



Christian Linhart

Deputy CPO and Director of Procurement Strategy and Planning bei Mobile Telesystems (MTS)



Q: What recent examples can you offer of successful partnerships between MTS and other organisations?

A: MTS has a strategic approach to Supply Chain & Procurement Partnerships. We see a huge benefit for all parties in this, if managed properly. Along our value chain and for all our categories we have selected different partners.

Of course, our largest and most important partner is the Vodafone Procurement Company. Vodafone is one of the largest telecom operators globally with millions of subscribers, of which we are the number 1 in Russia and the CIS, with over 100 million subscribers. We fit well together. We work together in most direct categories like the obvious ones; Network, IT and Devices. However, also we have some joint activities in some indirect categories, which are less expected, like Media or Print management. Second we are partnering with Russian companies for parts of the Indirect spend. These partners are mainly companies within the AFK Sistema holding, which is our mother company and the largest diversified holding group within Russia. AFK Sistema owns large assets besides MTS, for example in the Oil, retail and high-tech industry. Thirdly we are also partnering, within the Network category for local activities, with other Russian telecom operators. As Vodafone has no physical network in Russia, they cannot work together with us for example on local construction. So there is no conflict of interest. We co-operate in the local Network construction & maintenance in an opportunistic way. Examples here are; the building of transnational optical fibre lines, underwater cables or site maintenance.

Q: In your opinion what are the key elements of a strong partnership?

A: I think there are 3 key elements for a sustainable partnership:

1. Joint interest of both parties meaning a win-win situation. However the area of co-operation should go beyond joint procurement. There are several examples of procurement alliances, which broke apart after 2 -3 years. During this time one partner improved their pricing to the better level and perceived little possible additional gain. Therefore, there should also be a strategic or additional benefit, like in the overall Vodafone Partner Markets Program.
2. Clear rules about how to co-operate, share the gain, and the joint governance.
3. Personal trust and respect for each other. Beyond the clear rules you need trust, because there will always come a point to solve difficult questions. Also nothing undermines a partnership more than if both sides always want to show that they are smarter or constantly demonstrate with all means that they have lower pricing.

Q: How can organisations change their approach to achieve longer-lasting partnerships?

A: The answer to this are the 3 key elements from the previous question:

- A win-win situation, however a partnership which goes beyond just procurement.
- Clear rules about co-operation, gain share and governance.
- To develop personal trust, respect and understanding.