



Specialty Pharmaceutical Company Formulates Savings with Avotus WebAuction™

The customer is a specialty pharmaceutical company that develops and markets proprietary medications for the treatment of chronic cardiovascular, metabolic, and respiratory diseases. The company's voice and data infrastructure supports its 1,500+ employee base spanning its headquarters in the northeast to its research facilities in the southeast.

Background

The total telecom costs for voice and data services of the company were \$2.3M over a 36-month period. The company wanted to lower those costs, obtain better terms and conditions, and benefit from best-of-class service level agreements (SLAs). A four-person team from IT and Operations met with Avotus to address those issues. As part of its award-winning ICM eProcurement offering, Avotus proposed running its WebAuction™. Services to be included in the WebAuction™ ran the complete gamut from inbound and outbound calls to toll-free features, voice access, and local service. Also included were private line, remote access, Integrated Services Digital Network (ISDN), and dedicated internet access services. In preparation for the WebAuction™, the two companies came up with a set of 284 questions on SLA terms & conditions, which were crucial to the bidding process. These questions were weighted and, through a ranking system, provided insight on what issues were most important to the client company. In addition, a total of 118 bid items were developed. During the auction, 43 bids were committed and 20 references submitted by the bidders. By supplying references, and based on the responses of these references, the bidders were awarded extra credit points toward their question and answer scores.

Auction Process

The WebAuction™ lasted a total of 12 days. Four bidders participated and submitted 12 questions for clarification. Avotus worked with the client to post the answers to the WebAuction™ site for bidders' benefit. The bidders had visibility into how they ranked compared to the other participants, allowing them to adjust their bids to better their score, drive SLA scores up, and push prices down. In addition, Avotus sent daily tips to the bidders on how to improve their scores. During the auction, the company had access to an online pricing histogram, which illuminated dramatic price drops by the suppliers in their valiant efforts to catch up with the lowest bidders.

Auction Results

In order to provide the company with alternatives to the solution strategy employed, the WebAuction™ results delivered several savings scenarios based on various bidder combinations, which if implemented could help the company realize savings in the range of 63.6% to 69.1%.

The largest overall savings delivered from the WebAuction™ over the 36-month contract period was \$1.6M (69.1%). These savings were based on awarding all voice and data services to one incumbent. This carrier had the highest score for the company's most critical question items and had also bid on 100% of the bid items.

Avotus Advantages

Industry:
Pharmaceuticals

Auctioned Services:
Voice, data, ISDN services

Spend before auction:
\$2.3M

Savings: 69.1%

Auction Duration:
12 days

CASE STUDY

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.