



Avotus Generates Savings for Global Energy Company

eProcurement Success Highlights

Industry: Energy Exploration & Marketing

Auctioned Services: Voice, calling cards, conferencing – move from frame relay to MPLS

Spend before Auction: \$8M

Spend after Auction: \$3M on voice services (from \$4.8M) – 62%. Move to MPLS – cost neutral

Auction Duration: 14 days

Executive overview: A leading global independent energy company, engaged in exploration and production, as well as refining and marketing refined petroleum products, natural gas, and electricity, turned to Avotus for its communications ICM eProcurement service. The company's communications network ranges from remote, offshore production platforms serviced by satellite communications to 1,250 neighborhood gas/convenience stores. The company has operations in the United States, United Kingdom and Western Europe, Africa and Asia.

Background: The eProcurement covered an **\$8M current spend** for domestic (US) and international inbound and outbound voice, calling card and conferencing, as well as frame relay data services.

The company's team included the CIO and representatives of telecommunications, networking, procurement and infrastructure. The team set several goals, including reducing costs and negotiating better Service Level Agreements (SLAs) for voice, and moving to a Multi Protocol Label Switching (MPLS) data network.

Working with the Avotus team to adjust Avotus' templated questions to fit its unique situation, the team **developed a set of 525 questions and a list of 532 bid items. Avotus projected a 52% savings on voice.** Since the move to MPLS was a technology change, Avotus did not make an estimate for those services.

Auction process: **Seventeen suppliers were invited to participate** in the Avotus eProcurement WebAuction™. Three did not participate. Over the course of the **14-day auction 114 bids were submitted** with most arriving in the last few days just before the close of the auction. That's when bidders moved on both the financial and SLA terms of their proposals. Bidders provided a total of 29 references; each reference was asked to complete an online questionnaire giving greater insight into bidders' service levels. Avotus worked closely with both the client and the bidders during the process to manage the auction, answer bidders' questions and stimulate bidding. The financial, SLA and reference responses were scored against a weighting system to assign total, service, and grouped service scores to the individual bidders. All findings were graphically presented to make it easy for team members to analyze the results.

Auction results: The auction **delivered 62% savings (over \$3M) in voice services alone.** Although direct comparisons between the frame relay and MPLS systems are not possible, based on the auction, **moving to the new MPLS system would be cost neutral.**

Avotus also presented an analysis of contract commitments and bonuses. It supported the company's contract negotiations by providing an electronic contract based on the auction results, called out some issues that required further negotiation and suggested a roadmap and timeline.



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