Secmaker – a R&D-focused IT security company

Investigating risks associated with outsourcing the sales function

ERIC ANDERSON

Secmaker – a R&D-focused IT security company

Investigating risks associated with outsourcing the sales function

Eric Anderson

Abstract

The emergence of the personal computer has had huge impact on society. Implications of which have been difficult to foresee. Following the arrival of the Internet, IT security has become an increasingly important aspect of business. If a firm does not take IT security seriously it may cause major financial loss, and reflect poorly on decision makers. To cater to the needs of businesses, and public sector organizations, the IT security industry has grown fast.

Following this development, Secmaker has emerged as one of the leading IT security companies in Scandinavia. Secmaker AB was founded in 1994 in Stockholm. Their product NetID is a Public Key Infrastructure (PKI) system, which allows information to be exchanged securely in a normally insecure environment, for example the Internet. Today they have

grown to a staff of 34, consisting mainly of developers and a handful of sales and management employees.

Due the nature of the industry Secmaker has taken the strategic decision to outsource the sales force. Previously when Secmaker's clients consisted mainly of public sector organizations they have dealt with the sales process themselves. This did not prove to work all the time so when moving into the private sector they decided on using sales partners in order to reach new customers.

The purpose of this thesis is to investigate and explore the potential risks in outsourcing a sales force. We limited us in investigating the sales process alone. This allowed us to leave the technical aspects of the product to the side, and focus on this phase in which they previously had issues.

The method used in this thesis is a qualitative, inductive, case study. We have collected data by performing semi-structured interviews with key figures in the industry both within Secmaker, and independent. Further this primary data will be analyzed with respect to our theoretical, secondary, data we have collected through a comprehensive literature study.

Thesis main conclusion is that by outsourcing the sales force there are strategic risks involved, the main one being the risk of alienating oneself from the end customer. Also it is important to define what strategic orientation one has, and who is the customer, the end user or the consultant? Further we recognize the need for improved project management within the company.

Key-words

Strategic orientation, Relationship management, IT security, Project Management, Outsourcing, Value Creation

Contents

Chapter 1 – Introduction

The first chapter introduces the background and aim of the thesis. Also, research questions are presented and limitations discussed.

1.1 Background

One of the most important developments during the past century has been the emergence of the personal computer. The effect the personal computer has had on society should not be underestimated. As the Internet emerged, connecting users around the world, personal computers spread to every corner of the planet and into all aspects of our lives. Also, the rate at which this happened has been exceptionally fast, leading to unanticipated security and integrity issues.

One of these issues is the challenge companies face when addressing data security. To be taken seriously, corporations need to have mechanisms in place protecting confidential information. Today, sensitive data can be sent to employees' telephones, computers, or even cars. How can organizations ensure investors, clients, or customers that this information is protected and handled confidentially? Awareness of this problem is growing and most companies are starting, or have taken steps to address it. However, there is still much do be done when it comes to providing companies with IT-security solutions. For example, a problem IT-security companies and their customers face is that it still is not clear who in the organization should be responsible for handling IT-security. This makes it difficult for companies to put an effective strategy in place, and it makes it difficult for security providers to sell their products.

Another difficulty in the IT-security marketplace is that companies do not fully understand the dangers and constant threats to their information security. In short, clients are not knowledgeable enough to make the best procurement decisions. This leads to a lengthy sales process.

Secmaker, and many other IT-security companies have adhered to the practice of using consultants and partners when selling their products. Essentially outsourcing their sales function in order to focus on their strengths. This also means that the sales process is shortened for Secmaker. But this practice can have risks associated with it.

Therefore this thesis aims to investigate the potential risks with outsourcing a company's sales function. Secmaker will be used as a case study from which broader conclusions will be drawn.

1.2 Purpose and objectives

This thesis will investigate what problems and risks can arise from outsourcing too much of a company's sales process. One way in which a sales function is outsourced is when a company relies heavily on consultants and partners to sell their products.

We aim to assess the strategic risk a company may face by looking at aspects such as:

- The strategic importance of building long-term customer relationships
- Marketing practices. Where and how does Secmaker communicate with the market?
- What factors affect customer perceptions of the company?

Apart from sales, the authors believe marketing and project management to be the most important areas of activity in a company involving customer contact. Therefore, a second purpose of the thesis will be to investigate if these activities can reduce the potential risk companies face by outsourcing the sales function.

1.3 Research question

The authors aim to answer these questions:

- What are the strategic risks associated with outsourcing a sales function?
- Can customer contact through marketing and project management compensate for these risks?

1.4 Limitations

As mentioned, the study will focus on the marketing and sales aspects of Secmaker's main product NetID. A main limitation is that the authors lack competence in the technical aspects of the product. Therefore no programming or product design analysis will be made.

Also, the case of outsourcing a sales function will be empirically researched only through looking at Secmaker. However, the study will be conducted in general terms so that conclusions and recommendations can be applied to any company in a similar situation.

Chapter 2 – Methodology

Following the introduction in chapter one, chapter two discusses the methodology of the study. That is, how the study has been conducted, the work process, type of study, research process. The process and specifics of collecting data is mentioned together with the outline of interview questions used. The chapter ends with criticism of sources and a discussion on credibility.

2.1 Work process

The authors have spent six months completing this thesis. Work began in June 2012 and was concluded in December 2012.

Thesis proposal

Writing a thesis proposal was the first step. The proposal outlined the whole research process, including research questions, chosen empirical method, limitations and an initial literature study.

After the proposal had been presented and approved, the authors conducted the research in the following order:

1. First meeting with Secmaker. Gaining an understanding of the company and its products.
2. Literature study. Delving deeper in the literature that had been identified when writing the thesis proposal. Two main areas where chosen for further study: project management and marketing.
3. Interviews with Secmaker employees and managers.
4. Analysis of findings.
5. Iteration of research questions.
6. Interviews with IT consultancies.
7. Iteration of research questions. Discussion with supervisor.
8. Further literature study. Added outsourcing as a main area of research interest.

9. Interviews with customers.

10. Analysis of empirical results and theoretical findings.

11. Writing, editing.

12. Drawing conclusions and stating recommendations.

13. Submitted thesis.

14. Final presentation.

2.2 Type of study and research method

The study has been of a qualitative, inductive nature. Semi structured interviews have been used to gain insights into the sales, marketing and project management aspects of Secmaker and its partners.

A further research tool that has been used is a case study into the sales practices of Secmaker. The case study allows the authors to generalize their results in strong correlation with theories.

2.2.1 Case study

"A case study is a methodology that is used to explore a single phenomenon (the case) in a natural setting using a variety of methods to obtain in-depth knowledge."

(Collis & Hussey, 2009, p.82)

According to Scapens (1990) there are four different types of case studies when there exists a sufficient amount of theory on which to base a case study: descriptive case study, illustrative case study, experimental case study and the explanatory case study. The type of case study that best fits the research conducted in this thesis is the explanatory case study. Scapens describes this form of case study as one where "existing theory is used to understand and explain what is happening."

Furthermore, there are two different ways in which one can structure a case study: a comparative case study and a single critical case study. A comparative case study studies two or more objects, all in the same manner, and findings are compared to one another. In this structure, the more objects studied, the more generalizable the results. In single critical case studies it is difficult to generalize the results, unless there is a clear set of theories with which the results conform.

2.2.2 Research paradigm

This thesis will be conducted through interpretive research. It is the authors' belief that perception of reality is subjective and therefore possible to influence (Collis & Hussey, 2009).

The author's belief regarding the way in which information is gathered, the epistemology (the theory of knowledge with regards to methods and validity), greatly corresponds with an interpretive view. Since the research will be conducted through the author's own observations and interpretations of the interview subjects this approach seems valid.

A literature study will be performed to serve as a knowledge platform, to structure, comprehend and explain the observations. The academic theory will serve as tool when analyzing the empirical data to understand mechanisms and processes.

Furthermore the thesis attempts to illustrate how the development process of these processes can be improved. Overall, the thesis will attempt to use qualitative methods, as they are useful when a profound and nuanced description is sought for (Collis & Hussey, 2009).

2.2.3 Inductive Study

Since our research is not suitable for quantifying, our data will be drawn from investigatory work, semi structured interviews, as opposed to gathering empirical data from

questionnaires. Therefore, to prove our hypothesis we regard an inductive study as appropriate.

"Inductive research is a study in which theory is developed from observation of empirical reality; thus, general inferences are induced from particular instances..."

Collis & Hussey 2010

For the study to be successful it is important to conduct diverse interviews. The fewer the sources the less accurately we will be able to analyze the link between theory and practice.

2.3 Data collection

Data collection was conducted using two sources. The primary source of data was interviews with employees at Secmaker, customers of Secmaker, IT consultants and marketing consultants. The secondary source of data was a literature study. As this case study is a single critical case study, the aim is to gather as much data as possible from interviews and analyse, taking into consideration the theory found in the literature. As stated, by correlating data with theories, general conclusions can be made.

2.3.1 Sampling

A great deal of thought went into sampling our interview objects. Research states that the range of samples affects the quality of data (Ochieng & Price, 2010). With this in mind we sought to interview people in different positions within Secmaker, as well as people in varying positions outside of Secmaker.

To gain an insight into all levels of Secmaker we interviewed people from a range of levels and roles, from the CEO to technicians working with day-to-day programming. We also interviewed five different IT consultants, with different profiles, from a specialized IT security consultant to a general IT consultant.

13

The interviewees had the following roles:

- CEO of Secmaker
- Project Manager from Secmaker
- Technician from Secmaker
- Four IT consultants specializing in IT security
- Key Account Manager at a IT consultant firm
- Two marketing consultant that have previously worked with Secmaker
- Customer active in the healthcare industry
- Customer in the Retail industry
- Associate Professor in Operations Strategy

2.3.2 Semi structured interview

The interviews undertaken should be classified as semi-structured. Semi structured interviews go well with qualitative research as they allow a greater openness in posing questions and responses.

2.3.2 Interview questions

Depending on the respondent, three sets of interview questions where used.

2.3.2.1 Secmaker

1. What does Secmaker's sales process look like?

2. In what customer segments is Secmaker represented today?

3. How does Secmaker come into contact with customers?

4. What is the normal timespan from first contact until the sale is completed?

5. From your point of view, what are the three biggest areas of improvement in Secmaker's sales process?

6. When meeting clients, which representatives are sent from Secmaker?

7. Does Secmaker have any "dream clients"? If so, could you please mention three?

8. Has Secmaker's sales strategy changed in the past? If so, how?

9. Who are Semaker's main competitors?

10. How many employees from Secmaker work in sales?

11. What is the biggest setback Secmaker has faced?

12. What is Secmaker's biggest success?

2.3.2.2 Sales partners

1. What are the main requirements placed on partners?

2. Why have you chosen to work with Secmaker?

3. How much does Secmaker sell through you?

4. What is the greatest benefit Secmaker gain when selling products through you?

5. What are the most important aspects when customers choose Secmaker's products? Price, security, flexibility, logistics, customization, standardization?

6. Do you have a project management model in place?

7. What are the main steps in a project that aims to implement Secmaker's products?

8. What are some competing technologies to Secmaker's security solutions?

9. How much and what do your customers know about IT Security?

2.3.2.3 IT consultants

1. When dealing with a client, who is usually in charge of IT security?

2. What is the level of knowledge amongst employees regarding IT Security?

3. How much does upper management understand about IT-security?

4. Is it difficult to get funding for IT-projects in organizations you work with?

5. What is most important for the IT department when choosing security providers?

6. Have your clients mentioned instances of financial loss due to lack of IT security?

7. What kind of products do you normally recommend your customers?

8. Please describe your relationship with product or solution partners?

9. Is there a common problem/issue that you find when dealing with partners?

10. What would you say is the most important aspect of improving a customer's IT security?

2.3.3 Environment

The interviews were all held in conference rooms in the offices of the respondent. All conference rooms were soundproofed. This provided a sense of privacy, and allowed the respondent to relax and speak more freely than he/she might have otherwise.

2.3.4 Interview channels

All interviews were held face to face at the respondent's workplace. Some interviewees wanted to prepare for the interview, which meant that they were given general questions and topics to be discussed beforehand.

2.3.5 Length of interview

Most interviews lasted approximately one hour, with the exception of one that lasted for two hours. This was due to the fact that three people were interviewed at the same time.

2.4 Criticism of sources

Interviewees were chosen so that data and insight could be gained from all parts of Secmaker's sales process, from the employees themselves to sales partners and customers.

One aspect of this selection that could be criticized is that information has been gathered from several different sales partners and customers, but not from companies similar to Secmaker. If this had been done the research would have become more generalizable and perhaps applicable to all companies in the same sector as Secmaker.

Another point that should be mentioned is that after a few interviews with Secmaker, the results started to become saturated. We began to get the same answers from interviewees. Also, it sometimes felt as if the interviews ended up being sales meetings. The feeling was as if the interviewees had been to several similar meeting many times before.

Also, one major weakness in the sources is that interviewees employed by Secmaker may be biased to answer interview questions or choose not to include certain, perhaps sensitive matters.

The reason for this has to do with the fact that it was not always clear what the aim of the thesis would be and the interviews started before this was decided. Also, as opposed to a larger company, Secmaker has no experience with thesis students. Perhaps a better insight into what can be accomplished using thesis students would help Secmaker attract cheap or free talent in the future.

2.5 Credibility

"*Credibility is concerned with whether the research was conducted in such a manner that the subject of the enquiry was correctly identified and described. Credibility can be improved by the researcher involving him or herself in the study for a prolonged period of time, by persistent observation of the subject under study to obtain depth of understanding, by triangulation by using different sources and collection methods of data, and by peer debriefing by colleagues on a continuous basis.*" (Collis & Hussey, 2009)

Lincoln and Guba (1985) state that there are four categories to consider when evaluating an analysis. These are: credibility, transferability, dependability and conformability.

In order to maintain a certain degree of credibility it was important that the interviewees were credible in themselves. Furthermore the questions in the interviews were the same for all interviewees to the furthest possible extent allowed in a semi-structured interview.

Transferability is concerned with the notion of generalizability. It is important that the findings are applicable to different situations. It has therefore been important to avoid specific questions regarding technical aspects of the product and focus on general aspects of the sales process and outsourcing.

In striving after dependability of this thesis all interviews have been transcribed and analysed after each interview in order to review facts referred to by interviewees. Moreover conformability has been achieved by relying on tested theory on interview techniques and applying them to the furthest extent to all interviews.

As mentioned in the previous section, criticism of sources, after being emerged in Secmaker for a while, the findings gained through interviews began to become saturated. However, this does not affect the credibility of the study. The fact that this happened was not a result of the author's performance. Any other thesis students would most likely have faced the same problems. Therefore, the weak points in the study's sources do not affect the credibility of the study.

It was also mentioned in the previous section that the empirical study has been limited to assessing Secmaker's situation. Perhaps a study including several other firms similar to Secmaker would lead to a different perception of the results gained from Secmaker. However, this would be a different study in itself and does not affect the credibility of this study.

It can be discussed whether a more extensive and diverse range of interview subjects would affect the credibility of this thesis. Perhaps, on a detailed level, but on the other hand the thesis is so closely connected to the case study of Secmaker. Data has been collected form all parts of the sales process and venturing further away from these sources, and including other IT security providers would direct the study in a different direction.

Chapter 3 – Theoretical framework

This chapter aims to present a foundation of theory in outsourcing, marketing and project management that will later be used in the analysis section.

3.1 Outsourcing

3.1.1 Strategic Outsourcing

One definition of outsourcing is:

"The operation of shifting a transaction previously governed internally to an external supplier through a long-term contract, and involving the transfer of staff to the vendor" (Lacity and Hirschheim, 1993; Barthélemy, 2001)

Outsourcing can be a strategy for companies to leverage resources, capabilities and competences. The practice can also help companies free up resources allowing them to focus on more important or rewarding opportunities. (Kavcic and Tavcar, 2008)

According to Porter (1996), if many companies in an industry start to use the same solution the strategic advantage of doing so diminishes. This is also true for outsourcing. For the practice to be considered a strategic choice it must be a choice only taken by a limited number of firms in an industry. (Quelin and Duhamel, 2003)

Policies and decisions related to outsourcing affect many factors of a company's activities: resource allocation, asset management practices. Managers can also use outsourcing as tool to diversify risk and to avoid large, irreversible investments. It is also important to realize that a decision to outsource is also costly to reverse (Quelin and Duhamel, 2003).

With the intention of improving value created by shareholders, financial operators sometimes put intense pressure on companies to reduce asset investments and to outsource certain operational activities. Studies (Alexander and Young, 1996) have shown that outsourcing can have a positive impact on a company's market value (Quelin and Duhamel, 2003).

But even though the market value of a company is improved by outsourcing, it is important that the practice creates value for the company and customer (reduced costs and improved performance for instance). When assessing an outsourcing decision, both value creation and value appropriation processes must be assessed (Alexander and Young 1996).

Outsourcing is usually seen as a strategy to reduce costs, but this only true in certain cases. One example is where the outsourcer gains access to economies of scale through an external provider. Generally, if the only benefit to come from outsourcing is engaging a supplier to perform the same tasks at a lower cost than the cost reduction could be achieved more efficiently by reorganizing the company's operations (Lacity and Hirschheim, 1993). Also, managers have also found that there are high costs associated with switching to an external provider: supplier selection, negotiations, reorganization, and control (Quelin and Duhamel, 2003).

Cutting costs may not always be the main issue when outsourcing. The main challenge is balancing the benefits of short term cost reductions with the company's long term competency and reputation, qualities which are directly linked to how the company will perform in terms of quality of service.

3.1.2 Outsourcing core competencies

A corporation can be viewed as a tree. Its core products are the trunk and big branches, the smaller branches make up business units and the leaves are the end products. Providing the tree with nourishment and stability is the root system, the core competencies. When analyzing a company it's easy to miss the reason of their success by only judging the end products. In the same way, the strength of a tree is not visible through looking at the leaves. (Prahalad and Hamel 1990)

Core competencies usually have three characteristics (Prahalad and Hamel 1990):

- In a diversified company, a core competency gives the company access to a wide range of markets.
- When using an end product, the customer should perceive a benefit compared to competitors products stemming from the core competency.
- Core competences are difficult for competitors to imitate.

Although conventional wisdom states that core competencies should be kept in house, having a permanent place in the organization. However, there is no universal definition of a core competency. Therefore, managers do end up outsourcing core activities in one way or another. In addition to Prahalad and Hamels three characteristics of core competencies, Alexander and Young (1996) list four attributes of core activities. Having defined these, Alexander and Young (1996) discuss risks and opportunities when outsourcing these activities.

1. Activities which have a long tradition of being performed internally.

One example of a company which successfully outsourced large parts of traditionally in-house activities is Apple. The company managed to grow rapidly by switching organizational focus to adding their unique value whilst outsourcing other aspect of its operations.

However, it is easy for a company to fall in the mantra of 'if it ain't broke don't fix it'. This may carry some weight but it also makes an organization inflexible and limits continuous improvement.

2. Activities which are critical to performance.

Certain activities in an organization have more or less potential to damage the company's overall performance. For instance, business can proceed as usual if outsourced cleaning or catering is lacking in quality. On the other hand, poor quality in production or customer support has a large impact on the organization's performance.

Another risk of outsourcing critical activities is losing power of variables that can greatly affect the long term success of the company. Putting price raises or access to supplies in the hand of someone else can pose a large threat. These risks can however be mitigated by clearly communicating expectations and including them in well-designed contracts.

It is important to remember that even though an activity may be critical to performance. This does not mean that the company performs the task best by itself. For example, an oil rig relies heavily on security and reliability of components for production not to stop. This does not mean that they manufacture and maintain all components themselves. They are happy to pay a premium price to an external supplier to make sure there are no disruptions in production.

Also, newly started companies can benefit greatly from outsourcing critical activities. This can allow for the organization to be flexible and focus on internal growth. In these cases, managers should put emphasis on benchmarking to make sure that, they compared with competitors are getting the same or better value from partners.

3. Activities which create a competitive advantage

Naturally there is a lot of incentive to keep these activities in the organization. If activities unique to the company, creating a competitive advantage where to fall in the wrong hands the company could jeopardize its entire position.

However, there is an argument against this claim. If a company has a weakness in one or a few aspects of the processes that build its competitive advantage it could benefit from finding an external supplier. By finding the most competent supplier this could be a step for the company to strengthen and secure its competitive advantage.

4. Activities which drive growth and renewal

The main argument against outsourcing these types of activities is that they provide information needed for the organization to learn and perfect its products. The risk is that the organization becomes restricted if it doesn't have this information readily available.

Those who strongly advocate outsourcing argue that it is difficult to anticipate where new learning and growth in an organization will come from. It has been shown that unorthodox behaviors are often those that contribute to the most growth and development (Johnson 1992).

3.1.3 Motives for outsourcing

Scholars and practitioners have identified the main motives for outsourcing:

- Reducing operational costs
- Focusing on core competencies
- Reducing capital investments
- Improving measurability of costs
- Gaining access to external competencies, and improving quality
- Transforming fixed costs into variable costs
- Regaining control of internal departments

3.1.4 Outsourcing and the strategic orientation of a firm

The outsourcing market has grown vastly during the past years. This can be said to be a result of firms deciding to cut costs by outsourcing their non-core functions within the company. This often means that the sales function is outsourced to an independent third party. As stated, this practice has its advantages, primarily from a cost perspective, but also from flexibility and efficiency perspectives.

A firm needs to determine a specific strategic orientation in order to make decisions in how to run their business in the best way possible. The strategic orientation that a firm takes reflects the values and philosophy they have in conducting business and achieving success

(Gatignon & Xuereb, 1997). The values are then used in determining how to allocate resources in the pursuit of superior performance.

According to Rapp the strategic orientation of a firm will either have a positive or negative effect on the firm's decision to outsource the sales force. Furthermore he identifies seven different strategic orientations a firm can have and how they affect the decision to outsource (Figure 1 . He also recognizes there are other variables that affect this decision.
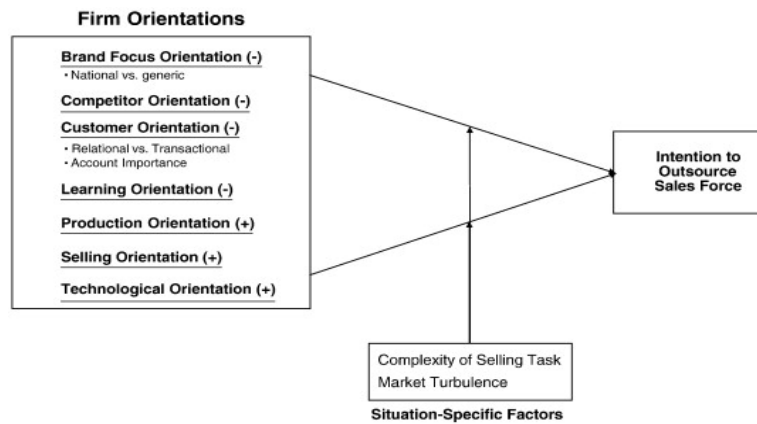
Figure 1. A firms strategic orientation in relation to the decision to outsource the sales function or not

Brand orientated firms:

A brand-oriented firm will allocate large resources in order to build a strong brand. Firms with a strong brand strategy will be less inclined to risk their brand name, or investment, by outsourcing their sales to individuals that are not directly associated with the brand. Brand oriented firms will be more likely to have an in-house sales team, consisting of people that reflect the characteristics of the brand and share the values of the brand.

Competitor oriented firms:

A competitively driven firm will have a strong ability to identify and react to their competitor's actions within product and strategic processes. They will be effective in furthering this information throughout the organization. They will have a strong will to differentiate themselves from their competitors. In order to do so they will offer additional offerings during, or after, a sale. Thus information from the customer is very important to

them; therefore they will typically want to have control over the sales process in order to gain access to this information and not outsource the sales function.

Customer oriented firms:

A customer-oriented firm will strive to create superior value for their customers continuously. This implies that they have a need to continuously identify key market segments and customer needs. To identify these factors a firm with this strategic orientation will value information gained through the sales process highly. Therefore they will be unwilling to outsource their sales function for risk of losing valuable information.

Learning oriented firm:

A learning oriented firm will try to continuously look for theories regarding their view of their surroundings i.e. customers, competitors and suppliers, and question them. A firm of this sort will aim to think "outside the box" in an attempt to identify key customer needs before their competitors do. Consequently the sales process and the information gained from it are crucial to the strategic orientation of the firm. Hence the probability of a negative decision in outsourcing the sales force.

Production oriented firm:

A firm with a firm production oriented strategy will believe that all cost saving actions are beneficial as they lower the cost of the product, which will in this way add value to the customer. Production oriented firm will therefore put cost saving before any other variable, and thus positive to outsourcing the sales force.

Selling oriented firm:

In a firm with a strong focus on sales there will be a strong conviction that customers will ultimately succumb to marketing pressure (Lamb, Hair & McDaniel, 2000). They goal is not to add value to the customer as their focus on marketing will not let them. Rather the goal is to sell as many products as possible. Therefore it makes sense to these firms to outsource the sales process, as they consider the third party are better equipped to effectively market a product.

<u>Technologically oriented firms:</u>

With a technological orientation strategy there is a heavy investment in the research and development of their product. Their goal is to provide the best product possible, from a technological viewpoint. Therefore they will be positive to outsourcing the sales force as it lets them focus on their product.

In addition Rapp identifies other variables that affect the decision of a firm to outsource their sales force. According to Rapp these are complexity of the task and market turbulence. With the growing complexity of a product there is a growing risk that there form a knowledge gap between the buyers and the supplier. With an outsourced sales force the risk of not having in-depth knowledge of the product increases. To eliminate this risk a firm with a complex product should have their own in-house sales team. In a turbulent market a supplier should consider have their own sales team as it is more important in times of market turbulence to be able to react to customers' needs and add value with one's product.

3.1.5 Tradeoffs between an in-house or outsourced sales function

An in-house sales function can be thought of as a company's window to the market. Employees in this division have insight into both their company and its customers, and as a result can provide management with data and insights which can be used to perfect the company's offering. (Ross, Dalsace, Anderson 2005). However, companies also have the option of hiring an external sales force. It is estimated that 50 percent of business to business transactions are conducted through independent manufacturer's representatives or agents (Taylor 1981; Barrett 1986).

When deciding on which route to take, often a simple break-even analysis is used: comparing the costs of achieving a certain number of sales in both types of sales organizations (Ross, Dalsace, Anderson 2005). However, important to consider are also the environmental factors that should pay a large part in the decision.

An in-house sales force offers management an increased opportunity for control and compliance. Also, it may be the case that the product in question requires a lot of technological knowledge. More than an external sales force can provide. On the other hand, an external sales force may be able to have influence over a specific group of customers. And in some cases a customer may wish only to communicate with a certain consultancy or partner. This could be because the firm has a more credible profile with the customer than the producer. (Dishman 1996). There are as many reasons for a company to outsource its sales force as there are against. But in practice, the most efficient system will most likely combine both practices (Ross, Dalsace, Anderson 2005).

The relationship between manufacturer and the external sales organization should be one of functional interdependence. For the relationship to be mutually beneficial both organizations must have shared goals, values and expectations (Robicheaux, 1975). Further, trust is an important factor for successful business relationships. Trust is built on mutual long-term interest. (Kavcic and Tavcar, 2008)

As mentioned, in practice, a mixture of both sales types may in many cases turn out to be the best option. However, firms may also cycle between using sales representatives and an in-house sales force (Figure 2).

Disengagement Decision

Period in which Manufacturer Hires Employee Sales Force to lower total sales costs

Re-engagement Decision

Period in which Manufacturer may employ Rep Firm to build sales with minimal fixed sales costs

SALES DECLINE

Manufacturer Re-employs Rep firm to lower fixed sales costs

SALES INCREASE
Territory Development
Product Acceptance

INTRODUCTION

RE-DEVELOPMENT
of Sales Base

Figure 2. A typical cycle of moving between in-house and outsourced sales function.

When setting up a business it would be beneficial to outsource the sales function in order to minimize costs and get fast access to a customer base. Later when the business grows the company may want to reap the cost benefit from setting up an in-house sales force (lowered kick back costs etc.). Theoretically this would take place at the height of a firm's growth. If sales drop later on the company may have to switch back to an external sales force. From here the cycle starts again. (Dishman 1996).

To take a decision regarding whether to outsource or not, decision managers can follow these steps:

1. Decide on strategic sales and marketing goals. The sales structure should aim at achieving these goals.
2. Put a sales cost program in place. This will provide information which can be used to periodically evaluate data and compare to other sales alternatives.
3. Assess which is most important: sales costs or long-term customer relationships? This can be performed for the market as a whole, for existing or perspective customers.

28

4. Perform a cost benefit analysis.

5. Assess future requirements of a sales force.

3.1.6 Managing risks

"Outsourcing started with companies outsourcing physical parts. Now the big shift has been to outsource intellectually based service activities like research, product development, logistics, human relations, accounting, legal work, marketing, logistics, market research. If you are not best in world in doing something and are doing it in-house, you are giving up competitive edge. You could outsource to the best in the world, up the value, and lower the cost."

The above quote by James Brian Quinn, Ph.D. illustrates the great possibilities of outsourcing. Outsourcing is in fact a strategy which has been proven to be effective and beneficial, in production and service activities. However, the practice involves entirely relying on a second party to perform a business function, sometimes essential to a company's success. As a result companies risk facing a negative outcome if it fails to manage its outsourcing. In a study from 2004, a consultancy, Protiviti identified four major risks companies face when outsourcing:

- Delays caused by factors outside the control of the outsourcing company. Weather, political unrest, labor disputes and port/customs delays can all affect delivery performance, and ultimately customer satisfaction.

- Quality of production and service. To be sure of consistent quality the company outsourcing must be careful when selecting, qualifying, contracting and managing the partners they engage in outsourcing actives.

- The transition phase when first switching to an outsourcing partner. The switch must be proceeded by sufficient planning as to not to face the risk of not meeting commitments to customers and shareholders.

- Financial or organizational instability of the supplier.

3.2 Marketing

3.2.1 Relationship marketing

The traditional marketing mix management paradigm of the Four P's (Price, product, place, and promotion) is a somewhat clinical approach to marketing. When using the Four P's as the framework for a company's marketing the seller is the active part and the consumer a passive bystander. (Grönroos, 1994)

A view is that relationship marketing is the missing component, allowing practitioners to more accurately assess marketing efforts. Grönroos (1994) describes relationship marketing as:

"Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises"

These relationships are almost always long term and can be divided into two parts, one is attracting the customer and the other is building a relationship with the customer that will meet the goals of both parties.

According to Calonius (1988) an integral part of relationship marketing is the promise concept. This concept is based on the idea that marketing should not only focus on making promises to customers. Making promises may attract new customers and build a relationship, but marketing must also maintain and enhance these relationships. Keeping promises achieves customer satisfaction, stabilizes the customer base and secures long term profitability (Reichheld and Sasser, 1990)

Another key component of relationship marketing is trust. There must exist a belief in the trustworthiness of the other partner. This trust stems from experience of the counter party's intentions, expertise and reliability (Grönroos 1994).

"From an academic or theoretical perspective, the relatively narrow conceptualization of marketing as a profit-maximization problem, focused on market transactions or series of transactions, seems increasingly out of touch with an emphasis on long-term customer relationships and the formation and management of strategic alliances" (Webster, 1992)

It is suggested that marketing efforts can be put on a marketing strategy continuum (Grönroos 1991) with transaction marketing on one end and relationship marketing on the other. Transaction marketing focuses on one sale at a time thus not around building a long term mutually beneficial relationship with the customer. (Grönroos 1994).

Products and services fit differently on this continuum. Packaged, consumer goods are often sold completely without any communication with the customer. On the other hand, complex industrial goods and service firms almost always require a great deal of customer contact. This leads to the conclusion that companies acting on a mass market will require much less focus on relationship marketing than those who rely heavily on customer contact (Grönroos 1994).

"Relationship marketing makes customers less price sensitive"

In transaction marketing the customer is tied to a company through its brand. On the other hand, firms heavily engaged in relationship marketing will develop closer and closer bonds with their customers over time. In many cases, these firms provide more value than the product itself. Ties will be strengthened through offering technical, knowledge, informational or social value. Grönroos (1994) goes on to state that when so much value is added together with the product that price becomes less of an issue:

The focus in marketing has shifted from activities attracting customers to activities concerning relationship building with customers (Grönroos & Ravald 1996). As the name

states, the core of this marketing philosophy is relation and the maintenance of relations. Firstly this philosophy regards to the relationship between a supplier and a customer, but could well regard to the relationship between company and public or any other member of the companies environment. What this strategy does not serve to maximize customer satisfaction by giving them the best product they can, but rather to give the customer the product that they need. Usually a company adds technical feature or support in order to increase value to the customer. However, this has been shown to alienate the supplier from the customer in that they are not seeing to the needs of the customer.

This is linked to the notion that the customer has to sacrifice something in order to buy a product. This is what relationship marketing takes into consideration. A customer might not need all of the extra applications and might perceive the product or service as more than they need. They perceive it as too great a sacrifice. Therefore the approach of adding more "value" to a product is no longer seen as a strategy to increase customer satisfaction. Instead companies should think of the Customer perceived value, which depends on the perceived benefits, and the perceived sacrifice:

$$Customer\ percieved\ value = \frac{Perceived\ benefits}{Perceived\ sacrifice}$$

By looking at the customer perceived value in this way one can see that this value increases if one reducing the perceived sacrifice of the customer. These sacrifices can be the price of the product, the convenience of installing the product or the support functions open hours.

3.2.2 Value creation

Customers will use the resources available to them; in using these resources the customer gains value from the product at hand, as Vargo states "there is no value until an offering is used". This should suggest that by having an extended relationship between supplier and customer, value co-creation would evolve. This means that as a supplier you will become more involved in the customers usage process in the pursuit of value creation. As a result of

this the customer becomes more involved in a suppliers processes; hence value will be created by both supplier and customer (Figure 3). (Grönroos 2010).
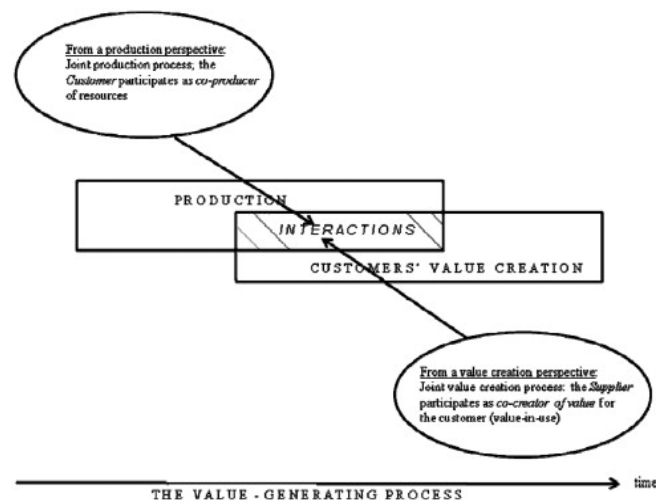
Figure 3. The Value creation process

Seeing that value is created by both supplier, and customer, it is important for a supplier to adopt service logic. This implies that a firm has to consider themselves as a service provider, which is in contrast to a provider of goods. By adopting service logic, a firm takes larger responsibility for a customer's day-to-day practices and how they support their customers business. By being more involved in the everyday practices of the customer, the customer, in turn, become more involved in the suppliers business in the development of the product, thus building a stronger relationship between supplier and customer.

New marketing and business concepts have evolved to view mutual value creation a goal of business (Grönroos, 2010), that by focusing on value creation one solves one of marketing's great challenges, namely "what utility, or value, is created by marketing" (Alderson, 1957).

The concept of value creation is strongly linked with the theory of relationship marketing, as both theories see the interaction between supplier and customer as key in the whole process. One can say that value creation is part of what is referred to as value generation, which sees to the whole process of customer interaction.

Both theories claim that in order to have a successful business it important to focus on the interaction and ongoing relationship with the customer, for it is in this interaction value is created. Therefore a firm will be challenged to successfully market their products if they decide to outsource the relationship building part of business i.e. marketing and sales.

3.3 Project Management

3.3.1 Project based organization

A project can be described as "any activity with a defined set of resources, goals and time limit". Within a Project Based Organization (PBO) projects are the main business mechanism. In contrast to a functional or matrix organization with different departments in charge of different functions of business a PBO will include all business functions under the umbrella of a project. PBO's will structure a projects organization after the needs of the project at hand. A PBO is not required to consist of one company but can rather be a team of companies working together. Often within projects one will find a project manager coming from a firm, which specializes in project management. (Hobday, 2000)

3.3.2 The Project Manager

In order to have a successful Project Based Organization, one must have competent Project Managers (PM). In order to carry out their role as a PM as best as possible, they need the right mindset. Sauer and Reich identified nine principles that a PM should consider. These are:

- Focus on ultimate value for the customer
- Deep personal identification with project goals
- Investment in trust
- Devolved, collective responsibility
- Willingness to continually adapt
- People development
- Learning orientation

- Creativity and innovation
- Proactive view

By adapting to these principles and enforcing them one finds that a PM who takes these nine principles seriously in their continued work with a client clearly has a focus on value creation for the customer. Also the learning process has an important role in these principles, where the PM is encouraged to learn from the customer. These principles ultimately lead to a more in depth relationship between the customer and the PM, thus value co creation will eventually be achieved.

3.4 Summary

This thesis will explore the implications that can arise as a result of outsourcing the sales force. In order to do this, the authors have identified three fields of research that are central to this analysis. Firstly we have examined theory regarding the reasons for outsourcing, and what risks that have to be managed when considering outsourcing. Also new marketing theory has been researched finding the concepts that define the new market in which Secmaker operates. Thirdly project management theory has identified the need for a project based organization and the skillset of a successful project manager.

With regard to the researching the risks of outsourcing the sales force the marketing aspect will be central, but in order to do so requires that we identify the reasons for Secmaker choosing to outsource their sales force. To identify these reasons the outsourcing and project management theory will explain the motives and causes to this decision.

Also, the theories investigated in this chapter will have direct implications on how data is collected and interpreted. Theories that will be central to collecting data, and answering research questions are:

- Strategic orientation of a firm. According to Rapp, an outsourcing decision will be successful depending on other goals an organization might or might not have.
- Relationship marketing. In the case of Secmaker outsourcing and relationship marketing are at an intersection. When gathering data, understanding relationship

marketing and how Secmaker approaches this concept will gain insight not only in how Secmaker approaches it's customers but also the ambiguity of outsourcing a large part of client relationships to a third party.

- Understanding project management will benefit the study, as it steers the data collection in the direction of understanding to what degree project management affects customer relationships.

With these three pillars of theory, and with the method of a case study, the authors believe that this thesis will result in conclusions that will benefit both Secmaker and research.

Chapter 4 – Empirical results

The following chapter presents the case study and goes on to give an unbiased and unprocessed record of what was discovered in interviews. A table is provided in the beginning of the chapter to summarize the most important findings (figure 4).

Issue	Sales partner	Consultants	Secmaker	Marketing consultant	Professor
Outsourcing					
Secmaker is too small to sell on a large scale on their own	2/2	3/4	3/3	NA	NA
In the long run, Secmaker will always be needed for advanced problem solving	2/2	3/4	3/3	NA	NA
Secmaker has to rely on partners to penetrate new market segments	2/2	4/4	2/3	NA	NA
Secmaker has to rely on partners to gain access to the right people in an organization	2/2	4/4	3/3	NA	NA
Reliability is one of the most important factors when choosing a supplier	2/2	4/4	NA	NA	NA
Price is one of the most important factors when choosing a supplier	0/2	0/4	0/3	0/2	0/1
A consultancy can help Secmaker speed up their sales process	NA	0/4	0/3	NA	1/1
Consultants can help add credibility to Secmakers offering	2/2	4/4	2/3	2/2	NA
It is possible for Secmaker to build a strong brand on their own	0/2	0/4	2/3	0/2	NA
Project management					
There is a difference in public and private sector projects	2/2	4/4	3/3	2/2	1/1
IT security projects usually involve a steep learning curve for an organization	2/2	4/4	3/3	2/2	NA
Secmaker is in need of a more rigid project model	NA	2/4	0/3	NA	NA
Secmaker should run projects on their own	0/2	0/4	0/3	NA	NA
Relationship marketing					
The relationship between Secmaker and sales partner is mutually beneficial	0/2	4/4	0/3	NA	NA
Secmaker should rely on a classic 4P marketing approach	NA	NA	NA	0/2	NA
Customer contact is the most important aspect of selling NetID	0/2	4/4	2/3	2/2	NA
It is important to tailor an offering towards the customers exact needs	2/2	4/4	1/3	NA	1/1
Secmaker focuses too much on security in their marketing	2/2	2/4	0/3	2/2	NA

Figure 4. A table summarizing the key findings in interviews

4.1 Case study

Long has the use of a username coupled with a password been the dominant practice in computer security. This method, however, has many downsides. The administration of usernames and passwords is often a substantial cost for companies. This identification method also lacks in security aspects. Many users simply write down their login information next to their computer, or use passwords which even an intermediate computer user can learn how to hack. It has long been clear that this method is not secure enough. Experts agree that something has to be done. One company that has a solution is Secmaker AB.

Secmaker AB was founded in 1994 in Stockholm. Their product NetID is a Public Key Infrastructure (PKI) system which allows information to be exchanged securely in a normally insecure environment, for example the Internet. This is done by issuing each user in an organization a smart card with a pin code. The smart cards are in turn fitted with a chip containing a certificate. The certificate is managed by an administrator and allows the user to only access selected information.

This means that information cannot be spread by mistake. With the use of the smart card and pin code the user is equipped with a three-point security system:

1. Pin code. A combination the user remembers.
2. Card, or something physical, which is kept with the user at all times.
3. Certificate. Allowing an administrator to, in emergencies, shut off user access to information completely. Or in other cases, grant the user access to additional information.

Computers in the workplace are fitted with a slot for inserting the card. The user is then immediately prompted to login and after doing so given access to predefined information. If the card is removed the session is shut down. The user can reassess this session by logging in from a different workplace.

However, it is up to the administrator to define the systems functionality. NetID can be applied to all aspects of a company's operations. Allowing, for example, a doctor to enter

the workplace, access patient journals, withdraw medication and pay for lunch with the same, virtually impossible to hack, identification system.

Today, Secmaker consists of 20 employees, entrepreneurs who are mostly technicians or engineers. This means they all have a high level of competency regarding the NetID system. The 650000 NetID users are mostly found within government organizations such as The Swedish Social Security Agency, hospitals, the national insurance agency, and the Swedish police. Secmaker also has a few private sector clients such as: Boliden and Mio.

Preceded by a steady increase, Secmaker's revenue accumulated to SEK 37.000.000 in 2011. Although Secmaker was founded in 1996, they only introduced their most successful product, NetID, in 2001. Secmaker is expanding and announced in May that they are searching for four new team members.

The company gains many of its customers thanks to the Swedish governments procurement directives. The Swedish government has a very mature approach to IT security and sets high standards for security in national organizations. This is beneficial to Secmaker who more often than not are able to offer the best product at the lowest price.

Secmaker may have reached an organizational and marketing barrier preventing them from further expansion. In certain cases, the sales process is inefficient and takes much too long time to be completed. Even though an organization has decided to implement NetID it may take Secmaker several years to gather necessary information from the company and decide on to what degree NetID will be implemented.

Secmaker's CEO attributes this inefficiency to Secmaker's lacking ability to disseminate knowledge about NetID, from the companies small sales staff, to decision makers and further down to the prospective users.

- How can the product be applied to the customers organization and be used to its full potential?

- Switching to NetID is not only an IT infrastructure transformation. What will the affects be on the organization as a whole?

- How much, and what, will the customer be able to save after implementation?

- Why is it difficult for Secmaker to make decision makers understand that username and password simply is not good enough?

The answers to these questions take too long time for Secmaker and their customers to settle on.

4.2 Interview findings

4.2.1 On the level of IT security knowledge in organizations

Generally, customers have a low level of knowledge regarding IT-security. They seldom ask for specific products, trusting the consultants will provide them with an adequate solution. If they are provided with a password they feel contempt that this will protect their information. A password, is however, a risk, since an offender can use it freely once acquiring it from a user.

Everyone in an organization that deals with sensitive information knows that there are security issues. When dealing with extremely sensitive data there is only one measure of protection which is sufficient, and that is not connecting a computer to the internet at all. This is a problem, sometimes IT security providers do not understand this.

The problem is not stealing for instance a VISA card number. This costs nothing. The problem is making transactions without leaving any traces. This is why a security company needs to sell a vision and not only a product that will solve certain aspects of security.

4.2.2 On technological advances affecting IT-security

Today, all parts of our lives are represented on the internet and the services and information available to us will only increase. So it is inevitable that the practice of identifying ourselves online will have to become even more secure and widespread.

Large desktop computers are becoming obsolete with the result of customers switching over to laptops instead. A consequence which follows this trend is that employees often move their computers between the home and workplace. Often, customers trust that their information is protected when at the workplace. However, they are ignorant of the risks facing their data once they leave the workplace.

A realistic vision is that real world identification, banking and personal will become integrated with digital identification together with mobile devices. Secmaker is well positioned to tackle this new market once it becomes a reality.

4.2.3 On Secmaker

Secmaker is too small of a company to set up their own network Certain IT service providers have nation-wide networks providing their customers with IT solutions. Therefore, they need the IT service providers in order to make it possible for customers to use their products. So in essence, if targeting large corporations Secmaker in many cases must build solid relationships with network providers.

The retail industry is Secmaker's next target sector. However, as the name implies, Secmaker puts a lot of effort in communicating security as the main benefit of NetID. Although, the IT consultancy claims that in the retail industry being able to roam sessions is the most important factor when choosing an identification system. It is not always the case that customers are interested or need advanced security. For instance, a cashier is not dealing with any information sensitive to the organization.

4.2.4 On selling through partners

Selling Secmaker's products, the consultancy will rebrand the product, positioning it together with other solutions and products offered by the consultancy. One other issue is support. The consultancy will always rely on Secmaker for in-depth knowledge about the product. But since it provides its customers with 24/7 support the consultancy will need enough training to be able to handle routine support issues. This is another reason Secmaker is dependent on sales partners. The organization is too small to set up a support function that would be big enough to handle a large amount of users. Regarding payment, Secmaker will naturally receive a kick-back from all sales.

The consultancy is also a service provider to 60% of Sweden's retail market. This is another reason why it is beneficial for Secmaker to sell through partners. They will immediately gain access to well nurtured customer bases.

Consultancies and sales partners may be careful when endorsing products. Take Microsoft, an extremely trustworthy and large corporation with a constant flow of upgrades and licenses. Everyone in the industry can endorse products from Microsoft. However, if the company is newer and smaller the sales partner might not want to risk endorsing a product which is unstable or lacking and in the long run damaging an otherwise good relationship with a profitable client. However, if customers start asking about Secmaker's products the partner will be more than happy to sell them. But there also needs to be a financial incentive in place.

When working with clients the consultancy is in direct contact with the company's top IT-manager. In many cases the CFO is present in meetings and sometimes the CEO. Since the consultancy offers its clients a holistic IT package the deals can easily become large and involve many if not all of the company's IT infrastructure. In many cases it is actually the CFO who will make the final decision.

4.2.5 On Secmaker's marketing

In their communication Secmaker often comes across as proud of their technical proficiency. They put a lot of focus on the technical details of their products. In many cases the customer

is not on the same level. This discrepancy makes it difficult for the customer to form an emotional bond to the brand which puts a buy decision further away. In interviewing a marketing consultant, one of the strongest points he made was the importance of the emotional bond that a company makes with the customer. The key to selling is through creating an emotional bond with clients. In order to accomplish this, companies need to work emotionally. To question their existence and formulate why they exist and what they aim to achieve. By doing this they will be able to form a bond by focusing on these questions in their continued marketing. He states that the stronger the bond, the easier it is for a client to make a decision to buy. As it is one of Secmaker's goals to make NetID a household name, a standard within IT security, an emotional bond with prospect customers should be important to the firm.

With the level of focus on the technical aspects of NetID in the marketing of it, it will be difficult to form the bond necessary to convince decision makers higher up in the hierarchy. Additionally, the myriad of add-ons and decisions that need to be made when purchasing makes the products boundaries very fluent. A result is that customers do not gain a proper overview of what the product actually is. Therefore, projects will become longer, as the decision makers have difficulties in truly understanding the product.

A marketing consultant continues in stating that it is important for companies to move away from the standard definition of what they company is and try to focus on who they are. What their motivations are and how they will transform society. By doing this a company is justifying their existence. He states that a relationship is not based on logic; therefore a company must come to grips with their own set of values and convey them in order to achieve common ground with their customers.

One aspect of selling NetID is that there are a lot of issues raised regarding what policies and strategies should be put in place when it comes to card issuing. This can take a long time to decide on and customers usually have no idea what they want or need.

As a provider of security solutions, if you can show customer that you understand all security aspects of an organization then customers will trust you more. Selling the product might be important. But if the solution isn't connected to a holistic security perspective, the customer will perceive the solution as another part of the IT infrastructure that needs to be managed.

However, if a security provider confidently and accurately points out an organizations problem and how all parts of security fit together, the provider will be trusted and respected. Also, when selling, a provider should paint a big picture of the situation and then narrow the problems down to how the product changes the bigger picture.

4.2.6 On integrating NetID in an organization

A large company can buy any solution it wishes to. In reality it is not so much a question of cost. Most important is the politics behind the decision and getting acceptance from everyone involved. This will determine if the new system gets used and who will be blamed if it is a failure. Therefore, a buyer needs to be sure of the position of all stakeholders in his organization. Buying IT systems is as much a management question as it is technical. Managers need to get everyone on board and make sure that the money spent is not wasted. If a manager cannot get for example an IT administrator to come to these project meetings. Then probably, the implementation of the product will not be a success.

When starting a project solving some aspect of data security the first step will be to go out and scan the market to find out what solutions are available. The next step will be to buy a few of these, put them together and see how they work. When then presenting this to the client they will often say that this and that is also needed. Another round with suppliers will then be needed in order to see if the new specifications can be met as well. Sometimes an external specialist will be needed to be taken in as a consultant. Usually, the problem is finding suppliers who can deliver immediately. Two months is far too long.

4.2.7 On the differences between sectors

The defense industry is very reliant on high encryption, for obvious reasons. They need to protect sensitive information being sent, received and stored. Since smart cards might be

used in remote locations. It is also important for customers to be able to have access to card readers that require no, or small amounts of electricity. They may have to withstand harsh weather conditions and require no or low levels of maintenance.

Also, the organizations acquiring the technology need to buy the whole solution. They cannot, and do not wish to be reliant on a second or third party for maintenance or support of the system or card administration. Further, in many cases, they may need to alter the encryption of the product. It would be undesirable for them to have a product similar to all others on the market.

One aspect of working with the defense industry is that the organizations require the possibility of deploying a large number of employees (military, police, etc.) with short notice. In these cases, there can be no question marks regarding how or who will issue smart cards.

Since the nature of accessing information on the Internet is unsafe in itself. When dealing with extremely sensitive information. Many organizations may choose to restrict employees to not accessing the Internet at all. Organizations are aware that as soon as a device is connected to the Internet, the information is jeopardized. There is no way of completely protecting information.

One common finding regarding the retail industry is that users may not find that the high security aspect of using smart cards the most important factor. In a store, the end user will not be dealing with highly sensitive information. However, the possibility of moving between stations. For example: showing a customer a product at one terminal, logging the purchase with a smart card, moving to a cashier station, at this point accessing the purchase from a different terminal. And lastly printing the receipt with instructions for the customer of where the goods can be collected or when they will be delivered.

4.2.8 On the sales process of partners

The consultancy specializes in selling services related to company's IT security infrastructure. Projects often involve benchmarking, suggesting solutions, classifying information, putting together projects and guiding companies in the right direction. Being specialized in IT security it is important to be unbiased when it comes to choosing which service or product partners to work with. Credibility will be extremely undermined if it becomes evident that a consultancy favors a supplier for the wrong reasons.

When working with a customer the consultancy needs to start every project as a blank sheet. Every project will be unique, and part of the challenge of doing a good job will be to understand the specific needs of every customer. Naturally the consultancy will need to have deep knowledge of what is available on the market in order to be able to understand how problems can be solved in the most efficient way. But in the end, the consultancy will only suggest solutions and try to guide the customer into making the correct decision. This means that the customer will make the final decision in what products and solutions are bought.

The start of the process is always a requirement specification from the client. Sometimes the client will already have this because thanks to in house competency. Other times it has to be developed together with the consultancy. From there quotes will be collected from prospective suppliers and an assessment will be made how well their solutions technically and cost wise match the initial requirements. Again, the customer always makes the final decision in selection providers and for different reasons they often have preferences.

There is a difference when it comes to working with private or public sector. Many times, the public sector will have very specific requirements from the start, such as EU or national policies regulating how they must handle information. Private companies are often not as rigid in requirements and sometimes have less knowledge of what they actually need.

The reasons for company's contacting the consultancy vary. They might realize that they have not thought about making sure their security is up to date for a long time, or they might read about a competitor who faced problems or losses due to lacking IT security. Sometimes a customer has been approached by a company selling a certain product, a firewall for instance. The company realizes that the product could be useful to them somehow, but once they start using it they discover that they have not thought about

security holistically. This is when they need a consultancy to evaluate the bigger picture of their security. Usually, technology itself is not the solution to their problems.

The most important part of a company developing a secure IT infrastructure is the maturation process regarding how the company thinks about these questions. Company's need to develop an insight allowing them to think about risks broadly, becoming efficient in setting policies, regulations and having the right people in the right places. If these things are not in place there is no point in buying products or solutions. This will not solve anything. And usually, it turns out that a company can use what they have already but in a better way. When the basics are in place it is easier to make decisions on specific solutions, and improvement will follow from there.

Compared to the private sector, the public sector will usually have a better starting point when it comes to security regulation and policies within the organization. Many government departments have had to think about these questions long before computers and internet came along. They have always had to think about who should be able to gain access to what information and so on.

Sometimes a problem can be that the person dealing with IT security questions in an organization are on their own, or the responsibility is a side project. This means efforts or problems never reach the organizations top levels.

Also, the situation is usually like this: A CEO or CFO with a limited budget has to make tradeoffs when deciding where to spend money. So the person may be face a decision of spending money buying a product that might protect the company against a prospective IT security threat that might, if something does happen, lead to security breaches. Or the manager could spend its money with a management consultant who can explicitly demonstrate that the money spent will solve a specific problem and exactly how much money will be saved as a result. These tradeoff decisions are a reality many companies in the IT security industry face. It is similar to selling insurance policies.

But people and organizations are gaining more and more understanding of the threats to their information and integrity. People become nervous when they see that something happens to someone else. And you only have to look closely to see that there is constantly

someone or something trying to gain access to your information, although the attack's level of sophistication varies. Sometimes it might not be that devastating if someone does gain access to information. This is also an important aspect, classifying the degree of importance.

Many times a problem is that a company will buy a product or solution but lack the knowledge and experience to use it correctly and do not use the solution to its full capacity. This is as much a fault of the company as it is the supplier. Suppliers need to become better at informing and educating their customers. It comes down to understanding the customer's business and realizing that the organizational change is just as important as selling the product. In the end, if the end user is not happy then there will be huge problems for everyone.

Usually customers will have a weak picture of what they want to do with their IT security. What do they want to achieve? Why do they want to achieve this? There are different ways to reach a goal, answering these questions will help in the process. There are always people who want to sell something. They will always claim that their product is superior to others. But a customer needs to question why they really need this specific product and why is it better than others.

When it comes to purchasing decisions, corporations will usually be must faster in deciding what to do. They have so many things going on that they want to decide and close a project as fast as possible. In the public sector there will often be several committees assessing a project. This is of course because tax money is being spent. But usually decisions in public sector are 10 percent based on technology and 90 percent on politics. Sometimes a sales process will take several years to be completed.

I don't believe customers feel that cards are getting old. But the environment has changed, today things need to be mobile and accessible.

It became apparent that consultancies do a lot of the work before small companies like Secmaker can come into the picture. Companies like Secmaker have to rely on consultancies to prosper. There needs to be someone in the project who talks to the customer and helps them understand what they need and how this will solve their problems. But we are in a

constant dialog with companies like Secmaker and this is of course because we need each other, it is a symbioses.

4.2.9 On Secmaker's sales cycle
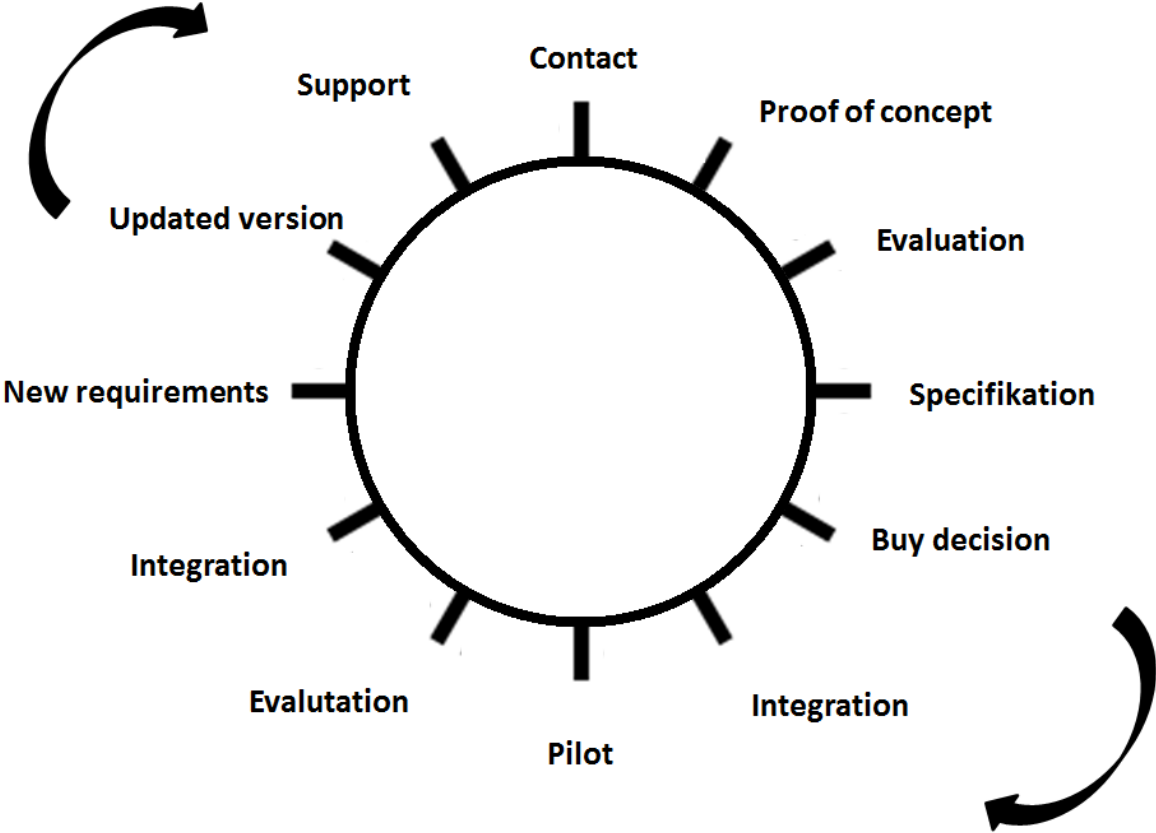
Figure 5. Secmaker's sales cycle

Secmaker's sales cycle (Figure 5) almost always starts with the customer expressing interest in improving their IT-security with Secmaker's products. Many companies are aware of the fact that they are lacking in IT-security. When they decide that this needs to be fixed and settle on using smart cards they will start making calls to consultants in order to find the best supplier. Secmaker are alone on the market in Sweden. Therefore, consultants will always refer their clients to them.

The initial meeting will consist of, from the client's side, the CIO, and IT-administrator, head of security, and sometimes someone responsible for IT strategy. To arrange this meeting may take three to four months. This meeting will result in a go/no go decision.

If the project is to be launched, the first step is for Secmaker to arrange a proof of concept. That is, a demonstration of the ideas presented in the initial meeting. The proof of concept (POC) will only involve a few users and is a method for Secmaker to prove that their product is reliable and will satisfy the needs of the customers expressed in the initial meeting. The POC takes only a few days and is done together with the clients IT-administrator. In the future it will become his job to administer the system, once it is fully launched.

The POC will demonstrate the basic functionality of the system. However, when it comes to actually installing the system for the customer several questions will need to be answered. Many decisions will need to be taken regarding the administration of cards, policies relating to lost or stolen cards, what extra functionalities the client will wish to use. Also, which contractors will be employed to physically install the card readers? Since these decisions need to be raised and discussed in many forums. This phase will take everything from four months, but usually more close to three years.

When all these decisions have been made the client and Secmaker together compile a Product Design Specification. This document will contain all the policies the customer will follow when using the system and also to what extent the system will be installed. This leads to the final decision of deploying the project.

This leads to Secmaker starting the integration phase. This is the stage of the project where all the client stations and servers will be configures to use NetID for authenticating its users. Here the client may wish to start using the system in a pilot phase. They may start with only one division or level within the company.

Once the system is fully installed and running the client will evaluate and compile a list of additional functionality or requirements. These requirements will then be included when later on releasing a new version of the NetID software.

Through the sales cycle and after the system is fully integrated, Secmaker provides support.

4.2.10 On project management in Secmaker

Secmaker previously researched and tried several project models. However, after trying a few different models the consensus was that Secmaker's projects span over a too long period of time, and the company employs too few people for a project model to be effective.

Also, as mentioned earlier, the majority of Secmaker's sales are made through consultants and partners. The NetID product is in most cases deployed in the project these partners run. Therefore Secmaker's products are included in much larger projects.
Another aspect of choosing not to implement a project model is the fact that Secmaker is an entrepreneurial company. This means that they do not yet have all the resources needed to constantly staff all projects.

However, in order to find structure in work, Secmaker has bundled the various applications and functionalities in NetID in several start up packages. Secmaker feels that these packages serve as project models. When deploying each package, the team members will instinctively know what will need to be done and how long time the integration will take.

4.2.11 On competing technology

Each individual has a unique iris. That is, the middle, circular part of the eye. Iris recognition uses cameras to take images of the iris. These images are then scanned using mathematical algorithms and makes it possible to determine a person's identity.

There are however problems with this technology. Scanners are costly and need a lot of power to function. Also, it is possible to fool scanners using a picture taken of an iris instead of the person presenting his own eye to the scanner.

Technologies exist which allow the user to identify himself by simply typing a predetermined sequence of letters or numbers.

Since everyone types in a unique manner a keystroke logger can be used to analyze the

user's personal typing style.

Chapter 5 - Analysis, discussion, and suggestions

Chapter five connects the previous chapter, findings, with chapter three - theoretical framework. The aim of chapter five is to compare what has been discovered through interviews with theoretical findings. The chapter ends with suggestions related to the discrepancies between theory and practice.

5.1 Analysis

5.1.1 Strategic outsourcing

As mentioned by Kavic and Tavcar, outsourcing can be a tool or practice allowing a company to free up resources, concentrate capabilities and focus on the most rewarding opportunities.

Secmaker is an entrepreneurially driven company. What the founders and employees enjoy doing the most is the technical programming and configuration aimed at improving the NetID product.

In interviews with Secmaker's management it was mentioned that they choose not to have an in-house sales staff due to cost. It was also mentioned that there would be a discrepancy if Secmaker began selling and managing large projects. Secmaker would not be able to mobilize enough manpower to effectively manage and supervise large scale projects or provide adequate around the clock support.

The choice of using partners and consultants in order to sell products has not been an active strategic choice or transition for Secmaker. As the company is young this practice has been a natural development. As mentioned by Quelin and Duhamel (2003), outsourcing can be used as a tool to avoid large, irreversible investments. Hiring an entire sales force and support staff would be a huge, capital intensive and organizationally challenging undertaking.

However, it can be questioned if Secmaker's sales outsourcing can be seen as strategic advantage for Secmaker specifically. Porter (1996) concludes that if many actors in an

industry use the same solution for a problem, the strategic advantage of this solution diminishes. Sales outsourcing is widely used in the IT industry so according to Porter (1996) Secamker isn't really gaining a strategic advantage when using sales partners. The benefits for Secmaker are nonetheless observable. As Alexander and Young (1996) mention it is important that all aspects of value creation are assessed when analyzing the benefits of outsourcing.

5.1.2 Secmaker's strategic orientation

The approach or stance an organization takes to outsourcing will differ depending on the strategic orientation of the company. In a study, Rapp identifies seven different orientations which will impact how a firm uses outsourcing.

When interviewing Secmaker's management it became apparent that they wish to become a "house hold" brand among IT security practitioners. This would position Secmaker as a brand oriented firm. However, according to Rapp this would mean that they would have a negative attitude toward outsourcing their sales force. If becoming a well-respected brand is an important goal then transferring the main point of customer contact to a third party may not be the most strategically sound decision.

An in house sales force gives the company complete control over how customers will perceive the company and allows the organization to receive a steady state of feedback from their customers which would allow them to strengthen their brand.

However, having reviewed all of the strategic orientations, it would be more accurate to describe Secmaker as a technologically oriented firm. The reason for this is, as mentioned previously, that Secmaker is a highly R&D driven organization. Customers in Secmaker's marketplace require that products are continuously updated to meet the fast development of all parts of an IT infrastructure. Examples of these changes, as mentioned by several interviewed consultants, the evolving use of mobile devices and biometric identification. Secmaker must also continuously provide new versions of their products in order to support upgrades of software that NeID must be compliable with.

According to Rapp this means that Secmaker should focus entirely on developing the NetID in order to reach the goal of providing their customers with the best product possible.

5.1.3 Tradeoffs between an in-house or outsourced sales function

Ross, Dalsace and Anderson (2005) conclude that when considering or evaluating outsourcing decisions it is easy for the organization to only look at the financial aspect of maintaining an in-house sales force. This was also the case with Secmaker. In the interviews with Secamker's management there was no mention of any other aspects of using sales partners. However, Ross, Dalsace, Anderson (2005) state that there are several other important factors that should be taken into consideration. It can be concluded that Secmaker does in fact value other benefits of using sales partners that Ross, Dalsace and Anderson mention. That is, through sales partners Secmaker is able to get access to a large well-established customer database. Also, the partners work as door openers, allowing Secmaker to attend meetings that otherwise might be closed.

The same researchers mention that the most efficient system of sales will combine in-house and an outsourced sales function. Although they are not officially part of an organizational function dedicated to sales, project manager and members of management in Secmaker see themselves as salesmen. This confirms Ross, Dalsace and Anderson's theory that the two approaches to sales are in fact often combined.

Robicheaux (1975) states that a successful outsourcing relationship requires a mutually beneficial relationship with a shared goal. In interviews with Secmaker and their sales partners it became apparent that the relationships are in fact mutually beneficial with both parties relying on each other for increased sales and customer satisfaction. One consultancy explicitly said that their relationship with Secmaker is of a symbiotic nature. But the same consultancy also said that Secmaker is highly reliant on them to gain access to customers. This is also in accordance with the Ross, Dalsace and Anderson's view of an important reason for outsourcing being access to customers.

5.1.4 Managing risks

Outsourcing may be associated with risks for the outsourcing organization. Proviti discusses four major risks, the most important being delays caused by factors outside the control of the outsourcing company. This was mentioned in interviews with both sales partners and ITconsultants. However, it was the other way around. These companies themselves rely on their providers to supply them with products that can be implemented by their customers. This means that the situation becomes reversed. The sales partners put pressure on their suppliers for timely and accurate delivery.

When it comes to quality there is a risk. Secmaker cannot control everything their partners do or the way in which they approach the market. This means that Secmaker needs to screen the sales partners they decide to use so that they are sure that their brand is not used in a destructive way.

The transition phase of switching to a new outsourcing (sales) partner is not really an issue in the case of Secmaker. The sales partners they employ already have processes in place an experience in dealing with suppliers. Therefore, the quality of their service to customers is more important than the actual planning of starting to use the partner.

5.1.5 Relationship management

When looking at theories concerning relationship management and during discussions with marketing consultants, one quickly grasps the importance of having an on-going relationship with a customer. It is also evident that this relationship has to be maintained constantly, that there is no on and off switch to a client relationship. In the past Secmaker have been alone in projects in the public sector, as the way in which public procurement dictates a certain technology with only one successful bid and supplier. As Secmaker moves into the private sector they are increasingly becoming a subcontractor in a larger IT security projects, with a very specific task. This has meant that they have been working through different kinds of partners, be it IT-consultants or other sales partners. This is of course means that the sales partners are the ones in charge of the sales process and interaction with the customer. Secmaker will usually be present at some stage of the process, but as a technical expert to

explain aspects of the product if needed. If one is to understand theories concerning relationship marketing, this development should be worrying to Secmaker.

According to Grönroos (2010), the ultimate goal of relationship marketing should be value co creation. As a supplier in a larger project working through consultants and other sales partners this will be difficult to achieve, if not impossible. In interviewing the consultants at Ekelöws the work progress was explained to us. They explained that they would meet with the customer and evaluate their needs and specify the system. This would in itself be a process, which could, depending on the project, take months. When this is done, they will contact a supplier, in our case Secmaker, and present them with the specifications of the system needed. As a result, Secmaker will rarely have enough direct contact with a customer to build a proper relationship on. Meaning there cannot be any mutual exchange between customer and supplier, and thus no value co creation between customer and Secmaker.

The fact that Secmaker have little interaction with the end-customer does not constitute a failure. In fact, this manner of working is fairly new to the firm, and one that suits them. As previously stated we have identified Secmaker as a firm with a strong technological focus. With a strong focus on R&D Secmaker do not have the resources available to have an in-house marketing and sales force who can maintain a relationship. The nature of the IT security market is such that if you miss a technological shift of some sort your technology is rapidly rendered obsolete. It is therefore logical to allocate the resources to the areas in which Secmaker have expertise, i.e. R&D.

Instead of having a relationship with the end-customer they have a valuable relationship with the IT consultant or sales partner. It comes down to who one perceives as the customer. At Secmaker they see the IT consultant as their customer as it is they who evaluate the system they have put in place. Also Secmaker recognize that it is the IT consultant who given them the project.

When looking at it from a different perspective one sees that Secmaker are ultimately reliant on the satisfaction of the sales partner or consultants clients. Therefore we see that there is value co creation in this form of working in projects, albeit in a different form. By working with a partner whose job it is to listen and interpret the needs and wants of the client, they eliminate this lengthy and often negative interaction between the Secmaker and clients. By

working in this manner we believe that Secmaker is involved with value creation but with a mediator in between. In contrast to theory on the concept of relationship management, where direct contact and relationship building with the customer is emphasized, we find that Secmaker has found a way in which they bypass this contact without losing the aspect of value co creation.

Value creation is achieved in that the consultant listens to the client and interprets this information to formulate a feasible project. In passing this information on to Secmaker, they are able to accomplish value creation without the trouble associated with the specification of the project. As it is the consultants' mission to create value for the customer this entails that Secmaker creates value for the customer.

An aspect in which Secmaker does not live up to the theories of relationship managing is that of value co creation. This is largely made impossible, as the interaction between customer and Secmaker is limited. The end-customer will not gain any insight into the working of Secmaker, and therefore value co creation will not take place.

5.1.6 Project Management

When researching project management it is evident that the importance of managing projects effective has grown in importance, and continues to do so. This is due to the evolving nature of consumer's behaviour. As we move towards a market were customers want more customization in their products and the increasing complexity of products we find that many firms have adopted a Project Based Organization (PBO).

At Secmaker we found that there was no clear project management in place. We interviewed project managers at Secmaker who described their start up packages as their form of project management. All though this might be true it was still unclear who was the project manager for a project. The impression was one of the people who have the least to do on that day become project manager for that project.

Also, we understood from Secmaker that this could change. In other words one could not be sure whether the project manager in the beginning of the project would follow it through to the end. This is in contradiction to both project management theory and relationship management. In project management the role of the project manager is very important.

A project manager should have access to all the resources needed to complete a project. Meaning that a project manager has a high position within the hierarchy of the firm. Further it is important that the client knows that they have contact person, who should preferably be the project manager. Although they have this at Secmaker, the contact person might not have knowledge of an aspect of a project if they have switched project management, which is not optimal from a client relationship aspect.

5.2 Data Analysis

Everyone interviewed at Secmaker, most consultants and all sales partners believe that Secmaker are too small to start a large scale sales operation on their own at this point. Or rather, this is something that has to be built up over time. The costs of implementing this function in one go would be to high in relation to the financial risk in doing so. This reasoning is in accordance with the view of many scholars (Lacity and Hirschheim, 1993, for example). That is to say, the main benefit of outsourcing may be to gain access to already established customer databases and economies of scale. This is also evident in the research data, almost everyone interviewed mentions that Secmaker should rely on sales partners to penetrate new market segments, and to gain access to the right people in an organization. 4/4 consultants believe that their relationship with Secmaker is mutually beneficial.

However, there was also a view that Secmaker should not give up sales altogether. One consultant pointed out that loosing control or influence of the sales function all together is risky in itself. Also, one employee at Secmaker mentioned that they need to be in contact with prospective customers as to not loose insight in what the market needs. An interesting aspect to remember when considering this is the view of Grönroos & Ravald (1996) that a

prosperous relationship with customers is built on understanding their needs. How can this be done if a supplier is entirely cut off from the market?

An extension of this argument is the question regarding what Secmaker then should focus on. The natural answer is research and development. However, does this mean that Secmaker's role has been played out when the product is delivered? No, all interview subjects agree that Secmaker needs to be present in order to solve advanced troubleshooting issues. But researched theory about an organizations strategic orientation from Rapp shows that an organization can suffer if it tries to do too much at once, and that which view they take on outsourcing will define other aspects of the organization. Interviewees at Secmaker claim that they want to build a household name and at the same time have an otsourced sales function, which is in opposition to Rapp's and other interviewees. Only 2/11 interviewees believe Secmaker can achieve this on their own.

In the case of Secmaker, theory and practice seem to be aligned with regards to price sensitivity of customers. Everyone agrees that price is not really an issue. Grönroos states that: *"Relationship marketing makes customers less price sensitive".* So what is important when building a supplier/customer relationship? Everyone seems to agree that reliability is extremely important. However, this is also one of the risks with outsourcing. As the consultancy Protivi concludes, there are many factors that can affect the reliability of an organization. This is why it is so important to screen prospective partners, in order to minimize risks.

All interviewees agree that there is a major difference in selling and managing projects towards private and public sector. No consultants or sales partners think that they can speed up these projects. One consultancy heavily involved in the public sector even said that it is impossible to do so. Half of the consultants held the view that not even a more rigid project model could compensate for a lack of customer contact, and help the sales process. However, everyone involved does seem to agree that a sales partner or consultant can add credibility to a sale. Furthermore, it is agreed that IT projects involve a steep learning curve for organizations regarding how they should think about their IT security. This is also a positive aspect of outsourcing the sales function that has been identified in theory.

Chapter 6 – Implications and Conclusions

6.1 Managerial implications

We believe that the way in which projects are handled at present at Secmaker works. Secmaker is able to create value for the customer and at the same time save time and trouble by using a middleman in the specification stage. There are a few points on which Secmaker could improve. Firstly Secmaker can be more engaged in the specification stage of a project in order to gain the trust of the customer and increase the amount of interaction with the customer. This will make the installation part of the project easier.
Secondly they should make it clear in their work, who is the customer? Is the consultant or sales partner or is it the end-user. If by choosing the sales partner as the customer they can start to build and cultivate a relationship with them and hopefully see benefits of this relationship.

We believe that by implementing a proper project management organization where the role of the project manager is strengthened would improve the work progress. With a clearer hierarchy, where there is no confusion into who one answers to. Also knowledge of the project is not lost in a hand over if the project stays with the same project manager throughout the project. Therefore we suggest that Secmaker find a form of project management that suits them the best and make it their "official" project management model. Important is that the role of project manager is lifted so that he receives the resources need to complete a project on time and on budget. Without a clear structure from which to build it is easy to lose track of time and money within a project.

Regarding the strategic orientation of Secmaker, theory states that a company must focus on for example, either being R&D oriented, sales oriented or brand oriented. From our research it seems as though Secmaker is trying to combine all three orientations and that this may be hampering their growth. It may be wise to put focus on R&D, use sales partners and not put too much effort in trying to build a strong brand. The most important factor for Secmaker when choosing outsourcing partners is to screen them thoroughly.

When deciding on outsourcing ones sales force, a firm must consider the risks involved in doing so. A firm should also consider how they will tackle these risks and assess whether the risks are outweighed by the benefits.

6.2 Conclusions

The study has identified areas where Secmaker has to analyse their position and take stand to whether outsourcing is the right choice for them, from a strategic standpoint. For example the strategic orientation identified in this study is one where outsourcing is not considered a risk but rather a benefit. Whilst looking from a marketing viewpoint the study showed that there are risks in becoming alienated from the end user where a lot of important interaction and knowledge is lost to Secmaker by not be as present as they can be.

An interesting aspect of the study is that it turns out that the implications of outsourcing the sales function reach further then the sales function of an organization. The decision will have implications on the company's brand and how it is perceived on the market. Also, in Secmaker's case and companies in a similar situation the business model may change. Instead of selling products off the rack, when outsourcing a sales function the products may become embedded in larger infrastructure systems, making the customers unaware of the fact that they are using Secmaker's products.

A major conclusion that can be deducted from this is that if competitors launch a similar or superior product Secmaker has little customer loyalty to rely on. Which would easily lead to them being replaced in future projects.

In conclusion the study shows the importance of identifying the key goals of a firm, and what the trade off in outsourcing the sales force entail for a firm. A firm must have a strong vision of who they are, and what they do. Without doing this a company will find it difficult on more levels then just sales.

6.3 Possibilities for further research

A field, which could be expanded, is the research into how and why a firm decides to outsource their sales force. To date the majority of research is based on production companies' decision to outsource. With the western world evolving into a service economy there are many possibilities to research when a service company such as Secmaker decide to outsource.

It would also be interesting to see research of the same sort as this, but on a larger scale, where several firms are researched and compared. This would further the generalizability of the study and be to greater use in the future.

References

Alderson, W, 1957, *Marketing Behaviour and Executive Action*, Irwin, Homewood, IL

Alexander, Marcus & Young, David, 1996, *Strategic Outsourcing*, Elsevier Science Ltd.

Alexander, Marcus & Young, David, 1996, *Outsourcing: Where's the value?*, Elsevier Science Ltd.

Calonius, H., 1988, *A Buying Process Model* (in Blois, K. and Parkinson, S. (Eds), Innovative Marketing – A European Perspective, proceedings from the XVII th Annual Conference of the European Marketing Academy), University of Bradford, , pp. 86-103

Collis, Jill & Hussey, Roger, 2010, *Business Research: A practical guide for undergraduate & postgraduate students*, London, Palgrave Macmillan

Dishman, Paul, 1996, *Exploring strategies for companies that use manufacturers' representatives as their sales force*, New York, Industrial marketing Management Vol. 25.

Evald, Majbritt R. & Clarke, Ann H. & Freytag, Per V, 2012, *Reconsidering outsourcing solutions*, European Management Journal

Gatignon, H., & Xuereb, J,1997, *Strategic orientation of the firm and new product performance*. Journal of Marketing Research, 34, p. 77–90.

Grönroos, Christian, 1994*, From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing"*, Management Decision, Vol. 32 Iss: 2 pp. 4 - 20

Grönroos, Christian, 2011, *A service perspective on business relationships: The value creation, interaction and marketing interface*, Industrial Marketing Management.

Grönroos, Christian & Ravald, Annika, 1996, *The value concept and relationship marketing*, European Journal of Marketing.

Grönroos, Christian & Helle, Pekka, 2012, *Return on realtionships, conceptual understanding and measurement of mutual gains from relational business engagements*, Journal of Business & Industrial Marketing Vol. 27.

Hamel, Gary & Prahalad, C.K, 2001, *The core competence of the corporation*, Harvard Business Review.

Hobday, Mike, 2000, *The project-based organisation: an ideal form for managing complex products and systems?,* Elsevier Science B.V.

Lacity, M. C. and Hirschheim, R , 1993.*The Information Systems Outsourcing Bandwagon*. Sloan Management Review, 35.

Lincoln, Y.S., and Guba, E.G., 1985, *Naturalistic enquiry,* Newbury Park, CA.

Porter, M. E. 1996, What is a strategy? Harvard Business Review (November-December): 61-78

Quelin, Bertrand & Duhamel, François, 2003, *Bring together Strategic outsourcing and corporate strategy: Outsourcing motives and risks*, European Management Journal Vol. 21.

Quinn, James Brian, 2004, *Managing the risks of outsourcing: A survey of current practices and their effectiveness.* APICS website

Rapp, Adam, 2009, *Outsourcing the sales process: Hiring a mercenary sales force*, Industrial Marketing Management.

Reichheld, F.E. and Sasser, Jr, W.E., 1990, *Zero Defections: Quality Comes to Service*, Harvard Business Review, Vol. 68, pp. 105-11.

Ross, William; Dalsace, Frédéric; Anderson, Erin, 2005, *Should you set up your own sales force or should you outsource it? Pitfalls in the standard analysis.* Business Horizons.

Sauer, Chris & Horner Reich, Blaize, 2009, *Rethinking IT project management: Evidence of a new mindset and its implications*, International Journal of Project Management 27 p. 182–19

Scapens, R.W., 1990, *Researching management accounting practice*: The role of case study methods. British accounting review, 22.

Shanker, Aparna, 2012, *A customer value creation framework for businesses that generate revenue with open source software*, Technology Innovation Management Review.

Tavcar, Mitja I. & Kavicic, Klemen, 2008, *Planning successful partnership in the process of outsourcing*, Kybernetes Vol 37.

Taylor, Thayer, 1981, *A raging rep idemic.* Sales & Marketing Management.

Vargo, Stephen L. & Maglio, Paul P. & Akaka, Melissa Archpru, 2008, *On value and value co-creation: A service systems and logic perspective*, European Management Journal Vol. 26.

Webster, Jr F.E. 1988, *"The Rediscovery of the Marketing Concept"*, Business Horizons, Vol. 31, pp. 29-39.