

Wirtschaftswissenschaftliches Forum der FOM

IT Vendor Management as a Measure for Ensuring the Performance of Business Critical Software and Services

An Empirical Study Examining the
Potential Value Added to a Purchasing
Department by Managing IT Vendors
via eSourcing Tools

David-Lee Tessmer

Wirtschaftswissenschaftliches Forum der FOM

Band 58

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Shaker Verlag
Düren 2019

Bibliographic information published by the Deutsche Nationalbibliothek

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available in the internet at <http://dnb.d-nb.de>.

Herausgebende Institution ist die FOM Hochschule für Oekonomie & Management gemeinnützige Gesellschaft mbH

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Printed in Germany.

ISBN 978-3-8440-6711-8

ISSN 2192-7855

Shaker Verlag GmbH • Am Langen Graben 15a • 52353 Düren

Phone: 0049/2421/99011-0 • Telefax: 0049/2421/99011-9

Internet: www.shaker.de • e-mail: info@shaker.de

PREFACE BY THE EDITOR

The private FOM University of Applied Sciences understands its educational mission as an addition to the German university landscape. With the creation of part-time study courses in economic sciences it allows employees to further their career opportunities whilst helping enterprises adapt to the challenges of demographic developments and increased qualification requirements.

Founded in 1991 on the initiative of industry associations, the FOM works closely with enterprises and business federations. With its present series of publications, the FOM has taken another step towards the dovetailing of theory and practice. The series provides both lecturers and students with a forum to discuss empirical results, innovative concepts and well-founded analyses, whilst a wide publication of their academic work can be presented to the professional public. Some excellent PhD theses by FOM lecturers have also found their way into this series.

Our hearty thanks go out to Prof. Dr. Thomas Jäschke and Dipl.-Betriebswirt Bernd Kratz who supervised David-Lee Tessmer's master's thesis as first and second supervisor respectively.

This paper looks at highly competitive market situations that compel companies to align business processes as fast as possible to market requirements such as product enhancements. IT vendors support these processes with software and services which are procured by a purchasing department. With regard to this business critical impact of IT sourcing, this master's thesis will address the question as to whether an IT Vendor Management enables vendor transparency in the purchasing department by using eSourcing tools.

By adding another facet with this series, we hope to enrich the active and fertile dialogue between university and practice. As publishers we are glad to be able to pay tribute to prominent academic achievements with this edition.

Essen, im Januar 2019

Prof. Dr. Burghard Hermeier

Rector

Prof. Dr. Thomas Heupel

Prorector for Research

“As one of the essential pillars for a successful business,
procurement is a key lever for success.
Accept IT vendors as partners,
as solution platforms and pioneers will make the difference in the future.”
David-Lee Tessmer

PREFACE BY THE AUTHOR

First of all, I would like to thank FOM for the cooperation in my Bachelor and Master studies. The structure and design of the part-time study course requires much time and energy, but due to the permanent practical relevance and the possibility of being employed full time, it offers many advantages in the context of professional development and personal self-improvement. In addition, thanks also go to my private network and the regular support from all sides.

The methodology of this master's thesis is based on a weak theory, as there is no literature covering this topic. Consequently, the research starts with a deductive approach for the theoretical status quo and ends with an inductive approach by using empirical research to derive a theory.

The literature provides different sources about IT sourcing and encompasses the purchase of IT goods for a company that fulfils the requirements of the IT department. Therefore, a purchasing department is responsible for the client-vendor relationship. Within the IT environment, requirements of different departments have to be consolidated in the sourcing process. IT goods means fast moving technologies that are changed regularly and must be handled by cross-functional collaboration within a company. Current software that supports the purchasing department and related processes is named eSourcing tools which already provide some functions for standardising vendor interactions.

Due to the fact that IT Vendor Management with eSourcing tools have not yet been re-researched, the author interviewed market-leading eSourcing tool companies. The results of the interviews are based on the theoretical status quo of this master's thesis and provide enhanced information about already established vendor manager functions and how eSourcing tools can support the IT Vendor Management requirements.

Essen, January 2019

David-Lee Tessmer

PREFACE BY THE SUPERVISOR

The increasing importance of information technology (IT) in the value chain strengthens the necessity of strategic sourcing and has to be aligned with these developments.

On this way it has to be guaranteed, that sourcing is in a position to manage a significant contribution to the corporate business results.

Increasing complexity in processes and products needs substantial knowledge in using IT sourcing tools. These tools can contribute significantly to the effectiveness and efficiency of processes. Searching for supporting IT products needs transparency. The basic research in this master's thesis is a valuable contribution to make decisions in IT Sourcing more secure.

David-Lee Tessmer succeeds with his work in making an important contribution to the creation of sourcing in the future.

The present master's thesis contributes to the improvement of the discourse between theory and practise in sourcing.

Essen, July 2018

Dipl.-Betriebswirt, Bernd Kratz

Supervisor

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LIST OF ABBREVIATIONS

ACM	computer science journal
ASP	application service provider
B2B	business-to-business
B2C	business-to-consumer
B2G	business-to-government
BME	German association materials management, purchasing & logistics
BoB	best-of-breed
BSC	balance scorecard
BVIMR	university journal
cf.	confer/ see
CSR	corporate social responsibility
CVR	client-vendor relationship
DAX	German share index
e.g.	for example
e.V.	registered association
eMarket	electronic market
ERP	enterprise resource planning
E-SCM	electronic supply chain management
eSourcing	electronic sourcing
E-SRM	electronic supplier relationship management
et al.	et alii/ and others
GmbH	German limited liability company
HMD	business informatics journal
IEEE	institute of electrical and electronics engineers
Inc.	incorporated
IT	information technology
IT-PD	IT purchasing department
KG	limited commercial partnership

Mgmt	management
MRO	maintenance, repair and operating materials
n.p.	no page
p.	page
p.p.	pages
POC	proof of concept
Pte. Limited	private limited
RFI	request for information
RFP	request for proposal
RFQ	request for quotation
SaaS	software-as-a-service
SLA	service level agreement
TCO	total cost of ownership
TCW	business consultancy
VM	IT Vendor Management
Vol.	volume

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