

Insurance Provider Saves with Avotus

Founded in the 1920s, the customer is a large insurance company offering insurance coverage for a wide mix of products and their pricing. The company caters to the insurance needs of drivers, home owners, and small-to-mid-sized business owners through a national network of independent agents and brokers. Its voice communications system supports its 9,000+ employee base spread across the country.

Background

The insurance company's total costs for voice, calling card, teleconference, and local services amounted to \$29.2M. The team members of the insurance company's network services, network systems, and procurement groups, turned to Avotus to run its award-winning ICM eProcurement WebAuction[™] with the goal of reducing costs and negotiating better service level agreements (SLAs).

The contracting process encountered a wrinkle as one of the company's major incumbents believed that it had a strong grip on the business and was reluctant to negotiate. The insurance company had also recently received a new data center contract.

Together, the company and Avotus developed a set of 305 questions and 390 bid items that were crucial to the auction process. The group assigned weights to the questions. The weighting provided insight to the bidders on the importance of particular terms and conditions. In addition, the team reviewed and approved current costs, volume, and other items specific to the insurance company's network.

Avotus projected savings of 48% (\$13.6M) at the start of the project.

Auction Process

Of the 13 suppliers invited to bid, one declined to participate. A total of 156 bids were made over the 12-day auction. All the competing bidders had visibility into how they ranked compared to the others. They got opportunities to modify their bids to improve their score, thereby driving SLA scores up and pushing prices down. During the development and duration of the WebAuction[™], Avotus sent daily reports to the customer via email. In addition, during the WebAuction[™], Avotus provided the bidders with daily tips on how to improve their individual scores.

Auction Results

Over the 36-month contract period, Avotus delivered an overall savings of \$17.1M (59%) via the auction process. Significantly, even though the incumbent felt it had a tight grip on the business, its bid of \$7.8M represented a 31.7% savings over the previous contract for voice services, which included usage, access, toll-free features, and calling cards. By selecting the most financially advantageous bids from the WebAuction[™], \$16M savings (61.8%) on the current \$25.2M spend could be achieved over the life of the new contract.

Avotus Advantages

Industry: Insurance

Auctioned Services: Voice, calling card, conferencing, local services

Spend before auction: \$29.2M

Savings: 59%

WebAuction[™] Duration: 12 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.