



## Insurance Provider Saves With Avotus

### eProcurement Success Highlights

**Industry:** Insurance

**Auctioned Services:** Voice, calling card, conferencing, local services

**Spend Before Auction:** \$29.2M

**Savings:** 59%

**WebAuction Duration:** 12 days

### Executive overview:

Founded in the 1920s, a major West Coast insurance provider offers a wide mix of insurance coverages and pricing. The company serves the insurance needs of drivers, home owners and owners of small-and mid-sized businesses through a national network of independent agents and brokers. Over the years, through its acquisitions, the company has developed a major presence across the U.S. The company's voice communications system supports the nearly 9,000 employees across the country from its home office to regional offices in the south, central and western states.

### Background:

The company's total costs for voice, calling card, teleconference and local services amounted to **\$29.2M**. Team members of the insurance company's network services, network systems and procurement groups, turned to Avotus to run an ICM eProcurement WebAuction™ with the goal of reducing costs and obtaining better SLAs.

An interesting wrinkle to the contracting process arose from the fact that the insurance company had **a major incumbent that felt it had a strong position and was reluctant to negotiate**. It had also recently received a new data center contract.

Together, the company and Avotus developed a **set of 305 questions and 390 bid items** that were key in the auction process. The questions were assigned weights by the group. Using a ranking system, the weighting provided insight to the bidders on the importance of particular terms and conditions. In addition, current costs, volume and other items specific to the insurance company's network were reviewed and approved by the team.

**Avotus projected a savings of 48% - \$13.6M.**

### Auction process:

Of the **13 suppliers invited to bid**, one declined to participate. Throughout the **12-day auction**, there were a total of **156 bids** and, as was expected, most of the action occurred at the end of the auction. Competing with one another, the bidders had visibility into how they ranked in relationship to the other bidders. They were able to adjust their bids to better their score, thereby driving SLA scores up and prices down. During the development and running of the WebAuction, Avotus provided daily reports via email. Additionally, during the running of the WebAuction, it provided daily tips to the bidders on how to improve their individual scores.

### Auction results:

An overall **\$17.1M savings over the 36-month contract (59%)** were delivered via the auction process. Significantly, even though the **incumbent** felt it had a tight grip on the business, its **bid of \$7.8M represented a 31.7% savings over the previous contract** for voice services, which included usage, access, toll-free features and calling cards. Selecting the most financially advantageous bids from the WebAuction would deliver **\$16M savings (61.8%) on the current \$25.2M spend over the life of the new contract**.



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