

Avotus e-Procurement Provides First-Class Contract for Airline

Avotus Advantages

Saved \$15.7 on annual telecom costs

Auction completed in 60 days

No duration contract commitment

As a discount airline, staying profitable requires this Avotus customer to seek every possible way to reduce overhead costs. With the cost of fuel for 3,000 daily flights and benefits for 30,000 employees growing, remaining competitive forced this airline to find cost savings from within every expenditure.

The airline runs a major call center, requiring large banks of toll free "800 numbers" as well as other supporting infrastructure. The airline sought our WebAuction™, an online electronic reverse auction, to reduce costs for the call center as well as varied voice and data network services.

In addition to reducing cost, the airline sought to take back control of their carrier relationships. By putting their services out to auction, even incumbent carriers were compelled to bid to retain the business. The airline stipulated that should the incumbent carrier be selected upon close of the auction, the new contract rates/terms would be implemented immediately; not at the end of the current contract.

Another major benefit from using Avotus WebAuction is the capability for vendors to bid on terms and conditions. While the carriers are competitively bidding and lowering costs, they are also bidding to improve their terms and conditions. One of the major requirements that was required of all carriers bidding was no overall minimum annual revenue commitments (MARC).

Unlike traditional paper-based RFP processes which makes it difficult to manage input from too many bidders, this is not an issue with an Avotus WebAuction. The customer selected 9 major carriers to be invited to the auction. Over a period of 60 days, the carriers submitted 35 different bids.

Upon completion of the auction, the customer reduced their telecommunications costs by \$15.7 million, representing a 33% savings over the 3 year contract term. The customer selected contracts from two major carriers which included one incumbent. Concessions from the carriers included a no duration commitment, correction of previous billing problems, and no sub-MARCs.

