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Master's Thesis

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**TELECOMMUNICATIONS MARKET TRANSFORMATION AND  
WINNING FACTORS IN THE SALES PROCESSES**

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## ABSTRACT

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**Keywords:** Telecommunications, sales process, value creation, relationship management

This thesis studies the winning factor related to sales in the telecommunications market as the market is transforming. The goal for this thesis is to understand the market transformation better, and to find ways to ensure successful sales in the future. This thesis includes literature review on the business environment and sales-related theories, and empirical study.

The empirical study is carried out by interviewing seven people working in the customer interface in telecommunications market. The interviews are analyzed based on perspectives selected according to the literature review: market transformation, transformation in the customer interface, winning factors in the sales process, winning characteristics in the supplier and winning characteristics in the products and services.

Based on the study the market is transforming mainly due to technological convergence and consolidation which creates new opportunities and new challenges. Customer needs are changing due to the transformation.

Based on the interviews winning factors in future sales process are e.g.: strategic partnership, simple processes and aligned organization, and in the supplier e.g.: reliability, flexibility and pioneering. Products and services are both needed in the value proposition, but interviewees put more weight on product-related characteristics.

## TIIVISTELMÄ

**Tekijä:** Juuso Leiro

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Tässä työssä tutkitaan myynnin voittavia tekijöitä telekommunikaatiomarkkinoilla markkinoiden muuttuessa. Työn tavoitteena on ymmärtää markkinoiden muutosta paremmin ja löytää tapoja, joilla voidaan varmistaa myynnin onnistuminen myös tulevaisuudessa. Tämä työ koostuu kirjallisuuskatsauksesta liiketoimintaympäristöön ja myyntiin liittyviin teorioihin liittyen, sekä empiirisestä tutkimuksesta.

Empiirinen tutkimus toteutetaan haastattelemalla seitsemää henkilöä, jotka työskentelevät asiakasrajapinnassa telekommunikaatiomarkkinoilla. Haastatteluja analysoidaan kirjallisuuskatsauksen perusteella valittujen näkökulmien kautta. Nämä näkökulmat ovat: markkinoiden muutos, muutos asiakasrajapinnassa, myyntiprosessin voittavat tekijät, voittavat tekijät toimittajassa sekä voittavat tekijät tuotteissa ja palveluissa.

Tutkimuksen perusteella markkinat muuttuvat pääasiassa teknologisen konvergenssin ja konsolidoitumisen seurauksena, jotka luovat uusia mahdollisuuksia ja uusia haasteita. Asiakkaiden tarpeet muuttuvat muutoksen myötä.

Haastattelujen perusteella voittavia tekijöitä myyntiprosessissa ovat esimerkiksi strateginen kumppanuus, yksinkertaiset prosessit sekä yhdenmukaistettu organisaatio, ja toimittajassa esimerkiksi luotettavuus, joustavuus sekä edelläkävijyys. Tuotteita sekä palveluita tarvitaan molempia arvolupauksessa, mutta haastatteluissa painotettiin enemmän tuotteisiin liittyviä tekijöitä.

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## **GLOSSARY**

BPM	Business Process Management
CAPEX	Capital Expenditures
CRM	Customer Relationship Management
CX	Customer experience
EOL	End-of-Life (product)
ERM	Employee Relationship Management
ERP	Enterprise Resource Management
ICT	Information and Communications Technology
IT	Information Technology
NFV	Network Function Virtualization
OTT	Over-the-Top (media services)
OPEX	Operating Expenses
PRM	Partner Relationship Management
RAN	Radio Access Network
RFx	Request for Information, Quotation or Proposal
TCO	Total Cost of Ownership



# **1 INTRODUCTION**

In this introduction chapter the background and purpose for the research and this thesis are introduced. Further into the details in the purpose the actual main research question and sub questions are presented.

At the end of introduction used research method and structure of the thesis are introduced. Research method section summarizes how the research and empirical study were made and structure section outlines the structure of this thesis as a document.

## **1.1 Research background**

ICT is enabling and speeding up growth most out of all technologies. Besides its own industry ICT affects almost all the other segments of society and it is crucially needed in all growing industries. Growth of ICT industry enables other industries to develop new service models, to create innovations and to improve competitiveness of their product portfolio. (ICT 2015 työryhmä 2013).

This thesis is done for company X which is networked element provider. The need for this thesis arises from assumption that growth of ICT industry and growth of other technologies are going to affect the company X's market and thus, market position. The goal for this thesis is to understand the market transformation and its effects on sales better and to find ways to ensure successful sales processes for the transformed market in the future.

## **1.2 Purpose of the research**

The purpose of this research is to identify and to understand the as-is sales process of networked elements and the most important characteristics of the process. Further, the research aims to identify the most important characteristics, regarding the sales process, in the future, due to market transformation and changes in consumer behavior. These characteristics are to be used to assess the as-is and to develop the to-be sales process. The

end result is a template to help focusing future sales process into the most important factors affecting the overall customer journey.

### **1.2.1 Research question and assumptions**

The main research question summarizes the purpose of this thesis and sub questions help to better structure the problem. The main research question to focus on in this thesis is: “What are the most important factors influencing the sales process of telecommunications equipment in the future as the telecommunications market is transforming?” Some sub questions helping to structure the problem are “which actors are or should be included in the sales process?”, “what are the most important changes that are affecting the sales process?”, “how the changes affect the products and services provided?” and “how the changes affect the customer field and customer needs?”

In this thesis it is assumed that the telecommunications market is transforming, and that transformation is creating a need for changes. It is also assumed that the transformation affects the sales processes in the interface of networked element providers and network operators.

### **1.2.2 Scope and delimitations**

In the scope of this thesis is telecommunications market including networked element providers and network operators. The focus in this thesis is on the relationships between networked element providers and network operators but to better understand network operators needs their customers and network partners are included in the scope just to improve the understanding of network operators’ business needs.

This thesis focuses on networked element providers’ sales processes. Networked element providers have customers from multiple industries but in the scope for this thesis are only customers from network operator field. Other customers (and customer industries) may be mentioned in the literature review or in the interviews but they are delimited from the scope of the research.

Finding out and highlighting the winning factors in the future sales processes are in the scope of this thesis. Defining new processes or implementing them are not in the scope of this thesis. However, some recommendations for the next steps are given based on the results of the thesis.

### **1.3 Research method**

This thesis is conducted as literature review on the studied business environment and on sales and process development -related theories and as interviews with people working in assigner company X and analyzes combining the presented theories and interview results.

First in the literature review network technology business environment and the whole ICT-ecosystem are explained roughly. Market transformation is outlined as a part of business environment description.

After introducing the business environment, theories for process development and sales-related theories are outlined. At the end of the theory part a framework for sales process redesign is conducted based on the theories presented.

In the empirical part of the thesis people working in the customer interface in assigner company are interviewed. Interviews are focused on certain themes related to the thesis subject, but no strict interview questions are used so that interviewees can bring out their own view on the subjects without being controlled towards exact topics. Interview results are analyzed by using thematization, clustering, typological analysis and comparison.

Conclusions and critic towards the study are raised out at the end of empirical part of the thesis. Based on the conclusions and theories some recommendations for further studies and the next steps to be taken are given.

## **1.4 Structure of the thesis**

The first chapter of the thesis is introduction and includes general information regarding the background, purpose and goals of the thesis. The research questions of this thesis are asked in the first chapter. In the first chapter the scope and other limitations for the thesis are defined.

Chapters two and three are the theoretical part of the thesis. Chapter two and three are based on literature review and their goal is to familiarize the reader with the business environment and the related theories which are referred to later in the empirical part.

The second chapter of the thesis is introduction to the business environment. Introduction for the business environment helps the reader to understand relationships and interactions between different organizations considered in this thesis. Some literature-based views on market transformation is described. The scope of the thesis, regarding the business environment, is described more concretely in this chapter.

In chapter three process improvement and sales-related theories are presented. Process improvement theories include identifying processes, process modeling, process redesign and organizational learning. Sales-related theories include theories on defining value proposition and theories related to customer relationship management. At the end of chapter three some of the presented theories are brought together to form a framework that can be used in addressing development areas regarding sales processes and later on, in improving the processes.

Chapters four, five and six are the empirical part of the thesis. In the fourth chapter it is first described how the empirical study and analysis related to this thesis is carried out. After introducing the method actual interview results are presented.

Chapters five and six sums up the conclusions of the thesis. In chapter five the results are analyzed, and in chapter six conclusions are made regarding them. The conclusions bring the theoretical and empirical parts of this thesis together. After presenting the conclusions

the research questions asked in chapter one, are answered. At the end of chapter six further studies regarding this subject are suggested and critic towards this thesis is given.

Chapter seven is the summary of the thesis. In chapter seven the presented theories are summarized and the key findings from empirical part are listed. Chapter seven outlines general picture of the whole thesis.

## **2 NETWORK TECHNOLOGY BUSINESS ENVIRONMENT**

To understand market transformation and current trends, clear vision about the business environment and involved factors is needed. Simple model of ICT-ecosystem, basic knowledge on telecommunications market, basis on cloud computing and some insights about cloud computing in today's telecommunications markets are outlined in the following chapter. To deepen the context some examples of companies working in different levels of ICT-ecosystem are presented. Describing the business environment helps the reader to understand relationships between different actors in the market and later to understand market transformation and factors steering strategic alignment and driving development and change.

### **2.1 ICT-ecosystem**

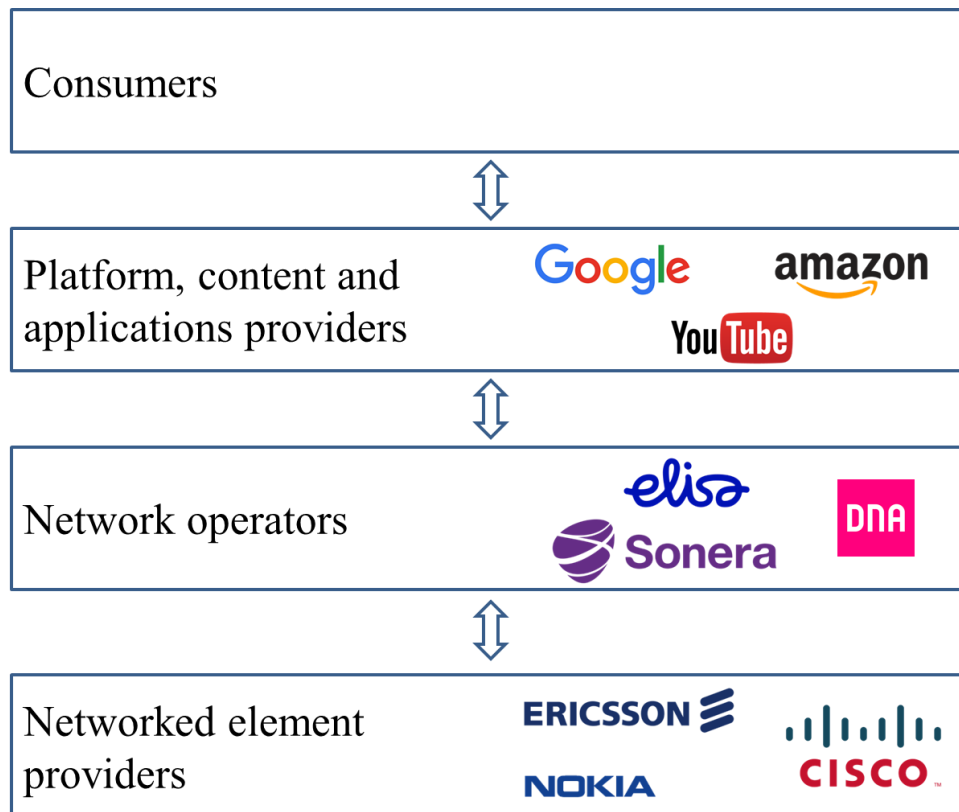
ICT-sector is a really important factor when measuring economic and social growth and different industries' impact on them. ICT itself is already a significant and rapidly expanding industry and besides that it enables communication and information infrastructure which are prerequisites for modern society and all businesses. (Fransman 2010).

Martin Fransman (2010) describes simplified model of ICT-ecosystem as a four-layer system. Four layers of Fransman's model are:

- Networked element providers
- Network operators
- Platform, content and applications providers
- Consumers

Companies working on the first layer, such as Ericsson, Nokia and Cisco, produce and provide necessary devices, technologies and other elements. On the second layer of the ecosystem network operators utilize these technologies to build and maintain efficient interconnected networks. Elisa, Sonera and DNA are few examples of network operators

on the second layer of Fransman's model. Application platforms, by which different applications and contents can be provided and delivered to end consumers, are created in the third layer of the ecosystem. Google, Amazon and Youtube are some of the biggest actors in the third layer worldwide. On the highest layer are end consumers who make use of products and services produced on the third level. (Fransman 2010).



**Figure 1 Simplified model of ICT-ecosystem (Paraphrasing Fransman 2010)**

In this simplified model (figure 1) all the levels need to operate efficiently per se in order for the whole to be functional and productive. Despite of the need for internal efficiency all of the levels have two-way interactions with adjacent levels. Fransman's model describes both, relationships, interaction and dependency between different layers and actors in ICT-ecosystem, and the flow of economic activities and commodities between companies acting in different layers. Based on this model, the trends steering and influencing end consumers' behavior on fourth layer have an indirect effect on networked element providers. The flow of effects of behavioral transformation through the whole ecosystem results in challenges and transformational pressure on the networked element providers on the first layer of the ecosystem. (Fransman 2010).

### **2.1.1 Telecommunications market**

In this Thesis with telecommunications market are referred to layers one and two in the ICT-ecosystem. According to Fransman (2010) networked element providers' business is based on the business needs of network operators. For so, within the scope of this thesis, telecommunications market includes the interface between networked element providers and network operators, and the interface upwards from network operators.

The actual subject of this thesis focuses on the sales processes and relationships between networked element providers and network operators but, referring to the above definition by Fransman (2010), to understand and analyze those processes, the factors influencing the goals of network operators must be recognized in general level. Therefore, the interface upwards from network operators must be include in the scope for some extent.

## **2.2 Transformation of telecommunications market and networks**

Mobile telecommunications form the foundation for ICT-ecosystem (Ghezzi, Cortimiglia and Frank 2014). Meng Hui (2012) arguments that telecommunications industry has played a significant role in boosting economic growth and driving innovation during the past few decades, and now, driven by the changes in consumer and business trends, the telecom industry is facing a transformation. Technological innovations are prominent characteristic of mobile telecommunications industry (Hamdouch and Samuelides 2002).

According to Xie, Lv and Liu (2008) traditionally network operators have been in the business of delivering voice but due to new trends they tend to focus more on transforming to and being sort of integrated information service providers. Operators are focusing more on data transmission and adding value to the customer (Maitland, Bauer and Westerveld 2001). Those traditional voice-delivering services could be performed by using own networks and even the first steps towards data communication did not require big changes in the operation mechanisms but the change from mere data communication into full internet access changed the whole business essentially.



In the new environment the traditional telecommunication services can be substituted by other services on the internet (Xie et al. 2008). Technological convergence in ICT ecosystem includes technological convergence of telecommunications, internet, devices and software which brings in new competitors from other markets and creates new challenges for operators (Weber 2007 and Funk 2009). Due to increasing competition network operators must adopt to survive and just focusing on maintaining the traditional business model is not enough (Xie et al. 2008).

### **2.2.1 Technological convergence**

Technological convergence is a trend where technological products and services that have been used purely for one purpose integrate other distinct technologies for that same product or service to be used for multiple purposes (Tonta and Kurbanoglu 2010). This trend is changing the competitiveness of many industries and at the same time challenges the management of organizations as the new competition arises beyond traditional boundaries (Karvonen 2011). Kim (2016) suggests that technological convergence will, at the end, break simple value chains and combine value chains to more complex whole.

Technological convergence is creating new challenges for mobile operators as Over-the-Top (OTT) services are becoming their competitors for example in messaging. Many OTT services are seen as “free” services by consumers which is shown as more people using OTT service and less people using operator-centric equivalents. (Giere 2012).

ETSI (2013) report describes the possibility to leverage virtualization technologies from IT industry for the needs of telecommunications market by virtualizing nodes. Using network function virtualization (NFV) operators can cut their OPEX and CAPEX costs. Radio Access Network (RAN) nodes have been the reason for the biggest share of the total OPEX and CAPEX of operators and by leveraging IT virtualization technologies it is possible to virtualize some of the RAN nodes onto IT servers cutting in the costs and energy consumption. NFV can be used to bypass limitations of RAN nodes enabling the supply of third party network applications. (ETSI 2013).

### **2.2.2 Transformation from value chains to value networks**

Networked element providers such as Ericsson, Cisco and Huawei predict that the amount of mobile data is in constant and growing increase resulting e.g. from increasing number of connected devices (Sjöqvist 2016). The rise and increase of for example OTT services and mobile video data is shown as enormous increase in data-usage and data traffic (Giere 2012). This puts more pressure on network operators to increase capacity and intensify their networks creating a need for more base stations and more business to networked element providers (Sjöqvist 2016).

According to Fransman (2010) networked element providers, being suppliers in the relationship, and network operators, being customers in the relationship, are in such close relationship that their existence and success are dependent on each other. In this relationship both parties are in close cooperation which results in innovations. These innovations create both the success and the dependence between the parties. According to Fransman (2010) the cooperation and co-innovations are due to competitive field of network operators. The operators are in great need for cheaper and better products and solutions than their competitors. Networked element providers want to offer them the solution they seek which leads to cooperation and co-innovations with both parties sharing the risks mutually.

Even though networked element providers and network operators may be seen just as suppliers and customers in a relationship where networked element provider distributes value for network operator, the actual relationship activities between them goes deeper than mere sale-purchase and the value is created together during multiple activities and iterations. The relationship beginning much earlier than the sale-purchase and continuing after it enables co-innovating. The process starts from network operators' needs which they describe to networked element providers. Creating the specification for the solution for the new need is done in cooperation resulting as innovations. Co-innovation continues as network operators are using the newly innovated solutions after the sale-purchase. During the life-cycle of the solution, network operators, as users, share the knowledge learnt from the solution and for so, developing it together continues. (Fransman 2010).

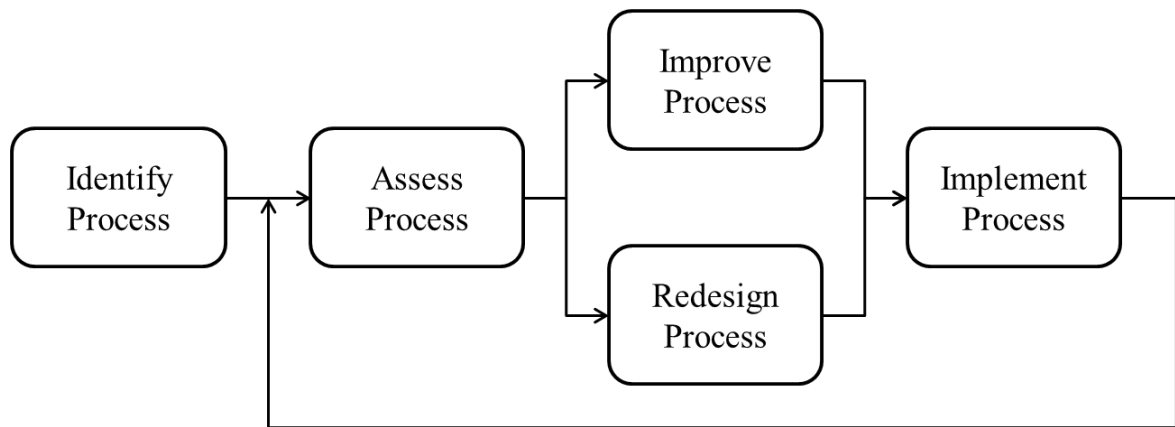
### **3 THEORETICAL FRAMEWORK**

In this chapter different theories about organizational management and process improvement are presented to understand how businesses can be managed during changes in the business environment. Presented theories are combined as a larger framework explaining theoretical process from recognizing and modeling current processes to deciding desired strategic alignment and creating and implementing new processes and focusing businesses.

The main goal in this thesis is to recognize winning factors in sales processes, not to define any new processes. Theories of process modeling, process redesign and organizational learning are however presented in this thesis as part of the theoretical framework. The purpose of these theories in this thesis is to create larger overall picture of process redesign and implementation to illustrate how does the outcome of this thesis position in a larger whole of sales process redesigning and how different factors affect on each other and process redesign.

#### **3.1 Process modeling**

According to Sharp and McDermott (2009), traditionally process redesign is something that is done only once or periodically, and process improvement is something that goes on all the time and forever. Later on, people have started talking more about business process management (BPM) rather than about process improvement or process redesign (Sharp and McDermott 2009). The aim of this thesis is to point out the most important factors to be taken into account in process improvement and/or in process redesign. Thus, both of the terms are considered in this thesis with mutual meaning. Merging of process redesign and process improvement is demonstrated in figure 2.



**Figure 2 Merging of process reengineering and continuous process improvement (Sharp and McDermott 2009)**

Sharp and McDermott (2009) have addressed main issues regarding business processes, process management and process redesign. They emphasize issues such as process scope, objective alignment, thorough recognition of the process, the relevance of IT and holistic assessment. (Sharp and McDermott 2009). Davenport and Short (1990) has a similar approach to process redesign. Davenport and Short introduced five steps for business process redesign. The steps they introduced are:

- “Develop the business vision and process objectives”
- “Identify the processes to be redesigned”
- “Understand and measure the existing processes”
- “Identify IT levers”
- “Design and build a prototype of the new process”

All the five steps introduced by Davenport and Short (1990) are also described by Sharp and McDermott (2009) as important factors in defining process redesign scope, modeling as-is processes and redesigning processes.

In the first step by Davenport and Short (1990) business objectives, such as cost or time reduction or improvement on the outputs, for process redesign must be recognized. Sharp and McDermott (2009) emphasize recognizing process redesign goals and the use of IT (step four by Davenport and Short) in it.

Steps two (“identify the processes to be redesigned”) and three (“Understand and measure the existing processes”) by Davenport and Short (1990) are similar to Sharp’s and McDermott’s (2009) view on process assessment or improvement. Both Davenport’s & Short’s (1990) and Sharp’s & McDermott’s (2009) approaches end with designing the new process.

Single activities or entire process area can be mistakenly identified as a process. These issues with the incorrect process scope can lead to difficulties in process redesign and management. Identifying entire process area as a process can result in losing the benefits of process redesign or improvement. On the other hand, if single activity, a part of a process, is identified as a process it can result as an optimization of this single activity without taking other activities in the process into account. This kind of lack of consideration can create conflicts between activities and make the entire process perform poorly. (Sharp and McDermott 2009).

### **3.1.1 Process redesign project scope**

Often business processes are cross-functional and thus conflicts regarding ownership, control and objectives may arise. Process objectives and goals need to be clear and aligned. Simple way to put it is that process goals need to fit into the goals of the enterprise. Usual false assumption is that the goal of process redesign is to improve process efficiency. Faster and cheaper is not always part of company strategy or main customer desire. At some cases being fast and cheap does not do any good for the process but can make them fail instead. (Sharp and McDermott 2009).

It is important to keep the focus on correct issues when modeling current processes. Focusing on wrong details can slow down the modeling work and leave important parties and steps outside of process mapping. If all the important parties are not included or considered the modeling kind of jumps directly to implementation or to wrong issues instead of creating comprehensive business-oriented view. Too much time is used in worst-case scenario and the process redesign project gets cancelled before any major

improvements have been implemented or even identified and the true business process is not recognized. (Sharp and McDermott 2009).

Information systems are more and more included in processes but still at some occasions Information systems and business processes are treated individually without their impacts on each other. IT possibilities must be kept in mind in process design and new systems must be designed to help the true processes. Failing to see the interaction between processes and information systems might lead to IT supporting individuals or activities without having any impact or negative impact on the overall process. (Sharp and McDermott 2009).

Assessing the as-is process and designing the new process will fail if all the factors creating successful business processes and the needs of individual stakeholders are not considered well enough. Failing in these will lead to false assumptions on the occurring problems. And again, improvements with false motivation means focusing on wrong issues and fixing something that does not need to be fixed, resulting in making no or negative impact on the overall process. (Sharp and McDermott 2009).

### 3.1.2 Process definition

In this thesis, when talking about processes, definition by Sharp and McDermott (2009) is used. The result of process is something the customer of the process desires and it should be discrete and countable. Table 1 is paraphrasing Sharp and McDermott (2009) and it illustrates suggested “processes”, more suitable definition for the suggestions and explanation of whether the suggestion is a process and why.

**Table 1 Examples of potential processes (Paraphrasing Sharp and McDermott 2009)**

Suggested “process”	More suitable definition	If not a process, why not?
Customer Relationship Management	Process area	Delivers too complex result, process should deliver single result; more of a set of related processes.
Acquire New Customer	Business Process	This is a business process; has one

		specific goal and delivers single result.
Set Up Customer	Sub-process	Delivers specific result, but the result is too small for this to be end-to-end process.
Create Customer Account	Activity	This is even smaller and thus, is part of a sub-process; this activity could be described in some manual.

The elements of a process are the trigger, the actions and the result. Input-process-output framework is commonly used to define a process, but business people might be more favorable for trigger-result approach than input-output approach so, in business context, trigger-activities-result framework could be used to describe the core elements of a process. When discovering processes, it is common mistake to focus too soon on the activities. It is essential to recognize the desired results and then to work towards identification of the actual activities delivering those. It is also important to keep in mind that not all the results or activities are related to any process. (Sharp and McDermott 2009).

### 3.1.3 Process modeling

Process modeling is used to gain better understanding of the as-is process. When studying the as-is state, modeling is not an end, so it need to be stopped after the required purpose has been achieved. Models are safer and less expensive to manipulate and study than the corresponding “real” objects. When a model is studied, assessed, designed and redesigned it can be implemented in real life more safely. (Sharp and McDermott 2009).

Sharp and McDermott (2009) divide process assessment or improvement into three phases, which are:

- “Establish process context, scope and goals”
- “Understand as-is process-workflow and other enablers”
- “Define to-be process characteristics and requirements”

Establishing process context, scope and goals is, according to Sharp and McDermott (2009), the most important phase. Establishing process context, scope and goals can prevent many of the common problems in process redesign projects without taking too much time. (Sharp and McDermott 2009).

Shar and McDermott (2009) say that a set of related processes must be identified and using a process map it can be defined which processes are in and which are out of the scope. After defining which processes are in scope individual processes' scope must be established which can be done by asking *what? who? and how?* According to Sharp and McDermott (2009) this is how a rough overall picture of process context, scope and goals can be outlined. Answer to *what* describes the goals and answers to *who* and *how* describes the organizations and people involved in, and systems and other supportive elements supporting the processes in scope.

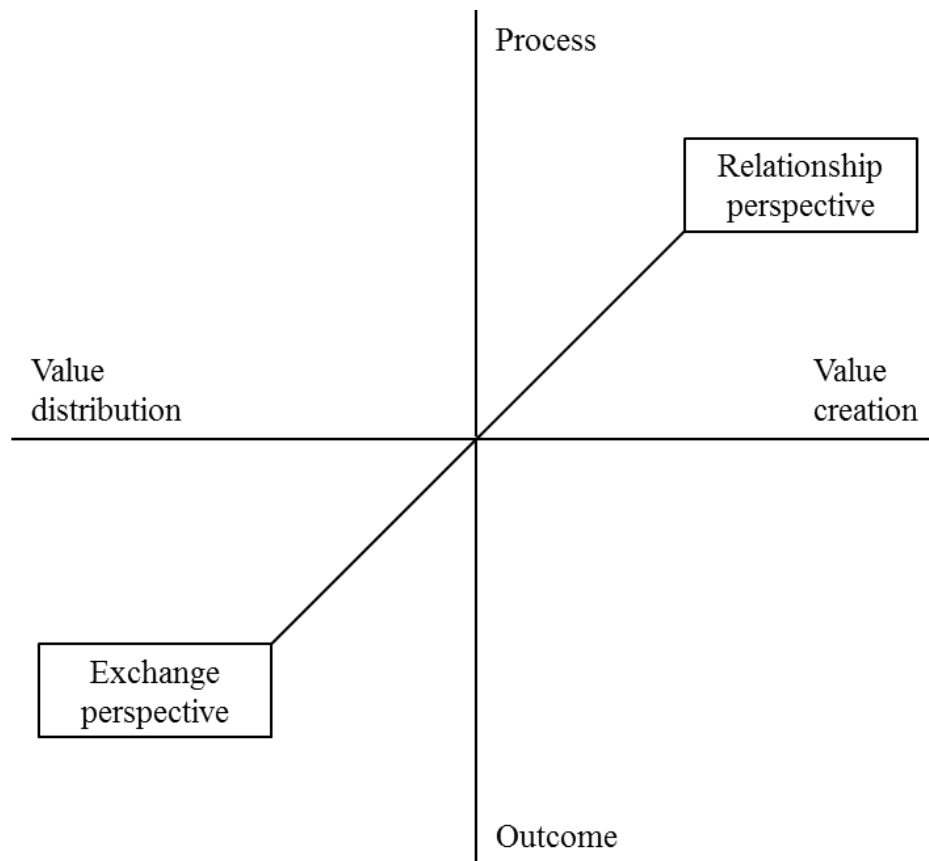
### **3.2 Value creation, value chain and value network**

The traditional way for value creation is based on high efficiency but according to Hughes (2013), value creation is transforming towards service innovations. Providing services is easy and logical way for improving customer relationships and for creating better value to customers and their processes (Grönroos 2009). Hughes (2013) suggests that in the future, and already today, value creation is more often based on creativity and innovations. By creativity and innovations Hughes (2013) means mass customization, product improvements, finding solutions to customer problems and new ways to sell and deliver products and services. The difference between efficiency-based value creation and creativity-based value creation is that instead of cutting costs and improving process efficiency, in creativity-based value creation value chain management concentrates on coordinating continuous innovations and creativity through the whole organization instead of just R&D (Hughes 2013).



### 3.2.1 Value creation

Several markets nowadays are mature, competition is getting tougher and supply exceeds demand. This steers companies to focus on retaining their current customers and putting effort on signaling their service quality. Simultaneously, getting information is becoming easier which makes it easier for consumer to end relationship if they are not satisfied with the product or service. These are some of the reasons that are shown as paradigm changes in marketing orientation. Providing value is moving from value distribution to value creation and focus from production outcome to process as seen in figure 4. (Grönroos 2009).



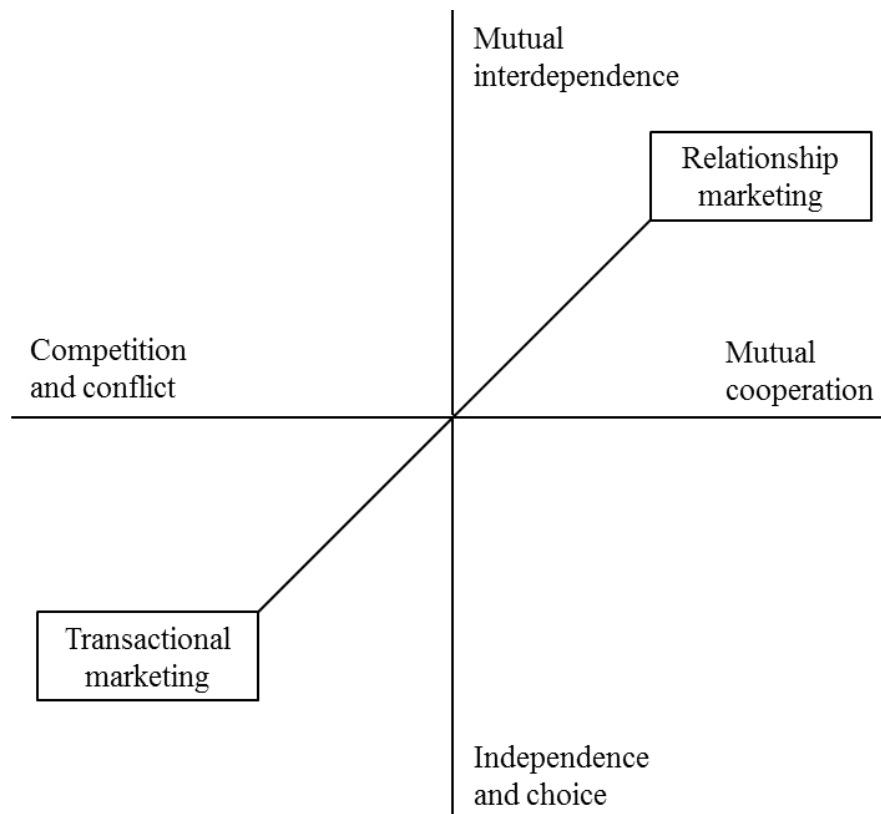
**Figure 3 Paradigm shift in marketing orientation (Sheth and Parvatiyar 1995)**

Relationship perspective is formed with collaboration between consumer and producer which adds value to both whilst exchange perspective is focused on exchanging products or services to money (often in single transaction) (Grönroos 2009). Pure exchange paradigm has been criticized because its outcome has argued to lack in concern for quality

and customer orientation (Sheth and Parvatiyar 1995). According to Seth and Parvatiyar exchange perspective is good used within traditional manufacturing market where value is added in products and distributed to consumers but when products are transforming more towards services and consumers are included in the process, value is created in cooperation between producer or service provider and consumer, and thus relationship perspective is needed to develop this cooperation into efficient relationship.

### 3.2.2 Cooperation and value-creating network

When consumers and producers deal with each other directly they can communicate their needs and offering better and thus create better mutual understanding. Mutual understanding and increasing cooperation makes them more relationship oriented and creates potential for “emotional bonding that transcends economic exchange” (Sheth and Parvatiyar 1995). Axioms of transactional marketing and relationship marketing are presented in figure 5.



**Figure 4 Axioms of transactional marketing and relationship marketing (Sheth and Parvatiyar 1995)**

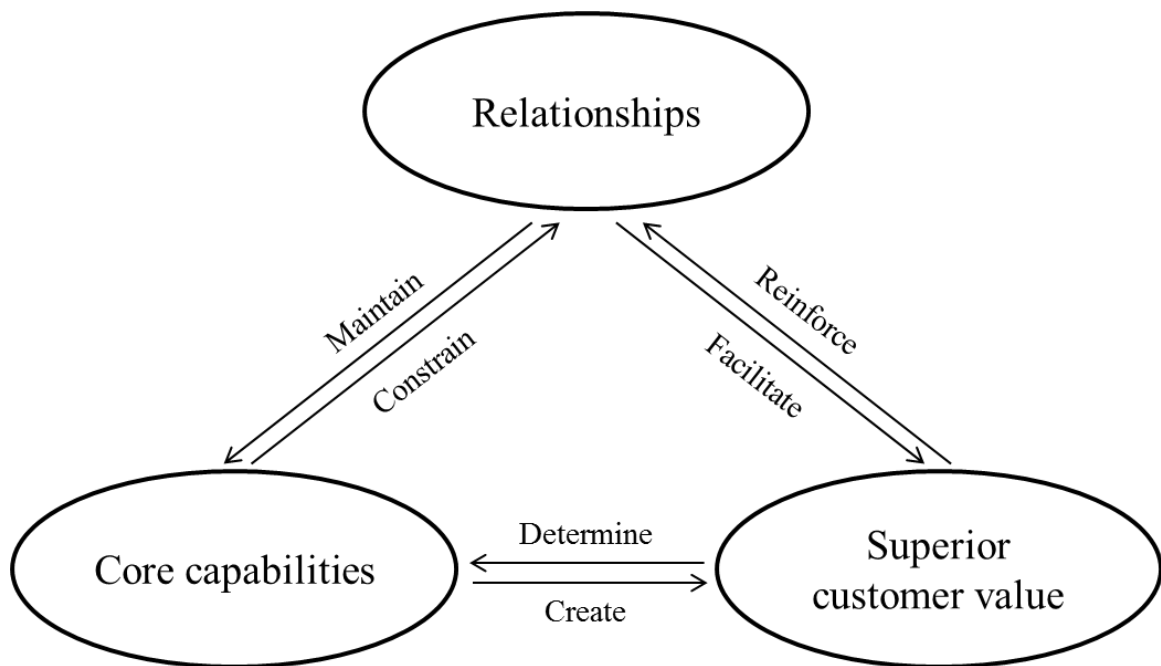
Transactional marketing is based on a conflict between supplier and customer in which they are considering their relationship as competition. In this relationship suppliers goal is to get the customer to buy something it does not necessarily want or need. Persuading customer to do something overrides providing help and services for customer. In transactional marketing customers are individual members of a market and they will select the products and services to buy from competing sources in the market. (Grönroos 2009).

According to Grönroos (2009), unlike transactional marketing, relationship marketing focuses on cooperation between the supplier and the customer. In this cooperative relationship supplier and customer are building value for both parties together so they are, to some extent, dependent on each other. According to Grönroos (2009) conflicts between supplier and customer are possible in relationship marketing as well, but both parties have common goals nonetheless.

Relationship perspective is easier to adopt in a market with fewer customers, and in a situation where suppliers and customers are in deeper cooperative relationship. Technology and interactive media are useful tools to be utilized to adopt relationship perspective as foundation for working in the customer interface. With the help of correct tools relationship perspective is possible to be adopted in every company regardless of its customers or market. (Grönroos 2009).

According to Kothandaraman and Wilson (2001) core capabilities, relationships and value form a combination which impacts the overall value chain of the product or service. Today's businesses are based more on cooperative relationships between buyer and seller or consumer and provider. Thus, the focus is moving from single firms creating value by efficient production and delivery to whole network creating value to the end consumer. Kothandaraman and Wilson (2001) define value networks or value-creating networks as "firms that come together to create customer value." By their definition Kothandaraman and Wilson are referring that firms only have a couple of core competencies of their own and it is the most valuable for companies to work mainly with their core competencies. Within today's market one has to add superior value. Accelerating need for value creation and delivery requires building relationships and assembling core competencies to create

greater pool of competencies to offer to end consumer. Building a network of firms to combine core competencies might become one of the greatest strategic assets of a firm. A model of value networks based on Kothandaraman's and Wilson's view is presented in figure 6.



**Figure 5 A model of value-creating network (Kothandaraman and Wilson 2001)**

### 3.2.3 Value proposition

Value proposition includes defining customer, creating value and finding balance between with them. In order to correctly define customer, it is crucial to recognize 1) the job customer needs to get done, 2) the pains customer experiences before the job is done, during the job realization or after the job is done and 3) the gains customer aims to reach by doing the job or which are created as an additional output of its activities. Value creation includes respectively 1) offered products and services, 2) pain relievers and 3) gain creators. (Osterwalder, Pigneur, Bernarda and Smith 2014).

The context must be considered from the customer point of view in order to recognize the most important jobs customer needs to get done and to be able to reach both better perspective and as realistic and as comprehensive picture of its operations as possible.

Based on their characters and goals the jobs can be 1) functional, 2) social, 3) emotional or 4) supportive functions. In addition to recognizing the most important jobs it is as important to be able to prioritize these jobs over each other. Factors influencing certain job's priority can be such as the consequences that will occur by not accomplishing the job or as simple as valuing a different job higher. (Osterwalder et al. 2014).

Pains are all the factors that customer experiences as undesirable for itself. Pains can occur before the job is done, during the job realization or after the job is done. As the simplest a pain can be a factor preventing the job or part of the job from being executed. Pains also describe the risks customer face regarding its activities, potential bad results, poorly implemented jobs or factors preventing the job from being executed. Pains can be categorized correspondingly with the jobs as 1) functional, 2) social, 3) emotional or 4) ancillary and they can (and should) be prioritized based on their characters and potential consequences. To gain better understanding about certain pains they should be studied and described as concrete as possible. (Osterwalder et al. 2014).

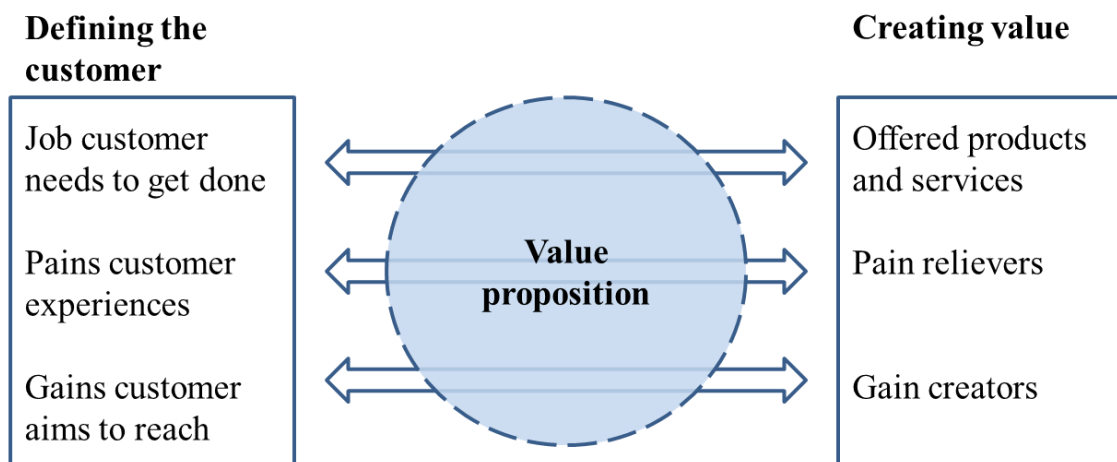
Some of the gains are required or expected and are actively intended to be achieved by executing activities, and some are created as additional by-products of executed activities. Gains can be categorized as 1) functional gains, 2) social accomplishments, 3) positive emotions and 4) saved costs. Required gains are critical in order for the solution to work so they need to be achieved, expected gains are the probable results from certain activities but might not be critical regarding the overall solution and desired gains are not critical nor expected but are wanted and desired if anyhow possible. (Osterwalder et al. 2014).

Gains created as by-products of different activities are not needed in order to meet any customer demands but might add substantial value both to producer and to customer when recognized and utilized. Just like pains, gains should be studied and describes as concrete as possible. Unambiguously and concretely described pains and gains are significant benefits when identifying jobs, pains and gains accordingly. (Osterwalder et al. 2014).

**Table 2 Characteristics for labeling jobs, pains and gains**

	<b>Jobs customer needs to get done</b>	<b>Pains customer experiences</b>	<b>Gains customer aims to reach</b>
<b>Probability</b>	<ul style="list-style-type: none"> <li>○ Existing jobs</li> <li>○ Planned jobs</li> </ul>	<ul style="list-style-type: none"> <li>○ Perceived pains</li> <li>○ Risks</li> </ul>	<ul style="list-style-type: none"> <li>○ Required</li> <li>○ Expected</li> <li>○ Desired</li> <li>○ Additional</li> </ul>
<b>Category</b>	<ol style="list-style-type: none"> <li>1) Functional</li> <li>2) Social</li> <li>3) Emotional</li> <li>4) Supportive</li> </ol>	<ol style="list-style-type: none"> <li>1) Functional</li> <li>2) Social</li> <li>3) Emotional</li> <li>4) Ancillary</li> </ol>	<ol style="list-style-type: none"> <li>1) Functional gains</li> <li>2) Social accomplishments</li> <li>3) Positive emotions</li> <li>4) Saved costs</li> </ol>

Characteristics for identifying and labeling different jobs pains and gains are presented in table 2. Prioritizing different jobs, pains and gains is important to be able to focus business actions and to create effective strategic alignment. Identifying jobs, pains and gains helps to prioritize them and to recognize continuum between them. Jobs and pains can be labeled by their probability as those that have realized already and as those that are planned or are at risk of occurring, and gains based on whether they are required, expected, desired or produced as additional by-products. Jobs, pains and gains can be label into four different categories whether they are functional, social, emotional or contributory (supportive functions, ancillary pains and saved costs).

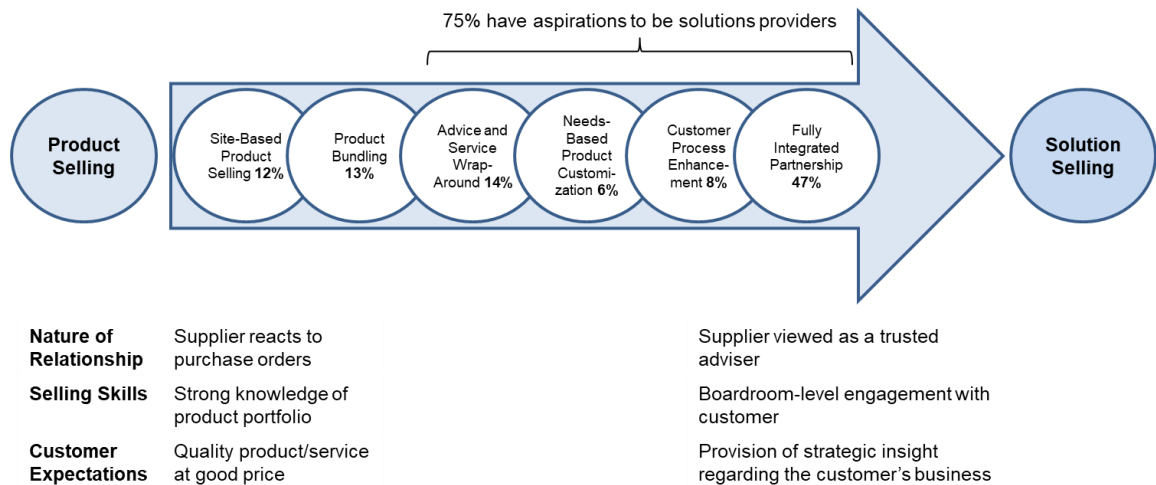
**Figure 6 Value proposition factors (Based on Osterwalder et al. 2014)**

Value proposition includes recognizing and defining the customer and creating value for its needs. Figure 7 visualizes how value proposition creates balance between the defined customer and value-adding factors. On the left side of figure 7 customer is defined by the jobs it needs to get done, pains it experiences and gains it pursues to reach. On the right side of figure 7 value-adding factors are recognized as offered products and services, pain relievers and gain creators. Value proposition is the link between factors defining the customer and factors creating value, successful value proposition optimizes interaction between the two. Value creation and value perceived by customer varies based on the type of collaboration between customer and product supplier or service provider. Value creation, distribution and perception are different whether the collaboration is based on product exchange or service relationship.

#### **3.2.4 Solution-oriented relationship**

According to Dixon and Adamson (2011) solution selling describes the progress of organizations focusing more on the sales of broad combination of products and services as historically the focus has been on transactional sales. Similar trend is described by Sheth and Parvatiyar (1995), Grönroos (2009) and Hughes (2013). According to Dixon and Adamson (2011) solution selling is a key for companies to meet with ever widening customer needs and being unique compared to competitors.

Based on survey by Dixon and Adamson (2011) seventy five percent of companies want to consider themselves as solution providers. According to Dixon and Adamson (2011) individual products and services from different suppliers are becoming more similar to each other all the time. Solution selling is a way for suppliers to avoid their offering becoming mundane. Companies' distribution on different levels of product selling vs. solution selling based on the survey of Dixon and Adamson (2011) is presented in figure 8.



**Figure 7 Companies' aspirations for being solution providers (Dixon & Adamson, 2011)**

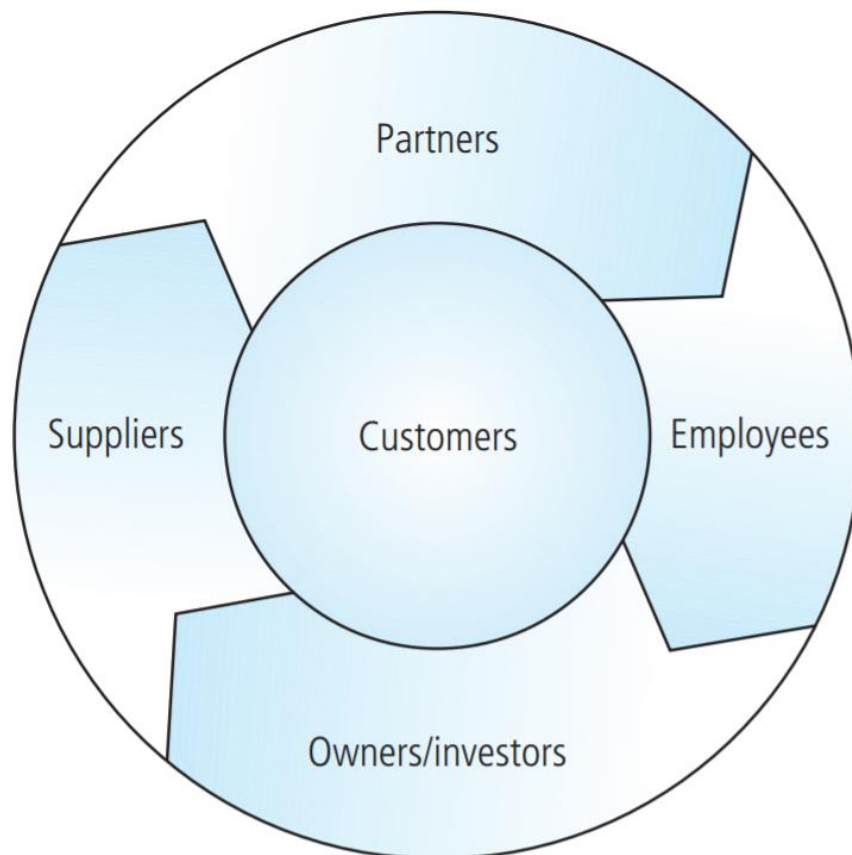
According to Dixon and Adamson (2011) the differences between product selling and solution selling can be described based on the differences in the nature of the relationship, selling skills and customer expectations. In product selling the relationship is merely based on selling and purchasing but in solution selling the supplier's role is to advise and guide the customer. Product selling companies have great knowledge on their offering but solution selling companies are engaging with their customers at every organizational level. From product selling companies customers seek fair price and good quality in their products and services but solution selling companies are viewed as advisors, so customers seek strategic insight from them. (Dixon and Adamson 2011).

### 3.3 Managing the relationships

Sen and Sinha (2011) define customer relationship management (CRM) as "the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction." Increasing attention on relationships makes CRM more important for companies trying to maintain these relationships. People in organizations are the assets that make organizations successful which is the reason CRM is needed. CRM sets guidelines for training individuals and steering organizations strategically when customer relationships are in the mix. (Sen and Sinha 2011).



According to Ehret (2004) growing of value networks sets new challenges for CRM concepts. Value networks and mere customer relationships are crossing each other and affecting each other, and the scope of basic CRM is not enough to understand every perspective of it. Ehret (2004) suggests that new concept is needed to fully understand how value networks and customer relationships affect each other and how to manage them both.



**Figure 8 The scope of modern CRM systems (Buttle 2004)**

Buttle (2004) defines business networks as something that is “made up of nodal companies, organizations and individuals, and the relationships between them. According to Buttle (2004) business networks are always part of business and they must be considered in CRM. Modern CRM systems, as presented in figure 9, are taking business network into account by including elements such as partner relationship management (PRM), employee relationship management (ERM) and management of suppliers by integration with enterprise resource planning (ERP) (Buttle 2004).

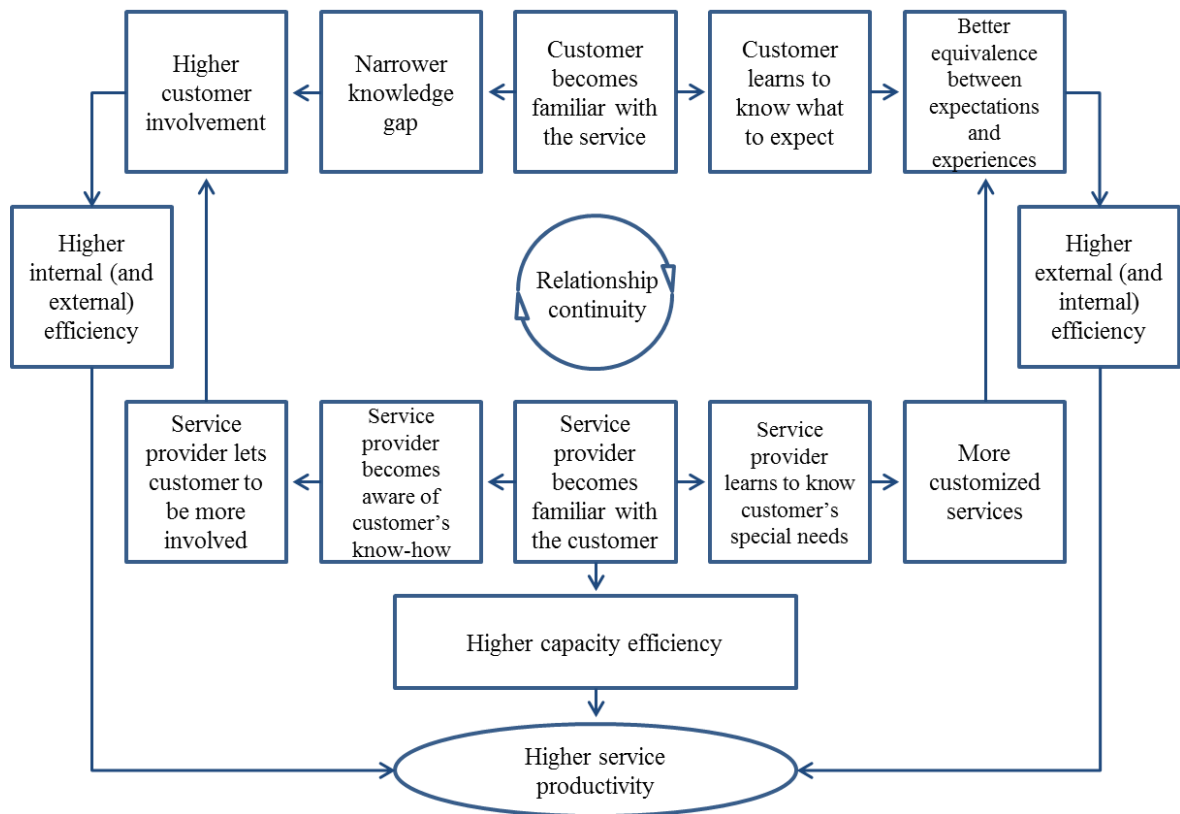
Buttle (2004) describes management of network through three challenges it creates:

- Identifying network requirements
- Acquiring network expertise
- Managing network performance

The first challenge is to identify the activities that must be performed in the network to create and deliver value for customers and the activities that must be performed to create and deliver value from customer. The second challenge is evaluating the current network from the perspective of activities required and the resources to perform those activities. If the current network is not sufficient enough, the network must be widened to find the required resources. This also enables companies to develop relationships with new companies and individuals. The third challenge is to manage network performance so that every actor in the network understands its own role and responsibility in value creation. The goal should always be to improve the network performance which is easier if the performance is measured with correct indicators. There is always excess in some resources and need for another in the network and overcoming these three challenges helps to balance the situation. (Buttle 2004).

### **3.3.1 Relationship continuity**

All companies that are providing services needs to have relationships with their service consumers. These companies do not have to be pure service providers, but they can be industrial companies, public entities or any other businesses providing services. In service relationship the customer always is interacting with the service provider at some level. The level of customers' involvement depends on the type of the service. (Grönroos 2009).



**Figure 9 Learning relationships' effect on productivity of services (Grönroos 2009 paraphrasing Ojasalo 1999)**

Interaction between the customer and service provider can lead to higher service productivity according to Grönroos (2009). In figure 10, originally published by Ojasalo (1999), five possible interaction-originated paths leading to higher service productivity are pointed out. By becoming more familiar with each other service provider and customer can adjust their business actions resulting in higher customer involvement and better equivalence between expectations and experiences. Furthermore, it can result as higher internal, external and capacity efficiency and in the end higher service productivity which in turn braces relationship continuity.

### 3.3.2 Manufacturing-centered or solution-oriented view on productivity

According to Cunningham et al. (2004) service providers tend to seek long-term relationships as it is more desirable and profitable for them if they get to know their customers and can meet their needs better. On the other hand, from customer point of view, longer relationships increase the risk and difficulty on changing the service provider.

According to Kellogg and Chase (1995) if relationship is built on high level of trust between both parties it can lead to effective cooperation in which the customers are willing to participate in activities improving mutual value creation.

**Table 3 Conflict in the productivity of services (Grönroos 2009 paraphrasing Ojasalo 1999)**

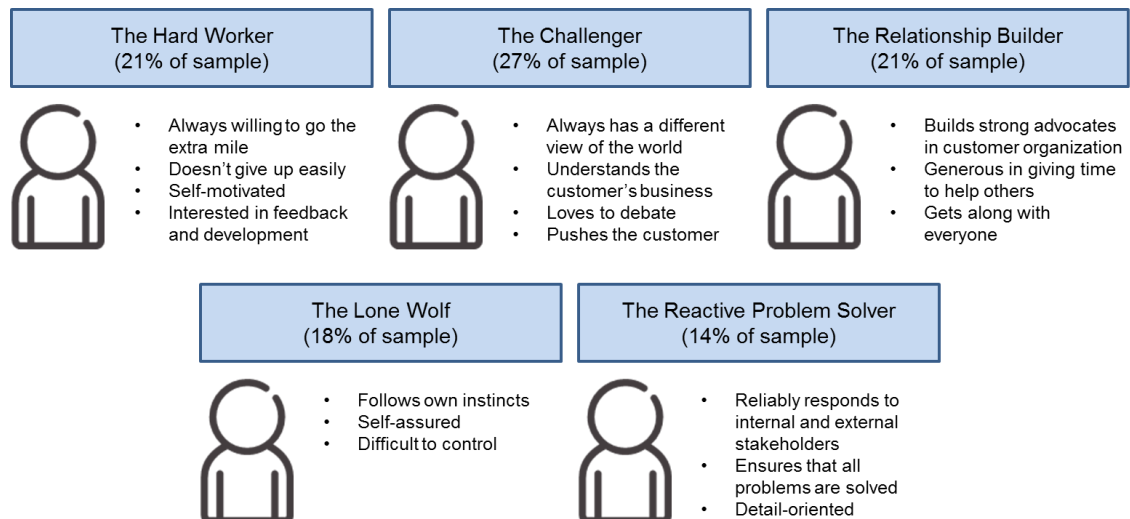
<b>Assumptions in manufacturing-centered concept of productivity</b>	<b>Features affecting the productivity of services</b>
Production and consumption are separate; productivity is measured in a closed system ⇒ Perceived quality is based only on the end result	Production and consumption are partly simultaneous processes which include interactions affecting the quality; it is therefore an open system ⇒ Perceived quality is based on both the end result and the process ⇒ Production inputs and outputs are difficult to identify from each other
Customers are not involved in the production process (closed system) ⇒ Production process does not have an effect on the perceived quality	Customers are involved in the service process (open system) ⇒ Uncertainty of service process inputs due to customer; effects vary ⇒ Inputs due to customer affects the productivity of inputs due to service provider ⇒ Also, service process or service production process (the reach of the functional quality) affects perceived quality

Manufacturing-centered view on productivity does not include customer in the production system or production process and assume that perceived quality is merely based on the end result. On the other hand, customers are, to some extent, involved in every step of service process and perceived quality is also based on the process. This conflict between manufacturing-oriented and service-oriented view on productivity, described in table 3,

must be considered when a company wants to or needs to reform its customer relationship management strategy. (Grönroos 2009).

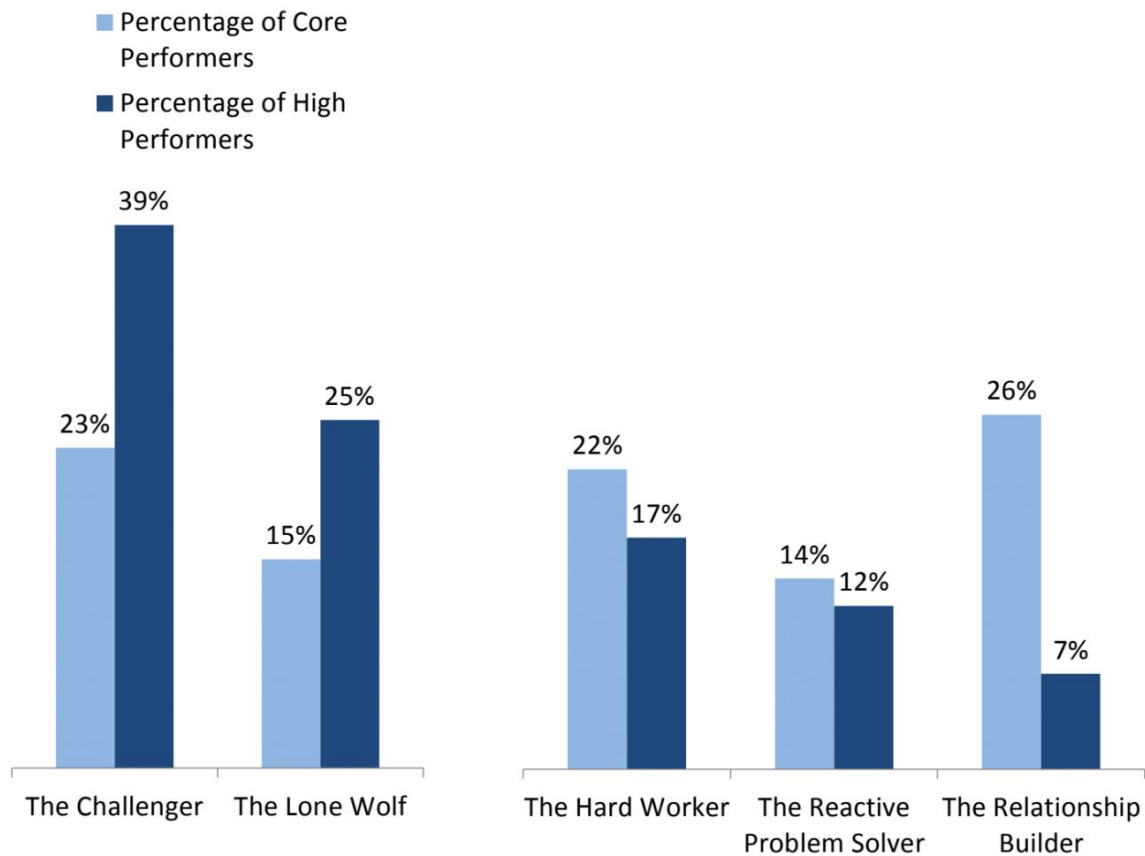
### 3.3.3 Personal factors' impact on sales

According to Dixon and Adamson (2011) all sales representatives can be identified as one of five different seller types presented in figure 11. Based on their survey Dixon and Adamson suggest that the distribution of sellers into the seller types is quite even between the types. Percentages of sales representatives per seller type according to survey of Dixon and Adamson is also presented in figure 11.



**Figure 10 Distribution of sellers into different seller types (Dixon & Adamson, 2011)**

According to Dixon and Adamson (2011) most high performers, almost forty percent, measured by success in sales, belong to the challenger type and second to the highest number of high performers are lone wolves with their portion of twenty five percent. Most core performers are relationship builders with twenty six percent while the challengers are the second highest group with twenty three percent. Based on the survey of Dixon and Adamson (2011) there is quite equal number of core performers from each group, but the true difference can be measured by the number of high performers, the challengers being pre-eminent. The percentages of core and high performers from each group are presented in figure 12.



**Figure 11 Distribution of core and high performers by seller profile (Dixon & Adamson, 2011)**

### *The challenger*

The challenger identifies what the customer values and uses cooperative skills to generate reciprocal communication. The challenger has unique view on the customer's needs and solutions for them and can pressure the customer. The challenger is comfortable discussing economic aspects and can identify customer's economic drivers. With these qualities the challenger "teaches, tailors and asserts control." (Dixon and Adamson 2011).

### *The relationship builder*

The relationship builder can create good relationships with customers in despite of organizational level or functional role. The relationship has good cooperative skills and is genuine. The relationship builder is there to help the customer when needed and gives time to help them but requires customer's time only when necessary. With these qualities the relationship builder "gets along with others and is likable and generous with time". (Dixon and Adamson 2011).

According to Dixon and Adamson (2011) most high performers are challengers and most core performers are relationship builders. When focusing on mere high performers and considering low complexity and high complexity sales environment separately it is seen that in low complexity sales environment there is quite equal number of high performers. On the other hand, in high complexity sales environment fifty four percent of high performers are members of the challenger group. So according to Dixon and Adamson (2011) the seller profile affects the success in sales and largest difference between the success of different seller profiles is within high performers in high complexity sales environment. Dixon and Adamson (2011) suggest that sellers belonging to the challenger group are pre-eminently highest performers in high complexity sales environment.

### **3.4 Organizational learning**

Organizational learning is a process which develops knowledge about relationships between actions and outcomes (Duncan and Weiss 1979). According to Argyris and Schön (1978) organizations learn by the help of organization's individual members as they bring new insights into organizational level. Individual learning of organization's members does not necessarily mean changes in organization's actions or implementation of new ideas (Duncan and Weiss 1979). Duncan and Weiss state that organizational learning appears as changes in the overall knowledge, beliefs or skills of organization's members but organization truly learns only after these changes have been communicated through the whole organization, overall consensus is created, and the new knowledge is implemented.

#### **3.4.1 Learning enablers**

Learning enablers are conditions that have to be fulfilled before organizational learning can happen or before organization can move to learning path. Klimecki, Probst and Eberl (1991) have listed three learning enablers that are needed in order to move from individual learning to organizational learning:

- Communication and mutual consensus
- Transparency and visualization of activities and processes

- Integration of separate processes and activities into the whole

Learning enablers all focus on increasing the amount of knowledge in general level. Learning enablers are different ways for executing cooperative actions within all the organizational levels influencing or influenced by the learning process. Most of learning enablers are actions and tools that are used in majority of organizations but needs to be put special effort on during learning process.

#### *Interaction and creating mutual consensus*

As mentioned above, mutual understanding is one of three steps that need to be taken before organizational learning can happen (Klimecki et al. 1991). Mutual understanding is accomplished by interaction through five factors (Mäkelä 2002):

- Common goals and objectives
- Knowledge sharing and interdependence
- Shared meaning
- Common experiences and modes of operations
- Trust

Cramton (2001) recognized that especially geographically dispersed project teams are facing issues regarding shared knowledge due to communication-related problems. These problems are due to cultural differences, different tools available to be used and uneven distribution of information.

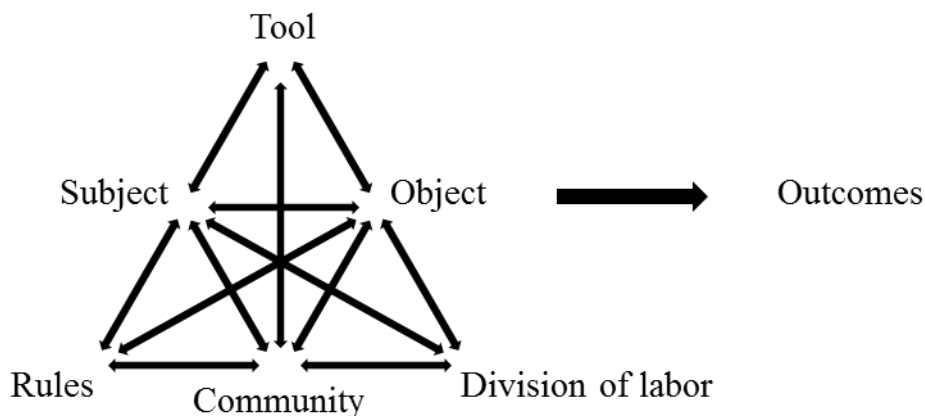
#### *Visualization as a tool for understanding processes and activities*

According to Haho (2014) it is commonly acknowledged within many experts on organizational development that visualization helps to discover conceptual understanding. Visualizations such as pictures, tables, maps and diagrams are effective tools in gaining deeper understanding on subject matter and externalizing learning concept. Knowledge about different activities within a process is spread around an organization and its network so tools for sharing and collecting all the available knowledge is essential in case of



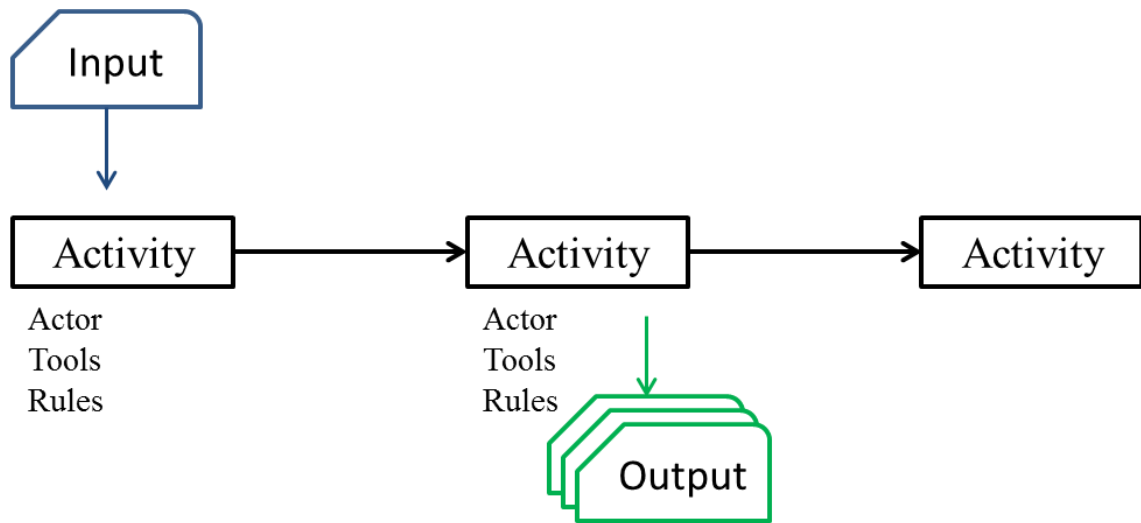
developing process innovations (Haho 2014). Visual tools for understanding factors and structures of activities and organizational processes are presented in figures 13 and 14.

Activities and processes can be modeled visually to help analysis and description of organizational work. The activity theory focuses to analyzing and understanding single activities that are part of a process and by examining them it is possible to develop and redesign the process. The procedure where the whole chain or network of activities, their inputs and their outputs are studied is called process development. (Haho 2014).



**Figure 12 Structure of an activity (Engeström 1987)**

Visualizing or mapping an activity eases explaining the factors involved in single or interrelated activities. With better understanding on the activity it is easier to understand or explain the reasons why certain activities are executed and the goals they are aiming for. Besides outcomes, traditional visualization model only included subject, object and used tools. Engeström (1987) added rules, community and division of labor (figure 13) to create more comprehensive perspective over an activity. Activity theory focuses on factors involved in single or interrelated activities and on dependence between them. This scope enables activity theory to be used to improve or fix existing processes by developing single activities.



**Figure 13 Structure of a process (Haho 2014)**

Sharp and McDermott (2009) define a business process as “a collection of interrelated activities, initiated in response to a triggering event, which achieves a specific, discrete result for the customer and other stakeholders of the process.” Process description by Haho (2014) (figure 14) is a visualization of the whole chain of activities and their inputs and outputs. Process description aims to develop the whole process in order to be able to add value to customer. As mentioned above, learning is based on sharing knowledge and gaining mutual consensus. In order to be able to add value to customer all the factors in the value chain needs to be recognized and understood. By using process description, it is possible to map the whole chain and recognize i.e. activities, actors, tools and rules within it. By recognizing all the factors, it is easier to seek more knowledge and to include correct agents into the learning process.

#### *Activity and process integration*

Learning can be described as a being a member in a group where members learn to communicate, and act based on common norms (Lave and Wenger 1991). Knowledge, plans and goals are shared within a group and thus individual members’ resources can be expanded and improved. By sharing knowledge group can accomplish more than its individual members alone (Oatley 1990).

Already existing knowledge about company’s processes often play significant role in innovations and process development. People working on current processes possess this

knowledge and their input in process redesign is needed in order to understand the whole process to be developed. Integration of separate intra- and inter-groups connected with both strong and weak ties can help sharing information and creating innovations. Weak ties are far-reaching connections which are based on occasional relations between actors and strong ties are grown by shared experiences and similar ways of thinking. During interaction between different groups new ways for cooperation can be found and valuable knowledge is shared mutually. Active actors, continuous, cross-organizational connections and process integration play significant role in innovation and development. (Haho 2014, Hakkarainen et al. 2004, Nonaka 1994).

### **3.4.2 Learning outcomes**

According to Duncan and Weiss (1979) learning is goal-oriented process which is put into operation by poor efficiency and lack of knowledge. In this process the outcome is reformation and increase of organizational knowledge. New knowledge needs to be accepted generally in the organization, but it does not require any changes in organizational actions. Nonaka, Toyama and Konno (2000) call inputs and outputs of dynamic, organizational knowledge creating activities, knowledge assets. Knowledge assets can be divided into four based on defining characters (Nonaka et al. 2000):

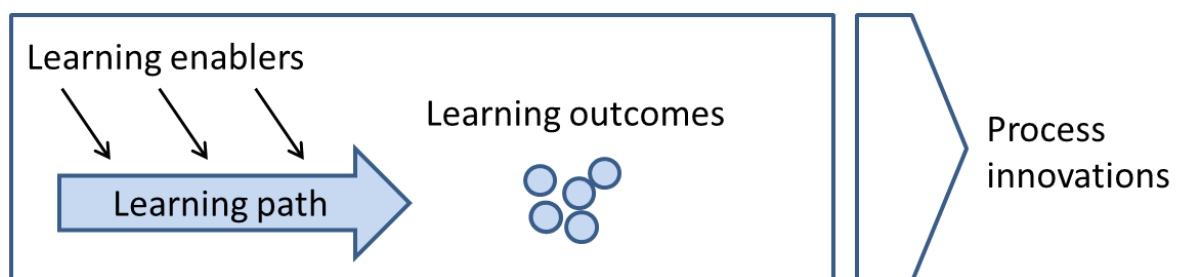
- Experimental
- Conceptual
- Systemic
- Routine knowledge assets

Experimental knowledge assets are i.e. knowledge learnt from existing processes and shared by learning agents such as tacit knowledge shared between individual agents. Conceptual knowledge assets are more practical and can be shared i.e. by visualizing a process. Systemic knowledge assets are detailed information i.e. packaged product specifications. Routine knowledge assets are comparable with experimental knowledge assets but are already routinized and implemented into organizational practices. (Nonaka et al. 2000).

Organizational learning outcome definitions by Duncan and Weiss (1979) and knowledge asset definition by Nonaka et al. (2000) both propose that organizational learning is shared and increased knowledge. Learning happens only after it is discussed and approved through the organization, but it does not need any changes in organizational actions. Learning models and outcomes can be categorized based on their characteristics and involved parties.

### 3.4.3 Summary of organizational learning in process innovations

Simple explanation of organizational learning process is that it develops knowledge about relationships between actions and outcomes. Many researchers have emphasized that there are certain requirements that need to be fulfilled before organizational learning can happen. Klimecki et al. (1991) call these requirements or steps learning enablers. When requirements are fulfilled organizational learning can happen.



**Figure 14 Factors of learning in process innovations (Haho 2014)**

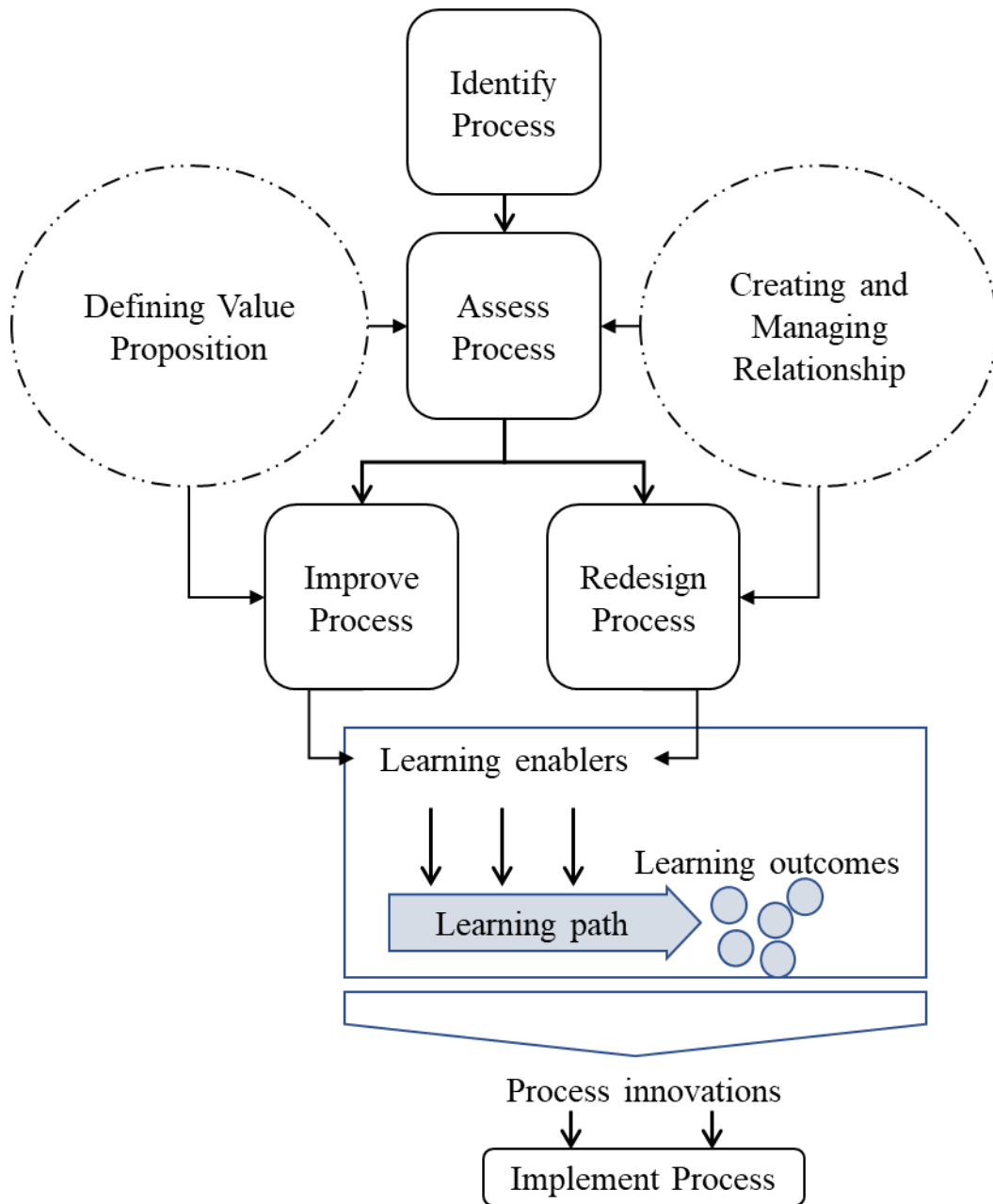
Relationship between different factors of organizational learning is presented in figure 15. Organizational learning leads to development of organizational knowledge on different levels and thus enables process innovations to happen. To create as efficient process innovations as possible, all the available knowledge should be utilized, and cross-organizational intra- and inter-groups should be involved to help sharing information and creating innovations.

### **3.5 Framework for sales process redesign**

The purpose of this thesis is to find out how the sales processes in telecommunications market could be developed and focused in the future to be successful as the market is transforming. In order to do so sales-related processes have been combined with process development -related theories to create theoretic framework for sales process redesign as presented in figure 16.

In the process redesign model by Sharp and McDermott (2009) the process is first identified, and then assessed and improved or redesigned. In this combined framework for sales process redesign some general sales-related process areas, such as defining value proposition and creating and managing relationship, are identified already to focus the process development to sales processes. As these areas are already identified but need improving they are not connected to the first phase of the model by Sharp and McDermott but are connected to second and third phase to indicate that the sales-related areas must be assessed, and then improved.

According to Haho (2014) process innovation cannot happen before organizational learning. Thus, the model of organizational learning is before the process implementation phase of the process redesign model by Sharp and McDermott (2009). After the new redesigned and improved process is learned at organizational level process innovations can truly happen and the new process can be implemented. Organizational learning can happen only after overall consensus is created (Argyris and Schön 1978; Duncan and Weiss 1979; Nonaka et al. 2000) so when the sales related process areas and processes have been redesigned the knowledge on the results must be shared through the whole organization and mutual consensus regarding them must be created before the next step towards implementing the new processes.



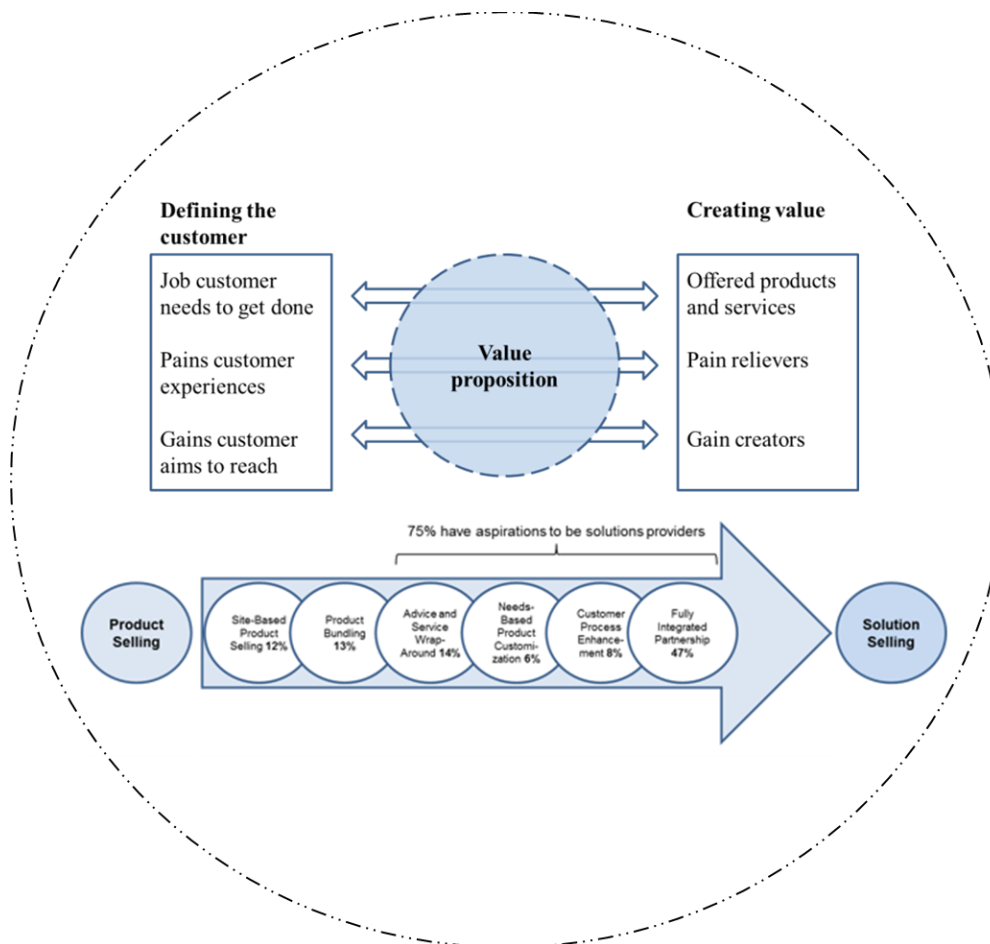
**Figure 15 Theoretical framework for sales process redesign**

Learning enablers regarding the sales-related processes must be identified and worked on to include all the relevant processes into the learning path. Learning enablers are the requirements to be fulfilled before stepping into the learning path. Learning enablers, according to Klimecki, Probst and Eberl (1991), are:

- Communication and mutual consensus
- Transparency and visualization of activities and processes

- Integration of separate processes and activities into the whole

Based on Klimecki's, Probst's and Eberl's (1991) definition on learning enablers in addition to creating mutual consensus on the redesigned processes and process areas the new processes must be transparent and visualized and the new processes must be integrated into a whole. So single processes must be improved individually and then integrated into a whole of process area again. Value proposition and relationship management -process areas are presented as single related elements in figures 17 and 18.



**Figure 16 Theoretical framework for defining value proposition**

Value proposition includes defining customer, creating value and finding balance between with them. According to Osterwalder, Pigneur, Bernarda and Smith (2014) defining customer and creating value can be respectively summarized as:

- The job customer needs to get done
- The pains customer experiences before the job is done, during the job realization or after the job is done
- The gains customer aims to reach by doing the job or which are created as an additional output of its activities

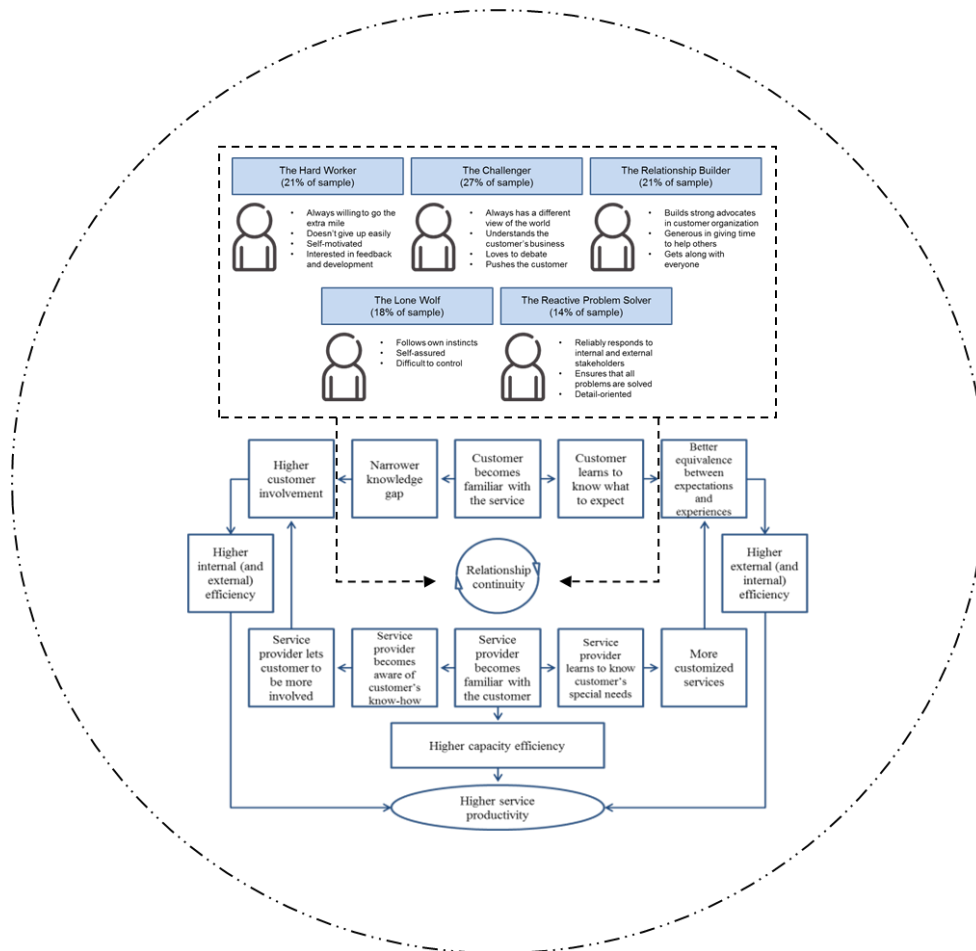
And

- Offered products and services
- Pain relievers
- Gain creators

According to Dixon and Adamson (2011) most companies have aspirations on being solution providers. This has impacts on the offering and the relationship between the customer so company's approach to solution selling must be defined before profoundly defining value proposition. After the approach on solution selling is clear value proposition can be defined thoroughly. Value proposition and different approaches on solution selling as framework for defining value proposition is presented in figure 17.

In addition to value proposition, the approach on solution selling influences the type of the relationship between the customer (Dixon and Adamson 2011) as well, so it must be considered as the relationship is being managed. Framework for creating and managing customer relationships is presented in figure 18. This framework is combination of theory for the influence of the seller profile on the success of the sales by Dixon and Adamson (2011) and thus, creating new relationships and theory on relationship continuity by Grönroos (2009). In this framework the two theories are connected so that the sellers create new relationships, but the continuity and productivity of the relationship is managed based on Grönroos' (2009) definition.





**Figure 17 Theoretical framework for creating and managing successful customer relationship**

All sales people can be categorized by five seller profiles and people with the challenger seller profile are more likely to succeed in high level in complex environment sales (Dixon and Adamson 2011) but the interactions between the organizations define the level of productivity in the relationship (Grönroos 2009). Relationships (between organizations) built on trust can lead to high productivity and mutual value creation (Kellogg and Chase 1995). So, the amount of new opportunities and possible new relationships are due to successful sales representatives, but the continuity and the productivity are due to how the organizational relationships are managed and how the services and interactions are carried out. The more complex the sales environment the more important the profile of the seller but at the same time the more complex and longer the sales and delivery cycles the more important the way the relationship is managed at organizational level. The challengers are needed to create the initial sales in the complex environment, but the relationship builders are needed to ensure the continuity of the relationship and to deepen the relationship and to

build trust with the customer at every organizational level throughout the years of cooperation to improve mutual productivity.

Both defining value proposition and creating and managing successful customer relationships deliver complex results and based on definition by Sharp and McDermott (2009) are process areas, not processes delivering single results. In despite of not being processes they both include important and relevant issues affecting the success in sales work in the customer relationship. This framework can be used as-is for recognizing the issues to be focused on and to be further developed. After identifying the issues to be improved the framework for process redesign, including organizational learning, must be carried out for each individual process starting by identifying the process.

## **4 EMPIRICAL STUDY**

The following chapter explains how the empirical study and analysis is made. After providing the background for the study the actual results are presented.

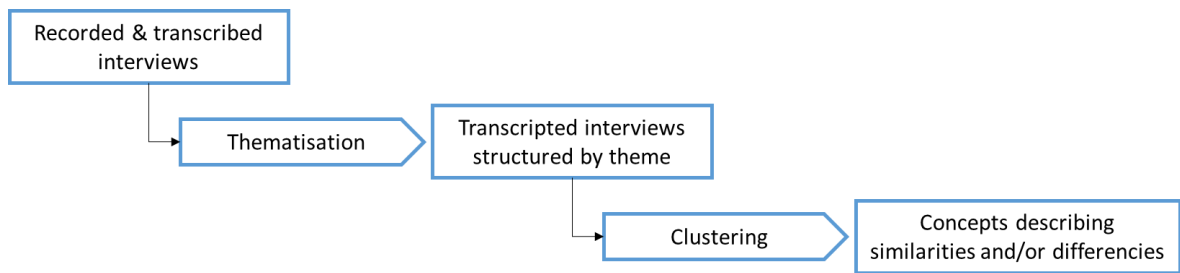
### **4.1 The progress of the empirical study**

The empirical study is made by interviewing seven people working for a large networked element provider in telecommunications market. All the interviewees are working in the customer interface. Three of the interviewees are working within sales organization, three of the interviewees are working within delivery organization and one of the interviewees is working in sales support. By interviewing people working in different roles in the customer interface it is possible to get more comprehensive picture of the whole sales and customer relationship management processes.

The interviews were theme interviews and there was no binding set and structure of interview questions, but the interviewer used a directive list of themed questions to guide the discussion in each of the interviews. The directive questions were focusing on three main themes:

- Market transformation
- Current sales processes
- Winning factors in the current and future sales processes

The shortest interview lasted 30 minutes and the longest 1 hour 10 minutes, and all the interviews were transcribed. The analysis of the interviews is carried out in two main phases as presented in the figure 19 and figure 20.



**Figure 18 Interview analysis model, phase 1**

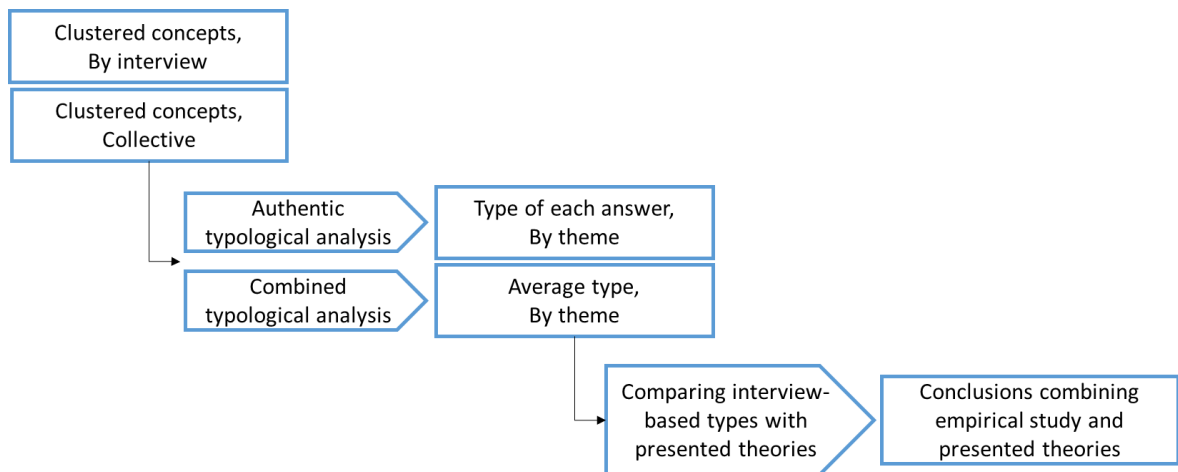
In the first phase of the analysis each of the interviews were divide into parts that are possible to compare with each other and with the presented theory. The first phase of the analysis consists of thematization and clustering.

### *Thematization*

In thematization the transcribed interviews are structured again by themes that have occurred in the interview discussions. These themes may or may not be the same as the themes used to form the interview questions (Saaranen-Kauppinen & Puusniekka 2006). In the thematization the answers from the interviews are divided into smaller parts as multiple themes might be discussed based on each question. As a result of thematization the interview material is organized by themes similar to the topics covered in the literature review of the thesis.

### *Clustering*

Clustering means dividing material or abstract things into groups based on their similarities (Han, Kamber and Pei 2001). In clustering the interviews structured by themes are compared and each of the interviews are divided into concepts or single expressions that are representing similarities and/or differences in interviewees' view on topics. As the result of clustering all the interviews are represented in a form they are easier to be interpreted in.



**Figure 19 Interview analysis model, phase 2**

The second phase of the analysis was made for each interview separately and for a consensus formed by combining the similarities between the interviews based on clustering. The second phase of the analysis consists of typological analysis and comparison with the theories presented in this Thesis.

### *Typological analysis*

Typological analysis is collecting data representing typical issues (Saaranen-Kauppinen & Puusniekka 2006). In the typological analysis the data from clustering is gathered and summarized under wider topics to decrease the amount of data and make it more comparable. As the result of typological analysis, it is possible to analyze and manage whole issues rather than single things.

### *Comparison*

In constant comparative analysis single pieces of data are compared with other pieces that may be similar or may be different (Thorne 2000). In comparison the issues found with thematization are compared both with presented literature and with each other. As the result of comparison, it is possible to create linkage between presented theories and the results of the interviews. Further it is possible to make conclusions on the level of knowledge sharing and mutual consensus regarding the topics from typological analysis.

## **4.2 Interviews**

In this section the interviewees are introduced in general level and summaries of the topics covered in each of the interviews is presented. The interviews are summarized and presented individually before the actual analysis because the analysis includes comparison between the interviews and topics and theories from the literature review and comparison between single answers from different interviews, so it is clearer as the reader is familiar with the results from individual interviews.

### **4.2.1 Assigner company X and the interviewees**

All the interviewees work for the assigner company X. Company X is global networked element provider producing telecommunications equipment, working in more than 180 countries, employing more than 100 000 people and having a revenue of approximately €20 billion. The main business of company X focuses on providing products and services for network operators, but it has customers from multiple industries. The scope of this thesis is the interface between networked element providers and network operators so the customers from other industries are not taken into consideration in this thesis.

Interviewees 1, 2 and 3 are working in the sales organization and are responsible for the sales for network operators in Finland. Interviewee 1 is responsible for one customer while interviewees 2 and 3 are working with multiple customers. Interviewee 3 has also worked with customers from other industries, but they are not in the scope in this thesis.

Interviewees 4, 5 and 6 are working within the delivery organization and are responsible for the delivery part of projects, products and managed services for customers. These are usually complex sales projects with long selling cycle and relatively long delivery cycle. Interviewees 4 and 5 are mainly working with one major customer while interviewee 6 is working with multiple customers.

Interviewee 7 works within sales support and is responsible for defining after-delivery services, trainings and support. Customers interviewee 7 works with are network operators from Finland and Baltics.

#### **4.2.2 Interview results**

##### **Interview 1**

###### *Market transformation*

Interviewee 1 understands the current market transformation as expansion of network operators' service offering (e.g. TV and media services) which creates wider market where operators are competing with OTT service providers. In this "new" market the roles of networked element providers, network operators and OTT service providers are changing.

According to interviewee 1 better access to information and globalization are other factors affecting to market transformation. Better access to information leads to technology becoming mundane which enables new businesses to access the market easier. The new competitors might be smaller companies which enables them to be more agile and flexible, and thus they might be able to produce their products and services to the market faster than the large traditional telecom-vendors. At the same time the globalization of the market increases complexity sales-wise but on the other hand creates new opportunities.

Interviewee 1 thinks that it is essential for both the company itself and for its customers that the transformed market is understood. In addition to understanding the transformation cooperation with customers is needed. Openness and cooperation between the seller and the customer decreases the confrontation between them.

###### *Transformation in the customer interface*

Interviewee 1 thinks that the transformation in the customer interface reflects through the whole ecosystem. Network operators need to understand their customers better than earlier and this reflects to networked element providers as well. It is not enough just to deliver a base station to network operator anymore, but networked element provider must

understand and be able to argue how does the product serve the end customer at the other end of the ecosystem. Interviewee 1 thinks that due to new technologies it is easier to survey customer experience more effectively, which can be seen as growth of importance of customer experience within operating models.

*“The value proposition for the customer experience is important parameter”*

Better access to information and globalization are seen as factors affecting the transformation of customer interface as well. Better access to information eases bidding of suppliers and globalization makes it possible to do so globally faster than before.

Interviewee 1 sees more information exchange between vendors and customers. Vendors are doing product development in cooperation with their customers and customers are more open regarding their future goals and prospects.

*Winning factors in the sales process*

According to interviewee 1 knowing your customer is the key to successful sales and customer relationship. Also selecting your customers is important so that your offering fits the customer needs. Large companies' internal processes have been developed for managing large customer cases and are heavy for that reason. Because of the heavy internal processes, it is crucial for large companies to select customers and cases large enough to cover the internal costs of managing them.

In cooperation with the customers and by knowing their business it is possible for large companies to develop their own offering and services to support the customer need better. This is one way to be a step ahead of the new, more agile competitors. Large companies are wanted to be seen as strategic partners and the ways how customer relationship is maintained might settle which company wins a bidding.

*“Competition and market transformation reflects to decision making, commercial models, contract processes and all sales-related processes. We need to be even faster, more agile and smarter in the sales model”*



There is a huge amount of people and information available in the interface between large suppliers and large customers so interviewee 1 thinks that it is important to be able to know what information to focus on and how to make use out of it. The idea is to use the information to understand the customer more deeply and to predict customers' next moves to be ready before the bidding. The whole organization should be aligned to serve the customer so that there are counterparts at supplier and customer side in every organizational level. All of these counterparts should be proactively trying to generate sales.

In order to increase decision making speed and flexibility and to improve customer knowledge companies must decrease the level of bureaucracy and utilize human resources at a global level. Increasing decision making speed and simplifying heavy processes are some of the major problems in the sales process of large telecom-vendors according to interviewee 1.

## **Interview 2**

### *Market transformation*

Interviewee 2 sees the market in the network operator interface as quite stable but telecom- and ICT-markets are overlapping more and more which increases the competition in the overall market. Due to consolidation there are large companies in the network operator level acquiring smaller competitors off the market.

At a global level, OTT service providers are entering the same market due to growing from consumer market to corporate market. OTT services can be integrated to other (external) services which increases the pace and flexibility of getting new services from customer point of view.

*“The use of marketing channels has to be thought through from entirely new perspective; it is not one-to-one marketing, but one-to-many.”*

According to interviewee 2 customers' finding of relevant product information and bidding for suppliers eases due to globalization and better access to information. This transformation leads to suppliers having to consider the marketing channels from new perspective to reach to new customers.

#### *Transformation in the customer interface*

As customers are bidding for suppliers globally it creates opportunities for suppliers at a global level as well. Thus, it is getting easier to provide services across the globe.

Another transformation seen in the market is customers cutting their OPEX costs due to EOL products and reluctance to train new employees to use old technology. At these cases the whole operating of the EOL system might be pushed to suppliers. Operating customers' systems transfers the business focus from producing products towards providing services.

#### *Winning factors in the sales process*

According to interviewee 2 networked element providers' sales is far-reaching so the operations are strongly based on long customer relationships in which the both parties know each other's way of business well. In order to make these relationships work, suppliers must focus on customers that are relevant by size.

*"I would dare to claim that even though we are talking about transformation and acceleration of speed (of business decisions) in the future, the cooperation with customer is the alpha and omega of everything."*

Interviewee 2 thinks that some product development and piloting must be done in cooperation with a customer with both parties carrying equal risks. In this kind of relationship, it is possible to guide the customer and to know which way they are focusing their business in the future. Suppliers must be aware of their customers' needs and prepare solutions before the customer requests for them. In addition to knowing customers it is also important to do competitor analysis continually.

*“If you hear about an opportunity for the first time when you get a request for quotation you have already lost the bidding.”*

A key factor in successful sales for large companies selling standardized solutions is the possibility to copy proven practices from already made sales at a global level. This is supported by global basic process with standard sales decision points, unambiguous roles and responsibilities in the customer interface and the ability to utilize know-how globally.

According to interviewee 2 the heaviness of the processes can always be improved. Heavy processes are too time consuming in case where you need fast decisions. In heavy processes the ratio between time consumed internally and time consumed towards the customer might be out of balance.

### **Interview 3**

#### *Market transformation*

Interviewee 3 thinks that current large companies in the market are going to be strong in the future as well. According to interviewee 3 the market has expanded and the number of players in the same overall market has multiplied. Due to the expansion no one is providing comprehensive set of products and services. Smaller companies can emerge to the market by producing sub-products and -services for the larger operators.

Interviewee 3 considers the role of network providers as intermediaries to whom other companies are producing products and services and they deliver them to consumers and business customers in their network. As partner networks and subsidiaries are getting more common in the market also changes in their operations are reflecting stronger to larger companies' operations and even to the customer field.

#### *Transformation in the customer interface*

According to interviewee 3 the operators in every level of the ecosystem are working in the same chain or network through which all the changes are reflecting faster to every level.

Even the changes in the behaviour of consumers reflects but the changes in the behaviour and operating models of other companies has the strongest effect.

*Winning factors in the sales process*

According to interviewee 3 even among large companies, personal relationships are often more productive than relying purely on processes. Thus, interviewee 3 thinks that by straightening and simplifying processes it is possible to increase speed, facilitate customer service and lower cost level.

According to interviewee 3 you must be active towards the customer and you must understand customer needs. By cooperating and establishing dialog suppliers should be designing the direction of customer's operations with the customer. Guiding the customer and knowing the direction of their business in advance enables winning biddings since if the first contact regarding a new project is when you get request for quotation it is almost impossible to win the bidding on the project. Sales towards customer is more effective if you are present and active at every organizational level.

*“We should have better ability to bring new products to the market faster and provide them faster. I mean mainly from commercial point of view. Our decision-making ability should be faster than nowadays.”*

Unfortunately, large companies have heavy and slow processes so, according to interviewee 3, also the counterpart should have equivalent processes. The service capability of large companies is not profitable to provide (small solutions) to small customers with heavy processes. Interviewee 3 thinks that speed is one of the major factors to be improved to be more successful in sales. Having several (internal) requirements and (complex) processes affects negatively to speed. Other area of development is raising awareness of offering.

## **Interview 4**

### *Market transformation*

Interviewee 4 considers companies that are strong nowadays as being strong in the future as well. According to interviewee 4 these companies are starting to vary regarding their overall goal and new business openings. According to interviewee 4 technological convergence is very active at the moment and due to that there is lots of new companies competing in the same market. Among these new companies at the market there are small and agile software companies and some traditional ICT-companies that are seen as competitors and partners at the same time are. With these ICT-companies the relationship is kind of co-competition. All-in-all the market is transforming to be more agile.

According to interviewee 4 there is complexity in the market due to business models of the new companies in the market. Traditionally telecom-companies have been building their value proposition and deliveries upwards from the network, but ICT-companies are providing their offering from IT/PSS/OSS-levels downwards towards the network. This creates some conflicts when, at the same time, in a value network every participant is promising and delivering for all the others. At the moment the market is in transformation with open issues on getting from the current state to new stable market. In this transforming market scoping is challenging and complex sales and complex deliveries are causing dilemmas.

### *Transformation in the customer interface*

According to interviewee 4 due to new competition providing more value for the end customer is getting harder and price is getting more important as competitive factor. To be able to provide value to end customers network operators are widening their offering to stay relevant. This reflects to networked element providers.

Traditional large companies are expected to be visionary and to have the know-how for carrying out complex information system projects. According to interviewee 4 in these projects automatization is growing trend and technological history legacy of customers' is making it more complex and challenging. Another new trend caused by technological

legacy is networked element providers operating customers' whole systems they don't want to spend more human resources.

#### *Winning factors in the sales process*

According to interviewee 4 large companies have varying need regarding sales and for this reason they must have effective set of tools to enhance sales. Projects of different sizes should have their own track and own spot within the sales toolkit. It is important to qualify which projects could be profitable and which should be skipped over.

You should have clear roles and responsibilities in the sales process. Having the same roles at the global level enhances cooperation between and building teams with people from scattered locations if necessary. Clear roles and responsibilities at global level enables the possibility to reproduce successful projects. People with certain roles working within customer interface should build the trusting relationship with customer and this relationship should be cherished among all organizational levels. Having a large set of roles and processes requires ability to withstand certain level of OPEX costs.

According to interviewee 4 success is built on the early steps of the sales process. Risk evaluations and different scenarios have to be thought through carefully and their results must be taken into consideration in pricing and scoping for the project. Ratio between the costs and the quality of the solution must be defined according to the scope.

*“A classical saying within solution sales is: no scope no hope”*

According to interviewee 4 winning in the market requires proactive sales towards all your current and possible customers. Companies must consider all the actions within the customer interface as part of the overall sales. More and more customers are expecting to have partnerships with their suppliers which requires the suppliers to be doing sales already without request for quotation from the customer. In successful partnership suppliers are guiding the customer to focus its business towards the right direction. As all the actions within customer interface are considered as sales, all the people through the whole organization are considered as part of the overall sales team. Having a lot of people

in the customer interface it is crucial to identify all the useful information and to share it with relevant people. According to interviewee 4 identifying “important” information and sharing with relevant people and agility of the business are some of the biggest challenges for the large companies in the future.

## **Interview 5**

### *Market transformation*

According to interviewee 5 the large companies currently working in the networked element provider level are going to be the main competitors for each other in the future as well. The amount of equipment suppliers has decreased due to consolidation and for that reason is now quite stable as you need to be large company to survive. As the suppliers are mainly large companies interviewee 5 thinks that the customers need to be large as well and thus expects more consolidation to happen in the network operator field in the future.

### *Transformation in the customer interface*

According to interviewee 5 as organizations are growing they are becoming more global all the time and companies are producing products and services all around the world. This globalization enables providing the products and services between different locations at a global level growing the potential customer base. Along with the globalization new services are developed in fast pace. The new services are focusing more on transmitting data and voice transmissions’ portion decreases.

As the consumer and business behaviour are changing the load in the network gets divided differently which changes the network operators’ needs. Networked element providers must meet with this changed need, so they need to develop their offering. These changes are happening based on trends and are not carried out in a moment.

### *Winning factors in the sales process*

According to interviewee 5 to ensure success in the sales customers’ needs must be understood in every organizational level and the management goals must be identified. Interviewee 5 thinks that brand-based approach does not work in the sales in network

operator field, but for large companies it is easier to get in a contact with the decision-makers of the customer. Light account with clear sales responsibility supported by the delivery organization supports the sales goals. Interviewee 5 thinks that having a useful high-quality delivery organization helps to generate sales.

Large customers are better since they enable increasing the efficiency of operations. Working in wide customer interface creates its challenges in information sharing. It is very important to find relevant people internally and to include them in the right cases. According to interviewee 5 preparations must be made already before the first official bidding rounds since if you hear about a case for the first time when you get request for quotation you are probably already a step behind your competitors. This is possible by being efficient in information sharing. Right scope already when the sale and the solution are started to be prepared is important because getting add-on sales is hard.

According to interviewee 5 processes must be streamlined and speed up constantly. Creating too heavy and complex processes is one of the major challenges for being efficient in sales.

## **Interview 6**

### *Market transformation*

According to interviewee 6 the companies that are now strong at networked element provider level are also going to be strong in the future. In the telecommunications field consolidation is aggressive and there are no longer new competitors emerging to the market due to expensive initial investment. The traditional telecom-vendors are widening their own offering by acquiring smaller companies with varying products and services. This widens the market and makes differences between the offerings of the large telecom-vendors. Telecom industry is strongly regulated which slows down and limits the transformation in the market.

Due to technological change there are new companies providing similar services. Such changes as the spreading of cloud-based solutions the overall market widens and



companies like Amazon, Google and Microsoft starts to compete from the same customers with telecom-vendors.

*Transformation in the customer interface*

According to interviewee 6 expansion of offering leads to larger and more complex customer field. Due to consolidation in the network operator field major customers are large companies that have different goals for different organizational levels so the requirements towards the supplier vary based on the customer's organization. For example, people responsible for technical operating value technical capabilities and support possibilities and people responsible for the budget value e.g. costs.

*Winning factors in the sales process*

According to interviewee 6 the capability to bring in new information and copy proven solutions at global level is enhancing sales and enables pioneering in other markets. Supplier needs to be active participant in a partner-relationship and not settle for being a supplier in supplier-customer-relationship. As active partner suppliers must be influencing customers' intentions so that customers' desires are similar to supplier's already made solutions and that they have knowledge on request for quotation before getting one.

It is important to know customers business and desires in every organizational level. In each level your message must be targeted in the right way to meet with that organizational level's goals. Similarly, own organization must be known to be able to include right people in right conversations and to focus flow of information correctly.

It is important to be able to change according to customers' organization so that they can be served as efficiently as possible and to be able to reach the relevant people from the customer organization with ease. This readjustment is important in both sales interface and service interface. According to interviewee 6 large companies have a challenge in that current sales processes are developed for certain kind of (large) solutions and thus are quite formal and heavy. The capability to ease the process, and thus be able to sell smaller things, is limited.

## **Interview 7**

### *Market transformation*

According to interviewee 7 traditional telecom-vendors are still strong in the future but IT-companies are coming to the same overall market. This market change leads to offering becoming similar between companies that have been competing in different markets before. Smaller competitors are being acquired and most of the companies at the market are large ones.

### *Transformation in the customer interface*

According to interviewee 7 changes in the consumer and business behaviour reflect to network operators and network operators must rethink their value proposition. Possible redesign regarding network operators' value proposition enables traditional IT-companies and telecom-vendors to be competing with each other for the same customers.

### *Winning factors in the sales process*

Interviewee 7 thinks that the market is changing so that even bigger piece of total turnover is formed by services. In this change service orientation is a key factor to be successful and large telco-vendors have advance for having sophisticated customer service and strong service promise.

Large companies must be selective when choosing their customers. It is important to identify relevant customer so that managing the customer relationship with current processes does not turn out to be more expensive than the return from the customer. A good control is needed in the sales process to be able to offer profitable and sustainable offers. As important as selecting the profitable cases is to follow up, measure and to make adjustments to operations and processes. To be able to get useful measurements correct internal and external indicators must be identified.

*“You get what you measure.”*

According to interviewee 7 it is important to have people working in the customer interface in many organizational levels. These people should be able to share relevant information and to create big picture of the customer's status to recognize which are the cases to be included in. In the customer interface people should produce new ideas and information for the customer and so to be influencing the direction customer develops its business in the future.

*“In most cases simple sales process(es) would be the best solution.”*

Interviewee 7 thinks that telecom-vendors' internal as-is sales process is too heavy. The process is built so that there are too many people and organizations involved that are only focusing the overall sales from their own perspective. According to interviewee 7 one of the challenges in the future is to centralize overall management of the sales processes more clearly and efficiently.

## 5 ANALYSIS OF THE INTERVIEWS

In this chapter interviews are analyzed and conclusions on the interview results are conducted. The analysis on the interview results is presented under three headings based on the themes emerged in the interviews.

At first summarized results from the interviews are presented in tables 4 and 5. Only the few major topics discussed in each interview are listed in these tables. The topics are identified as important ones more by based on perceived weight on the topics during the interviews than by purely calculating the number of single factors mentioned in each interview. In the end most of the topics are combinations of multiple factors mentioned during the interviews.

In table 4 summarized interview results regarding market transformation and the transformation on customer interface and customer field are presented. Answers from each interviewee have been summed up for few main topics or future trends discussed in the interviews.

In table 5 summarized interview results regarding winning factors in sales processes and suppliers are presented as main topics discussed in the interviews. The main topics regarding winning factors and winning characteristics are listed in the sales process- and supplier-columns. In the products & services -column it is stated whether each interviewee focused on product-oriented or service-oriented characteristics when discussing winning factors of products and services.

**Table 4 Summarized results based on typological analysis - Transformation**

<b>Transformation</b>		
<b>Inter-viewee</b>	<b>Market</b>	<b>Customer interface</b>
<b>1</b> Sales	<ul style="list-style-type: none"> <li>• Technological convergence</li> <li>• Globalization</li> <li>• Cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Importance of customer experience</li> <li>• Openness</li> <li>• Competitiveness</li> </ul>

2 Sales	<ul style="list-style-type: none"> <li>• Technological convergence</li> <li>• Globalization</li> <li>• Consolidation</li> </ul>	<ul style="list-style-type: none"> <li>• Globalization</li> <li>• Service-orientation</li> </ul>
3 Sales	<ul style="list-style-type: none"> <li>• Technological convergence</li> <li>• Cooperation</li> <li>• Business network changes reflecting</li> </ul>	<ul style="list-style-type: none"> <li>• Reflecting of demand across the ICT-ecosystem</li> </ul>
4 Delivery	<ul style="list-style-type: none"> <li>• Technological convergence</li> <li>• Co-competition</li> <li>• “Turbulence” due competition across the ICT-ecosystem layers</li> </ul>	<ul style="list-style-type: none"> <li>• Importance of price</li> <li>• Increasing desire for automatization</li> <li>• Service-orientation</li> </ul>
5 Delivery	<ul style="list-style-type: none"> <li>• Consolidation</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidation</li> <li>• Globalization</li> <li>• Need for capacity increase</li> </ul>
6 Delivery	<ul style="list-style-type: none"> <li>• Technological convergence</li> <li>• Consolidation</li> <li>• Wider offering</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidation</li> <li>• Larger customer field due to wider offering</li> <li>• Varying business needs perceived in different organizational levels</li> </ul>
7 Sales support	<ul style="list-style-type: none"> <li>• Technological convergence</li> <li>• Consolidation</li> </ul>	<ul style="list-style-type: none"> <li>• Reflecting of demand across the ICT-ecosystem</li> <li>• Changing need due to operators’ rethinking their value proposition</li> </ul>

**Table 5 Summarized results based on typological analysis – Winning factors**

<b>Winning factors</b>			
<b>Inter-viewee</b>	<b>Sales process</b>	<b>Supplier</b>	<b>Products &amp; services</b>
1 Sales	<ul style="list-style-type: none"> <li>• Strategic partnership</li> <li>• Aligned organization</li> <li>• Simple processes</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Pioneering</li> <li>• Flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• Product-oriented view</li> </ul>

2 Sales	<ul style="list-style-type: none"> <li>• Strategic partnership</li> <li>• Competitor analysis</li> <li>• Time utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Pioneering</li> <li>• Flexibility</li> <li>• Interaction capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Product-oriented view</li> <li>• Standardization</li> </ul>
3 Sales	<ul style="list-style-type: none"> <li>• Strategic partnership</li> <li>• Personal relationship</li> <li>• Simple processes</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Personal contact</li> <li>• Interaction capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Product-oriented view</li> </ul>
4 Delivery	<ul style="list-style-type: none"> <li>• Strategic partnership</li> <li>• Scoping</li> <li>• Information utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Personal contact</li> <li>• Clear responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Product-oriented view</li> <li>• Standardization</li> </ul>
5 Delivery	<ul style="list-style-type: none"> <li>• Strategic partnership</li> <li>• Effective delivery organization</li> <li>• Simple processes</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Flexibility</li> <li>• Know-how</li> </ul>	<ul style="list-style-type: none"> <li>• Service-oriented view</li> </ul>
6 Delivery	<ul style="list-style-type: none"> <li>• Strategic partnership</li> <li>• Information utilization</li> <li>• Aligned organization</li> <li>• Simple processes</li> </ul>	<ul style="list-style-type: none"> <li>• Pioneering</li> <li>• Extent of offering</li> <li>• Flexibility</li> <li>• Timely manners</li> </ul>	<ul style="list-style-type: none"> <li>• Product- and service-oriented view</li> </ul>
7 Sales support	<ul style="list-style-type: none"> <li>• Strategic partnership</li> <li>• Clear control</li> <li>• Measuring</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Personal contact</li> <li>• Service-orientation</li> </ul>	<ul style="list-style-type: none"> <li>• Product- and service-oriented view</li> </ul>

### **Market transformation**

Both market transformation and transformation in the customer interface and customer field are discussed and analyzed in this section. Each interviewee has some similarities with others regarding the market transformation. More differences occur when reviewing interviewees views on the transformation on customer interface and customer field.

The trends appearing in the most interviews are technological convergence (appearing in 6/7 interviews) and consolidation (appearing in 4/7 interviews), technological convergence first and foremost. These can be held self-evident mega-trends of the industry indicating that big companies from the industry are acquiring smaller ones off the market but at the same time, by utilizing technological convergence, new companies from other markets are beginning to compete for the same customers with their offering.

Increasing globalization, cooperation and co-competition are some of the results from the first two trends mentioned. As companies are growing and it is getting easier to collaborate it is shown also in information and value streams. Companies are becoming (even more strongly) multinational. Cooperation and co-competition (cooperation & competition at the same time) are helping in getting closer to new (potential) customers and becoming more present across the globe.

Acquisitions and stronger cooperation makes it possible for companies to widen their offering. Wider offering mixed with new competitions due technological convergence leads to “turbulence” in the market where different companies are offering different products and services for the same problem perceived (or alleged). During this transformation the changes in the newly-grown partner networks are becoming more common and they reflect to the other network partners stronger.

Some of the same forces such as globalization, consolidation and reflecting of changes through the ICT-ecosystem, are seen as trends affecting the customer interface as well. So, from the networked element providers’ point of view, customers are also growing, becoming more global and becoming members of the same partner networks. This is shown as larger and more competitive customer field where they (customers) are providing more to their customers and because of that have increased need for capacity. Customers are expecting more service-orientation from their suppliers and partners. This can be seen as suppliers are desired to take control of operating some of customers’ (older) systems so that customers can focus on something new. Suppliers are positioned closer to customers’ operations.

It is also stated that customers' needs are changing due to them rethinking their value proposition but there seems not to be certainty on what the new customer needs are. Interviewee 6 notices that perceived need might vary depending on customer's organizational level. The same conclusion can be made from the answers of interviewee 1 and 4. Interviewee 1 points out increase in importance of customer experience and on the other hand interviewee 4 points out increasing importance on price. Since interviewees 1 from sales organization and 4 from delivery organization work in different organizations and thus interact in different phase of customer journey they probably have counterparts working in different organizations accordingly which could explain different factors being put more weight on.

### **Winning factors in the sales process**

Regarding the winning factors in the actual sales processes having a strategic partnership with customers is seen as the most important factor. All of the interviewees think that strategic partnership is the key for successful sales. Strategic partners are having a deep relationship with the customer and can get knowledge e.g. on customers' upcoming projects and other needs. On the other hand, strategical partners are seen as trusted counselors which makes it possible to push your own solutions and use them to shape the perceived needs.

Within strategical partnership some risks regarding e.g. product development can be shared with the partner, so it is easier to make more openings. New openings are more and more important because, as mentioned earlier, the customer field is expanding, and product and service offering is widening. Due to consolidation and technological convergence, also competitors are widening their offerings, and strategic partnership is good way to build long-lasting relationships with customers and help to make product development more effective.

Based on the interviews second to the most important topic on winning factors in the sales processes is simple processes. Business environment is changing and becoming faster, and the customers are expecting more and faster from the suppliers. Current processes are seen



too heavy and slow to react to the changes happening in fast pace. Simpler processes would make it easier and cheaper to take action based on an opportunity. With heavy processes organizations must be careful with the projects they even want to get involved in since it is expensive to include whole lot of people in it. Simpler processes would give more control and more power on decision making for individuals.

Organization aligned according to customers organization, effective delivery organization and clear control over sales and delivery processes are examples on including more people and more organizations in the sales process. Customers are expecting more service-oriented approach from the suppliers so aligning the organization is a good way to get more people working in the customer interface. If delivery is seen as part of sales processes and people in the delivery organization are taking actively part in the discussions during the sales it makes the actual delivery more effective. With more people and more organizations in the mix the process might, again, get a bit complex so good control over it is needed for someone(s) to have overall picture of what is happening now and what should happen next.

Factors regarding better and more efficient use of information occur in many interviews. General need for information utilization is noticed in the delivery organization while one interviewee from sales organization mentions competitor analysis as one of the key factors. A conclusion can be made that in delivery organization it is perceived that internal information sharing and utilization is not at an adequate level so that it could be used to create success. Information sharing and information utilization are related to other winning factor mentioned earlier; effective delivery organization. For the delivery organization to be effective good information utilization and better information flow are needed.

Interviewee 7, who works in the sales support, underlines the importance of identifying the right indicators and measuring the right things. Setting up correct indicators and measuring them is good way to collect useful (and unusable) information to be utilized. Competitor analysis mentioned by interviewee 2 is good example where to find measurable indicators. By actively monitoring and analyzing competitors' actions it is possible to position your own organization in the competitive field better. By understanding own position defining unique and desirable value proposition is easier.

Other topics seen as winning factors in the sales processes are such as time utilization and scoping. These are both related such winning factors mentioned earlier as simple processes and clear control. More time should be used working with customer, but current heavy processes require lot of time from lot of people, so it is inevitable that a major share of time consumed is consumed internally in process management. Simpler processes would enable better time utilization. Good control in overall process management eases scoping as there is clearer overall picture available. With better defined scope the process is easier to follow, and time is more efficiently used on true customer work.

### **Winning characteristics in the supplier, products and services**

The topic coming up in almost every interview is reliability. Reliability in this sense has multiple different meanings as it has features referring to business continuity and product life cycle but can also mean being trustworthy and dependable. Reliability can be seen as foundational factor regarding success in sales. Without reliability - in its all forms - one cannot be successful in long term. Strategic partnership is seen as winning factor in the sales process, but no strategic partnerships can be formed without the supplier being seen as reliable partner, worthy of trust and resembling of continuity.

Other topics occurring in many interviews are flexibility and pioneering. Flexibility and pioneering are examples of mere reliability nor being enough. If reliability were the only goal companies would desire being stable which might result as heavy processes which is earlier identified as one of the main challenges for big companies in the telecommunications market. Flexibility and pioneering are needed if networked element providers desire to have capabilities to cooperate with some of the smaller companies as well. Reliability combined with flexibility and pioneering creates versatile combination where supplier reflects longevity and trustworthy with the ability to adapt and develop new solutions based on the latest trends.

In the organizational interface people are working with people which is the reason for personal contact and interaction capabilities being mentioned as winning factors. No matter how good the products or how effective the processes but if you don't have personal

level relationship it is impossible for the organizations to cooperate. Good personal contacts make it easier to get new opportunities and interaction capabilities are needed from everyone working in the customer interface. Aligned organization is one of the factors identified as winning factors in the sales process and for it to be effective all the people in the aligned organization must have good interaction capabilities or otherwise you have multiple counterparts in the customer interface not collaborating.

All the winning factors in suppliers mentioned until now are more or less feeling-based factors and characteristics. This is another indicator related to the fact that sales processes are based on people working with other people. All the factors mentioned in the interviews, however, are not purely feeling-based. Factors such as extent of offering, service orientation and know-how are not purely quantitative either but stand somewhere in the middle.

Extent of offering, service orientation and know-how can be thought as indicators of being a good fit. Extent of offering itself is not important but extent of relevant offering that can provide value for the customer and their customers is more than important. An appropriate service orientation helps customer to identify the relevance of offering in provides support even after the purchase. Relevant know-how is of course needed for the offering not to be but empty promises. With the combination of relevant offering, appropriate service orientation and relevant know-how organizations can assure well-targeted products and services with the support and know-how to utilize them the most profitable way. This is the essence of strategic partnership.

Other more tangible factors mentioned in the interviews focus on the ways of working in the customer interface. Clear responsibilities and timely manners indicates that suppliers must know at every organizational level who does what and when. These factors seem to be in line with e.g. reliability and aligned organization. The need for underlining these kinds of factors reflects to the challenges arising from both organizations – supplier and customer – growing fast and from the competitiveness in the market due to customers desiring more and desiring it faster.

When it comes to the products and services there seems to be more weight on product-related factors than service-related factors. A conclusion can be made of this that the interviewees are more product-oriented than service oriented. However, there is a clear difference between the interviewees working in the sales organization and interviewees working either in delivery organization or in the sales support. Interviewees from sales organization highlights mainly product-related factors while interviewees from delivery organization and sales support highlights both product- and service-related factors. Standardization of the solutions is seen as important factor providing the certainty of compatibility and indicates the possibility to long-lasting relationships with ongoing development regarding the current solutions.

Answers regarding the winning factors in products and services are in line with the answers regarding winning factors in the supplier. The winning factors in the supplier mentioned by the interviewees from the sales organization are mere feeling-based while the winning factors mentioned by the interviewees from the delivery organization and sales support are mostly feeling-based by nature but with more tangible factors supporting them.

Based on the answers a conclusion can be made that people working in the sales organization are considering the sales process as activities leading to the customer's purchase decision. People working in the delivery organization on the other hand consider sales process as the activities executed before, during and after the purchase decision.

All the interviewees agree that strategic partnership is winning factor in the sales process which, in this empirical study, makes it the issue with highest level of consensus upon. So, it is not that people from the sales organization do not think that the factors enabling strategic partnership are not important, but that people consider the winning factors from the perspective based on their current roles and responsibilities. Perhaps organizational alignment and better information utilization can lead to gaining better consensus upon the winning factors regarding suppliers, products and services in the future.

## **6 CONCLUSIONS**

In this chapter the interview results are compared between each other and between the literature from the literature review. The conclusions from the comparison and analysis between the interview results and the literature review are presented under three headings based on the themes from the literature review. The research questions are answered and critic towards this research is presented. At the end of this chapter some further study is suggested.

### **6.1 Conclusions on the literature review and the interview results**

In this section the interview results are analyzed based on the theories presented earlier in the thesis. First the results are analyzed based on value creation theories and relationship management theories and in the end conclusions on the current state of organizational learning regarding development issues found in this thesis are made based on the differences and similarities in interview answers.

According to Hui (2012) telecommunications market is transforming due to changes in the consumer and business trends. Weber (2007), Funk (2009) and Xie et al. (2008) claim that technological convergence in ICT-ecosystem increases competition and creates network operators' need to adopt and change their business model. In the interviews technological convergence together with consolidation are seen as the major forces transforming the market so the interviewees' view on transformation is similar to the literature presented.

#### **Value creation in sales processes**

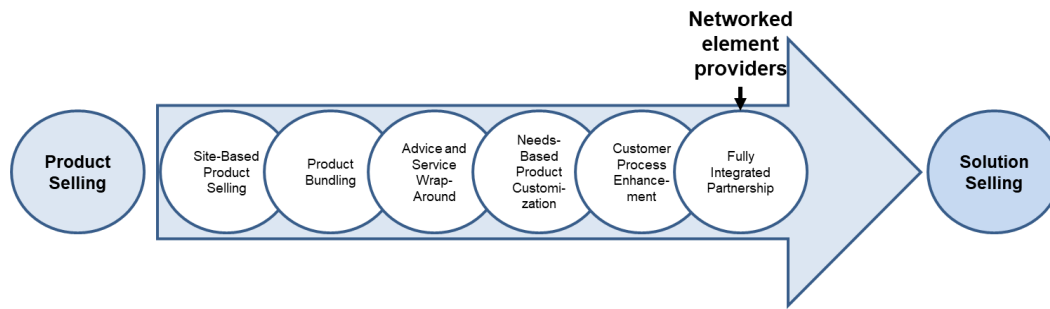
According to Osterwalder et al. (2014) value proposition is defining your customers, creating value for them and balancing with the two. It includes customer jobs, pains and gains and supplier offering, pain relievers and gain creators. Conclusion on customer definition can be made based on the interview answers regarding market transformation. Products, services, pain relievers and gain creators were mainly discussed in winning factors -part of the interviews. The model of value proposition by Osterwalder et al. (2014)

is used as a base for introducing conclusions on networked element providers' value proposition in table 6. The actual factors in the table are based on the interview answers from the empirical study.

**Table 6 Networked element providers' value proposition**

<b>Defining the customer</b>	<b>Creating value</b>
<b>Job customer needs to get done</b>	<b>Products and services</b>
Technical capabilities to operate a network and provide services and value for end users	Pioneering; Extent of offering; Strategic partnership
Managed services where supplier is operating customer's systems.	Know-how; Interaction capabilities; Providing managed services for EOL systems
<b>Pains customer experiences</b>	<b>Pain relievers</b>
Increasing competitiveness	Strategic partnership
Varying objectives at different organizational levels	Organizational alignment
Uncertainty of future value proposition	Strategic partnership
<b>Gains customer aims to reach</b>	<b>Gain creators</b>
Better customer experience	Reliability; Flexibility
Better price	Simple processes; Flexibility
Capacity increase	Pioneering, Know-how

Dixon and Adamson (2011) describe differences between product selling and solution selling: product selling is based on single transactions, product price and product quality while solution selling is providing larger combinations of products and services to fulfill more customer needs. Dixon and Adamson (2011) introduced a model describing different customer-supplier relationship type's positioning in between product selling and solution selling. Networked element providers' aspirations on solution selling is demonstrated in figure 21 by using the map of Dixon and Adamson (2011).



**Figure 20 Networked element providers’ aspirations on solution selling**

All interviewees talk about the need for strategic partnerships with customers in the future. Along with strategic partnership there is organization’s alignment according to customer organization to enable more efficient interactions in the customer interface. In strategic partnership suppliers and customers are discussing more and doing more together leading to fitting offering and need with each other more effectively than before. In the best-case scenario strategic partnership from the customer side is supplier providing products and services that are already almost perfect fit for their need, and from the supplier side its customer requirement being almost identical to their current offering. Besides fitting offering with the need strategic partnership is also co-development and co-innovation with shared risks.

Networked element providers’ aspirations match with “fully integrated partnership” in the solution selling -end of the map by Dixon and Adamson (2011). Based on a survey by Dixon and Adamson (2011) most companies aspire on being solution providers on some level. Based on the interviews the aspirations of networked element providers also match with the axioms of relationship marketing described by Sheth and Parvatiyar (1995) and Grönroos (2009). Relationship marketing focuses on cooperation where both parties are mutually interdependent and have common goals (Grönroos 2009).

### **Relationship management in sales processes**

Based on the interviews the future of sales between networked element providers and network operators is mainly solution selling. Dixon and Adamson (2011) describe the importance of seller profile in the eventual success in sales. Dixon and Adamson (2011) highlight that sellers with challenger profile are more likely to succeed in sales in complex

sales environment but Grönroos (2009) arguments that relationship continuity and service productivity are based on learning relationship between customer and supplier where both parties are cooperating and learning more from each other.

In the interviews more emphasis is put to managing and developing relationships to being long-lasting. Cooperation and partnership with the customers is seen as the most important factor (it is the only factor discussed in all the interviews) in the sales process. Dixon's and Adamson's (2011) and Grönroos' views are not exclusive to each other; more emphasis is put to relationship development similar to Grönroos' view, but also factors from Dixon's and Adamson's "challenger profile" are included in the strategic partnership described in the interviews. The challenger "teaches, tailors and asserts control" (Dixon and Adamson (2011) as in the strategic partnership described in the interviews the goal is not only to fulfil customer needs but to guide the customer and modify the needs according to own offering. As a conclusion based on the interviews the relationship management is combination of aggressive sales and mutually instructive cooperation.

### **The current state of organizational learning regarding the development items in the sales processes**

Here the interview results of each theme from thematization are reviewed with the objective of defining whether or not there is any level of consensus upon them. The themes from thematization are:

- Market transformation
- Transformation in the customer interface
- Winning factors in the sales process
- Winning factors in the supplier
- Winning factors in the products and services

A definition of learning enablers by Klimecki, Probst and Eberl (1991) is used to review the interview results against. According to Klimecki, Probst and Eberl (1991) learning



enablers must be fulfilled before organizational learning can happen and the learning enablers are:

- Communication and mutual consensus
- Transparency and visualization of activities and processes
- Integration of separate processes and activities into the whole

In case of a gap in mutual consensus five steps introduced by Mäkelä (2002) can be taken. According to Mäkelä (2002) mutual understanding can be accomplished by interaction through five factors that are:

- Common goals and objectives
- Knowledge sharing and interdependence
- Shared meaning
- Common experiences and modes of operations
- Trust

There is quite clear consensus of technological convergence and consolidation shaping the market. Partly due to these there are more changes such as increasing globalization and cooperation. There is also consensus that these same forces are shaping the customer interface and customer needs in the future. So, based on the interviews mutual understanding exists regarding the reasons for the transformation in the telecommunications market from supplier and customer point of view but more communication and study is needed to agree and understand how the customer needs are affected. Differences in understanding of future customer needs creates different views on the perceived winning factors as well.

A consensus for the foundation of winning sales process exists. All interviewees consider strategic partnership as important factor influencing the success in the sales process. In addition to the strategic partnership, simple processes and aligned organization are widely identified as winning factors. There are no contradictions between the rest of the answers, but more communication is needed to acknowledge them generally and to prioritize them.

It is the same as it comes to the winning factors in the supplier; a consensus exists for the foundation including reliability, flexibility and pioneering but other factors require more communication and debate. There are no real contradictions between the answers from each interviewee but slight inconsistencies when comparing the answers of interviewees working in the sales organization with the answers of the rest. People from sales organization propose mere feeling-based factors regarding the supplier as the rest propose also more tangible factors to support them. It must be defined how and at which phase of the sales processes these more tangible factors are incorporated to supplier actions.

The same inconsistency is seen at the views regarding products and services. People from the sales organization emphasize product-related characteristics while other emphasize product- and service-related characteristics. In worst-case scenario this can result as sales people selling but the products and product-related cooperation while delivery organization is preparing to increase their ongoing service capabilities.

As a summary there is a good common understanding on how to create and manage relationships and relatively good understanding on future value proposition with few open questions. More study is needed to understand and agree the future customer needs more thoroughly. After defining the customer need the rest of the inconsistencies regarding winning factors in supplier, products and services must be adjusted accordingly and mutual understanding upon them must be accomplished by interaction through five factors introduced by Mäkelä (2002).

## **6.2 Answers for the research questions**

In this section the research questions asked in the first chapter are answered. The answers presented to the questions are based on the analysis and conclusions made from the interviews.

*What are the most important factors influencing the sales process of telecommunications equipment in the future as the telecommunications market is transforming?*

Technological convergence and consolidation have and will transform the market for both networked element providers and network operators. Consolidation decreases the number of companies at the current market and results as current companies, their needs and their offerings growing. On the other hand, technological convergence enables companies from other markets (e.g. OTT companies) to penetrate to the market.

Increasing openness between customers and suppliers together with aspirations to strategic partnerships result as value networks forming. Consolidation increases uncertainties regarding the smaller companies within these networks and the changes in the network start to reflect stronger to the other members in the network.

Also changes in the consumer and business behavior creates need for a change in network operators value proposition which reflects all the way to the networked element provider field. This creates the need for networked element providers to better understand also the customers of network operators influencing whether networked element providers consider themselves as product or solution sellers and how should they define their value proposition. Value proposition and perspective regarding solution selling in turn influences how to manage the relationships and what kind of sales actions to take.

*Which actors are or should be included in the sales process?*

A way of thinking where all business is considered as part of sales processes is becoming more common. Accordingly, people from every organizational level should be included in the sales process. This is easier if the whole organization is aligned to match customer organization so that all the people in the customer interface has equivalents at the customer side.

Organizational alignment needs effective information utilization to work properly. On the other hand, processes should be simplified so the process for information sharing and utilization must be thought through carefully. It is important to identify the relevant information and to identify to whom it is relevant to.

*What are the most important changes that are affecting the sales process?*

Due to changes in the consumer and business behavior the amount of data transfers is increasing which creates more capacity needs and the new solutions are required faster than before why more flexibility and simplified processes are needed.

In strategic partnership suppliers' role is not to try to persuade customer to buy something they really don't need but to bring in new insight and to counsel the customer on ongoing trends. This changes the sales processes as you need to increase reliability and interaction capabilities and to form personal relationships.

*How the changes affect the products and services provided?*

Customers want to focus more on their new services, products and systems why suppliers are needed to take control of operating some of the older systems. Also providing larger combination of products and services as a solution more services are needed during the solutions' life cycle.

Customers are expecting increase in the capacity so pioneering in the product development is needed. In strategic partnerships some product development is done in cooperation with the customer which leads to more tailored solutions provided.

*How the changes affect the customer field and customer needs?*

Due to consolidation in the customer field customers are growing and their business needs are widening and due to consolidation in the supplier field suppliers' offering is widening. Customers desire more products and services as their own offering is growing. Customers also need more insight from their suppliers which increases the suppliers' need to understand the network operators' customers better.

Larger offering also enables networked element providers to provide solutions to larger number of customers. As the customer field widens due to larger offering creating more new opportunities, also the competitiveness increases due to new companies penetrating to the market due to technological convergence.

### **6.3 Critic towards the research, and thesis' contribution to business life**

This thesis has been made with restrictive scope and goals. All the interviewees are working for the same company which restricts the generalizability of the research even though there are only few companies globally working at the same market. With a wider set of interviews and interviewees the generalizability of the research could be improved.

For the research to be completely reliable the research should be repeatable with the same research results. The empirical study in this thesis was made by interviewing people and analysing the interview results. To improve the reliability all the interviews were held in short period of time using the same questions as a base to guide the discussion in the interviews. After all the interviews had been carried out in such a similar way as possible, the interviews were analysed. Same analysis method was used for all the interviews to ensure comparable results. The analysed interview results have resemblances with each other and with available literature, so the research can be considered reliable.

By setting clear goals and scope the research was restricted so that it would only focus on the research problem and not include too much information or too many perspectives. The research questions, literature and interview questions were based on the set scope so that the results would fit the goal of the thesis.

The results from this thesis are at quite the general level so more study regarding them is needed. The thesis answers the questions and goals set up for it. The relevance of this thesis for business life is for businesses to be able to identify development issues which are forming due to market transformation. The results from this thesis can be used to further focus future business development and related studies. Some further studies and next steps to be taken are presented in the next section.

### **6.4 Further study and next steps**

More thoroughly research is needed to gain deeper understand of every aspect of the market transformation. For this a strictly defined total chain through the ICT-ecosystem,

all the way from networked element provider to the end customer, should be followed and studied for a longer period of time to identify the actual interrelations and see the changes truly happening.

The offering and value proposition must be then adjusted according to identified customer need. Single processes related to providing and selling each solution should be identified and visualized, and organization-wide consensus upon them must be gained to enable true organizational learning regarding them.

All in all, more simple processes are needed in the sales, and the new processes must be commonly agreed on organizational level in order for organizational learning and process innovations to happen. Haho's (2014) model for process visualization and Engeström's (1987) model for activity visualization can be used to visualize the new processes. Based on conclusions of this thesis, the following steps are recommended for networked element providers to take to better succeed in sales in the future:

1. Follow and study the transformation in the customer field
2. Adjust value proposition's products and services according to the job customer needs to get done in the future
3. Identify and visualize single processes related to selling and delivering each of the products and services
4. Simplify the processes and visualize the new processes and activities
5. Share the knowledge about the simplified processes organization-wide
6. Adjust if needed and iterate steps 2-6 until organization-wide consensus is gained
7. Integrate single processes into entities
8. Learning enablers are accomplished and organizational learning can happen
9. Process innovation can happen, and new processes can be implemented

## 7 SUMMARY

The need for this thesis arose from a networked element provider's assumption that market transformation is causing changes that must be taken into notice in the execution of sales processes of telecommunications equipment. The goal for the thesis is to gain knowledge on the market transformation and its possible effects on sales, and to identify winning factors in the future sales processes. In the beginning of the thesis is literature review on the business environment, market transformation and sales-related theories.

Simplified ICT-ecosystem can be divided into four layers: 1) networked element providers, 2) network operators, 3) platform, content and applications providers and 4) consumers. Traditionally telecommunications have formed the foundation for the ICT-ecosystem and telecom industry has been in huge part in boosting economic growth. Technological convergence enables other companies to provide similar solutions with different technology. Technological convergence creates both new challenges and new opportunities for telecom industry.

Value creation is evolving from suppliers distributing the value to customers in form of pure products to creating the value in cooperation where more emphasis is put onto creativity and innovations. In value network these innovations are created in cooperation between customers and suppliers. Value proposition is the balance between the defined customer with its needs and the value created for the customer. Good value proposition requires understanding on customer needs and own capabilities.

Understanding the customer is not enough in value networks but partners, employees, owners and suppliers must be understood as well to identify the true customer requirements. Cooperation and openness in relationship can ensure the continuity of the relationship and improve the productivity of the relationship. Personal factors and the seller profile can influence the sales processes until the purchase decision, but good relationship management is needed to ensure the relationship continuity.

Organizational learning must take place before process innovations can happen and new processes can be implemented successfully. Learning enablers, including mutual understanding and consensus, must be accomplished before organizational learning can happen.

The empirical study is made by interviewing people working in the customer interface for a networked element provider. The interviewees are working for sales organization, delivery organization and sales support. The theme questions to guide the interviews were chosen based on findings in the literature review.

Based on the interview results both the networked element providers -layer and network operators -layer of ICT-ecosystem are transforming due to technological convergence and consolidation. Technological convergence and consolidation cause other changes with them. Due to the changes there is currently uncertainties regarding the customer needs in the future.

In the interviews the most recognized winning factor in the sales processes in future is strategic partnership. This reflects the change from simple value chain where value is distributed, to value network where the value is created in cooperation. In strategic partnership the supplier is considered as partner and a counsel that brings in new insight regarding the market trends and new solutions and helps to understand the end customer better. Simple processes and aligned organization are other highly recognized winning factors in the sales process.

When it comes to winning factors in the supplier, products and services, reliability, flexibility and pioneering are the most recognized winning factors, so companies must be stable with promise of continuity but at the same time they must be able to develop new solutions according to market changes, and they must be able to adapt even in fast pace if necessary. Regarding products and services recognized winning characteristics put more weight to products but services and good service orientation is needed for strategic partnership to work.



The market transformation must be studied more thoroughly and followed actively for longer period to gain better understanding on changing customer needs. Networked element providers' value proposition must then be adjusted accordingly, and processes related to each product and service of the new offering must be identified. The processes should be simplified and then learned organization-wide to enable process innovation and implementation of the new process.

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## **APPENDICES**

### **APPENDIX 1. Directive questions for theme interviews**

#### **General information**

- What is your job description (shortly)?
- What kind of customers do you work with?

#### **Market transformation**

- Are there noticeable changes happening in the traditional telco market?
- What kind of changes can be detected?
- How does the customer field change?
- Are the consumer habits or their changes reflected through the ICT ecosystem up to the company X (on the first level of the ecosystem)?
- What kind of companies are the worst competitors for company X?
  - Nowadays?
  - In the future?
- How does the new technologies affect an existing competitor field?
- How does the new technologies affect existing customer service and sales processes?

#### **Sales process**

- Which factors in the current sales processes are particularly effective?
- Which factors in current customer service and sales processes would require change or development?
- Moving away from a natural monopoly on the Telco market (is this happening?), how does the change appear in the sales process?
- Acquisition of new customers? Selectivity? What does a supplier value in the customer?
- Is current sales more active or passive sales?

- Knowing the customer;
  - How is it done between the organizations?
  - How is it done internally?
- Would it be possible to be ahead of RFX?
- How would it be possible to get ahead of RFX?
  - What benefits and changes would it cause?

### **Winning factors**

- What factors customers value in products?
  - Nowadays?
  - In the future?
  - How does it affect the role of the supplier?
- What characteristics customers value in suppliers?
  - Nowadays?
  - In the future?
- What factors customers value in services?
  - Nowadays?
  - In the future?
- How can a viable and effective sales process be ensured in the future?
  - What kind of activities and human resources would it require?
  - What kind of roles do a functional sales process require?
- How can support be provided at organizational level for:
  - Operating of the sales process?
  - Successful selling?
  - Development of the sales process?

**Something else regarding the market change and development of the sales process?**



## APPENDIX 2. Clustered interviews per interviewee

### Interview 1

<b>TRANSFORMATION</b>	<b>Market transformation</b>	<ul style="list-style-type: none"> <li>• Growing service offering of network operators</li> <li>• OTT service providers accessing the same market</li> <li>• Technology becoming mundane</li> <li>• Increasing complexity due to globalization</li> <li>• New opportunities due to globalization</li> <li>• Cooperation between seller and customer</li> </ul>
	<b>Transformation in the customer interface</b>	<ul style="list-style-type: none"> <li>• Importance of customer experience</li> <li>• Easier bidding for suppliers</li> <li>• Increasing openness</li> </ul>
<b>WINNING FACTORS</b>	<b>Winning factors in the sales process</b>	<ul style="list-style-type: none"> <li>• Knowing your customer</li> <li>• Selecting customers relevant by size</li> <li>• Strategic partnership</li> <li>• Utilizing the correct information</li> <li>• Organization aligned for customer interface</li> <li>• decreasing bureaucracy</li> <li>• Simplifying heavy processes</li> </ul>
	<b>Winning characteristics in the supplier</b>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Continuity</li> <li>• Pioneering</li> <li>• Visionary</li> <li>• Decision speed</li> <li>• Flexibility</li> <li>• Ability to regenerate</li> </ul>
	<b>Winning characteristics in the products and services</b>	<ul style="list-style-type: none"> <li>• Flexibility</li> <li>• Scalability</li> <li>• Workability</li> <li>• Price is not the most important factor</li> </ul>

## Interview 2

<b>TRANSFORMATION</b>	<b>Market transformation</b>	<ul style="list-style-type: none"> <li>• Merging of different markets</li> <li>• Consolidation</li> <li>• More global customer field</li> </ul>
	<b>Transformation in the customer interface</b>	<ul style="list-style-type: none"> <li>• More global customer field</li> <li>• Operating customers' systems</li> </ul>
<b>WINNING FACTORS</b>	<b>Winning factors in the sales process</b>	<ul style="list-style-type: none"> <li>• Cooperation</li> <li>• Guiding customers' business needs</li> <li>• Competitor analysis</li> <li>• Copying proven practices</li> <li>• Balancing the time consumed internally and the time towards customer</li> </ul>
	<b>Winning characteristics in the supplier</b>	<ul style="list-style-type: none"> <li>• Flexibility</li> <li>• Innovativity</li> <li>• Reliability</li> <li>• Continuity</li> <li>• Agility</li> <li>• Speed</li> <li>• Customer service capabilities</li> <li>• Humane capabilities</li> <li>• Price trend</li> </ul>
	<b>Winning characteristics in the products and services</b>	<ul style="list-style-type: none"> <li>• Standardized products and services</li> <li>• Quality</li> <li>• Usability</li> <li>• Stability</li> <li>• Price (not the most important factor)</li> </ul>

### Interview 3

<b>TRANSFORMATION</b>	<b>Market transformation</b>	<ul style="list-style-type: none"> <li>• Expansion of the market</li> <li>• Smaller companies producing sub-products</li> <li>• Network operators becoming intermediaries</li> <li>• Changes in the value networks reflecting stronger to the market</li> </ul>
	<b>Transformation in the customer interface</b>	<ul style="list-style-type: none"> <li>• Changes in the ecosystem reflecting to other levels faster than before</li> </ul>
<b>WINNING FACTORS</b>	<b>Winning factors in the sales process</b>	<ul style="list-style-type: none"> <li>• Personal relationships</li> <li>• Simplifying processes</li> <li>• Straightening processes</li> <li>• Guiding the direction of customers' businesses</li> <li>• Being present at every organizational level</li> <li>• Selecting customers relevant by size</li> <li>• Faster decision-making</li> </ul>
	<b>Winning characteristics in the supplier</b>	<ul style="list-style-type: none"> <li>• Personal contact</li> <li>• Reliability</li> <li>• Credibility</li> <li>• Continuity</li> <li>• Stability</li> <li>• Way of working in a customer environment</li> </ul>
	<b>Winning characteristics in the products and services</b>	<ul style="list-style-type: none"> <li>• Technical capabilities</li> <li>• Price</li> <li>• Functioning of billing process</li> <li>• Product lifecycle</li> </ul>

#### Interview 4

<b>TRANSFORMATION</b>	<b>Market transformation</b>	<ul style="list-style-type: none"> <li>• Technological convergence</li> <li>• Co-competition</li> <li>• Conflict between the value propositions of telecom-vendors and ICT-companies</li> </ul>
	<b>Transformation in the customer interface</b>	<ul style="list-style-type: none"> <li>• Price getting more important</li> <li>• Network operators widening offering</li> <li>• Automatization</li> <li>• Suppliers operating customers' systems</li> </ul>
<b>WINNING FACTORS</b>	<b>Winning factors in the sales process</b>	<ul style="list-style-type: none"> <li>• Effective sales toolkit</li> <li>• Qualification for profitable projects</li> <li>• Globally clear roles and responsibilities in the sales process</li> <li>• Risk evaluation and scenarios</li> <li>• Scoping</li> <li>• Suppliers being active members of partnership</li> <li>• Identifying the relevant information and sharing it with the relevant people</li> </ul>
	<b>Winning characteristics in the supplier</b>	<ul style="list-style-type: none"> <li>• Personal contact</li> <li>• Perseverance</li> <li>• Continuity</li> <li>• Reliability</li> <li>• Stability</li> <li>• Clear roles and responsibilities (in the sales process)</li> </ul>
	<b>Winning characteristics in the products and services</b>	<ul style="list-style-type: none"> <li>• Good document and contract structures</li> <li>• Standardization</li> <li>• Scalability</li> <li>• Quality</li> </ul>

## Interview 5

<b>TRANSFORMATION</b>	<b>Market transformation</b>	<ul style="list-style-type: none"> <li>• Consolidation</li> </ul>
	<b>Transformation in the customer interface</b>	<ul style="list-style-type: none"> <li>• Consolidation</li> <li>• Globalization</li> <li>• Increasing amount of data transmissions creating new customer needs</li> </ul>
<b>WINNING FACTORS</b>	<b>Winning factors in the sales process</b>	<ul style="list-style-type: none"> <li>• Understanding customer needs at every organizational level</li> <li>• Identifying management's goals</li> <li>• Clear sales responsibility</li> <li>• High-quality delivery organization</li> <li>• Efficient information sharing</li> <li>• Preparing for customer cases before required by the customer</li> <li>• Streamlining and speeding up processes</li> </ul>
	<b>Winning characteristics in the supplier</b>	<ul style="list-style-type: none"> <li>• Existence</li> <li>• Continuity</li> <li>• Reliability</li> <li>• Flexibility</li> <li>• Know-How</li> </ul>
	<b>Winning characteristics in the products and services</b>	<ul style="list-style-type: none"> <li>• Costs</li> <li>• Fluency of services</li> </ul>

## Interview 6

<b>TRANSFORMATION</b>	<b>Market transformation</b>	<ul style="list-style-type: none"> <li>• Aggressive consolidation</li> <li>• Widening offering by acquiring other companies</li> <li>• Transformation limited by regulation</li> <li>• New competitors due to technological change</li> </ul>
	<b>Transformation in the customer interface</b>	<ul style="list-style-type: none"> <li>• Consolidation</li> <li>• Wider and more complex customer field due to larger offering</li> <li>• Desires varying between customers' different organizational levels</li> </ul>
<b>WINNING FACTORS</b>	<b>Winning factors in the sales process</b>	<ul style="list-style-type: none"> <li>• Bringing information and copying proven solutions globally</li> <li>• Influencing customers' desires</li> <li>• Knowing customer at every organizational level</li> <li>• Sharing information to right people internally</li> <li>• Adjusting according to customer organization</li> <li>• Easing processes</li> </ul>
	<b>Winning characteristics in the supplier</b>	<ul style="list-style-type: none"> <li>• Pioneering</li> <li>• Extent of offering</li> <li>• Spontaneity</li> <li>• Staying on schedule</li> </ul>
	<b>Winning characteristics in the products and services</b>	<ul style="list-style-type: none"> <li>• Standardization</li> <li>• Integrability</li> <li>• Technical capabilities</li> <li>• Support</li> <li>• Costs</li> </ul>

## Interview 7

<b>TRANSFORMATION</b>	<b>Market transformation</b>	<ul style="list-style-type: none"> <li>• ICT-companies coming to the same overall market</li> <li>• Consolidation</li> </ul>
	<b>Transformation in the customer interface</b>	<ul style="list-style-type: none"> <li>• Changes in consumer and business behavior reflects to network operators</li> <li>• Network operators rethinking their value proposition</li> </ul>
<b>WINNING FACTORS</b>	<b>Winning factors in the sales process</b>	<ul style="list-style-type: none"> <li>• Identifying relevant customers</li> <li>• Good control in making offers</li> <li>• Identifying correct internal and external indicators to be measured</li> <li>• Influencing customers business development in every organizational level</li> <li>• Centralizing overall management of the sales processes</li> </ul>
	<b>Winning characteristics in the supplier</b>	<ul style="list-style-type: none"> <li>• Service orientation</li> <li>• Reliability</li> <li>• Strong customer relationship</li> <li>• Acting on time</li> <li>• Perceiving the future</li> </ul>
	<b>Winning characteristics in the products and services</b>	<ul style="list-style-type: none"> <li>• Price</li> <li>• Reliability</li> </ul>

### **APPENDIX 3. Summary of clustered interviews per theme**

#### **Market transformation**

<b>Market Transformation Factors</b>	
Technological convergence / Merging of telecom and ICT-markets	6
Consolidation	4
Growing service offering of network operators	3
Wider offering by having smaller companies as partners or subsidiaries	2
New opportunities due to globalization	2
Increasing complexity due to globalization	1
Cooperation between seller and customer	1
Technology becoming mundane	1
Conflict between the value propositions of telecom-vendors and ICT-companies	1
Co-competition	1
Transformation limited by regulation	1

#### **Customer field transformation**

<b>Customer Field Transformation Factors</b>	
Changes in consumer and business behavior reflects to network operators	5
More global customer field	2
Consolidation	2
Managed services	2
Easier bidding for suppliers	1
Wider and more complex customer field due to larger offering	1
Importance of customer experience	1
Increasing openness	1
Desires varying between customers' different organizational levels	1
Price getting more important	1
Automatization	1



### Winning factors in the sales process

Winning factors in the sales process	
Understanding customer needs at every organizational level	6
Decreasing bureaucracy and simplifying processes	6
Efficient information sharing and utilization	4
Selecting customers and projects relevant (by size)	4
Influencing customers' business needs	4
Strategic partnership	3
Globally clear roles and responsibilities in the sales process	2
Bringing information and copying proven solutions globally	2
Faster decision-making	2
Personal relationships	1
Identifying management's goals	1
Risk evaluation and scenarios	1
Scoping	1
Identifying correct internal and external indicators to be measured	1
Good control in making offers	1
Centralizing overall management of the sales processes	1
High-quality delivery organization	1
Effective sales toolkit	1
Competitor analysis	1
Adjusting according to customer organization	1

### Winning characteristics

<b>Winning characteristics in the supplier</b>	
Reliability	6
Continuity	6
Pioneering	5
Customer service capabilities	4
Personal contact	3
Flexibility	3
Speed	2
Staying on schedule	2
Stability	2
Perseverance	
Agility	
Clear roles and responsibilities	
Know-How	
Extent of offering	
Ability to regenerate	
Credibility	
Spontaneity	
Price trend	

### Winning characteristics in the products and services

Winning characteristics in the products and services	
Technical capabilities	4
Price (not the most important factor)	4
Standardization	3
Usability	2
Stability	2
Scalability	2
Costs	2
Support	2
Flexibility	
Integrability	
Product lifecycle	
Good document and contract structures	
Functioning of billing process	