

BESTSERV - TUOMO VÄÄNÄNEN

onninen

# COMMERCIALIZATION OF SERVICES IN TECHNICAL WHOLESALE BUSINESS



## ONNINEN TODAY

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WE PROVIDE TECHNICAL PRODUCTS  
AND SERVICES TO IMPROVE OUR  
CUSTOMERS BUSINESS

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FOUNDED 1913, ONNINEN IS OWNED BY  
THE FINNISH TOIVANEN FAMILY IN  
FOURTH GENERATION

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TURNOVER 1.75 BILLION EUROS

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OPERATIONS IN 9 COUNTRIES

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3 000 EMPLOYEES

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150 SITES

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# BRAND OFFERING

Segment	Contractors	Industry	Infra	Retailers
Chain level B to B				
B to C	  			
Service level				
Product level Own brands				



## WITH THE BEST PRODUCT BRANDS



# CUSTOMER PROMISE IS THE BASE OF SERVICE DEVELOPMENT

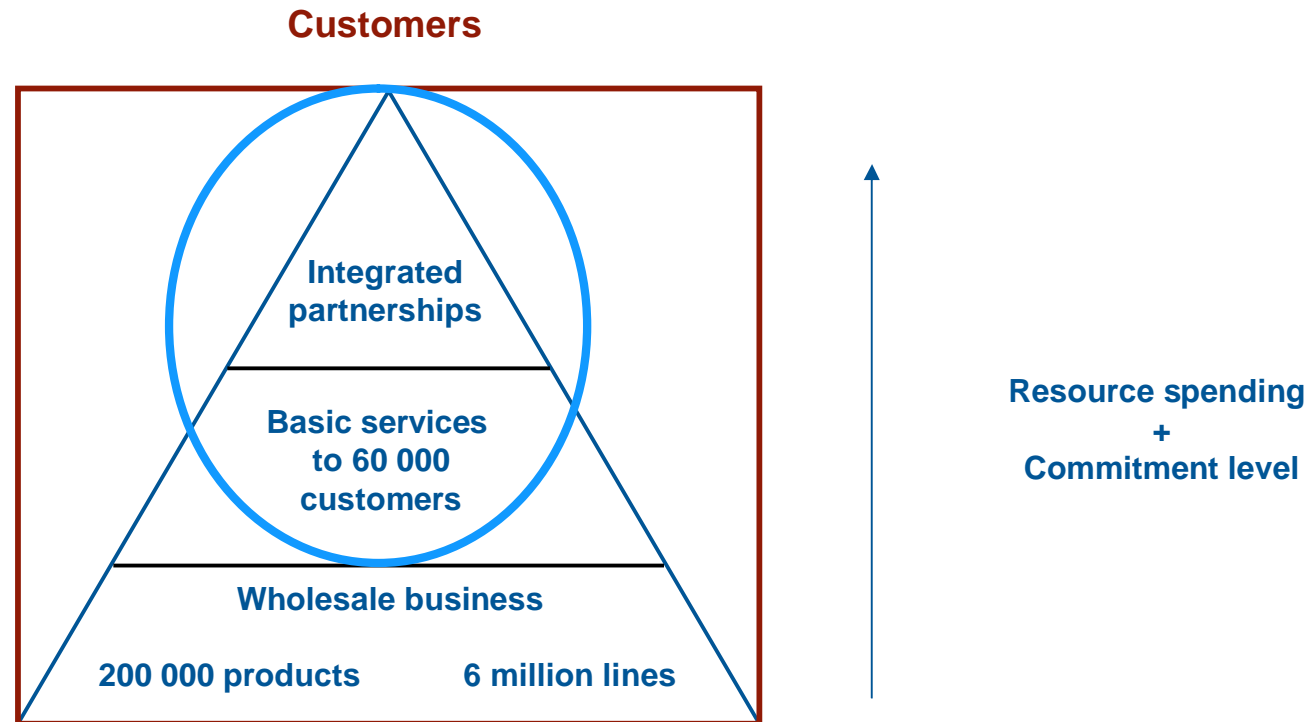


## WHY SERVICES?

- Outsourcing
  - Asset optimization
  - Flexibility
  - Focusing on core business
  
- Customers are looking for enlarging their offering
  - Growth maintenance needs service development also in customers businesses
  
- Commoditization in product markets
  - Required product standards can be met by many suppliers
  - Services become differentiation factors







# WHOLESALE IS THE BASIS OF SERVICE BUSINESS



# SERVICE BRAND OFFERING TO ALL CUSTOMERS

## onninen E-COMMERCE

-  ONNSHOP
-  PDA PDA SOLUTIONS
-  EDI EDI
-  ELECTRICAL PRICE LISTS



## onninen LOGISTICS

-  SERVICE STOCK
-  DISTRIBUTION
-  FULL GUARANTEE SERVICE
-  PRECISION DELIVERY
-  RSRP SUPER FAST DELIVERY
-  24 HOUR SERVICE
-  THIRD PART LOGISTICS SERVICES
-  WASTE HANDLING

## onninen PROJECTS

-  PURCHASING SERVICE
-  PROJECT SERVICES
-  CONSULTANCY
-  OFFER MAKING ASSISTANCE
-  PROJECT EXPORTER PACKING AND FORWARDING

## onninen PRE-FABRICATION

-  PRE-FABRICATION
-  PRE-ASSEMBLING
-  SANDBLASTING AND PAINTING SERVICES
-  SAWING SERVICES



# COMMERCIALIZATION OF BASIC SERVICES

## Tailoring services to customers' needs

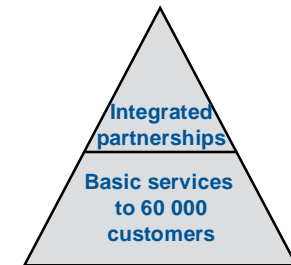
- Meeting needs without making too many alternatives - costs

## Standardizing service processes

- Services handled as service brands – processes must be unified in order to have the back stage of the brand industrialized for profitable business
- Control mechanisms need to be in same line for all service brands

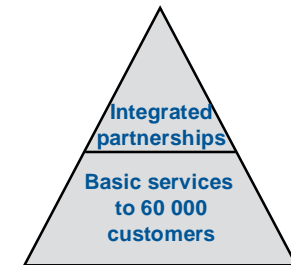
## Adjustable service brands

- Must fit to individual customer's offering
- Service brands consists of multiple choices of single services



# SERVICE-MINDED CUSTOMER CARE DELIVERED BY SALES FORCE

- Benefits of services must be recognized by the customers
- Sales cycles will get longer
  - Different competences are needed
  - To train service-selling know-how or to create separate sales forces?
- Incentives promoting service sales
- Sales and reporting tools adjusted to service sales
  - ERP
  - Financial reporting
  - Marketing material



## INTEGRATED PARTNERSHIPS

- Contents of the term 'partnership' includes mutual risk taking
- Offerings aligned with customer's goals and processes
- Addressing problems holistically
- Getting needed expertise
- Outcome-oriented performance indicators



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# ONNINEN SERVICES CASE: STX SHIPYARD, TURKU

Integrated  
partnerships



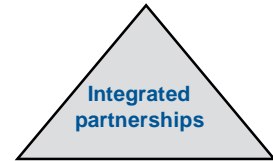
## BACKGROUND - SHIPYARD



- The aim of the shipyard was to enhance the efficiency and competitive capabilities of the Finnish shipbuilding network
- The shipyard used to take care of all materials used by sub-contractors
- The shipyard wanted to improve the material procurement and availability for the network companies and have a total integrated system for this



## CHALLENGE - SHIPYARD



How to secure integrated material services to sub-contractors?

- Availability
- Best price
- Same price for all sub-contractors
- Products according to the specification
- Efficient logistics
- Forecasting
- Development of product range
- World class sourcing
- Reporting and partnership development



# SOLUTION – NEW SYSTEM MANAGED BY ONNINEN



## New functional model

- 3 outlets at the shipyard premises storing products for shipbuilding
- Each sub-contractor and the shipyard buys the materials directly from Onninen
- Guaranteed availability 98 %
- All service brands are in use, selected single services tailored



## CONCLUSIONS

- Sophisticated customers will need services for their own customers
- High need for reliable and efficient services
- Service orientation needs new competencies
- Basic services must be industrialized and productized
  - Too deep customization at basic level will generate a cost-machine
- Differentiated services are the most demanding and will be the most probable competitive advantage in deep partnerships



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GUARANTEED TO KEEP GOING FOR  
YOU

