitable connections, either directly to a supplier or to someone else who could guide them further. Many of their employees have worked as consultants before and hence have a lot of connections. They sometimes also use services such as Google and LinkedIn.

The system they use today, where they have two firms that they deal continuously with, is used to partly to push the prices, and partly to simplify the process of finding a supplier.
**Relationship**

BS3 values relationships where the supplier has the capacity to help when the need appears, and that they are prioritized. Further, the consultants possessing the right knowledge and expertise is also of great importance. Here, the long-going relationships established with the two firms helps, as the companies know a lot about each other. This makes it easier for the suppliers to send the right consultants. At Company Y, the consultants are treated and viewed as regular employees. It is important for them that the consultant fits the team that they are working with.

Establishing a new relationship with Company Y is hard. They are satisfied with the current setup, lack the time to consider new suppliers. If the need appears, Company Y themselves will be the initiators. Today, BS3 is receiving many calls and e-mails from suppliers trying to establish a relationship. This is not a problem, as most suppliers respect that fact that time is limited. However, some suppliers can be too pushy, which can damage BS3’s perceptions of them.

If a new relationship is initiated, it will require several meetings at first, to get to know each other's organizations. During these first contacts, it is important for the suppliers to show how they can contribute. The focus is on soft values, such as knowledge about the department or the personnel. It is important that the supplier has an understanding of how the organization works on an individual level. The competence of individual consultants is also important, but the focus is, as mentioned, more on soft factors.

To maintain a relationship, BS3 prefers regular phone calls and lunch meetings to check on the consultants’ work.

The relationship to the consultant is more important than to that of the supplier. However, due to contract agreements with the supplier, Company Y is often bound to the specific supplier.
**Perceived Value**

When estimating a supplier’s capacity, Company Y focuses on the presentation, setup and the supplier’s values. Size is also of importance. Company Y wants to be among the supplier’s largest customers, in order to increase their worth.

It is important for the consultants to be able to work on their own. The consultant is considered more important than the supplier’s organization. It is important to know who you will work, so you need to know who the consultant is before the purchase.

References are only interesting when they concern the consultant, and not the supplier. It is not about having detailed knowledge about their exact systems, but rather to have previously worked on a similar level of complexity. The industry itself matters very little.

The reputation of a supplier is important, yet not a guaranteed deal-winner or deal-breaker.

**Miscellaneous**

The hardest part about the supplier selection process is to find a person that matches Company Y’s profile. New suppliers have no knowledge about the staff working at Company Y and hence have an especially hard time with delivering the right people. The risk involved in these purchases mainly concern time, as there is a risk of losing time if things do not go as planned. Recommendations from someone in the network weighs heavy in the supplier selection process.

**4.2.4. BS4 - Åke Englund, Alfa Laval**

Alfa Laval provides solutions for heat transfer, separation and fluid handling (Alfa Laval n.d.). Åke Englund works as a supplier account manager. When it comes to purchasing IT-consultancy services, Åke’s mandate varies, but he is usually involved in the process.
Process
Alfa Laval currently has framework agreements with around 100 suppliers. These are classified based on global setup, extensiveness and ability to fit into Alfa Laval. This portfolio is mainly based on history. Today, they are trying to phase out suppliers and consolidate the portfolio.

If the need to purchase IT-consultancy services appear, they would go through the suppliers in their portfolio. In case a good match could not be found in the portfolio – which happen mostly when they look for niche competence – they would use connections such as colleagues, networks and other companies that they collaborate with. For bigger projects, they would use analytics companies such as Gartner.

Alfa Laval prefer to involve around two to four suppliers in the selection process. More than four and the process becomes tedious, and it takes a lot of time that they do not have. First, they try to scale it down from four to two. Then, additional information is requested, such as references and more presentations. Lastly, a negotiation is commenced where price is valued against estimated value. In the case that they are contacted by a supplier in the middle of the process, whether or not to include them depends on the strengths of the other suppliers currently in the process.

Relationship
BS4 values when a consultant acts professionally. The consultant must be able to work with different people in different scenarios. Also, the consultant must understand what it means to work at Alfa Laval. There are major differences between working in, for example, the banking industry, versus the industrial sector that Alfa Laval operates in. This is especially important for projects like GDPR implementation. These differences must be taken into consideration by not only the consultant, but also by the salespeople of the supplier who engage with Alfa Laval. It is important to have read up on Alfa Laval and understand these industry differences.

During a first meeting, Alfa Laval wants to confirm that the CV is accurate – that the consultant possesses the claimed competence. This is checked by several people. Price is normally not of that big an importance, as they
usually look for niche competence. However, if they purchase a lot of a specific service, they will try to push the price down.

To maintain relationships with their larger suppliers in their portfolio, Alfa Laval has regular follow-up meetings. If Alfa Laval sends out a proposal to a supplier in their portfolio, they expect them to send the right competence right away. Other suppliers are not required to keep constant contact. Periodic emails updating Alfa Laval on big changes is enough. Today, BS4 gets a lot of calls from suppliers, both existing and new, which can consume a lot of time.

Alfa Laval values the relationship to the supplier more than to that of the consultant. Their goal to shrink their supplier portfolio aims to strengthen their relationships to the remaining suppliers.

**Perceived Value**

When estimating value for suppliers with whom there is an existing relationship, Alfa Laval looks at the relationship and how it has worked previously. As the quality of the work varies depending on the consultant, even at bigger firms, they try to make sure that they get the same consultant. When the project concerns something new, references are preferred. If the project is critical, they want to contact the references directly. If there are several suppliers, there is a price consideration. However, they are willing to pay a premium price if they believe the value to be superior. Sometimes, it is also important that the supplier has a good relationship to another supplier. For example, if the supplier has a good relationship with Microsoft, it indicates that they could potentially solve a Microsoft-related software problem with the help of Microsoft.

For new suppliers, Alfa Laval looks at their presentation, either in the RFP, or in an interview. The purpose is to get a feeling for how competent the consultant is and how the new supplier fits into the portfolio. Alfa Laval always try and find suppliers that can provide many different kinds of services long term.
For bigger projects, the suppliers’ geographic extensiveness plays a role as well, as it opens up the possibility to outsource or offshore parts of the operations and hence cut costs.

References are only really important if they are from the same industry. It is important to talk to the references directly to build trust. In Sweden, it is relatively easy as there is a good praxis in regard to references.

The importance of the reputation of the supplier varies. If they are looking for niche competence, it is less valuable. Otherwise, they usually prefer larger actors, as these can better match what they are looking for, mostly in terms of experience and global presence.

**Miscellaneous**

BS4 considers the supplier selection process to be time consuming. He believes they need to be more efficient. This is one reason for the shrinking of the portfolio.

The risk involved is due to the short cycles. In today’s world, that is ever changing, there is a risk that so much changes that one-year contracts cannot be fulfilled. To combat this risk, they write clauses that protects against this.

It is important to know about references, reputation, and economic status. Recommendations are strong but depend on who made the recommendation. Industry specific references are tricky. Suppliers cannot be best at everything, extensiveness is negative in some cases.

**4.2.5. BS5 - Jacek Szymanski, Duni**

Duni is a leading supplier of food packaging and catering supplies in northern and central Europe. It has customers in both business and consumer markets. Jacek works both with process development and as a CIO, and is involved in all purchases of IT-consultancy services. However, the ultimate decision is taken together with other stakeholders.
**Process**

The process generally starts with the identification of a business need, for example a change or fix needs to be made to one of the IT-systems. After a need has been identified, a process is started to identify related needs. This is to develop a more complete understanding of the situation. When this has been done, the needs are ranked based on their relevance and how reasonable they are. If there are reasonable needs and there are not enough internal resources, Duni will look for consultants. What happens next depends on what section of IT is affected.

Duni has two kinds of relationships based on whether the collaboration is long term and strategic or not. For the strategic partners, there are framework agreements in place. These dictate prices and how consultants should work. However, they do not dictate what they should work on. The need and its possible solutions are discussed within the framework. They ask the suppliers for input, and later the suppliers return with an offer. Duni makes comparisons between its current strategic suppliers and potential new ones, and if they think that it is worth it they will make them into a new partner. This is done together with contract revision, at the end date of contract. In other words, for areas subject to strategic agreements Duni asks the strategic partner to perform the required tasks, they do not go out with an open RFQ. The purchasing department is in charge of developing the actual agreement.

The strategic partners have agreements within certain IT sections, and if a need arises within that section, Duni will work with that supplier. This saves them time, and because of the earlier collaborations the supplier does not have to learn how Duni is organized, this tends to lead to money being saved as well. Both parties invest in the relation, and it has to be fair for both sides.

In case there is no strategic partner for the affected section, a process is started with RFIs/RFPs. The purchasing department is involved to make sure that the process works as intended. Purchasing assists in all indirect procurement. Purchasing makes internal requirements for the technical needs. After this a screening process for suppliers is started. Potential
suppliers are found from previous contacts, either by mail or phone. Recommendations from networks, both purchasing’s and BS5’s, are also valuable. But it can also include searching the internet for companies with relevant experience. After the screening, purchasing contacts the companies and sends out an RFI. Usually, RFIs are sent to seven to twelve suppliers, five to ten of these return reasonable responses. They then meet with five to eight suppliers who will present their solution and present an offer. Other stakeholders are involved throughout the process. These are usually business stakeholders ordering a specific functionality,

There is no silver bullet for the final decision, though the solution obviously has to satisfy the basic requirements. However, it can be difficult to determine whether some requirements have been fulfilled. Determining whether or not a system is user friendly or not is highly subjective. Duni generally tries to avoid using subjective requirements but it is sometimes hard not to. All stakeholders are involved and make the decision together. BS5 notes that their process does not always look the same.

Due to lack of time, they choose to eliminate many suppliers early in the process. It is important that there is a stable organization capable of supporting the system long term.

When meeting suppliers, they want them to present their solution, preferably with a demo system. After the meeting, they mark the criteria that the solution will fulfill, and the perceptions of individual stakeholders.

The cheapest solution or even the best solution does not always win. In the first case, sometimes a more expensive solution is of much higher quality or provides much better after sale service. In second case, it is important that the solution fits with the other parts of the system(s). The solution might be better in isolation, but might make a smaller contribution to the organization as a whole, compared to other options.
Relationship

A good relationship is one where the buyer is convinced that the quality delivered is good, and at a reasonable cost. Quality is not purely about functionality, but also about the service around it. Duni usually has a contact person at the supplier, and it is important that this person can coordinate internally so that Duni gets good service.

BS5 prefer to be the one initiating a relationship, preferably via a formal tender process. This way, they can ensure that the suppliers contacted already fulfill certain requirements. BS5 is constantly contacted by suppliers, and he tries to find time to meet some of them each month in order to better keep track of the market.

There are two types of meetings. The first is a meeting in response to an offer. Here, all stakeholders are involved. The aim is to gain insights into the solution presented as well as into the supplier’s references. Preferred references are from companies of similar size, in the same market, and/or who sells products in the same segment. The second meeting is with a new supplier. These suppliers’ send a sales person who introduces the supplier and their offerings. References are not as interesting in these meetings as they are in the first. Here, they simply serve to give an understanding how established the company and their solution are on the market. The purpose of these meetings is to create an understanding of the market and environment.

To maintain relationships with the suppliers that they currently have a strategic collaboration with, BS5 values when the supplier regularly checks in to see if they were happy with the last delivery, and if they have any new needs. Even though they prefer when they initiate the contact, they understand that the supplier need to plan the usage of their resources, and that this helps them provide better service to Duni.

Depending on the situation, the relative importance of the supplier and the consultant varies. For strategic collaboration, it is the supplier. In other cases, it depends on the solution and on the competence. If it is a fairly standardized solution, the supplier is usually deemed more important. For
more customized solutions, it can be necessary to follow the consultant. They do want to avoid becoming too dependent on individual consultants and so aims to stick with the suppliers.

**Perceived Value**
To estimate the value of a supplier, the presentation plays an important role. It is important that the supplier shows that they brought the right people, that they have read up on Duni, and that they have customized their presentation to Duni. During the presentation, Duni tries to gain as much information as possible, such as references. They also want to know their revenue and how many employees they have. If it is a smaller supplier, they make a risk adjustment on whether or not the supplier will be able to uphold a certain level of service.

When evaluating the value delivered by a supplier, Duni checks in with the section affected. They also compare the number of requirements fulfilled and checks if the project was delivered in time. Critical requirements must be fulfilled, or else the project is not considered closed. The focus of the evaluation is the functionality, the stability and the user friendliness.

**Miscellaneous**
BS5 considers the supplier selection phase to be time-consuming. However, it is necessary to ensure that their IT-procurement fulfill all due diligence requirements. Having competent people in purchasing helps smoothen the process. The hardest part is sitting down with all the stakeholders and making a collective decision.

**4.2.6. Summary of Interview Findings**
While the different organizations follow different processes, there are many commonalities as they all need to find a qualified supplier, which requires a qualifying process. Generally, the interviewees see the process as time consuming for larger projects, and generally prefer to work with a lower number of suppliers. For smaller projects, the process is faster and less formal.
The interviewees also have some different priorities. Some are industry specific, but they also include valuing the consultant over the firm or vice versa. But there are commonalities here as well. They want to be an important customer for their chosen supplier, and therefore they tend to look for suppliers of similar size. They want to work with firms that understand them and their business. While some suppliers try to make an offer that is really attractive in terms of price, some interviewees noted that price is rarely the most important aspect.

4.3. Simulation

The complete results from the simulation are presented in appendix E. Below, a summary of the results is presented.

*The Supplier Selection Simulation*

Table 4.7 shows how many times each supplier was selected in the selection process. Beta was clearly the strongest candidate, winning four out of five simulations. Lambda on the other hand, was never picked in any stage, insinuating that they are the weakest supplier. Zeta was considered strong in the first two stages, as it was picked four out of five times. However, the new information presented in stage three made these subjects drop them. Gamma and Theta were strong candidates in the first stage. However, Theta was not strong enough to weigh up for the negative information revealed in stage two.
Table 4.7 - Results from the supplier selection simulation

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfa</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Beta</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Gamma</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Delta</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Epsilon</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Zeta</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Theta</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Kappa</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Lambda</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>My</td>
<td>3</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Xi</td>
<td>0 (3*)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Meetings, see appendix E for full details.

Most eliminations were done in stage one and stage three. In stage one, an average 4.8 suppliers were chosen in each simulation, dismissing almost 50 percent of the suppliers. Most of these, a total of 4.4 suppliers on average, survived the cut in stage two, only cutting out 25 percent. Lastly in stage three, 80 percent of the remaining suppliers were dismissed.

**Measuring Case 1**

Table 4.8 below shows the average placement for all simulations. Theta finished first in four out of the five simulations.

Table 4.8 - Measuring case 1

<table>
<thead>
<tr>
<th></th>
<th>Average placement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theta</td>
<td>1.2</td>
</tr>
<tr>
<td>Zeta</td>
<td>1.8</td>
</tr>
</tbody>
</table>

**Measuring Case 2**

As seen in table 4.9 below, Beta with its strong perceived value and neutral relationship, is the clear winner in this case. Second is Alfa, having a strong
relationship but an average perceived value. Epsilon’s very strong perceived value could not make up for the poor relationship.

**Table 4.9 - Measuring case 2**

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfa</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Beta</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Epsilon</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

**Measuring Case 3**

This case shows that Epsilon, with its rather extreme values, finished second to the other suppliers with a more even criteria level distribution. See table 4.10 below for details.

**Table 4.10 - Measuring case 3**

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfa</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Beta</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Epsilon</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>My</td>
<td>3</td>
</tr>
</tbody>
</table>

**Measuring Case 4**

This case is harder to judge based on the number. Gamma, who has previously delivered very well, but is either poor or average on the other criteria, was picked as many times as Delta, with its poor previous performance but above-average everything else. As seen in table 4.11, the only differences lie in which stage they were picked and how far they went.

**Table 4.11 - Measuring case 4**

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gamma</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Delta</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>
**Measuring Case 5**

Table 4.12 below shows that despite a very strong relationship with the supplier, Lambda never made it through stage one. According to the comments, this was due to the importance of knowing the supplier’s financial wellbeing beforehand. Kappa on the other hand was deemed very strong in the first two stages, despite the issue of not meeting the consultant before the purchase.

<table>
<thead>
<tr>
<th># times picked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
</tr>
<tr>
<td>Kappa</td>
</tr>
<tr>
<td>Lambda</td>
</tr>
</tbody>
</table>

**Measuring Case 6**

Eta is the clear winner of the three, as seen in table 4.13 below. While Jota is slightly ahead of My, all participants thought that there was barely any difference between them at all.

<table>
<thead>
<tr>
<th>Average placement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eta</td>
</tr>
<tr>
<td>Jota</td>
</tr>
<tr>
<td>My</td>
</tr>
</tbody>
</table>

**Measuring Case 7**

Kappa's strong references and brand was enough to make it pass the first two stages 80 percent of the times. However, it was never enough for it to be the final supplier, see table 4.14.

<table>
<thead>
<tr>
<th># times picked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
</tr>
<tr>
<td>Kappa</td>
</tr>
</tbody>
</table>
Measuring Case 8
As seen in table 4.15 below, in 60 percent of the cases, the subject was willing to include My and Xi in the process. Lambda however, was as previously mentioned never picked.

Table 4.15 - Measuring case 8

<table>
<thead>
<tr>
<th></th>
<th># times picked</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage 1</td>
</tr>
<tr>
<td>Lambda</td>
<td>0</td>
</tr>
<tr>
<td>My</td>
<td>3</td>
</tr>
<tr>
<td>Xi</td>
<td>0 (3*)</td>
</tr>
</tbody>
</table>

*Meetings, see appendix E for full details.
5. DISCUSSION

In this chapter, the authors combine insights from the literature and from the empirical study. In section 5.1 the authors first present the findings about the purchasing process, resulting in a new purchasing framework. This was constructed by unifying the studied subjects and relied on data from both the literature and the empirical study. The findings in regard to the choice criteria are presented in two subsections. In section 5.2 general insights of the thesis are discussed, relying mostly on data from the interviews.

5.1. The Purchasing Framework for IT-Consultancy Services

Both the literature and the empirical data show that when purchasing IT-consultancy services, organizations follow a more or less formal process. The actual process differs depending on several factors, such as the organization making the purchase, the project and the type of purchase. The authors have found many models of the purchasing process, however, they all consider the process more or less in isolation. This isolation means that the processes tend to ignore factors such as the internal culture and the macro environment. As this is not the case in practice, where the purchasing process is only one aspect of purchasing, the authors have created a new framework that unifies different aspects of the purchasing phenomena. The purpose of this framework is to give suppliers a better understanding of how their potential buyers go about purchasing their services and to improve academic understanding of the purchasing of professional services in general. Further, the framework can provide purchasing organizations with a more complete understanding of the forces affecting their decision-making process.

The process, as seen in figure 5.1, is based on Day and Barksdale’s purchasing framework (1994), Armstrong and Kotler’s business buying unit concept (2012, p. 170), as well as other concepts such as value theory (Grönroos 1984; Grönroos 2011; Grönroos and Ravald 2011; Heinonen et al. 2010; Helkkula et al. 2012; Voima et al. 2010, 2011; Grönroos & Voima 2012) and relationship purchasing (Lian & Laing 2007; Edvardsson et al. 2005; Schertzer et al. 2013; Eriksson & Vaghult 2000). The other concepts
have been incorporated into the purchasing process, and are found in gray squared boxes.
Figure 5.1 - The purchasing framework for IT-consultancy services
The framework has three levels, the macro environment that the company is active in, the micro environment where the buying unit is, and the purchasing process in itself. The purchasing process is close to identical to Day and Barksdale’s framework in many areas, and to avoid repeating the theory, the authors have chosen to only describe the differences.

**The Environment**

All organizations operate in an environment that affects them in different ways. These external influencers have a subtle, varying effect on all the people involved in the purchase, and hence play a role throughout the whole purchasing process. However, unlike the process itself, the effect of the environment is always there. For instance, the culture of the society will likely have an impact on the people, who will then bring this with them to the company. The same is true for other factors, the technology people use, their economic conditions as well as government policies and the general political environment all has an impact on people. This will then have an impact on the company they work at, affecting its internal culture.

**The Buying Unit**

The purchasing occurs in a buying unit, that consist of all the people involved in the purchase. The composition of the buying unit is not constant. The amount of people, and the type of people, differ depending on the situation, which includes the type of demand. The more important the purchase is, the more likely it is that more internal stakeholders, and more important ones, from different parts of the organization are involved. Apart from the previously mentioned external influencers, the people in the buying unit are also affected by different internal influencers. Just like the external influencers, these also play a role throughout the process. Their effect however, is more pronounced and they therefore play a more explicit role in the purchasing process. For instance, the larger the organization, the more likely it is to have a more formal and longer process with more stakeholders involved. The impact of the company culture on the business buying unit works in a similar fashion to the societal culture, but as mentioned, the impact is more direct. The company structure affects which people end up on the purchasing unit. The personalities of the people
involved and how they interact also play a role in impacting the purchasing process.

**The Purchasing Process**

In this framework, there are also additional factors that are taken into consideration that affect the purchasing process differently. The technical criteria are created when the purchasing goal is defined in stage two. These then play a factor in the supplier selection phase, as all the suppliers need to be able to satisfy these criteria. Therefore, its effect is more prominent in the first stage of the supplier selection stage. Outside of the purely technical criteria, there are other criteria that also play a factor in the supplier selection process. Some of these are created when defining the purchasing goal, such as budget which determines the maximum price. Some, however, are based on other factors. It is in this box that relationships, brand, references and previously delivered value belong. The importance of these different criteria varies due to the wide variety of companies and IT-projects.

After the supplier selection phase is done and a supplier has been chosen, the service creation process commences. This process is done in together with the supplier and results in the creation of functional quality, as well as the final outcome – the technical quality. Parallel with this, the buyer continuously evaluates the supplier based on the experienced and expected value, where the experienced value is based on the functional and technical quality. When the service project is finished, satisfaction – or dissatisfaction – is created. Just like the evaluation, this is based on the expected and experience value, and the functional and technical quality. Depending on the level of satisfaction, the likelihood of a rebuy varies. High satisfaction naturally increases the chances for a rebuy, whereas a low satisfaction or dissatisfaction lowers it. It is not certain however, that a low satisfaction eliminates the risk of a rebuy ever occurring.

5.1.1. Relationships

As purchasing is ultimately conducted by people, relationships play a role in more or less every aspect of it. Relationships are formed between buyer and supplier, but also internally at the buyer. Every exchange strengthens or
weakens the relationship. Further, inter-personal relationships between buyer and supplier affect the relationship between the two firms as a whole. Relationships play a major role in the supplier selection phase. An established relationship is possibly the most effective way for a supplier to be considered in the supplier selection phase. Further, a strong relationship between the buyer and supplier makes the supplier appear more attractive and hence increases the likelihood of it being chosen. Further, the service creation process is, as previously mentioned, performed together by the buyer and the supplier. The supplier often places a consultant at the buyer’s workplace. It involves a long series of buyer-supplier exchanges. The quality of which, impacts the outcome of the service project.

The importance of the buyer-supplier relationship aspect varies depending on the project and the company. For smaller companies, where the buying unit usually consist of just one or a few people, personal relationships play a bigger role. These companies often rely on personal relationships to find suppliers, and the supplier selection process can consist of a single phone call between the buyer and the supplier. Larger companies typically have a more formal process, with many stakeholders on different levels and from different units involved. As there are more people involved, it is less likely that there exists a buyer-supplier relationship with all these people. The relationship is more connected to the company as a whole and not to individual employees.

When it comes to how the different sources think about the relationship criteria, it seems like the literature and the supplier-side is more focused on the personal relationships, while the buy-side places more emphasis on the supplier understanding the buyer’s business. This might suggest that suppliers should make a shift in their approach in order to get in line with their potential buyers.

5.1.2. Perceived Value

The aim of the purchasing process is to ensure that the most amount of value is created. This goes beyond simply picking a supplier that can deliver the highest quality. Value is a broad concept which comprises several factors, quality being one of them. Price is another, just like time and risk.
These factors all affect the value of a purchase. This thesis has led the authors to believe that quality is likely the most important aspect, but in every purchase, all these factors are weighed against each other. It is partly the importance of the purchase that determine the weight of the factors. For a purchase that concern a critical business area, the importance is higher, making the risk naturally higher as well. In this scenario, the buyer is more likely to put down more time and effort to find and qualify suppliers. For a purchase of lesser importance however, where the risk is lower, the opposite would be true, ceteris paribus.

The problem with the concept of value in regard to professional services, is the fact that the value created is hard to measure objectively. This leaves the buyer with highly subjective measurements on which to base its decisions on. This is a problem for the supplier as well, as it can be hard to show that one specific action was the determining factor that led to a certain result. This uncertainty that surrounds the purchase of these services is hence a major issue. Perceived value is one of the most important criteria in the supplier selection phase, and the buyer wants to maximize value but cannot do this with certainty. It is generally not possible to measure value directly and the buyer therefore has to rely on surrogate measures, such as references and reputation. These are imperfect by definition, and even more problematic for professional services. This mainly stems from the complexity of these services and the fact that they are performed by humans. There is no guarantee that, just because a consultant did a good job previously, he or she will perform at the same level again next time.

5.2. General Insights

These general insights have been developed mainly using data from the empirical study.

Buyers develop a relationship to both the supplier’s organization as well as the individual consultants performing the task. Depending on the situation, the relative importance of these two differ. Buyers usually have contracts with the supplier which they cannot deviate from. When framework agreements are established, the buyer usually values the relationship to the supplier higher and wants to increase the business to certain suppliers in
order to increase its own importance in the eyes of the supplier. For smaller firms, and for more niche projects, the relationship to the consultant tend to be more valued, as the buyer could be dependent on individual consultants. Suppliers do however tend to want to avoid being dependent on consultants.

Perceived value and relationship are both considered important in the supplier selection phase as well as in the whole purchasing process. This thesis shows that suppliers tend to value the perceived value greater than buyer-supplier relationships when choosing a supplier. These two criteria affect the whole supplier selection phase; however, their intensity varies as seen in figure 5.2 below. The relationship criterion is more intense in the beginning of the phase, as it is the most efficient way to get included in the process. Every interviewee mentioned using previously established relationships as a starting point for some of their purchasing processes. The following stages then starts to value the perceived value more and more, and is ultimately the most important criterion when selecting a final supplier.

**Figure 5.2 - The importance of perceived value and relationship in the supplier selection phase**
There is a preference for average suppliers with average criteria values, rather than extreme ones. This suggests that there are certain threshold values for each criterion that has to be met.

A supplier who has delivered poorly on a previous project can still be considered for other tasks, if it seems likely that the poor delivery resulted from a fluke. Buyers are also generally willing to continue working with suppliers that they have had longer relationships with even if they did a poor job on the last project. Strong relationships are expensive and resource-heavy to initiate and maintain. It might hence be considered more valuable to continue a relationship despite a bad previous delivery, instead of ending it and starting a new one with another supplier. Further, given the fact that there is a chance of failure for every project, the more projects a supplier does for a buyer, the higher likelihood that one will not be successful. Essentially, failure might be expected in the long-run.

Strong relationships are considered a very strong attribute; however, it could not compensate for a lack of references and reputation which have a strong risk-reducing effect. Due to the misunderstandings concerning the reputation criterion, this might be misleading. It is highly likely that having a strong relationship with a supplier going back several years, would outweigh the need to see references and to know about its reputation. Further, seeing as some factors were contradicting each other, the value of the relationship criteria might have been downgraded. It is clear however, that financial well-being is considered a very important criterion when choosing a supplier, as no buyer wants to risk contracting a supplier that is at risk of bankruptcy. Further, financial well-being also insures to an extent that enough resources can be put in by the supplier if needed.

Different ways that buyers come in contact with suppliers affect its likelihood of being selected as a final supplier. Recommendations from the buyer’s network, such as colleagues, is considered as the strongest way. The recommendation works as a quality assurance, that is more is less reliable depending on the person or persons making the recommendation. These recommendations are usually considered stronger than references and reputation. If the buyer finds the supplier from the internet or if the supplier
is the one initiating the contact matters little in the supplier selection decision.

References and reputation do however have a fairly high credibility. The specificity of the references matters strongly. The more specific for the industry and the project, the better. It is also important to be able to contact the reference company personally to ensure that no information has been misconstrued. The importance of a supplier’s reputation varies depending on the project. For more niche projects, it is valued less.

The importance of timing is highly situation dependent. The important factors to consider is the strength of the other suppliers, the strength of the new supplier and how far into the selection process the buyer is. These factors have to be weighed against each other. For example, if the suppliers on the list are not considered to be very strong, there is a chance that a supplier can be included in the process. If the suppliers are considered good enough however, the chance of a new supplier entering the process is low. Timing can also have an impact on which suppliers get contacted in the first place, as it is easier to remember a supplier that called last week as compared to one that called six months ago. However, due to the importance of established relationships, timing is rarely one of the most important attributes.

5.2.1. Establishing New Relationships

From the interviews, we learned that many buyers have established relationships and framework agreements with suppliers that they turn to when the need appears. These suppliers have an advantage beyond the contract, as previous collaborations have provided them with precious insights into the buyer’s organization, and helped them build relationships with employees. For IT-consultancy services, a good understanding of the buyer and its problems is usually key in order to deliver up to par. However, this understanding is very difficult to get, unless you have previous experience with the company. For this reason, it is usually only when these suppliers do not have the capacity to perform the task, that new suppliers are being considered. For new suppliers, this creates a catch-22: to win a contract, you have to have won a contract before.
At the same time, there are a plethora of different IT-consultancy firms on the market, and decision-makers at companies are constantly being contacted by suppliers who want to market their services and initiate a business relationship. This means that it is generally hard to get attention and time from buyers, unless a supplier has niche competence that a buyer believes it might need in the future. During the first contact, the buyer values showing interest and insight into its organization and its problems, which, as previously mentioned, is hard to do.
6. CONCLUSION

In this chapter, the authors present the conclusions of the thesis.

6.1. Supplier selection

Conclusion 1 - The Lack of a One-Size-Fits-All Approach
Due to the large variety of buyers and the accompanying variety of preferences that entails, there is no one-size-fits-all approach to purchasing IT-consultancy services. It follows that there is also no one-size-fits-all approach to selling these services.

Conclusion 2 - The Subjectivity Issue
While there are criteria that can be measured purely objectively, the supplier selection process relies heavily on partially subjective judgments by the buyers. Also, some criteria depend on factors that the supplier has little influence on, such as its size. Further, purchasing is performed by humans, and depending on who is involved in the purchase, the different humans’ biases affect the process differently.

Conclusion 3 - The Power of Caring
While subjectivity plays a large role, the thesis has found that buyers highly value suppliers’ interest in their organization and its problems. Having current knowledge about the business helps, but it is more important for a supplier to show that it cares for the buyer’s organization (beyond the supplier’s own financial interests).

Conclusion 4 - The Power of Financial Well Being
Being in poor financial health can be very damaging to a supplier’s chances of winning a contract. Even rumors or uncertainty about a supplier having poor finances can have serious consequences. For a company in financial difficulties this presents another catch-22, as winning contracts is also the main way to get out of financial troubles.

Conclusion 5 - The Power of Relationships
The relationship between the supplier and the buyer is crucial. For both larger and smaller buyers, the relationship determines which suppliers will
get contacted at the start of the process. For smaller firms, the contact is more direct. For larger firms, there are often framework agreements in place.

### Conclusion 6 - The Power (and Problem) of Perceived Value

Perceived value is the most important criterion in the purchasing process for selecting a supplier. At the same time, it is also the hardest one to measure. This creates issues for both buyers and suppliers.
7. CONTRIBUTION AND FUTURE RESEARCH

This chapter presents academic and industry contributions, as well as suggestions for future research.

7.1. Academic Contributions

The main academic contribution of this thesis is the development of a modern purchasing framework, which describes the purchasing process but also takes into account the environment in which the purchasing process takes place. The most relevant forces affecting the process is included, as well as stakeholders connected to the process. To the authors’ knowledge, this is the first purchasing framework which seriously considers more than just the process itself. The additional factors improve the understanding of the process itself. This improved understanding of the purchasing process can also be valuable to suppliers wondering how suppliers are selected and why.

Another academic contribution regards the methodology, specifically using a simulation as a way to rate the importance of the choice criteria. Simulating a process makes it more realistic, leading to responses that more accurately reflects the thought process of the interviewee than just asking questions. It can also help to generate useful qualitative comments.

7.2. Industry Contributions

The thesis also studied the impact of relationships and perceived value on the purchasing process, deepening the insights into how these complex attributes play a role in the process. Relationships are crucial to enter into the process. However, perceived value seems to matter most in the end. Many of the surrogate measures used rely on reducing perceived risk of failure. This insight can be used by suppliers, who can try to present tangible evidence of their competence in the specific area. The importance of relationships can also serve as a small reminder to work on maintaining them.
Finally, the thesis generated several general insights about supplier selection. The authors have found that many decisions are based on subjective judgements and that there is no one-size-fits-all approach to buying or selling IT-consultancy services. This insight can be used by suppliers, which might gain from further tailoring their approach to individual buyers.

### 7.3. Future Research

Using interviews to study companies has its limitations. For instance, the interviewee might be so used to the company culture and its specific habits that these are no longer consciously considered. This would lead to an incomplete description being given in an interview. To get a truly in-depth understanding of how an organization purchases IT-consultancy services it is likely necessary to perform a long-term observational study. This would include observing all members of the business buying unit during the purchasing process, and interviewing all relevant stakeholders.

While the author’s purchasing framework has been developed mainly from combining subjects from the literature review, there has been some triangulation with data from the interviews. However, the interviewees were all active in companies located in the south of Sweden. Is the framework internationally viable?

The developed framework is also fairly general at this point. A deeper mapping of some specific parts of the framework could be valuable, e.g. how is the purchasing process of a company with a specific internal culture and macro environment affected by these factors?
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APPENDIX A - THE SUPPLIER-SIDE INTERVIEW GUIDE

INTRO

Presentera oss
Varför gör vi undersökningen
Specifiserar tjänsten IT-säkerhet
Försäkrar om anonymitet

Vad är din titel på företag X?
- Avdelning
- Position

Vad är ditt ansvarsområde på företag X?

Hur tar era kunder fram deras kravspecifikation? Tar de fram den på egen hand, eller i samarbete med leverantören? Modifieras denna allt eftersom?

Ge exempel på några typiska krav som finns i en kravspecifikation

Vilka kriterier tror du är viktigast, och varför, för era potentiella kunder vid val av leverantör av IT-konsulttjänster?

Ange hur viktiga du tror att följande kriterier är för era potentiella kunder vid val av leverantör av IT-konsulttjänster? (0-6, Helt oviktig ... Mycket viktig)

Relationen
Relationen med leverantören och dess anställda.

Erfarenhet av tidigare samarbete
Att tidigare hyrt in leverantören. (Hur viktigt är det att veta vad leverantören gär för?)

Kostnad
Det totala priset, antingen per timme eller det fasta priset.
Leverantörens rykte
Leverantörens ekonomiska välstånd och varumärke.

Referenser
Referenser från både tidigare uppdrag, såväl allmänna som från liknande branscher och uppdrag.

Rangordna följande kriterier enligt hur viktiga du tror att de är för era potentiella kunder vid val av leverantör av IT-konsulttjänster? (1 = viktigast, 2 = näst viktigast etc.)

Relationen
Relationen med leverantören och dess anställda.

Erfarenhet av tidigare samarbete
Att tidigare hyrta in leverantören. (Hur viktigt är det att veta vad leverantören går för?)

Kostnad
Det totala priset, antingen per timme eller det fasta priset.

Leverantörens rykte
Leverantörens ekonomiska välstånd och varumärke.

Referenser
Referenser från både tidigare uppdrag, såväl allmänna som från liknande branscher och uppdrag.

Hur utvärderar era kunder er prestation?
- KPIs?
- SLA?

Hur många köp är nya köp/raka återkop/modifierade återköp?

Upplever ni någon skillnad på värderingskriterierna mellan nya köp/raka återkop/modifierade återköp?

Är det något som du personligen skulle vilja veta om hur era potentiella kunder väljer ut leverantör för IT-konsulttjänster?

Är det något annat du vill tillägga angående köp av IT-konsulttjänster?
APPENDIX B - CHOICE CRITERIA INTERVIEW

HUVDDEL

Relationen

Vad gör en bra relation?
- Till företaget
- Till konsulten

Hur ska relationen initieras?

Vad är viktigt för er under första kontakt/mötet?

Hur ska relationen upprätthållas?

Hur vill ni att leverantören bemöter er?

Hur viktigt är leverantörens och konsultens intresse för er situation och för era problem?

En konsult ni tidigare haft inne har precis lämnat sitt företag för en annan leverantör. Nu dyker ett behov upp för er, likt det denna konsult hjälpte er med tidigare. Vem kontaktar ni, konsulten personligen eller hans gamla arbetsgivare? Varför?

Upplevd förmåga

Hur värderar ni en leverantörs förmåga?

Vad tror du är det viktigaste för en konsult/säljare som vill framstå som kompetent?

Hur stor tillit har ni till referenser och hur viktiga är de?

Hur stor roll spelar en leverantörs anseende?
Övrigt

Hur jobbig upplever ni att leverantörsvalsprocessen är?

- Vad/vilka är största problemen?

Hur riskfyllt upplevs dessa köp?

Hur viktigt är timing?

Beskriv en bra upplevelse från ett köp, vad gjorde den bra?

Beskriv en dålig upplevelse från ett köp, vad gjorde den dålig?

Beskriv ett idealt köp.

KONTROLLFRÅGOR

Vad är er titel på företag X?

- Avdelning
- Position

Hur stor del i köpet av IT-konsulttjänster anser du att du har? (0-100)
**APPENDIX C - SIMULATION DETAILS**

1. Scenariobeskrivning


2. Regelbok


Vi har förberett ett antal fiktiva leverantörer, som alla har olika standardiserade egenskaper. Dessa egenskaper är oberoende av varandra. Alltså, även om organisationen i stort har gjort ett dåligt intryck på er så kommer detta inte att påverka era förväntningar på det levererade resultatet. Det antas att samtliga leverantörer har den grundläggande tekniska och kompetensmässiga förmågan att leverera det som ni efterfrågar. Detta till trots så finns det, precis som i verkligheten, en risk att en leverantör ej levererar det som efterfrågas.

Vår process kommer att bestå av 3 steg. I början av varje steg delas ny information ut, och i slutet väljer du ut vilka leverantörer du vill gå vidare med. Vissa leverantörer har egenskaper som är dolda i vissa steg av processen. Dessa kommer att avslöjas i steg 2 respektive steg 3.

3. GDPR for Dummies

GDPR är en ny lagstiftning som klubbats igenom av EU. Lagen kommer att påverka alla företag som hanterar data om personer inom EU, även företag som är baserade utanför unionen. I Sverige ersätter lagen personuppgiftslagen (PUL), och syftet är att bättre skydda personuppgifter. GDPR skiljer sig från PUL i bland annat nedanstående punkter:

Samtycke
Villkoren för samtycke har styrkts. Det måste vara enkelt att förstå vad som samtycks till, och även att ta tillbaka sitt samtycke.

Meddelande av dataintrång
Dataintrång som kan resultera i att individers frihet och rättigheter sätts på spel kommer att bli obligatoriska att rapportera in.

Rätt till tillgång
Personer har rätt att begära ut från företag om deras data processas, och i så fall var och till vilket syfte.

Rätt till att bli glömd
Personer kan begära att ett företag raderar dennes data överallt, även i backups, mail, etc.

Dataöverföring
Personer har rätt till att få ut sin data från ett företag och att ta med det till ett annat företag.
Integritet från grunden
System skall utvecklas med integritet i åtanke. Företag bör inte be om mer data än de absolut behöver, och tillgång till datan bör begränsas för de som processar denna.

Data Protection Officers (DPO)
Det kommer finnas krav på intern dokumentation av datahantering. Företag som, i stor skala, har hantering av personlig data som huvudaktivitet kommer även behöva rapportera till en DPO. Företagen utser själva en DPO uteftre strikta krav.

Straff
Straffet för brott mot GDPR är böter på upp till 4 % av global omsättning på koncernnivå, eller €20 miljoner.

4. Company Attributes

Tidigare samarbete
X är en leverantör som ni tidigare samarbetat med. + Vid tidigare samarbete levererade de X.

Tips från kollega
X är en leverantör som ni aldrig samarbetat med tidigare. Det var en kollega till er som arbetat med X och rekommenderade dem till er.

Internet
X är en leverantör som ni aldrig samarbetat med tidigare. Ni har hittat information om X på deras hemsida.

Kontakt från leverantör före
X är en leverantör som ni aldrig samarbetat med tidigare. En säljare från X ringde dig för ungefär en månad sedan och berättade kort om X och hörde sig för angående den nya GDPR-lagstiftningen. Då berättade du att timingen inte var rätt men du bad om ett infomail som du sparade i din inkorg.
Kontakt från leverantör tidigt

Kontakt från leverantör sent

Relation leverantör
-2: Uppfattar att X har väldigt dålig förståelse för er verksamhet och de verkar helt ointresserade av era problem.
-1: Er uppfattning av X från tidigare samarbete var att de hade dålig förståelse för er verksamhet och er situation och de verkade ointresserade av era problem.
0: Er uppfattning av X från tidigare samarbete var att de förstår delar av er verksamhet och er situation, och att de verkade ha ett visst intresse för era problem.
1: Er uppfattning av X från tidigare samarbete var att de hade förståelse för många delar av er verksamhet och er situation, och att de verkade intresserade av era problem.
2: (Vid en första kontakt med X uppfattade ni att de hade en mycket god förståelse för hela er verksamhet och er situation, och att de verkade mycket intresserade av era problem.)
I samtalen med X uppfattade ni att de hade en mycket god förståelse för hela er verksamhet och er situation, och att de verkade mycket intresserade av era problem.
Relation konsult
-2: Ni uppfattar att X konsult är väldigt ointresserad och ni tror att denne kommer ha väldigt svårt att passa in i organisationen.
-1: X:s konsult som hjälpte er tidigare, och som även skulle vara aktuell för detta uppdraget, uppfattade ni som ointresserad och denna hade problem med att passa in i organisationen.
(Vid ett möte med X uppfattade ni deras konsult som ointresserad och ni tror att denne kommer ha problem att passa in i organisationen.)
0: Ni uppfattade att X:s konsult, som hjälpte er tidigare, och som även skulle vara aktuell för detta uppdraget, visade ett visst intresse. Ni tyckte att denne varken passade in bra eller dåligt i organisationen.
Vid ett möte med ETA uppfattade ni att deras konsult visade ett visst intresse, och ni tror att denne varken kommer passa in bra eller dåligt i organisationen.
1: Ni uppfattar X:s konsult som intresserad och ni tror att denne kommer att passa in i organisationen.
2: (Vid ett möte med X uppfattade ni deras konsult som väldigt intresserad och väldigt engagerad och tror att denne kommer att passa in väl i organisationen.)

Anseende
-1: Ni har aldrig hört talas om X förut. + Vid tidigare kontakt visade X upp ett fåtal allmänna referenser.
0: Ni känner igen X:s namn men vet väldigt lite om dem. + Vid tidigare kontakt visade X upp flera allmänna referenser.
Efter en Internetsökning såg du att X har flera allmänna referenser.
1: Ni har hört talas om X förut och vet att de är framträdande i sin bransch.
+ Vid tidigare kontakt visade X upp allmänna referenser och även vissa referenser relaterade till er bransch.
+ Under samtalet gav X upp allmänna referenser och även vissa referenser relaterade till er bransch.
+ Efter en Internetsökning såg du att X har allmänna referenser och även vissa referenser relaterade till er bransch.
2: Ni har bra koll på X och vad de gör. Ni vet att de anses vara en av de absolut främsta i sin bransch. + Vid tidigare kontakt visade X upp såväl allmänna referenser som referenser relaterat till både er bransch och detta uppdrag.
+ Ni fick också tillgång till X:s allmänna referenser och referenser relaterat till både er bransch och detta uppdrag.
+ Efter en internetsökning såg du att X hade såväl allmänna referenser som referenser relaterat till både er bransch och detta uppdrag.

**Tidigare levererat värde**
-2: Vid tidigare samarbete levererade X långt under förväntan
-1: Vid tidigare samarbete levererade X under förväntan
0: Vid tidigare samarbete levererade X som förväntat.
1: Vid tidigare samarbete levererade X över förväntan
2: Vid tidigare samarbete levererade X långt över förväntan
## 5. Company Descriptions

*Table C.1 – Summary of the company attributes*

<table>
<thead>
<tr>
<th>Företag</th>
<th>Kontakt</th>
<th>Relation leverantör</th>
<th>Relation konsulent</th>
<th>Anseende och referenser</th>
<th>Tidigare levererat värde</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfa +2/0</td>
<td>Tidigare samarbete</td>
<td>+1</td>
<td>+1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Beta 0/+2</td>
<td>Tidigare samarbete</td>
<td>0</td>
<td>0</td>
<td>+1</td>
<td>+1</td>
</tr>
<tr>
<td>Gamma 0/+1</td>
<td>Tidigare samarbete</td>
<td>0</td>
<td>0</td>
<td>-1</td>
<td>+2</td>
</tr>
<tr>
<td>Delta +2/0</td>
<td>Tidigare samarbete</td>
<td>+1</td>
<td>+1</td>
<td>+1</td>
<td>-1</td>
</tr>
<tr>
<td>Epsilon -2/+4</td>
<td>Tidigare samarbete</td>
<td>-1</td>
<td>-1</td>
<td>+2</td>
<td>+2</td>
</tr>
<tr>
<td>Zeta +1/0</td>
<td>Tips från kollega</td>
<td>Dold (+2)</td>
<td>Dold (-1)</td>
<td>0</td>
<td>•</td>
</tr>
<tr>
<td>Eta +1/+1</td>
<td>Tips från kollega</td>
<td>Dold (+1)</td>
<td>Dold (0)</td>
<td>+1</td>
<td>•</td>
</tr>
<tr>
<td>Theta +1/0</td>
<td>Internet</td>
<td>Dold (-1)</td>
<td>Dold (+2)</td>
<td>0</td>
<td>•</td>
</tr>
<tr>
<td>Jota +1/+1</td>
<td>Internet</td>
<td>Dold (+1)</td>
<td>Dold (0)</td>
<td>+1</td>
<td>•</td>
</tr>
<tr>
<td>Kappa +1/+2</td>
<td>Internet</td>
<td>Dold (+1)</td>
<td>-</td>
<td>+2</td>
<td>•</td>
</tr>
<tr>
<td>Lambda +3/0</td>
<td>Kontakt från leverantör</td>
<td>+2</td>
<td>Dold (+1)</td>
<td>-</td>
<td>•</td>
</tr>
<tr>
<td>My +1/+1</td>
<td>Kontakt från leverantör</td>
<td>+1</td>
<td>Dold (0)</td>
<td>+1</td>
<td>•</td>
</tr>
<tr>
<td>Xi +1/+2</td>
<td>Kontakt från leverantör</td>
<td>+2</td>
<td>Dold (-1)</td>
<td>+2</td>
<td>-</td>
</tr>
</tbody>
</table>
ALFA (1/1/0/0)

ALFA är en leverantör som ni tidigare samarbetat med. Vid tidigare samarbete levererade de som förväntat.

Ni känner igen ALFA:s namn men vet väldigt lite om dem.

Er uppfattning av ALFA från tidigare samarbete var att de hade förståelse för många delar av er verksamhet och er situation, och att de verkade intresserade av era problem.

ALFA:s konsult som hjälpte er tidigare, och som även skulle vara aktuell för detta uppdrag, uppfattade ni som intresserad och ni tyckte att denne passade in i organisationen.

Vid tidigare kontakt visade ALFA upp flera allmänna referenser.

_Ingen ytterligare information om ALFA kommer att delas ut._
BETA (0/0/1/1)

BETA är en leverantör som ni tidigare samarbetat med. Vid tidigare samarbete levererade de över förväntan.

Ni har hört talas om BETA förut och vet att de är framträdande i sin bransch.

Er uppfattning av BETA från tidigare samarbete var att de förstår delar av er verksamhet och er situation, och att de verkade ha ett visst intresse för era problem.

Ni uppfattade att BETA:s konsult, som hjälpte er tidigare, och som även skulle vara aktuell för detta uppdrag, visade ett visst intresse. Ni tyckte att denne varken passade in bra eller dåligt i organisationen.

Vid tidigare kontakt visade BETA upp allmänna referenser och även vissa referenser relaterade till er bransch.

*Ingen ytterligare information om BETA kommer att delas ut.*
GAMMA (0/0/-1/2)

GAMMA är en leverantör som ni tidigare samarbetat med. Vid tidigare samarbete levererade de långt över förväntan.

Ni har aldrig hört talas om GAMMA förut.

Er uppfattning av GAMMA från tidigare samarbete var att de förstår delar av er verksamhet och er situation, och att de verkade ha ett visst intresse för era problem.

Ni uppfattade att GAMMA:s konsult, som hjälpte er tidigare, och som även skulle vara aktuell för detta uppdrag, visade ett visst intresse. Ni tyckte att denne varken passade in bra eller dåligt i organisationen.

Vid tidigare kontakt visade GAMMA upp ett fåtal allmänna referenser.

_Ingen ytterligare information om GAMMA kommer att delas ut._
DELTA (1/1/1-1)

DELTA är en leverantör som ni tidigare samarbetat med. Vid tidigare samarbete levererade de under förväntan.

Ni har hört talas om DELTA förut och vet att de är framträdande i sin bransch.

Er uppfattning av DELTA från tidigare samarbete var att de hade förståelse för många delar av er verksamhet och er situation, och att de verkade intresserade av era problem.

DELTA:s konsult som hjälpte er tidigare, och som även skulle vara aktuell för detta uppdrag, uppfattade ni som intresserad och ni tyckte att denne passade in i organisationen.

Vid tidigare kontakt visade DELTA upp allmänna referenser och även vissa referenser relaterade till er bransch.

_Ingen ytterligare information om DELTA kommer att delas ut._
EPSILON (-1/-1/2/2)

EPSILON är en leverantör som ni tidigare samarbetat med. Vid tidigare samarbete levererade de långt över förväntan.

Ni har bra koll på EPSILON och vad de gör. Ni vet att de anses vara en av de absolut främsta i sin bransch.

Er uppfattning av EPSILON från tidigare samarbete var att de hade dålig förståelse för er verksamhet och er situation och de verkade ointresserade av era problem.

EPSILON:s konsult som hjälpte er tidigare, och som även skulle vara aktuell för detta uppdrag, uppfattade ni som ointresserad och denne hade problem med att passa in i organisationen.

Vid tidigare kontakt visade EPSILON upp såväl allmänna referenser som referenser relaterat till både er bransch och detta uppdrag.

*Ingen ytterligare information om EPSILON kommer att delas ut.*
**ZETA (2/-1/0/-)**

ZETA är en leverantör som ni aldrig samarbetat med tidigare. Det var en kollega till er som arbetat med dem och rekommenderade dem till er.

Ni känner igen ZETA:s namn men vet väldigt lite om dem.

Efter en Internetsökning såg du att ZETA har flera allmänna referenser.

Vid en första kontakt med ZETA uppfattade ni att de hade en mycket god förståelse för hela er verksamhet och er situation, och att de verkade mycket intresserade av era problem.

Vid ett möte med ZETA uppfattade ni deras konsult som ointresserad och ni tror att denne kommer ha problem att passa in i organisationen.

*Mer information om ZETA kommer att delas ut i steg 2 och 3 om ni väljer att gå vidare med dem.*

*Mer information om ZETA kommer att delas ut i steg 3 om ni väljer att gå vidare med dem.*
ETA (1/0/1/-) – Delas ut efter simuleringen är avslutad

ETA är en leverantör som ni aldrig samarbetat med tidigare. Det var en kollega till er som arbetat med dem och rekommenderade dem till er.

Ni har hört talas om ETA förut och vet att de är framträdande i sin bransch.

Efter en Internetsökning såg du att ETA har allmänna referenser och även vissa referenser relaterade till er bransch.

Vid en första kontakt med ETA uppfattade ni att de hade förståelse för många delar av er verksamhet och er situation, och att de verkade intresserade av era problem.

Vid ett möte med ETA uppfattade ni att deras konsult visade ett visst intresse, och ni tror att denne varken kommer passa in bra eller dåligt i organisationen.

*Mer information om ETA kommer att delas ut i steg 2 och 3 om ni väljer att gå vidare med dem.*

*Mer information om ETA kommer att delas ut i steg 3 om ni väljer att gå vidare med dem.*
THETA (-1/2/0/-)

THETA är en leverantör som ni aldrig samarbetat med tidigare. Ni har hittat information om THETA på deras hemsida.

Ni känner igen THETA:s namn men vet väldigt lite om dem.

Efter en Internetsökning såg du att THETA har flera allmänna referenser.

Vid en första kontakt med THETA uppfattade ni att de hade dålig förståelse för er verksamhet och er situation och de verkar ointresserade av era problem.

Vid ett möte med THETA uppfattade ni deras konsult som väldigt intresserad och väldigt engagerad och tror att denne kommer att passa in väl i organisationen.

Mer information om THETA kommer att delas ut i steg 2 och 3 om ni väljer att gå vidare med dem.

Mer information om THETA kommer att delas ut i steg 3 om ni väljer att gå vidare med dem.
JOTA (1/0/1/-) – Delas ut efter simuleringen är avslutad

JOTA är en leverantör som ni aldrig samarbetat med tidigare. Ni har hittat information om JOTA på deras hemsida.

Ni har hört talas om JOTA förut och vet att de är framträdande i sin bransch.

Efter en Internetsökning såg du att JOTA har allmänna referenser och även vissa referenser relaterade till er bransch.

Vid en första kontakt med JOTA uppfattade ni att de hade förståelse för många delar av er verksamhet och er situation, och att de verkade intresserade av era problem.

Vid ett möte med JOTA uppfattade ni att deras konsult visade ett visst intresse, och ni tror att denne varken kommer passa in bra eller dåligt i organisationen.

*Mer information om JOTA kommer att delas ut i steg 2 och 3 om ni väljer att gå vidare med dem.*

*Mer information om JOTA kommer att delas ut i steg 3 om ni väljer att gå vidare med dem.*
KAPPA (1/-/2/-)

KAPPA är en leverantör som ni aldrig samarbetat med tidigare. Ni har hittat information om KAPPA på deras hemsida.

Ni har bra koll på KAPPA och vad de gör. Ni vet att de anses vara en av de absolut främsta i sin bransch.

Efter en internetsökning såg du att KAPPA hade såväl allmänna referenser som referenser relaterat till både er bransch och detta uppdrag.

Vid en första kontakt med KAPPA uppfattade ni att KAPPA har förståelse för många delar av er verksamhet och er situation och de verkar intresserade av era problem.

_För undersökningens skull kommer det ej vara möjligt att få någon information om relationen till KAPPA:s konsult innan köp._

_Mer information om KAPPA kommer att delas ut i steg 2 om ni väljer att gå vidare med dem._

_Ingen ytterligare information om KAPPA kommer att delas ut._
LAMBDA (2/1/-/-)

LAMBDA är en leverantör som ni aldrig samarbetat med tidigare. En säljare från LAMBDA ringde dig för ungefär en månad sedan och berättade kort om LAMBDA och hörde sig för angående den nya GDPR-lagstiftningen. Då berättade du att timingen inte var rätt men du bad om ett infomail som du sparade i din inkorg.

Vid en första kontakt med LAMBDA uppfattade ni att leverantören har mycket god förståelse för hela er verksamhet och er situation och de verkar mycket intresserade av era problem.

Vid ett möte med LAMBDA uppfattade ni konsulten som intresserad och ni tror att denne kommer att passa in i organisationen.

*För undersökningens skull kommer det ej vara möjligt att ta del av referenser eller information om LAMBDA:s rykte eller ekonomiska tillstånd

*Mer information om LAMBDA kommer att delas ut i steg 3 om ni väljer att gå vidare med dem.

Ni har hört talas om MY förut och vet att de är framträdande i sin bransch.

Vid samtalet uppfattade ni att MY hade en förståelse för många delar av er verksamhet och er situation, och att de verkade intresserade av era problem.

Under samtalet gav MY upp allmänna referenser och även vissa referenser relaterade till er bransch.

Vid ett möte med MY uppfattade ni att deras konsult visade ett visst intresse, och ni tror att denne varken kommer passa in bra eller dåligt i organisationen.

*Mer information om MY kommer att delas ut i steg 3 om ni väljer att gå vidare med dem.*

Ni har bra koll på XI och vad de gör. Ni vet att de anses vara en av de absolut främsta i sin bransch.

I samtalet med XI uppfattade ni att de hade en mycket god förståelse för hela er verksamhet och er situation, och att de verkade mycket intresserade av era problem. Ni fick också tillgång till X:s allmänna referenser och referenser relaterat till både er bransch och detta uppdrag.

Vid ett möte med XI uppfattade ni deras konsult som ointresserad och ni tror att denne kommer ha problem att passa in i organisationen.

*Mer information om XI kommer att delas ut om ni väljer att ta ett möte.*
APPENDIX D - SURVEY DRAFT

INTRO

Vi är två studenter som läser Industriell Ekonomi på Lunds tekniska högskola. Denna undersökning är en del av vårt examensarbete, där vi, i samarbete med Cybercom Sweden AB, undersöker marknadsmedvetenheten relaterad till den nya lagstiftningen General Data Protection Regulation (GDPR).

Samtliga deltagare i undersökningen kommer vara anonyma. Inga svar kommer kunna spåras till intervjurespondenterna.

FRÅGEFORMULÄR

1. Hur införstådd anser du att du är i den nya GDPR-lagstiftningen? (0-100 – Vet ej)
   a. När börjar lagen gälla? (Öppen – Vet ej)
   b. Vilka konsekvenser kan brott mot lagen ge? (Öppen – Vet ej)

2. Hur införstådd anser du att ditt företag är i den nya GDPR-lagstiftningen? (0-100 – Vet ej)
   a. Har ni haft en officiell diskussion internt om det? (Ja/Nej – Vet ej)
   b. Har ni börjat planera? (Ja/Nej – Vet ej)
      i. Om ja, har ni en person som är ansvarig för detta? (Ja/Nej – Vet ej)
   c. Har ni börjat jobba med det? (Ja/Nej – Vet ej)
3. Hur nära anser du att ni är på att uppfylla kraven i GDPR-lagstiftningen? (0-100 – Vet ej)
   a. I hur stor utsträckning anser du att ni har kompetens och tid för att själva göra de nödvändiga förändringarna som kommer krävas för att följa GDPR-lagstiftningen? (0-100 – Vet ej)
   b. Hur många mantimmar, internt och externt, uppskattar du att ert företag behöver lägga för att följa GDPR-lagstiftningen? (Öppen, siffra)
   c. Hur stora förändringar tror du behövs i era tekniska system? (0-100 – Vet ej)
   d. Hur stora förändringar tror du krävs i det interna arbetssättet? (0-100 – Vet ej)

4. Hur seriöst upplever du att din organization tar GDPR-lagstiftningen? (0-100 – Vet ej)

5. Övriga kommentarer? (Öppen – Vet ej)

KONTROLLFRÅGOR

1. Vad är er titel på företag X? (Öppen)
   a. Avdelning
   b. Position

2. Vid eventuellt köp av externa GDPR-tjänster, hur stor del i köpet tror du att du kommer ha?
   (0-100 – Vet ej)
APPENDIX E - SIMULATION RESULTS

The numbers from the tables describe what part of the process they are from. This number comes from the spreadsheet that was used to keep track of the simulation process and take notes on the results.

BS1

2a
BS1 perceives that Beta are competent and continues with them despite the consultant. Alfa is too dependent on the consultant. Epsilon are not interested enough.

1 Beta
2 Alfa
3 Epsilon

2b
BS1 assumes that the previously bad delivery is due to a bad organization and culture, and a good consultant cannot fully make up for this. Hence Gamma is ranked higher.

1 Gamma
2 Delta

2c
Beta is considered the frontrunner out of these five. Alfa’s consultant is important. Gamma is different from the rest.

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</table>
2d
BS1 prefers Kappa due to the strong name. Had he not found any connections to Theta on LinkedIn, he would have ignored them.

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<thead>
<tr>
<th></th>
<th>Kappa</th>
<th>Theta</th>
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</table>

2e
Here it is crucial who gives the recommendation. If it is a relevant person, Zeta wins. In this case, Zeta still weighs stronger due to the recommendation. The fact that Lambda initiated contact and was informed was good.

<table>
<thead>
<tr>
<th></th>
<th>Zeta</th>
<th>Lambda</th>
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</table>

2f
Kappa is considered the Rolls-Royce of the four. The recommendation for Zeta weighs heavy.

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<th>Zeta</th>
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<tbody>
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<tr>
<td>Kappa</td>
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<td>Lambda</td>
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4
Stage 1:
BS1 would have met either Gamma or Zeta, depending on gut-feeling. Alfa and Beta would be weighed against each other. Kappa are the experts according to the market. Gamma and Zeta are a bit different. Three is a good number, if the project is broad, it can be five.

Stage 2:
Beta seems reliable. My is replaces Gamma.
Stage 3:
Kappa seems expensive. A risk of becoming just another customer. Beta is considered good enough. In reality, the relationship would be the deciding factor.

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<th>Stage 1</th>
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<td>Lambda</td>
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<td>My</td>
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<td>Xi</td>
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5
Both suppliers are subpar. In the simulation, he would have chosen Theta and tried to hire the consultant. In reality, Zeta would have been chosen and the consultant would have been switched out.

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<th>Rank</th>
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<tbody>
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<td>Zeta</td>
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<td>Theta</td>
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6
Recommendation weighs the heaviest, second is the initiated contact and last the Internet.

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<th>Rank</th>
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<tbody>
<tr>
<td>Eta</td>
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<tr>
<td>Jota</td>
<td>3</td>
</tr>
<tr>
<td>My</td>
<td>2</td>
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</table>
BS2

2a
It is important that the person is interested in the organization. If there is no interest in the organization they will not be able to drive changes in the organization. They should understand the company to be able to do a good job. This works against Epsilon, making it the weakest candidate.

The interested consultant help Alfa a lot but the fact that Beta has done a good job earlier and that they are perceived as more competent makes Beta slightly stronger.

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<th>Beta</th>
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<td>2</td>
<td>Alfa</td>
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<tr>
<td>3</td>
<td>Epsilon</td>
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</tbody>
</table>

2b
BS2 comments that Gamma feels risky. Has not heard of them before, and they only have general references. They managed one successful delivery but BS2 does not know if there is much underlying competence in the firm. But this exists at Delta. They performed poorly once but that can be worked out internally, with requirements and regular meetings to check up on progress. Delta’s interest in the client is important.

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<td>Delta</td>
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2c
BS2 chooses to eliminate the two candidates with very low chances of getting the contract.

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<td>Delta</td>
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2d
Kappa has everything that Theta has, and there is very little knowledge about Theta. It does not matter that Kappa’s consultant cannot be changed as this is always possible to do in real life.

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<th>1</th>
<th>Kappa</th>
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<td>2</td>
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2e
The fact that it is not possible to get references or information about their finances damages Lambda’s chances severely. And it is not possible to base the information about the relationship on one call from a salesperson. Zeta is not particularly strong either but the recommendation from a colleague is positive.

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2f
Eliminates Lambda as that is the only supplier with no chances of getting the contract.

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<td>Kappa</td>
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<td>Lambda</td>
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Stage 1:

BS2 chose to continue with the same suppliers he selected in 2c and 2f.

Stage 2:

Theta was a wildcard earlier, and the fact that it is now revealed that they do not understand Company X means that they are no longer being considered.

Zeta on the other hand made a good impression, and the recommendation is still highly valued. However, had they not made a good impression BS2 would not have continued with them, due to the fact that they do not have specific references and there is some uncertainty about their level of competence.

Alfa is not strong enough to stay.

My seems to be a prominent firm in the industry, and the fact that they seemed to know what they were talking about was positive. BS2 makes a general comment about it being good to meet new suppliers, when prompted BS2 specifies that a meeting would only take place if a supplier had a chance to work with Company X.

Would prefer to only have four suppliers as time needs to be weighed against the odds of finding a significantly better supplier. However, BS2 brings five suppliers to the next step due to low information.
Stage 3:

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5
In real life, the company is more important than the consultant. If the consultant cannot be changed then the consultant is more important for that specific project.

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6
The recommendation makes Eta the winner. Being contacted on the phone or finding a firm on the internet makes little difference. Salespersons often mention references, but these are rarely provided. If a reference is found on a consultancy firm’s website, it has usually been approved by that client.

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<td>Jota</td>
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<td>My</td>
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2a
Alfa seems interested and they show an understanding. Epsilon seem like they do not care and lack understanding, placing them last. Beta is in the middle.

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2b
Gamma wins because of its previous delivery.

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2c
Chooses two because of time constraints.

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2d
Dislikes both, but prefers Theta. Kappa would be better but the fact that you cannot know who you will work with is a big issue.

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<td>Kappa</td>
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2e
Recommendations weigh heavy, making Zeta the favorite.

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2f
Picks the best two.

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<td>Kappa</td>
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4
Stage 1:
Would usually have chosen two, but changed his mind due to the specific task.

Stage 2:
At this stage, BS3 would not consider any new suppliers. Zeta seems to have a good understanding of the organization. Gamma’s consultant seemed both positive and negative.
Stage 3:

Zeta is out because of the lack of interest from the consultant. He would take a meeting with Xi, seeing as the other suppliers were not ideal. However, because of the consultant, they are out. Alfa is then the remaining supplier.

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5

Both are considered lackluster. Theta is ranked higher because the consultant is considered more important than the supplier’s organization.

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<td>Theta</td>
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</table>
The recommendation weighs heavier than the others. Really no difference between My and Jota. The fact that My is initiating contact can be viewed as them only looking to make money.

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BS4

2a
They are all considered to have delivered well and to have a good reputation on the market. Epsilon is considered the strongest on these aspects.

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<td>Epsilon</td>
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<td>Beta</td>
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<td>Alfa</td>
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</table>

2b
Gamma is interesting due to their previous delivery and good understanding. Important to have a good understanding of the organization when it comes to GDPR. Delta’s interest is not worth that much. Industry specific references are tricky. Suppliers cannot be best at everything, extensiveness is negative in some cases. Also, the quality of the work varies depending on the consultant, even at bigger firms.

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<table>
<thead>
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<tbody>
<tr>
<td>1</td>
<td>Gamma</td>
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<tr>
<td>2</td>
<td>Delta</td>
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</tbody>
</table>
2c
Would choose the best out of each previous case, and complemented with Beta.

<table>
<thead>
<tr>
<th>Alfa</th>
<th>Beta</th>
<th>Gamma</th>
<th>Delta</th>
<th>Epsilon</th>
</tr>
</thead>
</table>

2d
Kappa seems competent. Theta seems average.

<table>
<thead>
<tr>
<th>1</th>
<th>Kappa</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Theta</td>
</tr>
</tbody>
</table>

2e
The recommendation for Zeta weighs heavy, although Lambda seem stronger on paper. The fact that references, reputation, and economic status are unobtainable is a big issue.

<table>
<thead>
<tr>
<th>1</th>
<th>Zeta</th>
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</thead>
<tbody>
<tr>
<td>2</td>
<td>Lambda</td>
</tr>
</tbody>
</table>

2f
Happy with Kappa and Theta. Zeta is added as a complement.

<table>
<thead>
<tr>
<th>Zeta</th>
<th>X</th>
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</thead>
<tbody>
<tr>
<td>Theta</td>
<td>X</td>
</tr>
<tr>
<td>Kappa</td>
<td>X</td>
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<tr>
<td>Lambda</td>
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</tbody>
</table>
Stage 1:
Want at most four suppliers. Removes Gamma and Theta as they are considered the weakest.

Stage 2:
Whether or not to involve My depends on the other suppliers in the process. If they are strong, no consideration is taken to My. The fact that they initiate contact and have knowledge does not matter that much. Wants to meet Zeta to hear about their references. As it is too hard to make a decision at this stage, BS4 wants to continue with the four he chose in stage 1.

Stage 3:
Chooses not to take a meeting with Xi, due to the same reasoning as for My earlier in stage 2. The new information about Zeta was unsatisfactory and so they are removed. Beta is ultimately chosen as Epsilon’s consultant is lackluster, and there is no information about Kappa’s consultant.

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
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</thead>
<tbody>
<tr>
<td>Alfa</td>
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<tr>
<td>Beta</td>
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<td>Gamma</td>
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<td>My</td>
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<tr>
<td>Xi</td>
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</tbody>
</table>
BS4 values the relationship to the supplier higher than to that of the consultant, and hence chooses Zeta over Theta.

<table>
<thead>
<tr>
<th>Zeta</th>
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<tbody>
<tr>
<td>Theta</td>
<td>2</td>
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</tbody>
</table>

Eta is stronger due to the recommendation, but it also depends on who the colleague is. Regarding My and Jota, there is no difference between the two, and would have come down to gut-feeling. Suppliers that initiates contact is very common. GDPR is a broad subject that everyone knows about and so bringing that up matter very little. Would it have been much more specific, the salesman’s insights would have played a bigger role.

<table>
<thead>
<tr>
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<th>1</th>
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<tbody>
<tr>
<td>Jota</td>
<td>2</td>
</tr>
<tr>
<td>My</td>
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BS5

2a
Epsilon is ranked the lowest due to their lack of understanding of the organization and their uninterest in the problem. If the consultant do not understand what they need, they cannot deliver a good job.

There is a risk involved with not knowing enough about Alfa and their reputation. Hence they are placed second.

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<th>1</th>
<th>Beta</th>
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<tbody>
<tr>
<td>2</td>
<td>Alfa</td>
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<tr>
<td>3</td>
<td>Epsilon</td>
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</tbody>
</table>
2b
Gamma is ranked higher due to their previous delivery. BS5 would consider Delta if the risk with the other suppliers would be greater.

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<td>2</td>
<td>Delta</td>
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2c
BS5 would continue with all five. He believes they can afford to meet them all. If at this stage, one supplier would have been completely unknown since before, that supplier would probably have been removed.

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2d
BS5’s image of Kappa is a supplier that has delivered well to others, placing them first. Knowing the consultant is an argument, but it is not as important as the supplier’s organization.

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<th>Theta</th>
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2e
Zeta wins due to the recommendation.

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2f
All four would go through, although Kappa and Zeta are the strongest.

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4

Stage 1:
Zeta is unclear, as there are too little details to judge. Delta depends on the length of the relationship. If it has been long, and the last delivery was the only bad one, they would be included.

Stage 2:
BS5 would discuss with people from purchasing whether or not to involve My or not. If it is early in the process, it could be an option.

Stage 3:
The size of the project rules how many suppliers to involve in the process. Usually you want to avoid including new suppliers late in the process, as it is time consuming. As he does not know the size of the project, he includes Xi.
BS5 claims to have too little information to make a decision at this stage. If forced, he chooses Beta. They have had a collaboration before and they know each other. Also, the references from the industry are good.

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In this case, the consultant weighs heavier, and hence Theta is chosen.

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</thead>
<tbody>
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</table>

Eta wins due to the recommendation. As he prefers being the one initiating the contact, Jota is second.

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