

Upscale Retailer Buys Into Avotus' eProcurement Solution

Avotus Advantages

33% savings for overall telecom expenses

49% savings for local service at retail stores

With 151 stores in 27 states, this upscale retailer needed a way to consolidate its telecommunications spending and leverage its combined buying power. The retailer engaged Avotus e-procurement to predict the savings it would achieve through an online auction of its local service and long distance phone services. After reviewing previous bills and gathering inventory information, Avotus predicted a savings of 33% over the retailers current spend. In order to satisfy their own interest with little investment, the retailer took the numbers Avotus provided and attempted to negotiate with their incumbent carrier on their own. After six months of hard-fought negotiations, the retailer was only able to recognize a fraction of the savings predicted with Avotus WebAuction™.

Realizing that the Avotus WebAuction was the best choice, the retailer engaged with Avotus for an auction of their long distance service. Within weeks, Avotus was able achieve exactly the predicted 33% savings. As often happens, the auction winner was the incumbent carrier. The retailer, realizing they had been overcharged for so long, demanded retroactive credits equal to the savings agreed to in the auction. Rather than risk losing a major account to the auction runner-up, the carrier agreed to award the credits. This credit amounted to 10 times the auction fee paid to Avotus!

After the success of the first auction, Avotus ran a second auction for local services for their retail stores. Since certain local carriers would be the only ones with wire in the ground (and therefore the upper hand in negotiations), the client did not expect significant savings. Contrary to expectation, the auction ended with two finalists both offering close to 49% savings. While the incumbent carrier was offering a slightly better rate, they were demanding a significant contractual obligation. The runner's-up pricing, while slightly higher, required only minimal contract terms. In this case, flexibility was just as important to the client as price and the contract for the service was awarded to the runner-up.

