FlexRFP™ Case Study— Switching Cost Price Adjustment
Using EC Sourcing Group's reverse auction technology to maximize savings

Background:

A multi-billion dollar packaged foods company was searching for ways to increase competition between incumbents and non-incumbents after a new company policy defined the cost of switching suppliers as $50,000 per item. The flexibility of FlexRFP™ allowed the company to include this switching cost in auction rankings so non-incumbent suppliers could more easily see the amount of price reduction required to win the business.
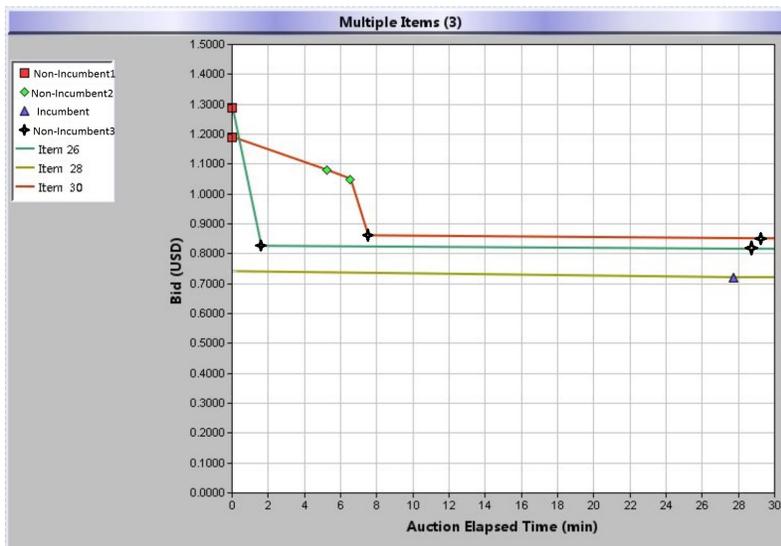
Project Details:

Category: Phosphates
Suppliers Participating: 4
Number of Items: 3
Goal: To lower item costs while meeting company price adjustment requirements.
Savings: Total procurement savings of $230,047 (or 23.4%) and total savings less price adjustment of $130,047 (or 13.4%).

Procurement Savings (USD)

Starting Bid	Auction	Total
-3,476	233,523	230,047
-0.4%	23.7%	23.4%

Savings after Price Adjustment (USD)

Starting Bid	Auction	Total
-3,476	133,523	130,047
-0.4%	13.7%	13.4%

Summary:

By utilizing FlexRFP™'s *Price Adjustment* feature during a reverse auction, the company was able to enter a switching cost of $50k (per item). This meant that the incumbent remained in first place until a non-incumbent's overall extended cost per item was less than the incumbents' extended cost by $50k. This feature kept all participants aggressive in their bidding, and a non-incumbent was awarded business for 2 of the 3 items. With this *both* Procurement and Finance were very happy.

Sourcing. Simplified.

About EC Sourcing Group

While there are other eSourcing solutions from which to choose, why should you choose **FlexRFP™** from EC Sourcing? Very simply, because we understand what you do. We are former Fortune 500 sourcing professionals. We know exactly the kind of day-to-day sourcing issues you deal with and have developed a powerful, elegant solution that makes your job easier, faster, more efficient and more profitable.

Guided by our vast sourcing experience, we've designed our product around your needs.

OUR SOLUTION:
- Is Easy to Learn and Use
- Reflects Your Day-To-Day Reality
- Is a Faster, Easier Start-up – resulting in faster ROI
- Increases Buyer Acceptance – leading to more spend under management
- Requires No Training for Suppliers – making it easier for suppliers makes it easier for you
- Seamlessly integrates with your chosen process

Trust Our Experience and Expertise

Because we're managed and staffed solely by expert **sourcing professionals**, you can count on EC Sourcing to deliver and support a solution that is right on target – and right on the money. Our solutions are **affordably priced** and feature a host of logical acquisition options that allow you to get the feature-rich solution you've been looking for.

Our view on eSolutions

Our decades of experience have taught us that companies have unique sourcing needs and processes. With that in mind, we've built a solution that features flexible implementation options that can accommodate the unique needs of our clients. Our solutions generate a real, lasting ROI and are:

1. Flexible and ready to accommodate your current process, rather than dictating it.
2. Easy to learn and use for all buyer users. Your self-sufficiency and confidence are critical to long-term use and ROI. If it is too complex or hard to use, most users will go back to using emails, spreadsheets and Word® documents.
3. Effortless to use – requiring no training for buyers or suppliers. Our solutions are designed to be enjoyable to use – encouraging collaboration between you and your suppliers.
4. Easy to navigate – featuring a clean, uncluttered interface that makes it easy for beginners or advanced users.

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