



# eSourcing in Action

*Using EC eSourcing to Streamline & Automate the Impossible*

## **Background:**

Recently, we concluded a project for a new client that is a leader in the Medical Services industry, who has evaluated several other major e-Sourcing providers over the last 2 years. An interesting point is that this project (IT Backup Tapes) was negotiated one year ago using a competitive e-Sourcing solution.

## **The Project:**

Baseline Spend:	\$560,000
Number of Line Items	3
Number of Suppliers Participating:	10
Project Goal:	Single Source

## **Setting The Stage: Supplier Pre-Qualification and Initial Bids**

Even though a reverse auction had been used to negotiate this spend category one year ago, new potential suppliers were added to the process and the IT market has fluctuated during the last 12 months. As a result, an eRFI was used to pre-qualify suppliers and an eRFP was used to collect initial bids from each supplier.

**As part of EC Sourcing Group's recommended approach, suppliers are pre-qualified to participate in the event using an RFI and then initial RFP bids are collected from suppliers. The RFP bids are then used as each suppliers individual starting bids for the reverse auction.**

## **Why?**

**Reason #1:** By first collecting RFP bids, all bids can be examined for reasonableness prior to the live auction.

**Reason #2:** RFP bids can be used to determine what the best reverse auction strategy should be.

**Reason #3:** We feel that by allowing suppliers to enter the auction at a price that they have provided you with (RFP bid), where they can then choose whether to bid (or not) is a much more comfortable approach for them and actually promotes more competition.

## **The Rabbit: Run Rabbit Run!!!**

Another major benefit of collecting initial RFP bids that we have seen happen in many cases is when a new (or non-incumbent) supplier is very aggressive with their initial RFP bid (since initial RFP bids are "blind"). In this project, the incumbent supplier's RFP bid was 3.3% lower than the baseline price and the lowest supplier's RFP bid was 29% lower than the baseline price. When the live auction begins, the low supplier then becomes the "rabbit" that all other suppliers will chase during the auction event.

In this project, the low supplier was chased intensely by all but one of the 8 suppliers that were invited to participate in the reverse auction. The 20 minute auction was extended several times, for a total auction event time of 55 minutes.

## **THE END RESULT:**

At the end of the 55 minute auction and more than 200 bids, the RFP low bidder was still the low bidder (33.9% savings) **BUT...The incumbent supplier finished only \$400.00 behind the low bidder, which means they moved over \$170,000 during the auction by chasing the low bidder!!! AND all suppliers (except one) finished with 27% savings or greater.** Once again, it is our proven belief that if suppliers enter an auction at a price that they feel comfortable with (their initial RFP bid), they know that there was a pre-qualification process and they know that all bids were reviewed before the live auction event, this creates an environment for optimal competition.



*"After implementing and using EC Sourcing in North America, we expanded the system to Europe, LATAM and APAC. Global implementation was extremely successful because our dedicated account manager knew procurement and understood our needs first-hand."*

*Vice President Global Procurement  
\$4B Diversified Holding Company*

## Our Solutions & Approach

EC Sourcing Group offers robust yet easy to use technology for today's strategic sourcing & procurement professional. Created for and by industry procurement and sourcing veterans, EC Sourcing Group's solutions are engineered completely with procurement leaders & sourcing practitioners like you in mind. We understand exactly the kind of day-to-day data and stakeholder-management issues you deal with and have developed a suite of powerful, elegant solutions that makes your job easier, faster, more efficient and more profitable.

We offer the following modules in our solution:

- ⇒ [EC eSourcing \(eRFI, eRFX, eAuctions\)](#)
- ⇒ [EC Optimize \(Bid-Scenario & Award Optimization\)](#)
- ⇒ [EC Supplier \(Supplier Management\)](#)
- ⇒ [EC Spend \(Spend Analysis & Category Analytics\)](#)
- ⇒ [EC Contracts \(Contract Visibility & Management\)](#)
- ⇒ [EC Workflow \(Project Workflow\)](#)
- ⇒ [EC Insights \(Decision Support Insights for Leadership\)](#)

In addition, each customer has a dedicated account manager that is a former sourcing & procurement professional who will train your team during actual events. Having worked with hundreds of procurement leaders across thousands of sourcing & procurement project scenarios, we can also offer ad-hoc sourcing advice or be a sounding board for idea generation and innovations as well.

READ OUR CUSTOMER REVIEWS HERE:  
<https://www.ecsourcinggroup.com/category/user-reviews/>

### 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

*Sourcing. Simplified.*