



Leading Biotechnology Company saves with Avotus WebAuction

eProcurement Success Highlights

Industry: Biotechnology

Auctioned Services: Wireless voice and data services

Spend Before Auction: \$4.88M

Savings Identified Through WebAuction: \$1.63M over 24 months. Single vendor solution. Multiple vendor solutions also considered.

Auction Duration: 11 days

Executive overview: A leading biotechnology company with 10,000 employees conducts research, develops and commercializes multiple biotechnology products and licenses products to other companies. Based in California, with major remote manufacturing facilities, the company relies heavily on wireless voice and data communications.

Background: The company contracted with Avotus to conduct an Avotus WebAuction™ eProcurement for its wireless voice and data services in order to reduce costs and drive better Service Level Agreement (SLA) terms. The company put together a team of seven, including staff and management from operations, engineering and sourcing departments, to oversee the process.

The company and Avotus teams worked together to construct the WebAuction SLA questions and specify the financial bid items. **Avotus identified costs, volume and other service items specific to the company network for review and inclusion in the auction.** The company also took advantage of Avotus' staff expertise and their substantial library of templated questions to define, narrow and weight the questions.

Avotus projected a savings of 32.4% (before savings on reduced taxes) on the company's nearly \$5M current spend (over 24 months).

Auction process: Since the WebAuction was highly focused on only wireless voice and data, a limited number of vendors were invited to participate. **Four vendors responded to the 19 bid items and 231 SLA-related questions.** In an unusual turn, each of the vendors bid on the entire voice and data package.

Avotus provided the company with daily updates and sent tips to the bidders to facilitate the auction process. One vendor in particular significantly dropped its price and improved its SLA terms over the 11 days of the auction.

Auction results: Based on the small universe of bidders, it was clear that two were most interested in winning the business as evidenced in the pricing terms and in the answers to the weighted questions. One of its primary **incumbents offered significant pricing reductions and also agreed to eliminate ETF** (Early Termination Fees) for corporate users.

The most attractive bidder, an international carrier with an excellent reputation, came in with the lowest prices for both **voice and data**, offering **savings of \$692K and \$940K respectively** over the length of the contract period. This resulted in an unusual **single-vendor solution that offered 33.4% savings.**

Other vendor combinations would deliver slightly lower savings but would diversify the services over a wider base to give the company flexibility and added leverage in its vendor relations. As a result, **Avotus recommended that multi-vendor sourcing may be more advantageous** for the company.



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