Case Study

Vortal

Using the crowd before
crowd phenomena

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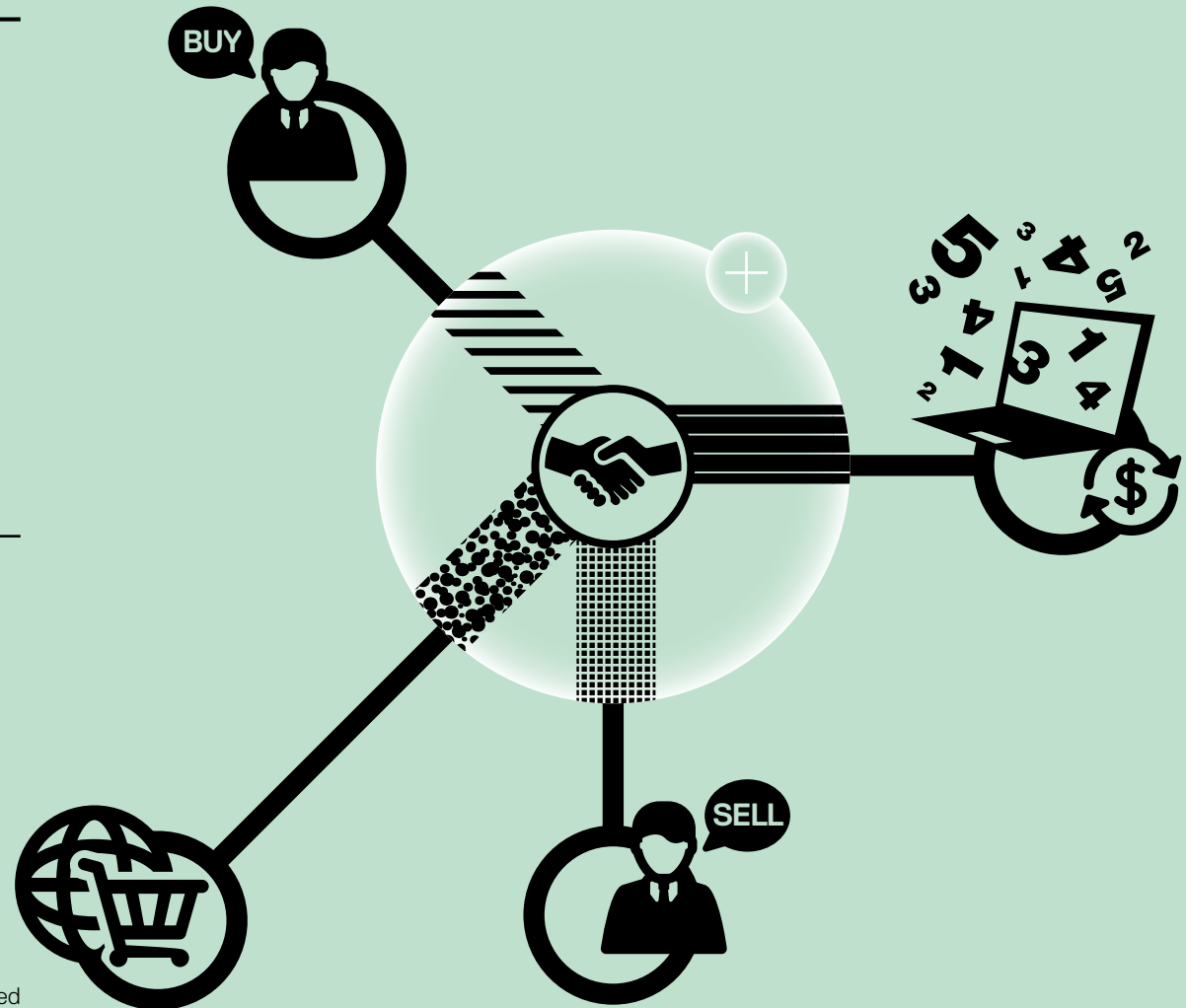
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Vortal: Using the crowd before crowd phenomena

Abstract

Vortal is a Portuguese company operating in the Information and Communication Technology (ICT) industry, one of the few sectors where the country actually has world-class players (such as Altitude Software, Critical Software or Alert). Vortal is an e-commerce platform provider with an extraordinary track record and an inspiring innovative success story. Basically, every step of Vortal's way has been a challenge that the company has addressed with innovation, management and vision. The company started to operate in 2000 with one e-marketplace for construction industry and one decade later it runs 4 vertical eMarketplaces for different industries and has been considered one of the top 5 most relevant world players in eTendering platforms.

Keywords

Vortal, Innovation, Portugal, Information and Communication Technologies

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Background

Back in 2000, the Portuguese economy was doing well and the computer software industry was one of the critical leverages for that success. In the international press, the country was described as the perfect student of the European integration process: nominal economic convergence with EU's average economic indicators, huge public projects financed by EU funding programs, and high technology companies developing in different industries such as pharmaceutical, biotechnology, semiconductors, and above all, information and communication.

The basis of a solid ICT cluster had been growing and consolidating since the late 1980s, with both hardware and especially computer software players engaging with highly reputed universities, like *Instituto Superior Técnico* in Lisbon and *Faculdade de Ciências e Tecnologia from Universidade Nova de Lisboa (FCT-UNL)* in Almada.

Companies such as Altitude Software, MobiComp, and Novabase are icons of that period. Altitude Software was the worldwide leader in call center software products, with customers in 33 countries and almost concluded an Initial Public Offer (IPO) process at Euronext Amsterdam. MobiComp was the first Portuguese company to be acquired by Microsoft, after 8 years showing a solid track record in mobile apps, a niche business in those days. Novabase was one of the few successful IPOs in Euronext Lisbon in this industry and 15 years later its turnover reached 300 million Euros.

In the midst of the internet turmoil of those days, where e-commerce was the strongest basis of stock capitalization, another promising company was incorporated with the purpose of taking advantage of the large yet highly fragmented construction sector: Vortal. The basic rationale was to exploit a clear business opportunity consisting of bringing buyers and suppliers together to carry out business in a single emarketplace.

Under the brand *econstroi. com* (in English it would be ebuilding.com), Vortal provided construction companies with access to the digital economy. Many players in that industry had underdeveloped technology infrastructures and were completely unfamiliar about the Internet. At a time when large buyers worked with a limited number of preferred suppliers, Vortal brought innovation into the market by creating an e-commerce platform that completely changed the way things were done in this industry.

This new business model was a great opportunity to bring transformation and value to this market. First of all, it included both large players as well as small contractors. By extending the service offer to new providers, buyers would get more purchasing options, and suppliers would access a greater number of potential buyers, in other words, a win-win solution. Additionally, this was a dynamic platform, supporting proposal and counter-proposal processes, under a logic of asynchronous communication. This meant that any buyer could present a counter-proposal to best proposal suppliers, including elements from the various proposals received by competing suppliers. Of course, suppliers were allowed to reformulate their original proposal, in as many iterations as necessary until the buyer was satisfied.

At the end of the 20th Century, 20 rival companies joined to create the foundations of a new business – electronic markets. Nothing would be further away from their core business, though, and Vortal continued to gather acceptance and endorsement from the market. As early as 2002, *econstroi.com* was already the 'leading business *emarketplace* in Portugal's construction sector' achieving impressing recognition scores: 4,528 registered users, 10,192 Request for Proposals (RFPs), 1,260 daily users, and 25,000 daily page views.

One of Vortal's management pillars has always been its decentralized performance assessment processes, which are based on clear targets and metrics, and carried out twice a year. Employees have exclusive access to the beVORTAL portal where they can find all information about internal procedures, forms and information, including 'Ideas Submission' features.

Vortal

The first electronic public procurement procedure in Portugal emerged from Vortal's initiative. The municipality of Campo Grande, one of Lisbon's most relevant neighborhoods, wanted to build a gym, and this was the perfect showcase for *econstroi.com*. Proposals were delivered both in hard copy and electronically, through the platform. A real time comparative and transparent report was automatically produced and contracting time was dramatically reduced. And thus Portugal became the first country in the world to have electronic public purchasing procedures.

In addition, because bidders had to submit an official electronic document with their power of attorney, redundantly and repeatedly each time they entered a tender for a public procedure, Vortal developed 'Representation Certificates', an obvious yet quite useful innovation.

Later, and with the collaboration of industry representatives, Vortal created 'VORCAT' (Vortal Categorization), a tool to categorize suppliers, matching business opportunities to companies' commercial interests and boosting competition. In 2003, around 18,000 companies duly organized according to materials, equipment, services, etc., were categorized in a short period of time, within *econstroi. com*. Finally, opportunities were made available to properly categorized companies, and only to the relevant ones. Vortal's first milestone was met, products and services categorization standards were established, and were in place to improve interoperability with any potential user.

The early days

On December 27, 2000, some of the most relevant Portuguese construction players incorporated Vortal. The partnership included key construction companies – Mota & Companhia, Engil, Somague, Soares da Costa, CME, Zagope, OPCA, Construtora do Tâmega, Jaime Ribeiro & Filhos, Novopca, Monte & Monte, Adriano, SOPOL, Alberto Martins de Mesquita & Filhos, H. Hagen, Etermar, Gabriel A.S. Couto, Rosas Construtores, Amândio Carvalho – ICT companies – PT Prime Tradecom, Sol-S, BES.Com – and one individual shareholder – Rui Dias Ferreira.

Vortal's headquarters are located in Lisbon. By May 2001, an initial team of 18 people had developed the basic features of *econstroi.com* focusing on 'Order Management', 'Works in Progress', and 'e-Noticing of Public Tenders'. Vortal revamped deal prospection by creating a network of agents on the field, who gathered information about works in progress. More than just a compilation, this innovation offered suppliers permanent updates about all relevant data: work owner, architect, main contractor, sub-contractors, and project details. The online e-marketplace services included key components of the Directory of Companies, Proposal Request (RFx), Proposal Submission, Catalogues of Products and Company Website Services. An innovative feature of the platform was the 'Savings Calculation Method', an algorithm returning the amount saved in each request for proposal (RFP) channeled through *econstroi.com*,

transaction by transaction. Given that few companies were actually connected to the Internet, especially in construction sites where decision makers were located most of the time, Vortal's challenge was to ensure that basic e-commerce conditions would be in place so that people could indeed use *econstroi.com*. This was done through a partnership with key Internet provider Telepac, who then offered a discounted Internet package with faster connections. The platform's website attracted an average of 200 daily users and 200,000 monthly page views. In 2 months of commercial activity, *econstroi. com* reached 98 active customers. After 6 months of operations, 200 companies had signed up for pre-membership status. Accenture, together with local financial newspaper *Diário Económico*, elected Vortal as the company that created more value added on the Internet for the construction industry.

In 2002, *econstroi.com* was already the 'leading business *e-marketplace* in Portugal's construction industry' achieving significant recognition levels. But Vortal continued to make a

5

VORTAL
Connecting business.

conscious effort to permanently introduce innovative features both at the product and the organizational level, improving relationships with shareholders and stakeholders at large.

At the product level, adopting an eplatform was still a big deal for clients because of task duplication, system redundancy, etc. 'VORTALconnect' was the answer: synchronous system integration would enable applications to communicate with each other without human intervention. An 'Accelerated Growth Initiative' was put in place generating over 1,000 new users.

Another totally innovative initiative was focused on the company's relationship with its shareholders. Vortal refunded shareholders with their mandatory capital injections in exchange for increasing *econstroi.com* use through the number of RFPs placed in the platform. In addition, from 2002, Vortal introduced the practice of systematically surveying its stakeholders and began a 'Leaders Committee' meetings program. This program brought together Procurement Officers of 20 rival

companies to share knowledge and experience. Nothing like this had ever been done before in this industry. These two initiatives created the basis for an active community of users, partners and stakeholders.

The following year, *econstroi.com* invested on gaining international exposure through the release of various press contents, such as articles, interviews, and advertisements in priority foreign markets. It also approached e-marketservices where e-markets rankings are managed.

New products and services were released and integration with IMOPPI[1], the construction industry regulatory agency, was achieved. This integration, unlikely yet fundamental, was a facilitator to the credibility process of new suppliers. By accessing Vortal's and IMOPPI's integrated directory, as well as a feature that categorizes suppliers, purchasers can identify those suppliers that are adequately prepared to respond to their RFPs, and they can access suppliers' certificates

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1 · Instituto dos Mercados de Obras Públicas e Particulares e do Imobiliário.

in real time. Additionally, the 'Company CV', a sort of *LinkedIn* for suppliers, was made available to increase suppliers' visibility and credibility. This feature later leveraged 'VORTAL Suppliers Finder', a kind of digital headhunter that includes a smart search and recommendation engine, structured according to buyer needs, and enabled by Company CV information and extra-support of social networks.

At the same time, Vortal added a Direct Debit System to *econstroi. com*, transforming the platform into a utility where yearly contracts are invoiced and paid on a monthly basis. This was another innovation with significant impact: when many claimed that B2B Direct Debit System (DDS) would be impossible, the company facilitated higher repeated sales rates and more treasury comfort to suppliers. Because true and virtuous change comes from inside the organization, Vortal created what would eventually become known as a 'cloud', in order to completely replace all paper documents and fully become an online company. This led Vortal to implementing 'Sinfox', a system in which all documents, approval and

access workflows are replaced by e-files, which are digitally stored. Turnover in 2003 reached nearly 2,5 million Euros and *econstroi. com* achieved the impressive mark of 1,875 active customers, roughly 80,000 transactions, and 330 Million Euros in business transactions. Additionally to the surveys and Leaders Committee, Vortal now had an Advisory Board holding periodical meetings. 14 independent individuals with different backgrounds met every 6 months to discuss key strategic issues. Not many private companies under 100 Million Euros have such a governance mechanism in a country like Portugal.

2004 was a year of significant growth. RFPs more than doubled compared to 2003 and business transactions reached approximately 500 Million Euros. The number of active users was now 2,276; 34,000 tenders and 145,000 proposals were submitted through the platform. Leveraging on B2B DDS, Vortal comes up with yet another innovation: digital invoicing. Generating 12 invoices per year and per customer represented a huge administrative effort and cost, which created momentum for change, with the

additional benefit of reducing environmental impact.

Moreover, Vortal launched the reward program *constroi.PONTOS* (in English, build.SCORES), which consisted of applying a typical B2C loyalty strategy, enhancing best use practices at *econstroi.com*. Buyers were motivated to use the platform in a more transparent way by inviting more suppliers to submit proposals. Suppliers were evaluated based on project quality. For both groups, positive challenge response is rewarded with 'scores' convertible in material things such as travel or product vouchers.

An important event that took place during that year was the agreement signed with CaixaWeb for developing a web portal specialized in municipal public procedures management. Vortal also expanded its operations to Spain, opening an office in Vigo and adapting the platform to this new market. The company successfully attained Microsoft's Gold Certified Partner status for ISV / Software Solutions and Business Process and Integration Solutions.

Consolidation and profitability through constant innovation

A curious innovative initiative carried out inside the company was the creation of a fund for outdoor activities. One day, suddenly, coffee was no longer for free. But that money was not used to pay for coffee supplies. Its purpose was to finance physical outdoor well-being activities along with corporate social and environmental responsibility activities.

Throughout time, Vortal developed several different solutions for a number of construction companies' challenges. So why not aggregate those tools to create an integrated solution for marketing department needs, including market prospection, market notoriety, customer segmentation, and product advertising? That is how *SIM* (in English, YES) was invented.

Another important innovation was the creation of two different customer profiles, according to geographical region, business focus, service levels and business volume. Differentiation was created through 'Local User' and 'Dedicated User' profiles. Local User is for customers-suppliers requiring information only for those specific regions. Dedicated User is designed for suppliers that depend on a small number of large construction companies and who wish to have priority on RFPs from those companies.

When the company realized that the best way to increase platform use was to scale up *econstroi.com* adoption among small and medium size contractors and sporadic users, Vortal launched 'FastBuy', a pay-per-use solution allowing for market consultation on a volume basis. Later, 'FastSell', a product that used the same principles but was specifically designed for suppliers, was launched. It was targeted at those who believe that only a small number of opportunities are of interest.

Vortal also addressed the specific challenges of contractors that are also buyers. The company offered an innovative service whereby customers can access RFPs issued by buyers using their specifications in order to

prepare their own RFPs for the materials or services required to put together the most competitive proposal possible.

Long before the *Groupon* era, Vortal came up with an *e-Bay* for construction companies. 'Offers and Promotions' was a way for suppliers to present their products and services, speed up inventory, and communicate promotions. The innovation was that all this was possible before a RFP was actually published. Suppliers would not need a tender to communicate an opportunity.

'Rides' was another innovative initiative created by Vortal on *econstroi.com*. Whenever a subcontractor participates in a tender for its specific categories, under request, it may communicate availability to send it to another general contractor participating in the same RFP. On the suppliers' side, this means facilitated prospection of new customers and higher success rates for their proposals. On the buyers' side, it enables faster access to more complete market prices.

'Purchase Performance Monitor' was designed for buyers to

Case Study
Vortal

obtain detailed understanding of acquisition performance per category through reports on RFPs, awards management, prices per item, etc. This is perceived as an excellent tool for management efficiency.

One of the biggest needs among *econstroi.com* supplier users was the status report of submitted proposals: Have they already been visualized, and by whom? Have they been shortlisted or not? What was the buyers' assessment? Vortal provided an answer to this challenge through 'Total Feedback'. To complement it, Vortal also developed 'Timeline', a visual online tool to identify the status of the tender timeline and current phase, including all the remaining milestones to conclusion. 'Timeline' supports additional relevant events included by users.

To participate in a construction tender, bidders would typically need to buy an expensive set of printed documents. With the advent of e-tendering, bidders stopped getting printed documents but smaller companies did not have the necessary software to work on drawings. Printing was

still necessary and was seen as barrier for these companies that could not work on their estimates based on electronic documents only and were not able to print large formats in-house. With 'VORTALprint', it became possible for suppliers to select online the documents they wanted to print and get them printed by a qualified printing company, including delivery service.

Usability has always concerned Vortal. When the company realized that most platform users did not have the time or the culture to systematically consult software manuals, Vortal created 'Smarty', a virtual assistant that answers critical usability issues as well as legal questions, in different languages.

Pending Patent PAT45669/12 is for 'Multi-criteria Evaluation', a tool for buyers to support their tendering evaluation. This tool works like a scorecard, it computes different evaluation criteria, different scales, and different scores, generating a more objective and transparent hierarchized list of bidders.

In addition, pending Patent

PAT45670/12 is for 'Company Docs', a tool that was designed to speed up bureaucratic processes, by rapidly and automatically selecting and uploading all relevant and mandatory tender documents, according to specific RFP, country, etc.

The use of templates became ordinary with computer profusion. However, using templates to support agile construction tenders is totally different. And if those templates are smart, dynamic, and collaborative, even better. That is what 'Purchase Template Library' does.

In the online world, including e-marketplaces and broad social networks, issuing recommendations is a common attitude that helps individuals and companies select trusted partners in a very impersonal environment. Based on these principles, Vortal developed 'Company Rating', aimed at increasing small contractors access to emarketplaces.

'Procedure Profile Configurator' is a configuration language created by Vortal to translate and reproduce all public tendering,

from every country and company, in a very simple way. This means dramatically reduced platform time to market.

We live in a mobile world. To be online is not good enough, though; one must have permanent access to relevant information, available online. That is why Vortal developed 'VORTALmobile', which allows permanent access to the e-platform from a smartphone or tablet. Anytime, anywhere!

In 2005 Vortal became profitable for the first time. An indirect sales channel was built on the back of Vortal's partner community, fostering expansion and growth across the country. A new platform for electronic public procurement procedures – VORTALgov – was successfully released attaining 17 million Euros of bid value in that same year. *econstroi.com* was now a consolidated brand and attracted over 1,000 people to its 1st Users Congress in the charming town of Estoril. Large construction companies, contractors, market authorities, and the Government have since participated every other year to discuss *econstroi.com* use and benefits. The

Case Study
Vortal

platform's reputation is also significant overseas and is often considered a world-class leading B2B e-commerce initiative by specialized international press. Significant international e-commerce recognition comes from Accenture, who placed *econstroi.com* in the top 3 of Europe's most relevant initiatives. Vortal is now active in both private and public markets, using the same technological platform for both. An important partnership for the development of a Municipality Portal was established with Portugal's largest bank, Caixa Geral de Depósitos, who had just launched CaixaWeb, a highly skilled web player. This portal aimed at managing key processes such as RFPs, content, and purchase catalogues with transparency and productivity.

TABLE 1

	2004	2005	Δ
Revenues	3,123.9	4,375.1	40%
EBITDA	457.3	1,490.3	226%

Figures in k€

Source: Vortal's Management Reports 2004 and 2005

2006 was clearly a year of expansion through product

diversification. The company launched new e-markets for Government/Public Administration supplies, Industry, Energy, Utilities and Office supplies under the brand of VORTAL. The *econstroi.com* logo was restyled. Vortal initiated a certification process to standard ISO 27001 – Information Security Management, which demanded reinforced internal processes as well as new information exchange procedures with customers. Vortal consolidated its market leadership as a G2B2B service provider. An important partnership was signed with Construdata 21, a 1,000 customer company, to provide a Work in Progress web service for the Spanish market. The company also launched Guaranting™, a financial transactions web service. The innovation here was that it guarantees secure payments as early as the negotiation phase, immediately after award, and throughout the whole contract. 2006 was also the year when Vortal filed its first patent (in the United States) and when the company created an Innovation and Development Lab to ensure a permanent and sustainable flow of technology

and product development. Vortal has always believed that innovation is the best way to create value. This means believing in outside-in challenging, never disregarding active search for new ideas and solutions for the company's business. With this mindset, the Vortal Innovation Lab was conceived as a customer-oriented center transforming ideas into useful products as well as business processes. Initially setup at FCT-UNL facilities, today it is located in the science and technology park of Porto University with a team of 45 talented professionals, including software designers, architects, developers, and testers.

TABLE 2

	2005	2006	Δ
Revenues	4,375.1	4,816.5	10%
EBITDA	1,490.3	1,288.7	-14%

Figures in k€

Source: Vortal's Management Reports 2005 and 2006

2007 was quite an achievement year. The company concluded the ISO 27001 certification process, the first one approved in Portugal for e-commerce. Having that certification means

total confidence on information privacy, something that is quite critical for e-commerce and audited on a yearly basis. At the same year, Vortal was distinguished with an honorable mention under the COTEC-BPI SME innovation award, the highest innovation distinction for SMEs in Portugal. Vortal organized the 1st National Congress of e-Tendering simultaneously to the 2nd *econstroi.com* User Congress, both with significant success in terms of number of participants and enthusiasm. Vortal definitely became a key e-commerce player and was recognized for its role in public tendering transparency and efficiency enhancement. In the context of the Deloitte European Technology Fast 500 EMEA program, Vortal ranked 210th in the ICT category. The team's headcount was now 70.

TABLE 3

	2006	2007	Δ
Revenues	4,816.5	5,544.7	15%
EBITDA	1,288.7	1,714.5	33%

Figures in k€

Source: Vortal's Management Reports 2006 and 2007

Vortal

In January 2008, an extensively reviewed Public Contracts legislation came into force in Portugal. It transposed the European Directive on public procurement to the Portuguese law and established a 6-month deadline for all public entities to choose their contracting electronic platform. Vortal aimed at market leadership but did not have the internal resources to reach every public actor in the country before competition. The answer was to develop, with only a short delay, an indirect channel based on agreements with dozens of local players. The company's platform vortalGOV was fully compliant with the new law requirements and it experienced unprecedented commercial and financial performance. 2,444 new users joined the platform's new Universal Access service. The company launched a new platform for health services – VORTALhealth – immediately used by 13 public hospitals and accounting for some 400 procedures before year-end. To deal with the lack of professional training offer in the Portuguese market for public e-procurement, the company launched the European Vortal Academy.

For the first time, with this innovative initiative, buyers and suppliers, public powers and companies, were brought together to share and acquire knowledge on public tendering. Vortal's partner community increased to 35 companies. According to a survey promoted by the company, *econstroi.com*'s satisfaction rate was at 90.3%, an exceptional figure in the industry. Vortal's technical support department now included an exclusive call center to properly handle the growing number of users and using issues. This helpdesk had an innovative approach: why not consider customers' phone calls as selling opportunities? But the true innovation was turning the contractor into a true business partner. In the context of these partnerships, operational decisions are taken by both parties, bonuses and career plans are established based on performance, and contact center team building activities are performed on a regular basis. Contractors successfully perform salesforce activities for Vortal.

TABLE 4

	2007	2008	Δ
Revenues	5,544.7	7,319.9	32%
EBITDA	1,714.5	2,526.6	47%

Figures in k€

Source: Vortal's Management Reports 2007 and 2008

In its 10th year of business activity, Vortal's turnover approached 10 million Euros and headcount reached 90. The company opened an office in Madrid and acquired 30% of Construdata21. A new phase of expansion was outlined with the decision to open an office in the UK. Over 10,000 users now operated on Vortal products. These platforms hosted 66,000 procurement procedures with a total biding amount of 1,2 billion Euros.

Vortal entered Gartner's radar in the first half of 2010. The company was referred to as one of the three leading companies in a report called 'Cool Vendors in Procurement Applications' and the only European company in that top 3. Gartner (2010) described Vortal as a player capable of addressing the challenges of vertical markets,

creating solutions with a high return rate. Later, in the report 'Strategies for Public Sector Investment in Procurement Applications', Gartner ranked Vortal in the top 4 most relevant world players in e-Tendering platforms.

Vortal had over 20,000 registered users developing their activities in the company's electronic platforms, supporting several market verticals. Vortal, now a true multinational company, decided to adopt English as its official language. This meant that all documents, specifications, reports, and formal meetings were held in English. Less successfully though was the recruitment of 10 foreigners of 6 different countries for director positions in the company.

By 2011, Vortal operated 4 e-commerce platforms in different vertical markets – vortalGOV, vortalINDUSTRY, vortalOFFICESUPPLIES, and vortalENERGY&UTILITIES. In large business groups and conglomerates, frequently the same user would interact with the platforms for different companies. 'Multi-presence User' was the

Vortal

answer. With a single login, users would navigate between platforms, being active in all companies they represent at the same time. This was a significant interoperability achievement.

That same year, Vortal entered into an agreement with the Government of the Czech Republic for e-platform services. The specific needs of this customer led to the development of an innovative feature, called 'Tender Automatic Selector'. A decision tree algorithm was embedded in the platform allowing it to smartly suggest the most adequate tender to the user, based on parameters such as entity type, service/product type, and contract amount.

Business Strategy

Identity

With 6 active platforms, Voltal sees itself today as a high-performance collaborative cloud-based e-Sourcing and e-Commerce player.

Vision:

To enable e-business-to-business to connect with an unlimited number of business partners in the simplest and quickest way possible through world-class functional and usable software in a very efficient software as a service (SaaS) total cost of ownership (TCO) logic.

Business Model:

ICT is a highly fragmented industry where business models have evolved significantly since the 1980's 'one fits all' licensing models. As a collaborative cloud-based SaaS player, Vortal applies a Cloud & Network business model which is a significant strategic endeavor in the industry landscape.

Operation Overview:

e-Tendering platforms are B2B channel-oriented and revenue is both supplier and buyer-driven. These could be segmented as follows:

SMEs: non-regulated segment with proprietary software and usually concerned with outsourcing, generally not looking for e-Procurement solutions;

Corporate-Cloud: high flexible companies concerned with cost effectiveness and process agility;

Corporate-Proprietary: both security and agility-driven companies;

Public-Cloud: political and legal dependent segment using e-Tendering for purposes of transparency, tender management and contract effectiveness;

Public-Proprietary: security-driven public players with customization needs;
C2B Individuals: residual highly fragmented segment with huge growth potential;

Suppliers: high volume segment with issues of over-fragmentation.

Key success factors:

1. **Product Innovation:** Vortal developed a set of e-marketplace platforms both buyer- and supplier-driven, cloud-supported, but flexible enough to target customers with proprietary concerns;

2. **Brand awareness:** Vortal's brand awareness is significant, both in domestic and foreign markets. It ranks 3rd in e-Sourcing Business Brands;

3. **Shareholder base:** Vortal's shareholders are important players in the company's markets, providing the company with knowledge, insight and lobbying power. At the same time, they provide the company with a solid and performing corporate governance model;

4. **Technology Know-how:** Vortal has been able to recruit, train, and develop a human resource pool that is highly specialized in core business technology, from software development to digital marketing. This is uncommon in the ICT industry in Portugal;

Case Study
Vortal

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5. **The Crowd:** Vortal is a network care specialist, particularly effective in engagement management, triggering platform adoption, and expanding a worldwide community;

6. **Public Tendering know-how:** Vortal's knowledge in public cloud sourcing is a critical

VRIN[2] resource. The company has consistently managed to proactively anticipate regulatory issues connected with public tendering, making its emarketplaces quickly up-to-date with any legal changes.

2 · VRIN stands for Valuable, Rare, Inimitable and Non-substitutable.

Vortal's evolution

■ **Customers** (in'000)
■ **Revenues** (in m€)
■ **Platforms Transactions** (in b€)

Year	Platforms Transactions	Revenues	Customers
2009	1.184	8.895	16.964
2010	2.192	9.865	20.861
2011	4.744	10.429	25.017
2012	3.124	9.305	40.032
2013	5.981	9.783	50.024
2014	3.281	10.042	98.954

Source: *Vortal*

Innovation Management Model

Innovation is a critical management challenge for any ICT company. This is the type of industry where it is not possible to see a competitive company without significant investment in innovation teams, roadmaps, and processes.

Vortal decided to be unique not only in its market approach, but also in innovation management. It built a model based on the following challenge: How to get the most innovation possible out of existing resources and structure, while spending the least possible amount and, at the same time, producing cutting-edge technology?

First, Vortal invested a significant amount of time and attention in building a solid and lasting innovative culture. Following the company's internal values, it fosters shared creative thinking to develop new solutions and encourages risk-taking combined with common sense and pragmatism. Vortal employs an innovative attitude to overcome

all challenges whilst consciously evaluating and incorporating risks. According to Miguel Sobral, Vortal's Executive VP for Marketing & Business Development, "Vortal's only cultural route is to be a pioneer. No one does it better than Vortal in this industry: a continuous and open innovation company". António Lima confirms this view in his 2010 Master Thesis on organizational ambidexterity presented at Porto University: "The main conclusions were that the company is an example of organizational ambidexterity. It has a culture where innovation is a constant, where in fact many innovations were a result of exploitation activities, such as improvement in products, processes and organizational structure. Other innovations instead came from exploration activities, disruptive innovations in new markets and derived products".

Second, innovation was placed in the organizational structure together with marketing. Innovation is to be product and market oriented. However, fundamental innovation is also developed through partnerships
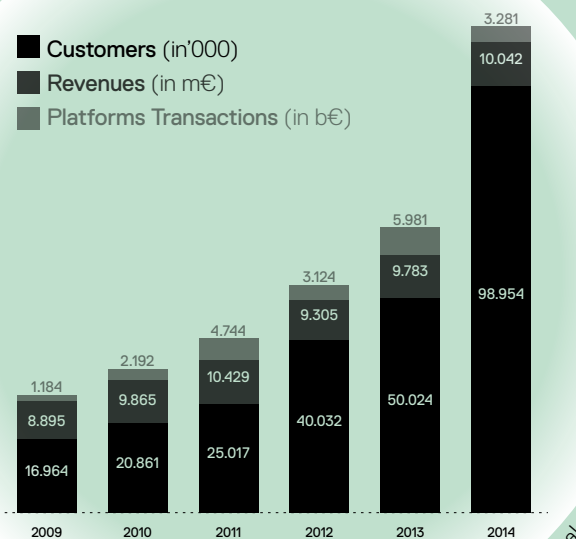
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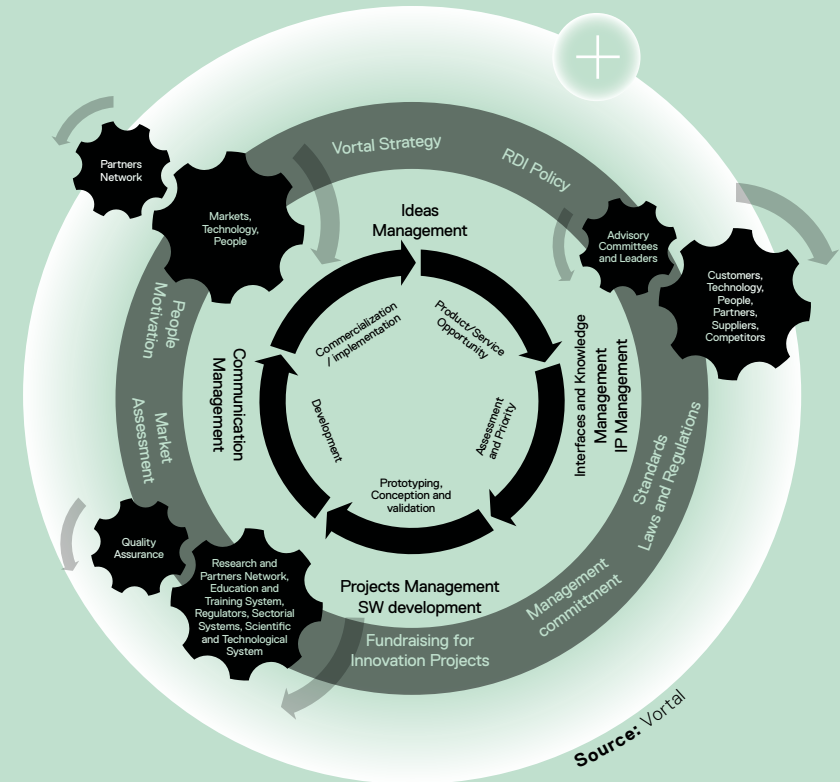
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with the most accomplished universities in the country. "The innovation brought by *econstoi.com* on the market affected transactions' structure. The development of online reverse auctions has created innovative ways of conducting transactions. Value is created through the connection of previously unconnected parties, eliminating inefficiencies in the buying and selling process. Buyers, as well as suppliers, have more choices and more options to develop a purchasing/selling strategy" said Alina Petrescu in her Master Thesis on eMarketplaces, in 2007, at Porto University. "The service's true innovation is not paying bills, but rather guaranteeing payments when negotiating the sale and knowing beforehand that agreed payment deadlines will be met. The innovation brought by the platform has created innovative ways of conducting transactions, increasing efficiency and reducing costs", adds Alina.

According to Nuno Milagres, Head of Marketing and Innovation, "Vortal became a specialist in getting the most out of everything we have. We use the crowd, we use our champions,

we use our headcount, and we use our advisory board as sources of innovation. Nothing is left behind!". In this company, everyone considers him/herself an innovator. Because everybody has innovation-based key performance indicators, Vortal has a real time way of tracking contributions to innovation.

Perhaps the most critical procedure that was put in place to implement the innovation model was the 'gamification' initiative. Employees are encouraged to submit innovative ideas and later develop those ideas into products just for internal public recognition. No money-related prizes are granted in this initiative. The 'innovator of the moment' is just like the 'employee of the month' or the week in other companies. According to Nuno Milagres, "almost all internal innovation is generated without spending money. Relying on our human resources and our champions made us generate possibly the cheapest innovation in this industry!"

When discussing if such a model, based on immaterial rewards, can compete with material-reward

based models used by most ICT companies, especially by the giants in this industry, Miguel Sobral is very pragmatic: "We get more innovative ideas from our community than we can possible manage! For the true innovative person, to see an idea actually being validated by a large, demanding, and expert community of individuals and getting the respect from this crowd is actually quite an achievement!"

"Of course, none of this would work if the management team were not able to handle this over innovation flow" claims Nuno Milagres. "This company excels in what most completely overlook: cooperation! With our Crowd we have created a fully win-win, fantastic ecosystem. This completely changed my vision of business strategy as battle field".

This innovative way of managing innovation is

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nonetheless complemented with solid process management. "No good idea becomes an actual product in the market without significant sweating!" highlights Nuno Milagres. Innovation management is all about establishing processes, decomposing those processes into routines and implementing the necessary control systems to make sure that the whole thing works properly and permanently. "The interesting thing is that most of our intrapreneurs are actually quite familiar with a structured view of innovation" says Miguel Sobral. "In an era where venture capital's approach is the subject of several TV shows, people fully understand the difference between 'risk' and 'calculated risk'. Innovation is a mature subject at Vortal" claims Nuno Milagres.

The challenge for Vortal is how to use this model as the company becomes more and more international. How to remain a differentiated player in sophisticated western markets with SaaS, unlimited platform scalability, and automatic functioning?

Conclusion and Findings

Vortal is an amazing case of a proactive, customer-driven innovative business model company, operating in one truly global and highly competitive market.

This case study has described Vortal's story and listed an impressive number of innovative initiatives developed by the company in three different categories: Market, Management, and Product.

This case's key finding is the understanding of the successful path of an e-commerce innovative entrepreneurial venture in a small yet very dynamic country for the ICT industry.

Innovation lessons learned could be summarized as follows: always put yourself in the shoes of your customers, learn to use the crowd to get market feeling and feedback, stay in touch with your market at all times, and always double-check when you think you're close enough!

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