Make your procurement better

MORE VALUE FOR YOUR MONEY

AXIS
COMMUNICATIONS

HANDBOOK CONTENTS

We explain and outline key steps in value-based methods for assessing your needs.

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Introduction

The journey through the procurement process can be a bit tricky. That's why we've put together a procurement guide that breaks the process into simple steps, with the aim of supporting you with achieving your ambitions of a value based procurement. It's designed to help you focus on the best areas to find value, gather supplier criteria to provide insights and present a choice of value assessment methods that puts these insights into clear formulas.

Approaching
procurement

from a value-based perspective instead of solely on lowest price can strengthen your spending power- if you as a buyer are willing to look past cost comparison for a more holistic approach. That, and the ability to identify areas of true value. The payoff of value-based procurement ensures smooth, uninterrupted business operations. It can also deliver you short and long term savings, reduce problems during the lifetime of the product and maximize sustainable impact.
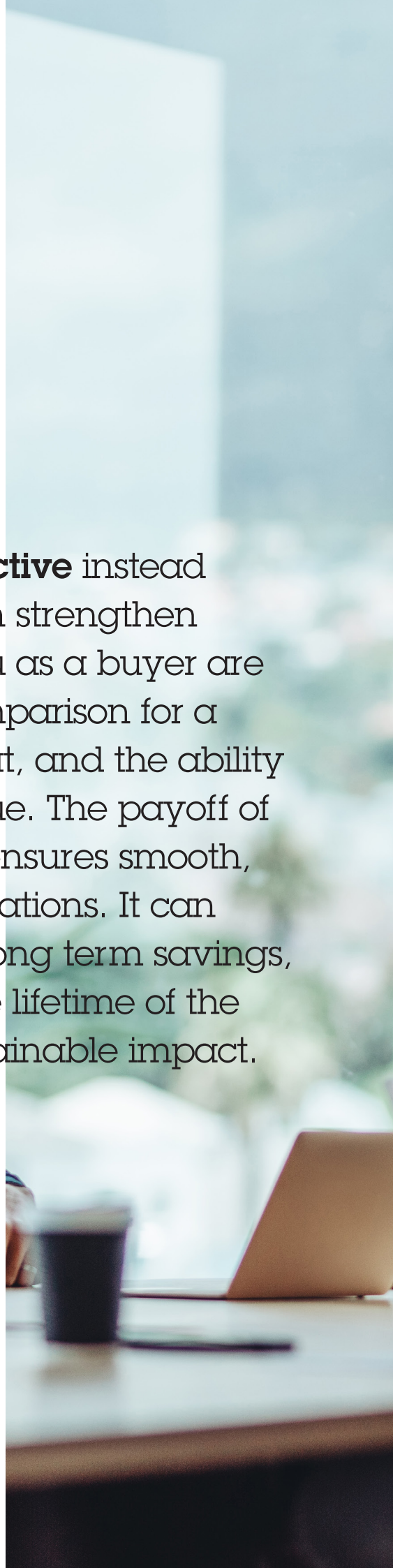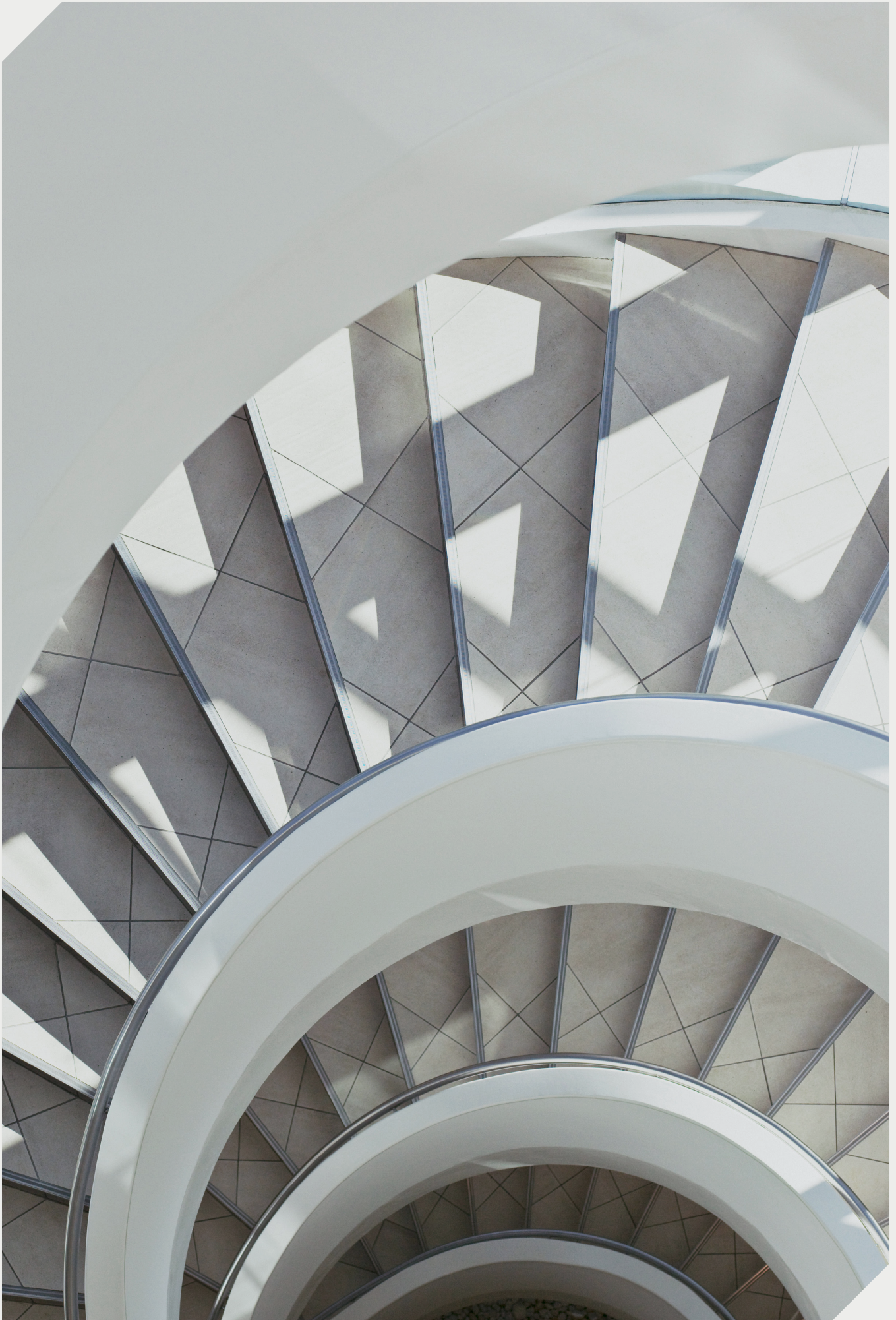
What is value-based procurement?

Value-based procurement is about finding the solutions and the supplier delivering best value over the lifecycle. It's an evolution from the traditional lowest-price approach to be inclusive of your values and objectives in comparison and relation to price.

A handbook for value-based procurement

The tendering process comprising procurement can be a tricky affair but it doesn't have to be. This information guide to making better procurements can support you as a buyer through the value-based tendering process, whether or not you're very familiar with value-based procurement. It's designed to help you define business worth in three main areas. Combined, these value areas make a great impact in total cost of ownership. The core of this handbook is a series of questions that you can put forth to a potential supplier. Their responses offer crucial and insightful knowledge that will enable you to make better value-based procurement.

Finding value –
Where to look

There's plenty of value pockets out there, waiting to be discovered, but where to look? While value can potentially be found at every step, there are three focus areas where abundance is a guarantee. Sustainability, cybersecurity and customer services are areas where value thrives. Why these three?
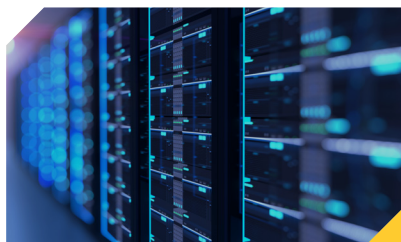
Sustainability

In accordance with the United Nations Sustainability Development Goals, all companies have a social responsibility to include sustainability in their business. By accelerating the circular economy and stimulating sustainable production and usage of products and services that's considerate of the welfare of workers and the environment, we collectively secure a livable planet for future generations. From a business perspective, sustainability adds trust with customers, employees and investors and that it is a way to reduce cost.

Cybersecurity

Cybersecurity is about protecting computers, electronic communications systems and services, and stored information from cyber threats to ensure, among other things, their availability, integrity, safety, authenticity and confidentiality. The risks you face are specific to your business. Your suppliers must provide proof and documentation that the product or solution can be configured for your particular cybersecurity requirements in order to keep your system secure.

Customer services

As a client, you want to be sure your partners are engaged and understand not only your initial needs but can deliver on a continuous basis, providing competence and insights along the way. Customer services ensures that your supplying partner is there for you and eager to resolve issues when they arise. By including customer services in your procurement, a proactive collaboration can be started and continue throughout the partnership.

Who is this handbook for?

This handbook is geared towards buyers who want to leverage their purchasing power through procurement based on overall value. It can help you as a buyer move from a purely lowest price comparison perspective into one that includes important key value criteria in evaluations of tenders. It's designed to help you make buying choices that will support you and your company in getting the best value for goods over their total lifecycle.

This handbook is designed to:

- Support you in asking the right questions to a potential supplier
- Support you in evaluating tenders by using suggested requirements
- Support you in choosing the best supplier from a value inclusive perspective

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Where value thrives

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In the procurement journey lies an abundance of untapped value, if you know where to look. We focus on three areas guaranteed to offer savings – sustainability, cybersecurity and customer services.

How to use this document

Each value area is described and structured into categories. Following are a series of questions that you, the buyer, may submit to a potential bidding supplier. The answers the bidders provide you with serve as the criteria that will support you in making informed, best overall value buying decisions for optimal procurement.

What are minimum and optional requirements?

Each set of questions is broken into *minimum requirements* and *optional requirements.*

Minimum requirements describe the absolute minimum a bidder should be able to comply with to remain a potential bidder.

Optional requirements allow bidders to formulate richer, more informative answers. They enable bidders to focus on your challenges and use their expertise to offer the best suited solution and display their added value in relation to other bidders. **Learn more about requirements on page 44.**

Terminology notes

"You" refers to the buyer/customer in the procurement process.

"Your company" is the potential supplier of goods/services to the customer.

"Supplier" can be switched with "vendor" or another term if preferred.

Focus on value in procurement: Sustainability

Sustainability

Sustainability is the long-term economic, environmental, ethical and social responsibility, in accordance with the United Nation's _Sustainable Development Goals by 2030_. This global movement for responsible development is aimed at an enterprise's entire value chain including the lifecycle of its products, operations and supplier activities, within the enterprise's area of influence.

Why sustainability is important in procurement

Sustainability efforts address global urgencies that affect all of us, such as attaining net-zero emissions for a healthier planet, ending extreme poverty, and reducing inequality. They require that both governments and enterprises worldwide take social responsibility to operate sustainably. By accelerating a circular economy and stimulating sustainable production and usage of products and services, we all work towards securing a livable planet for future generations.

In addition to the global impact, there is sustainability's business impact. Sustainable procurement helps you, the customer, to protect your brand reputation in the development of robust risk management. It enables you to better identify problem suppliers and address weak areas in their supply chain.

As a business organization, you can work towards your sustainability objectives in a number of ways. First, you can ensure that all your initiated activities are conducted in a sustainable way. While it's impossible to control the way another company conducts their business, you can encourage and incentivize them to have sustainable practices in place.

By including sustainability in your procurement, you can collaborate with supply partners seeking to secure the same livable planet for future generations.

Sustainability values in procurement is grouped into categories:

▶ Corporate sustainability
▶ Sustainable supply chain
▶ Sustainable products
▶ Sustainable consumption

Sustainability

Corporate sustainability

Corporate sustainability aims to establish a healthy business climate through the entire private sector by pursuing environmental, ethical, social, and economic goals in accordance with 2030 Sustainable Development Goals.

Why corporate sustainability is important in procurement

As a buyer, the suppliers you do business with reflect your values and standards. Your business and sustainability goals are realized through your ways of working. An important component of this is how the goods and services you procure are provided by your supplying partners. Therefore, it's important that they also have a sustainable mindset. When they do, it gives you added value in reaching your own sustainability ambitions.

In seeking a supplier, understanding how they practice corporate sustainability on a day-to-day basis is recommended. Those who practice sustainability in their own business and challenge their current methods build credibility with customers and other partners. These are the suppliers that not only add direct value to your sustainability efforts, but also add indirect value by sending these efforts down the supply chain.

The requirements written in the right-hand column supporting corporate sustainability enable you as a buyer to select suppliers that actively contribute to your own sustainability efforts with the way they do business themselves.

Requirements

Note to those responding to requirements (potential suppliers) – If your response is affirmative, please provide corresponding proof, figures, reports, or link(s).

Sustainable Development Goals (SDG) / UN Global Compact

(The multi-year strategy of the UN Global Compact is to drive business awareness and action to reach the Sustainable Development Goals by 2030.)

Minimum requirements

- Is your company a member of the UN Global Compact?

- Have your employees signed an anti-corruption commitment letter?

- Does your company have mandatory anti-corruption training for all employees?

- Does your company have an environmental policy?

- Does your company have a Diversity, Equality and Inclusion (DEI) plan in place?

- Does your company have a Code of Conduct in line with the UN Global Compact regarding human rights, labor, environment and anti-corruption?

- Has your company's Environmental Social and Governance (ESG) been assessed by a third party?

Optional requirements

- What are your company's sustainability goals and how does it report on the progress of these goals?

- How does your company ensure that the increasingly sophisticated applications developed for its commercial offerings meet its own ethical values?

- How does your company demonstrate its contribution to the UN Sustainable Development Goals?

- How does your company address a vulnerable workforce?

- How does your company prevent child labor and forced labor?

- How does your Code of Conduct positively impact your activities in a sustainable (environmental, economic and social) way?

Reporting

Minimum requirements

- Does your company publish a yearly sustainability report in accordance with GRI Global Reporting Initiative (GRI)?

- Does your company publish a yearly carbon footprint report?

Optional requirements

- How does your company report its contribution to the UN Sustainable Development Goals in the sustainability report and ensure continuous improvement?

- What action does your company take on the results from your yearly sustainability report to continuously improve your contribution to UN Sustainability Goals?

- What action does your company take on the results from your yearly carbon footprint report to continuously reduce its impact?

Company CO_2 footprint

Minimum requirements

- Has your company set, or committed to set, a Science Based Target initiative (SBTi) in line with the Paris agreement?

- Does your company have carbon reduction goals specifically for your own business (Scope 1 and Scope 2, according to the Green House Gas Protocol)?

- Does your company have carbon reduction goals for your Scope 3 emissions?

Optional requirements

- How does your company limit the environmental impact of your business?

Sustainability

Sustainable supply chain

Sustainable supply chain is viewed as the environmental, ethical, social and economic impact related to the supply chain. This includes component manufacturing, product manufacturing, transport and distribution.

Why sustainable supply chain is important in procurement

The supply chain, including production and transportation, represents a major part of the total environmental impact of a product. The supply chain usually involves many parties out of direct influence for you as a customer. So, it's important that your supplier can demonstrate its efforts in assuring a responsible and sustainable supply chain.

Requirements

Responsible and trustworthy suppliers

Minimum requirements

- Does your company have a supplier code of conduct which covers at least human rights, labor protection, environmental protection, and anti-corruption protection? If yes, are the requirements aligned with the requirements of the Responsible Business Alliance (RBA)?

- Does your company regularly audit suppliers on sustainability?

- Do your company's suppliers have an ISO 14001 certificate in place?

- Does your company publish a yearly statement on modern slavery?

Optional requirements

- How does your company ensure that your suppliers perform business which is compliant with your Code of Conduct?

- How do you make sure your company's suppliers follow agreements?

- How does your company hold its suppliers accountable for sustainable issues in the supply chain?

Conflict minerals

Minimum requirements

- Does your company have a public policy about the usage of conflict minerals?

- Does your company disclose the presence of conflict minerals using the Conflict Minerals Reporting Template (CMRT) found at www.responsiblemineralsinitiative.org? If yes, please provide your CMRT.

Optional requirements

- How does your company ensure that it's not using conflict minerals?

Supply chain CO_2 footprint

Minimum requirements

- Are your company's manufacturing sites fossil free, or is a plan in place to become fossil free before 2030?

Optional requirements

- How does your company enforce its supply chain to reduce its CO_2 footprint?

- Which agreements are in place at your company's supply chain, regarding the CO_2 emissions during the manufacturing of your products?

Distribution of products

Minimum requirements

- Have your company's freight forwarders signed a supplier code of conduct that is based on the UN Global Compact initiative and with the requirements of the Responsible Business Alliance?

- Are your company's logistic centers fossil free or, is a plan in place to become fossil free before 2030?

Optional requirements

- How does your company contribute to lowering emissions in distribution and logistics?

Sustainable products

Sustainable products relates to the the environmental, ethical, social and economic impact concerning product design and solution. This includes materials, design, packaging and energy efficiency.

Why sustainable products are important in procurement

Choosing sustainable products promotes circularity, recycling and the elimination of hazardous materials in their design. In choosing sustainable products over those that are non-sustainable, suppliers are incentivized to innovate more responsible product design. It promotes a circular economy through material usage and can eventually evolve to carbon neutral product design and production.

Requirements

Sustainable product and system design

Minimum requirements

- Does your company have a process in place to stimulate sustainable product design?

Optional requirements

- How does the production or design of your company's products benefit the reduction of the CO_2 footprint of the total project?

- How does your company support its customers in choosing the most sustainable option(s)?

- Does your company have alternative product proposals to this Request For Proposal (RFP) that can reduce the CO_2 emissions of the total system over its lifetime?

- What are your company's ambitions relating to green product innovation looking into the future?

Circular products

Minimum requirements

- Does your company have a target for the usage of recycled or bio-based materials?

- Does your company have a recycling process in place for your products?

- Does your company provide recycling instructions for your products?

Optional requirements

- What does your company do to enable reusing materials?

- How does your company contribute to a circular economy?

- What percentage of plastic in your company's products is made of renewable carbon-based plastic (recycled plastic, bio-based plastic and CO or CO_2 based plastic)?

- What percentage of your company's products consists of recycled materials?

- How does your company maximize the usage of recyclable materials?

Hazardous materials

Minimum requirements

- Can your company show that at least 90% of your products are free of Polyvinyl Chloride (PVC)?

- Can your company provide products that are 100% free of Brominated Flame Retardants (BFR) and Chlorinated Flame Retardants (CFR)?

- Does your company register products in the SCIP database of the European Chemical Agency (ECHA)? If yes, please provide the SCIP registration numbers.

Optional requirements

- How does your company limit or minimize the usage of hazardous materials, such as PVC, BFR and CFR?

- Does your company have a list of all the hazardous materials that have been eliminated in the past five years from your company's products?

Packaging

Minimum requirements

- Does your company have sustainable packaging goals?

- Does your company's paper-based packaging come from certified sustainable forestry?

Optional requirements

- How does your company reduce the impact and usage of materials for packaging?

- What percentage of your company's packaging is made from recycled or renewable materials?

- Does your company have any innovations regarding packaging?

Sustainable consumption

Sustainable consumption is the environmental, ethical, social, and economic impact of our products and services in relation to the UN Sustainable Development Goals while deployed for their intended usage.

Why sustainable consumption is important in procurement

In addition to sustainability efforts during product production, the same consideration should also be given during the product's lifetime. As a business, you might aim to achieve zero electronic waste targets and reduce energy consumption when products are in place. Sustainable consumption includes the impact on the environment that the products and services have during their use. This can include air quality, landscape, soil, water, climate impact, as well as safeguarding individual privacy and human rights. Committing to environmental regulations in the market helps innovate more efficient products and processes for reuse and recycling.

Requirements

Future-proof products

Minimum requirements

- Does your company provide updates for purchased products for a minimum of five years?
- Does your company provide training on how to best care for its products?

Optional requirements

- How do your company's products contribute to long term flexibility of the system, supporting adaption to fit future purposes?
- How does your company make sure the purchased products keep working for a minimum of five years?

CO_2 footprint product usage

Minimum requirements

- Does your company provide an indication of the energy consumption of its products?

Optional requirements

- How are your company's products designed to minimize operational costs?
- How does your company minimize the energy consumption of installed solutions?

Product replacement and maintenance

Minimum requirements

- Does your company have a product return policy in place?

Optional requirements

- How does your company manage decommissioned products?

- How does your company deal with broken products?

- What does your company do to maintain its products over their lifetime?

Data protection and privacy

Minimum requirements

- Does your company store data collected with its products in line with legislation?

- Does your company have an ISO 27001 certificate or similar?

- Does your company have a privacy notice in place?

Optional requirements

- What ethical choices does your company make for its products that influence the product's system design, application, installation, and usage?

- How does your company make users aware of how to protect the privacy of recorded information on its products?

Find more questions on Data protection and privacy in the value area **Cybersecurity** under "Compliance"

Focus on value in procurement: Cybersecurity

Cybersecurity

Cybersecurity practices include processes for preventing damage and restoring computers, electronic communications systems and services, wire and electronic communications, and stored information. This protection of computer systems and services ensures their availability, integrity, safety, authentication, confidentiality, and nonrepudiation.

The protection of the devices and solutions should be tailored to align with your security policies for the duration of the product lifecycle.

Why cybersecurity is important in procurement

Your business is unique, as are the risks and threats that you face. You have policies, requirements, and standards that must be met in order to put devices, software, or solutions on the network. Your suppliers must provide proof and documentation that the product or solution can be configured for your unique cybersecurity requirements in order to keep your information secure.

Cybersecurity in procurement is grouped into the following categories:

- Lifecycle management
- Vulnerability management
- Education and training
- Compliance
- Data protection and privacy
- Secure supply chain

Lifecycle management

Lifecycle management is the cybersecurity treatment given to a product during its lifetime. Typically, it begins with a secure foundation for hardware and software development, followed by the phases: development, production, distribution, implementation, in service, and decommissioning.

Why lifecycle management is important to procurement

Cybersecurity is about managing risks over time. Cybersecurity risks exist in every step throughout a device's lifecycle from production to decommissioning. If overlooked, these risks can threaten the integrity of the products and services, resulting in a loss of sensitive data which can lead to operational disruptions. The cost can be monumental for you as the customer. A trusted supplier should take these cybersecurity risks into account each step of the way. A supplier should have counter measures in place to reduce these risks before the product reaches the customer. In addition to providing guidance, the supplier should have tools and services available while the product is in service.

Phases of lifecycle management

Product development – The first phase of the product's journey lays a secure foundation on which the solution is constructed. It's important to add cybersecurity during this phase, because it is difficult to add once the product goes into the production phase.

Production – The security measures a supplier takes to ensure security is a key focus in product development. It's important because it can be difficult to add cybersecurity protection to a product once it has already been built.

Distribution – These are the security measures a supplier takes to ensure safe and secure distribution.

Implementation – This is how the contracted installer configures the product to your specific cybersecurity policies and network security requirements.

In service – These are the tools and support provided for cybersecurity patches during the product's use, as well as features that may be supported to ensure the integrity of the product's firmware and the data that the device produces.

Decommissioning – This relates to the termination of data, it includes the Personal Identifiable Information (PII) and configuration at the end of the product's lifecycle to ensure it provides no security risk.

PRODUCTION → DISTRIBUTION → IMPLEMENTATION → IN SERVICE → DECOMMISSIONING

Requirements

Note to those responding to requirements (potential suppliers) – If your response is affirmative, please provide corresponding proof, figures, reports, or link(s).

Minimum requirements

- Does your company have a security hardening guide that provides guidance on how to deploy and operate products in a secure manner?

- Does your company have tools to integrate and manage products in a cybersecure way into the customer's environment/network?

Optional requirements

- Does your company have a software development model that documents the processes and tools that make security a key focus of software development?

- How does your company identify, test and highlight vulnerabilities in your product development?

- How does your company update and improve firmware (software for hardware) for cybersecurity and stability?

- How does your company manage user accounts on your products?

- How does your company handle and Personal Identifiable Information (PII), configuration and sensitive data when decommissioning products?

Vulnerability management

Vulnerability management is the process of identifying, evaluating, and reporting on security vulnerabilities in the systems and the software that run on them. Vulnerabilities are weaknesses in software or hardware that potentially allow attackers to compromise the product.

Why vulnerability management is important to procurement

Vulnerability management plays a critical role in reducing the attack surface area or, reducing the opportunity for attackers to gain access to the network, devices, or data. During procurement, it's important to understand a supplier's vulnerability management and policies that are available for its products and solutions. Other best practices to consider from a supplier are how vulnerability notices will be communicated to you, the customer, and how you will know what tools are available for keeping software up to date. Also, it is important to know what support (such as technical, engineering or operating system) will be available if there's a problem with a software patch or update. It's also important to identify and agree on a clear delineation of vulnerability management responsibilities between the manufacturer, installer, and the customer.

Requirements

Minimum requirements

- Does your company have a vulnerability policy?
- Does your company test and scan software/firmware before release?
- Does your company provide software or a platform for upgrading firmware/software for products when vulnerabilities are found?
- Does your company have the capability to issue Common Vulnerability Exposure (CVE), including a Common Vulnerability Scoring System (CVSS) score to allow the user to understand the severity of the vulnerability?

Optional requirements

- How quickly does your company release patched software?
- How does your company provide help desk support?
- Is help desk support provided by you or a third party?
- How does your company identify, test, and highlight vulnerabilities?

Education and training

Education and training comprise the knowledge sharing within cybersecurity from the supplier to you, the customer.

Why cybersecurity education and training are important in procurement

The majority of successful cyberattacks are due to system misconfigurations and human error. These issues and risks can be minimized through education and training. The education and training process should be a requirement for all parties involved in the procurement of a technical product, solution, or implementation.

Knowledge sharing contributes towards a higher level of cybersecurity and a cyber-resilient future. As a customer, you can encourage suppliers to increase their knowledge sharing efforts, professional training, and skill development, as well as raise awareness of its importance.

Requirements

Minimum requirements

- Does your company have cybersecurity training for all employees?

- Does your company provide any form of online or classroom training for the configuration of products?

- Does your company provide any online or classroom cybersecurity training for your products including cyber hardening, certificate deployment, etc?

Optional requirements

- Is your company capable of providing customized cybersecurity training (paid or free of charge) based on the buying partner's network and policy environment?

- What is included in your company's cybersecurity training for your customers?

Compliance

Compliance within cybersecurity includes meeting various controls (for example: regulatory authority, law, or industry groups) in order to protect the confidentiality, integrity, and availability of data.

Why compliance is important to procurement

Being compliant and aligned with necessary certifications and frameworks ensures a basic level of cybersecurity maturity throughout the entire value chain. It includes goals and target fulfillment, certifications, compliances, as well as standards based on local, regional, and international requirements. Internal governance should exceed what regulatory minimums require.

As a customer, you want to be sure that your supplying partner can provide evidential proof of their cybersecurity maturity. You need to understand the potential risks that you are accepting by awarding business to them. A supplier who performs due diligence and third party audited certifications or accreditations can help you make a risk determination.

Compliance requires continuous monitoring and vigilance, as regulations and legislations can arise or change. This is especially important as local and international compliance regulations can differ greatly by geographic location.

Requirements

Minimum requirements

- Does your company have an ISO 27001 certification or similar?

Optional requirements

- How does your company follow industry standards and best practices?

- For North America:
  How does your company make sure federal data is consistently protected at a high level?

- Does your company perform audits in relation to your organization's security?

Cybersecurity

Data protection and privacy

Data protection and privacy within cybersecurity refers to the protection of customer information and data, Personal Identifiable Information (PII), during their use of a supplier's products and solutions. It concerns the usage and storage of your, the customer's, information in the security solution. For example, video material of surveillance cameras.

Why privacy is important in procurement

As more and more personal information is processed or stored online, privacy protection increasingly relies on effective cybersecurity implementation. Organizations must secure customer data, both when it is in process and when stored. You need your data to be protected, so the privacy of your customers can be guaranteed.

The increase in organizational data collection, along with the rising threat of cyber-attacks and data breaches, demands more stringent requirements on information security management. It's vital you know that your supplier protects your information. Therefore, it's important that your chosen supplier has a well designed data security policy in place. When they are on top of their information security management, they provide assurance your information remains safe.

Topics such as confidentiality, integrity, and availability of protected information in the system lifecycle can be assessed based in part, on Information Security Management and data privacy policies. By doing so, this incentives suppliers to implement a more efficient way of protecting data from unauthorized people.

Requirements

Minimum requirements

- Does your company comply with data privacy regulations such as General Data Protection Regulation (GDPR)?

Optional requirements

- How does your company contribute to raising privacy awareness?

- What technical and organizational measures have been implemented to protect personal data?

- What privacy-related features does your company have in your video products?

Find more questions on Data protection and privacy in the value area **Sustainability** under "Sustainable Consumption".

Cybersecurity

Secure supply chain

Secure supply chain is about mitigating the risks of the supplier's own supply chain and the logistics systems. It includes both physical security for products (hardware) and cybersecurity for software and services.

Why a secure supply chain is important to procurement

As a customer, you are exposed to supply chain risks and cyberattacks from any supplier to whom you award business. Supply chain cyberattacks have increased dramatically over recent years. Every company your supplier acquires components, hardware or software from increases your attack surface. It's valuable to map and evaluate each supplier's product supply chain process.

Supply chains are increasingly complex global networks connecting to a large number of third-party partners who need access to data. Experienced and conscious suppliers ask for transparency of those supply chains and want to have an insight into how the products and services they purchase, or support are transported.

Close collaboration is often required between partners, businesses, suppliers, and resellers. Networks and systems may become interconnected and sensitive data may be shared. This means that a breach within one organization can affect many. Therefore, striving for a secure supply chain has a substantial impact in maintaining cybersecurity. By doing so, it eventually serves as a stimulant for potential partners to work towards the more secure and efficient movement of goods that can recover rapidly from disruptions.

Requirements

Minimum requirements

- Does your company have detailed / documented information on where (country of origin) components are developed and produced?

Optional requirements

- How does your company build secure supply chains in relation to working with partners?

- How does your company select a (component) supplier?

- How does your company make sure your suppliers meet the security requirements?

- Do you perform audits in relation to your organization's security?

For North America:

- Do you have products that can meet FIPS 140-2 requirements for Federal customers?

Focus on value in procurement: Customer service
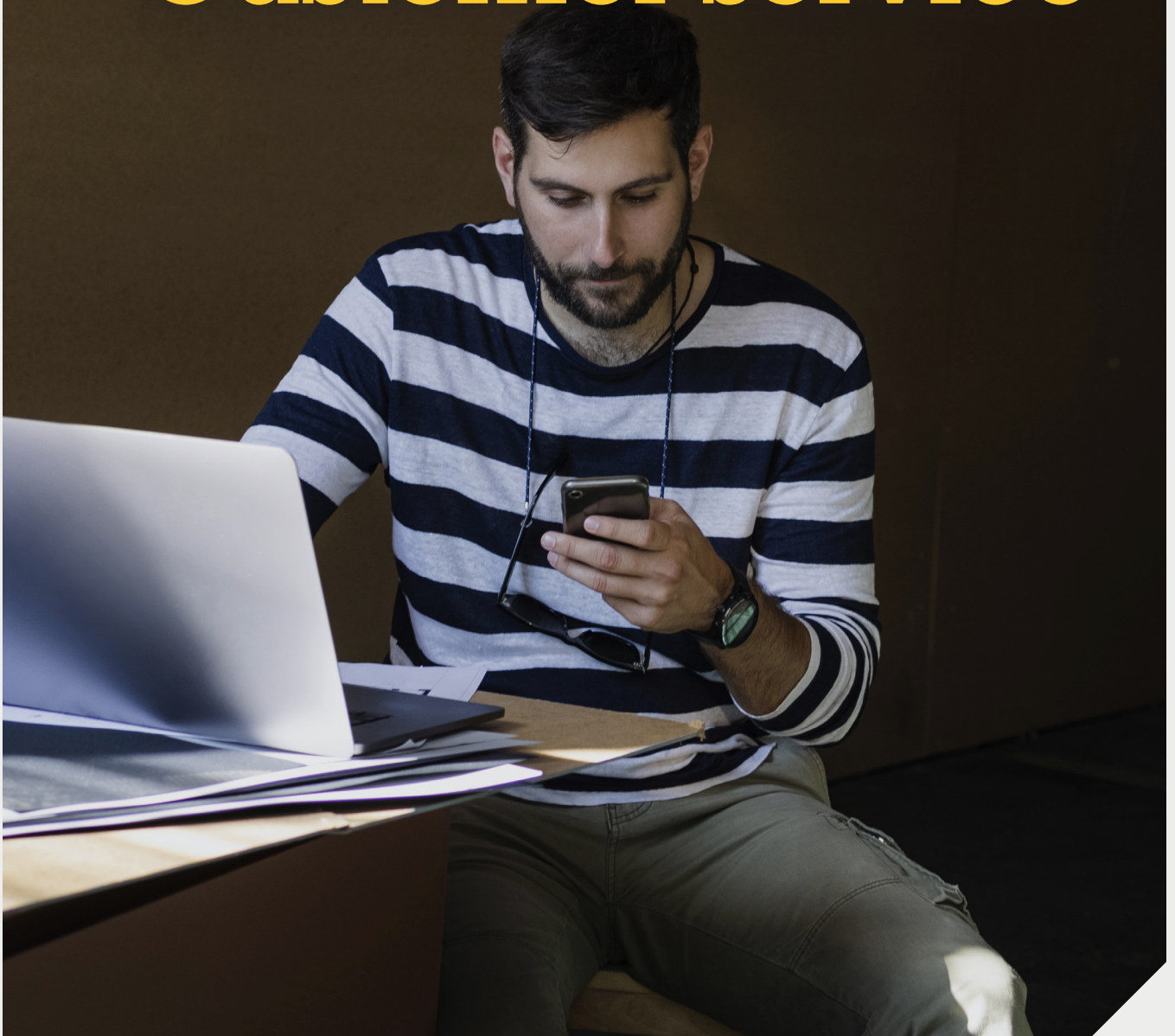
Customer service

Customer service embodies the support and service offered to you, the customer, during purchase and use of your supplier's products and services.

Why customer service is important in procurement

Today, with such a wide offering of goods and services, customers are positioned to demand more than ever before. As a customer, you have more power, higher expectations, and the desire for your suppliers to swiftly respond to your needs. It's important that suppliers understand your needs and concerns and that they make that extra effort to clearly understand your unique challenges.

This understanding not only extends beyond your initial needs in the procurement process, but also with the offer of continuous support during the lifecycle of your supplier's products. Your chosen suppliers should not only be able to provide competence and insight by answering questions and solving problems, but also by proactively adding value to your systems.

These are aspects, in addition to product features, that add value. By including Customer services in your procurement, a proactive collaboration can begin.

Customer service value in procurement is grouped into the following categories:

▸ Pre-sales support
▸ After-sales support
▸ Repair, replacement, and warranty
▸ Tailored customer service

Pre-sales support

Pre-sales support embodies a supplier's help to you, the customer, in your purchase of products. It includes the supplier sharing knowledge with you; guiding and educating you as well as including you in the creative problem-solving process. It's customer and solution focused rather than product focused. It is about supporting you to purchase the right solution for your specific challenge.

Why pre-sales support is important in procurement

As a buyer, you stand before an ocean of products. How do you pick the right products and avoid sticking only to the products you already have? By seeking support and help during the purchase of products and services, you increase the chance of securing a robust system that is relevant for years to come.

In a purchase decision, it's not only about comparing price and features. You should also have an invitation to learn how potential suppliers treat data and privacy concerns or contribute to your sustainability goals.

It's important that your supplier can act as a trusted advisor. You should be able to brainstorm possible solutions together, discuss ideas, and pay attention to details when deciding on the perfect solution for you.

The requirements written in the right-hand column regarding pre-sales support enable you to select partners that actively provide help in product choice and system design.

Requirements

Note to those responding to requirements (potential suppliers) - if your response is affirmative, please provide corresponding proof, figures, reports, or link(s).

Minimum requirements

* Does your company have a pre-sales support team?
* Does your company have global coverage of your pre-sales support?

Optional requirements

* How does your company help prospective customers understand how your product or service will improve their company's workflow and how the solution will be implemented?
* How does your company ensure a successful implementation of a sale and how does it manage customer needs throughout the ongoing relationship?
* How does your company define proactive service?

After-sales support

After-sales support concerns the supplier providing you, the customer, the best possible technical support when using their purchased products. Technical support consists of written materials, online chat, and phone support, all of which is available wherever you are, whenever you need it.

Why after-sales support is important in procurement

You should make sure that your suppliers offer direct technical support after the purchase of their products. Not only assistance post-sales in making correct and efficient use of a product, but also the technical support to resolve such issues in the fastest, most cost-effective way.

Ideally, the support you get from your suppliers should be as good as having a consultant standing beside you and supporting you in exactly what to do. Suppliers committed to continuous support help minimize downtime and hassle. After-sales support from your supplier should be easily accessible and with a high level of technical expertise.

Requirements

Minimum requirements

- Does your company offer expert technical support to customers after purchasing your products?
- Can customers contact your company directly with questions after a purchase?
- Does your company have global coverage of support?
- Does your company offer support in local languages?

Optional requirements

- How does your company support customers in using your products?
- How does your company support customers in upgrading their systems?
- How does your company ensure that purchased products remain up-to-date and remain compliant for as long as possible?
- How does your company maintain its relationship with its customers?
- What are your company's objectives for your after-sales service?
- How does your company manage customer feedback?

Repair, replacement, and warranty

Repair, replacement, and warranty is the after-sales support offerings from the supplier for repair or replacement of defective products as per the warranty policy to you, the customer. It's the guarantee of the products for your security and benefit, as well as the inclusive repair and reuse.

Why repair, replacement, and warranty matter in procurement

When procuring products, not only is it the way a supplier helps you to purchase them important, but also the way in which they can be repaired or replaced. By including requirements on repair, replacement and warranty in your procurement, you ensure continuity of your business.

To make sure your product is working and behaving as intended, clear product or service guidelines should be offered. And, it should be easy to create a support case when your products do require repair or replacement. Your supplier should provide an efficient and transparent process for returns in order to minimize disruption to your business.

Requirements

Minimum requirements

- Does your company offer hardware product warranty for a minimum of five years?

- Does your company offer the possibility to be contacted directly to get return material authorization (RMA)?

Optional requirements

- What is included in your company's warranty offering?

- How does your company manage the authorization of return of merchandise?

- How does your organization try to prevent and minimize downtime for the customer?

Tailored customer services

Tailored customer services concerns providing a personalized customer service based on you, the customer's, specific desired wants and needs in a customized way. Tailored customer services are not about selling products, but rather solutions that match your needs. The purpose is in providing solutions to challenges that can't be solved by the standard offering.

Why tailored customer services are important in procurement

Tailored customer services add value and help you meet your unique needs and maximize the performance of your system by providing services, solutions and training outside of the standard offering. By offering tailored services, supplying partners are able to serve you in a customized way.

Requirements

Minimum requirements

- Does your company offer customized software solutions?
- Does your company provide tailored training?
- Does your company provide customized services?

Optional requirements

- How do you provide customized services for your customer?
- Please provide examples of previous customized services.

3

Assessment methods – How do you quantify value?

We explain and outline key steps in value-based methods for assessing your needs.

Assessment
Approach and quantifying value

While there are many reasons to choose procurement based on best value over an approach based solely on lowest cost, there is admittedly one attractive point for honing in solely on cost: the ease in comparing proposals by simply selecting the one that offers you the lowest price. However, there are easy and practical ways of assessing value base criteria that enable proposal cost comparison. This handbook will detail two methods: fictitious price and percentage. But first, let's take a closer look and compare assessment approaches: value-based vs. lowest cost.

Assessment approach – lowest cost or value based?

The primary objective when using any assessment approach is to get the best value for your investment. An assessment approach is a structured way to get the best quality proposals that suits your specific needs. So, it's important to identify what is most valuable to you and then select the most appropriate approach. Whether you choose best value or lowest cost, there's always a trade-off between price and qualitative components. Quality can be expressed in many different themes or categories, depending on your objectives. The impact that price and quality have is something that you need to decide, based on your knowledge of specific services or goods and the goals you want to achieve with the procurement. Modern connected digital security systems need to be fully dependable and provide safe and sustainable functionality 24/7/365 over a long lifecycle. Therefore, quality is critical in your procurement which a focus solely on price can't provide.

An overview comparison – lowest price vs. value based

- **Procurement based on lowest price:** Solely cost based criteria with no consideration to quality. This method implies the product or services with the lowest price will lead to the highest client satisfaction.

- **Procurement based on a best price and quality ratio:** A combined trade-off between price and quality in which you choose the values on which your assess offers. By including value areas, you achieve your desired quality levels based on your own targets or goals, instead of detailed technical specifications the goods or services must satisfy. This method also enables suppliers to better showcase their expertise in fulfilling the stated targets or goals.

How do you get more value for money?

Lowest price

The first assessment method is based on lowest price only. With this method, 100% of the bidder's score is defined by price. Bidders can't score any points based on qualitative value areas.

This method is most suitable when you know exactly which system or products you need and have defined all the project specifications. Furthermore, the market's bidders need to be uniform enough so all the bids will offer similar products and compete solely on price. A result of this method is that bidders won't be sufficiently inclined to dig in and explore the buying customer's challenges to come up with innovative solutions. The reality is that the modern security and IoT market is not a homogenous market. It's in fact populated with a spanning array of innovations and brands. Some of whom have deep knowledge of customer challenges, needs and objectives. Therefore, the lowest price method will not give you the full value for your investment.
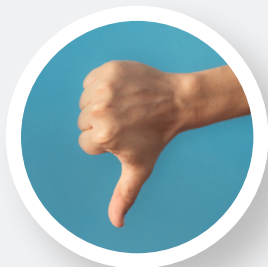
Best price and quality ratio

The second assessment method is based on a best price and quality ratio. This method allows you to procure from suppliers based on more than just the lowest price. In this assessment method, bidders are also scored on quality criteria, in addition to price. Best price and quality ratio gives bidders more freedom to offer the best solution for the procurement and enables potential buyers to make more use of a bidder's expertise and creativity.

Assessing quality

The quality component consists of one or more areas that are of value for you as the buyer. Example areas might be: sustainability, cybersecurity and customer service. You need to describe why your chosen areas are important as well as define their specific requirements and how you will score them.

Define how the best price / quality ratio is calculated

It should be clear to bidders what you're looking for, and how they should respond to qualitative requirements as well as how answers are assessed. It should also be clear to all bidders how the quality component will be scored in comparison to the price component. It can be done in multiple ways, but we outline principal key steps that can work in many styles of procurement.

Step 1: Weighing price versus qualitative value areas

	Price	Qualitative value areas		
		Sustainability	Cybersecurity	Customer service
Weight	40%	60%		
		30%	20%	10%

In this example, the relation between price and quality components are expressed as percentages. A total of 100% is divided into two percentage amounts: price and quality. You can weigh them equally or give the component you value more a higher percentage. The most common way to divide the total is 40% to price and 60% to quality. This shows that the quality is valued more important than the price. The quality component can then be divided even further into different value areas.

For example, 30% sustainability, 20% cybersecurity and 10% customer service. An even distribution implies an equal importance of each aspect. Differentiation in percentages implies that one or more areas are more important to you than others. In this example, sustainability is most important followed by cybersecurity than customer service. Finally for reference, a lowest-price tender would have 100% on price and 0% on quality.

Step 2: Defining value for the qualitative value areas

This example expresses the worth of the different areas as specific monetary values, which bidders can obtain as a **maximum** fictitious discount in the tendering assessment. When using the example of the three value areas (sustainability, cybersecurity, customer service) again, the calculation for each bidder could look like this:

	Price	Qualitative value areas		
		Sustainability	Cybersecurity	Customer service
Weight	Offering price in a predeter-mined currency (e.g. €, $)	Total maximum fictitious discount (expressed in €, $, etc.)		
		Maximum fictitious discount for criterium (in €, $, etc.)	Maximum fictitious discount for criterium (in €, $, etc.)	Maximum fictitious discount for criterium (in €, $, etc.)
Example		300 000	200 000	100 000

Note: The numbers used are just examples and are dependent on the size of the tender and many other factors.

Step 3: Assessing minimum and optional requirement responses

Minimum requirements

Minimum requirements are used to describe the absolute minimum a bidder should be able to comply with to remain a potential bidder. These requirements can most typically be answered with a 'yes' or a 'no'. Most often, the proposal is considered invalid if the bidder can't fulfill them and therefore does not need any other calculation method.

Optional requirements

Optional requirements are used to allow bidders to formulate richer, more informative answers. The quality of these responses determines the bidders' score on the requirements. Optional requirements enable bidders to focus on your challenges and use their expertise to offer the best suited solution and display their added value. Bidders can also come up with innovative solutions. The quality of the bidding responses therefore needs to be scored and further calculated in the assessment.

Scoring bidding responses

Score, or rating, can be expressed in many ways, for example:

Score / rating		
Excellent	100%	10 points
Good	75%	7 points
Average	50%	5 points
Below average	25%	2 points
Poor	0%	0 points

In this example the score of each quality area is expressed as percentages, based on how well the bidders scored in the area. For example, if a bidder can provide a high level of satisfaction in a particular area, they receive 100% of the monetary value given to it. Alternatively, if the bidder can answer with only a minimum of fulfillment (or none at all), they won't receive the fictitious discount for that particular area.

Each criterion gets its own monetary value, indicating how important you value it. In this table an example has been given:

Criteria	Monetary value	Scores	Fictitious discount
Sustainability	300,000	100%	300,000
Cybersecurity	200,000	75%	150,000
Customer service	100,000	50%	50,000

To conclude the above, the bidder would receive a fictitious discount of 500,000 (300,000+150,000+50,000) on the bidding price due to the received scores on the quality criteria.

Disclaimer: These percentages and values are only examples.

Bidding price = Price – (sustainability score * 300,000 + cybersecurity score * 200,000 + customer service score * 100,000)

Summary

Both formal and informal assessment methods are available depending on factors like your location, the legal frameworks under which you operate and whether the procurement is public or private. In general though, the key steps just outlined comprise the principles of how to quantify value in relation to price.

Notes

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About Axis Communications

Axis enables a smarter and safer world by creating solutions for improving security and business performance. As a network technology company and industry leader, Axis offers solutions in video surveillance, access control, intercom, and audio systems. They are enhanced by intelligent analytics applications and supported by high-quality training.

Axis has around 4,000 dedicated employees in over 50 countries and collaborates with technology and system integration partners worldwide to deliver customer solutions. Axis was founded in 1984, and the headquarters are in Lund, Sweden.

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