Chapter 18

The Influence of IT Governance Mechanisms and Value–Based Selling in an IT Supplier–SME Collaboration

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ABSTRACT

To be competitive, small- and medium-sized enterprises (SMEs) need information technology (IT) to enhance and support their business models. IT governance (ITG) is common in large enterprises but is poorly suited to SMEs. To provide benefits to SMEs, it is therefore essential for IT suppliers to recommend appropriate ITG mechanisms and collaborate with their SME customers. Through the structured use of ITG mechanisms and value-based selling, IT suppliers can develop suitable products and strengthen both the customers' and their own businesses. In this study, the authors used qualitative interviews to explore how IT suppliers perceive the issues their SME customers face regarding their IT and business strategies and how they handle those issues. The findings highlight the challenges that SME customers must deal with when making IT strategic decisions and investments.

INTRODUCTION

Developing the right products is mission critical for all software companies. Yet, for many companies, R&D spending is a black box. They allocate capital without a clear strategy and without the right metrics and governance to understand how that money is being spent. This approach impedes innovation and growth. (Ahlawat et al., 2019)

The above quotation from the Boston Consulting Group highlights a key paradox in conveying information technology (IT) information to businesses today. Developing the right products is mission-critical, and IT suppliers have a responsibility to recommend products that will enable their customers to succeed in the digital world. The overall aim of this chapter is to help IT suppliers improve their collaboration with their small- and medium-sized enterprise (SME) customers and thus strengthen the SME customers' and their own businesses.

BACKGROUND

Methodology

To explore how IT suppliers use IT governance (ITG) mechanisms when working with SMEs, the authors, guided by an interview schedule, gathered data via in-depth, explorative, qualitative interviews with IT suppliers and SME informants. Because this area of research is fairly new and underexplored, we aimed to have dialogues with the informants that covered the overall themes of the research but still allowed the interviewer to explore new issues that arose during the interviews (Brinkmann & Tanggaard, 2020).

The research was based on interviews with informants from five Danish IT suppliers and five businesses. All the businesses represented different industries and had fewer than 250 employees; therefore, they met the European Union's definition of SMEs (Commission of the European Communities, 2003).

The contribution of this research lies in providing insights into perspectives on the collaboration between IT suppliers and SMEs.

IT Suppliers

To ensure that the informants had accurate knowledge of their organization, the authors talked to senior staff with in-depth knowledge of sales and their customers' businesses.

SMEs

Two of the SMEs were directly linked to IT suppliers, but three SMEs had no such link. The interviews with the SME informants linked to the IT suppliers made it possible to analyze how both parties perceived their collaboration. The interviews with the informants from the SMEs with no link to the IT suppliers provided an opportunity to explore deeply the challenges of working with IT suppliers from the perspective of the SMEs.

The interviews with the SME informants were conducted with senior staff involved in decision-making regarding IT investments. Each informant also had deep knowledge and experience of communication and collaboration between the SME and IT suppliers.

Extracting Meaning From the Interviews

The authors used different methods to iteratively analyze the interview data. The first method involved coding the interview transcripts and copying the codes into thematic charts. The second involved synthe-

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