



## Airline Saves with Avotus WebAuction

### eProcurement Success Highlights

**Industry:** Airline

**Auctioned services:** Frame Relay (Access, Port and PVC)

**Spend before auction:** \$5.6M

**Spend after auction:** \$2.7M

**Savings:** \$2.9M representing a 52% savings over the current spend.

**Auction duration:** 11 days

### Executive overview:

One of the largest North American airlines has enjoyed significant growth and has expanded to serve more than 80 cities in the continental United States, including Alaska, as well as Canada and Mexico. It relies heavily on voice and data communications to keep its 10,000 employees connected and its reservations, maintenance and operations systems running throughout its network. Recently, it turned to Avotus and its ICM eProcurement™ to facilitate a data services sourcing project.

### Background:

The airline conducted an ICM eProcurement WebAuction™ in support of its **data services, seeking bids on Frame Relay - Access, Port and PVC (Permanent Virtual Circuits)**. It assembled a multi-disciplinary team of nine with representatives from Information and Communications Services (ICS) development, customer support and administration, networking and procurement.

They worked with the Avotus team to develop **241 technology- and geography-specific bid items** and **235 Service Level Agreement (SLA) questions**. The auction presented some special challenges since service levels were critical to the airline and their service network includes the continental United States, Alaska, Canada and Mexico. Some companies did not have adequate resources in all geographies.

**Using its best-in-class database, Avotus projected 47% savings** on the company's \$5.6M 36-month spend on data services.

### Auction process:

**Five bidders participated** in the WebAuction. Bidders were invited to submit references, which were surveyed by Avotus during the auction. In managing the auction process, Avotus also handled SLA-related questions from the bidders – responses were shared with all participants.

**The auction ran over the course of 11 business days.** During that time, **29 bids representing thousands of line items were committed.** One bidder, in particular, was actively striving to improve both its financial and SLA standings. One vendor bid on 100% of the items. Others bid on portions of the tender offer.

### Auction results:

**The Avotus ICM WebAuction delivered an overall savings of 52% (\$2.9M)** over the 36-month contract duration – higher than Avotus' projection prior to the start of the WebAuction. Savings varied by geography, with Alaska returning 40% savings and Mexico offering 61% savings. **The auction put the airline in an excellent negotiating position** as it balanced incumbency, price and best-of-class services.



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