

Avotus e-Procurement Provides First-Class Contract for Airline

As a discount airline, the customer was compelled to seek every possible method to reduce their overhead costs in order to stay profitable. With the rising cost of fuel for over 3,000 daily flights and growing benefits for its 30,000 employees, this airline was forced to look for cost savings within every expenditure, for remaining competitive.

The airline runs a major call center to support its business, requiring large banks of toll free “800 numbers” as well as other supporting infrastructure. The airline sought Avotus WebAuction™, an online electronic reverse auction, to reduce costs for the call center as well as varied voice and data network services.

In addition to reducing cost, the airline sought to take back control of their carrier relationships. By putting their existing services out for auction, even incumbent carriers were compelled to bid to retain the business. The airline stipulated that should the incumbent carrier be selected upon close of the auction, the new contract rates/terms would be implemented immediately; and not at the end of the current contract.

Another major benefit from using Avotus WebAuction™ for the customer was the capability to have the vendors bid on terms and conditions as well. While the carriers were competitively bidding and lowering costs, they were also bidding to improve their terms and conditions. One of the major requirements that was a pre requisite for all carriers bidding was no applicability of overall minimum annual revenue commitments (MARC).

As the inventor of reverse-auction technology specifically designed for the complexities of voice and data communications contracts, Avotus’ proprietary solution yields results that cannot be achieved otherwise.

Unlike traditional paper-based RFP process which makes it difficult to manage input from too many bidders, Avotus WebAuction™ is limited with no such issue. The customer selected 9 major carriers to be invited to the auction and over a period of 60 days, the carriers submitted 35 different bids. Upon completion of the auction, the customer reduced their telecommunications costs by \$15.7 million, representing a 33% savings over the 3 year contract term. The customer selected contracts from two major carriers which included one incumbent. Concessions from the carriers included a no duration commitment, correction of previous billing problems, and no sub-MARCs.

Avotus Advantages

Saved \$15.7 on annual telecom costs

Auction completed within 60 days

No contract duration commitment

No Minimum Annual Revenue Commitment



About Avotus

Avotus partners with emerging and established enterprises to help them procure, manage and optimize their telecom environment. Our Total Telecom Cost Management Solution delivers up to 40% savings with best in class quality.