

Avotus Generates Savings for Global Energy Company

A leading global independent energy company engaged in exploration, production, refining, and marketing of refined petroleum products, natural gas, and electricity, turned to Avotus for help with winning competitive negotiations using Avotus' award-winning product eProcurement (eP) WebAuction™. The customer's communications network ranges from remote, offshore production platforms serviced by satellite communications to 1,250 neighborhood gas/convenience stores.

Background

The ICM eProcurement WebAuction™ covered an \$8M current spend for domestic (US) and international inbound and outbound voice, calling card, conferencing services, and legacy data network services. The customer team included the CIO and telecommunications, networking, procurement, and infrastructure representatives. The team set several goals, including reducing costs and negotiating better service level agreements (SLAs) for voice and moving to an MPLS data network.

The Avotus team worked with the customer team to adjust template questions to fit the unique situation, and developed a set of 525 questions and a list of 532 bid items. At the start of the project, Avotus projected 52% savings on voice. Since the move to MPLS was a technology change, Avotus did not make an estimate for those services.

Auction Process

Seventeen suppliers participated in the WebAuction™. Over the course of the 14-day auction, 114 bids were submitted. Around that time, bidders moved on to address both the financial and SLA terms of their proposals. They provided a total of 29 references, each of which was asked to complete an online questionnaire giving greater insight into bidders' service levels. Avotus managed the WebAuction by working closely with both the client and the bidders, answering the bidder questions, and stimulating the bidding process. The financial, SLA, and reference responses were scored against a weighting system to assign total, service, and grouped service scores to the individual bidders. All findings were graphically presented to facilitate result analysis by the customer team.

Auction Results

The WebAuction™ delivered 62% savings in voice services alone. Direct comparisons are not possible between the data network and MPLS systems; however, as a result of the auction, the move to the new MPLS system proved to be cost neutral.

Avotus also presented an analysis of contract commitments and bonuses. Further, it supported the company's contract negotiations by providing a contract based on the auction results, called out some issues that required further negotiation, and suggested a roadmap and timeline for negotiations.

Avotus Advantages

Industry: Energy Exploration & Marketing

Auctioned Services: Voice, calling cards, conferencing – move from data networks to MPLS

Spend before auction: \$8M

Spend After Auction: \$3M on voice services (from \$4.8M) – 62%. Move to MPLS – cost neutral

Auction Duration: 14 days

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.