



Specialty Pharmaceutical Company Saves with Avotus WebAuction

eProcurement Success Highlights

Industry: Pharmaceuticals

Auctioned services: Voice, data, ISDN services

Spend before auction: \$2.3M

Savings: 69.1%

Auction duration: 12 days

Executive overview: Based on the East coast, this specialty pharmaceutical company develops and markets proprietary medications for the treatment of chronic cardiovascular, metabolic and respiratory diseases. The specialty company's voice and data infrastructure supports its nearly 1,500 employees from its headquarters in the northeast to its research facilities in the southeast.

Background: The specialty pharmaceutical company's **total telecom costs for voice, data and ISDN services were \$2.3M over a 36-month period.** The company wanted to lower those costs, obtain better terms and conditions as well as benefit from best-of-class service level agreements (SLAs). A four-person team from IT and operations met with Avotus to address those issues. As part of its ICM eProcurement offering, Avotus proposed running its ICM WebAuction™, an online reverse auction created for communications sourcing.

Services to be included in the WebAuction process ran the gamut from inbound and outbound calls, to toll-free features, voice access and local service. Also included were private line, remote access, Integrated Services Digital Network (ISDN) and dedicated Internet access services.

In preparation for the WebAuction, the two companies came up with an all-encompassing **set of 284 questions on SLA terms & conditions**, which were key to the bidding process. Weighted, the questions helped provide insight, via a ranking system, as to what issues were most important to the client company. In addition, a total of **118 bid items** were developed. During the auction, **43 bids were committed and 20 references submitted** by the bidders. By supplying references, and based on the references' responses, the bidders were awarded extra credit points toward their question and answer scores.

Auction process: The **WebAuction lasted a total of 12 days. Four bidders participated.** The **bidders submitted 12 questions** for clarification and Avotus worked with the client to post the answers to the WebAuction site for all the bidders to see. In the process, the **bidders had visibility into how they ranked** in relationship to the other participants allowing them to **adjust their bids to better their score and drive SLA scores up and prices down.** Avotus even sent daily tips to the bidders on how to improve their scores. During the auction, the company had access to an online pricing histogram, which illuminated dramatic price drops by the suppliers in their valiant efforts to catch up with the lower bidders.

Auction results: **The largest overall savings delivered from the WebAuction for the term of the 36-month contract were \$1.6M (69.1%).** These savings were based on awarding all of the voice and data services to one incumbent. That carrier had the highest score for the company's most critical question items and had also bid on 100% of the bid items. However, in order to provide the company with other alternatives, **the WebAuction results also delivered several other savings scenarios** based on various combinations of bidders. The four other examples were:



	Total Savings	Savings %	# of Carriers
Combination #2	\$1.6M	68.5%	3
Combination #3	\$1.5M	64.4%	3
Combination #4	\$1.5M	63.7%	2
Combination #5	\$1.5M	63.6%	2



Total Control from Procurement to Payment™

© 2006 Avotus Corporation

Avotus Corporation
www.avotus.com
+1.877.AVOTUS.1
info@avotus.com