



Avotus Delivers Savings to Global Industrial Corporation

eProcurement Success Highlights

Industry: Industrial

Auctioned Services: Wireless Voice and Data (Domestic and International)

Spend Before Auction: \$9.5M

Savings: Combined 33.9%

Auction Duration: 11 days

Executive overview: This major industrial corporation began as a construction and mining machinery provider in 1871. Over its 135-year-old heritage, it has evolved to become a global industrial and commercial solutions provider offering products and services to industries ranging from transportation and manufacturing to food retailing; from construction to agriculture. Its products and services are sold directly or through distributors to customers in nearly 200 countries. The company's voice and data communications systems support its 40,000 employees and its manufacturing and assembly operations in 38 plants across North America, Europe, Asia and Latin America.

Background: With a goal of obtaining improved service level agreements (SLAs) and overall reduction in costs, the company turned to Avotus for its ICM eProcurement WebAuction™ services. The company had an overall **\$9.5M total cost spend** (over 24 months) for its domestic and international wireless voice and data services.

During the preparation phase of the WebAuction, Avotus worked with the company to phrase their requirements to obtain optimal responses from the carriers. Although Avotus knew from its best of class database of recent auctions that the company could obtain the best wireless rates by utilizing pooled minutes, they also discovered that the client did not want to manage the administrative issues. **Avotus suggested a flat rate per minute plan**, which made it easier for the company to manage and bill back its wireless usage to its regional business units.

Once the type of wireless plan to be bid was determined, the combined 10-member team from the company and Avotus generated a list of **268 questions detailing key terms and conditions** to be covered during the auction process. In addition, **55 bid items** were developed detailing the company's wireless services.

Auction process: Over the course of the **11-day auction**, the **five incumbent suppliers** competed with one another each bidding at least once. Initially, one incumbent was unwilling to cooperate, choosing not to bid and pushing back at every level throughout the process. With the lowest SLA score, the supplier did eventually bid, but was indifferent to the company's needs – asking the company to sign a non-disclosure agreement and not bidding on the price per minute.

Auction results: Even **the reticent supplier offered bids**. Avotus analyzed the WebAuction bids and presented the company with three optimal combinations for wireless voice and data savings. These **savings figures were based on the current spend of \$9.5M**. The figures showed that the best savings combination would deliver a 33.9% savings over the 24 months.

| | Total Savings | Savings % |
|----------------|---------------|-----------|
| Combination #1 | \$3.2M | 33.9% |
| Combination #2 | \$2.8M | 29.2% |
| Combination #3 | \$2.6M | 28.0% |

The flat rate approach recommended by Avotus turned out to be advantageous to the company and fit with its wireless communications management structure. Discussing the results, one of the company's team members said, "It went extremely well and was very profitable. Avotus made a commitment to savings and delivered." Avotus also offered to develop a user questionnaire for the wireless users, analyze the survey results and lay out a plan of next steps.



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