



Avotus Produces Big Savings for Leading Supermarket Operator

eProcurement Success Highlights

Company: Delhaize America

Auctioned services: Dial up and dedicated Internet, frame relay, IPVPN, ISDN, SONET, voice, tollfree and conferencing. Also, MPLS catalog.

Auction results: \$5.2M savings representing 14% of pre-auction spend.

Auction duration: 10 days



Executive overview: Delhaize America is a leading supermarket operator with over 1,500 stores in 16 states in the eastern United States. Delhaize America is able to target the needs and requirements of specific markets, customize its product and service offerings, and maintain strong brand recognition through its Food Lion, Hannaford Bros., Sweetbay, Bottom Dollar, Bloom, Reids and Harveys banners, each of which has a distinct strategy and a well-established brand image. Delhaize America employs approximately 104,000 full-time and part-time associates. Recently, its two main supermarket chain banners, Hannaford and Food Lion, collaborated on a telecommunications and data online reverse auction project using an Avotus ICM eProcurement™ process and expertise.

Background: Services included dial up and dedicated Internet, frame relay, IPVPN, ISDN, SONET, voice, tollfree and conferencing.

Delhaize had already begun the negotiation process with its incumbent carriers to obtain more favorable rates, but decided to pursue the automated ICM eProcurement WebAuction™ to drive further savings. An eight-member team from Hannaford and Food Lion was formed that included an IT/telecommunications buyer, contract manager, sourcing manager and network and telecommunications management. The team requested MPLS catalog pricing at various port speeds, as well as frame pricing, and added a technology change clause in its request for bids.

The Delhaize and Avotus teams **developed 422 T&C questions** to be addressed during the auction and **208 specific bid items**.

Auction process: AT&T, Broadwing, Genesys Conferencing, Global Crossing, InterCall, iPass, NetWolves, Sprint and Verizon participated in the 10-day Avotus WebAuction. The participating companies **submitted 95 bids covering all or part of the 208 bid items** and all of the relevant questions. The bids, answers and references were scored against the pre-established weighting system to arrive at overall and service-level rankings. Commenting on the process, **Pam Grant, IT Telecommunications Buyer said, "We feel the process was successful. Avotus handled most of the details and it saved a fair amount of time."**

Auction results: The auction delivered an additional 15.3% savings over what the Delhaize team had already negotiated with its incumbents. Some **maximum savings highlights** that were obtained during the auction process **included:**

Conferencing - 79.3%	Voice - 52.6%
Frame Relay - 6.7%	IPVPN - 64.7%

Delhaize decided to stay with its incumbents for the majority of the business, **taking advantage of the additional savings delivered by the auction. It changed vendors for Conferencing and Remote Access in order to substantially reduce its expenditures in these areas.**



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