

Negotiating telecoms contracts

How Barco's IT and Procurement work as a team on local and global contracts

As a smaller global company, Barco faces many of the same IT and telecoms challenges of larger international players, but without enjoying the same weight when negotiating for products and services. Its solution is to first ensure that the needs of internal customers and the service requirements are met, and then focus on price. To do this, IT and Procurement work closely together, using the BarcoZone tool to make sure that all contracts cover everything from the technical specifications through to the product's end-of-life.



Joachim Neirinck Procurement Executive at Barco presented this case at the BELTUG Member Forum on contracts for communications services, April 22

CHALLENGES

Negotiating technical and service needs

While Barco is a truly global company – present in over 90 countries – it is not a large company. Many of its 3,300 employees work in offices with fewer than 100 staff members. This means that it can be hard for the company to negotiate contracts advantageously, including for IT and telecoms. To meet the challenge, IT and Procurement work closely together in negotiating contracts for all functionalities -- fixed voice, mobile voice and data, telephone switches, email, WAN, LAN, conferencing, etc. "This teamwork is very important in today's technical market," explains Joachim Neirinck, Procurement Executive at Barco. "In the past, I could negotiate mobile contracts by myself, for example – it was just voice and SMS. But now it is much more complex. On the other hand, IT people may focus exclusively on the technical specifications of the project, without considering service, or the pitfalls in the contract, or the lifecycle of the product. So we need each other – and we work together closely."

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Barco designs and develops visualisation solutions for a variety of selected professional markets: medical imaging, media & entertainment, infrastructure & utilities, traffic & transportation, defence & security, education & training and corporate AV.

Its 7 activities are divided into 2 BUs: Business Group Media, Entertainment & Simulation; and Business Group Monitoring, Control & Medical.

The 3 regional sales & service organisations, covering North America, EMEA-LATAM and APEC, are serviced by a single worldwide Barco Operation, which includes Procurement. General Services, which includes IT, is also organised on a worldwide basis.

SOLUTIONS

Tools and teamwork

“From a purchasing perspective, we would like to work with one global player for each functionality,” Joachim continues. “But because of our size, this isn’t always possible. For example, mobile costs are a very large part of our Communication expenses, but we are driven to use local operators, because the quantity of SIM cards for individual markets is too low.” At the same time, dealing with suppliers in each country means Barco needs in-depth knowledge of that market.

To make sure each contract meets all the requirements, and to facilitate teamwork between IT and Procurement, Barco set up the BarcoZone contract management system. Every contract is put on this intranet tool for technical, legal and procurement approval. “IT focuses on the best technology, while we work to make sure it’s at the best price,” smiles Joachim.

LESSONS LEARNT

Never forget service

For Joachim, a comprehensive contract is essential to successful procurement. “It must cover everything from the specs to the end-of-life,” he specifies. “At the beginning of the product lifecycle, service is always good. But at the end, the supplier is no longer interested in servicing the solution.”

He insists that SLAs must be included in the negotiations: “regardless of your relationship with your supplier. This is the only way you can make sure that your internal customers are getting the service they need, even when something goes wrong. But first, you need a governance model so everyone knows their role. Bring them together to find the root cause of a problem. Don’t let problems take on a life of their own.”

Finally, he says, you need to be flexible with your SLAs. “Sometimes, an SLA is too strict, and the supplier discovers afterwards they cannot meet it. Be realistic: relax the SLA -- but negotiate for something in exchange!”