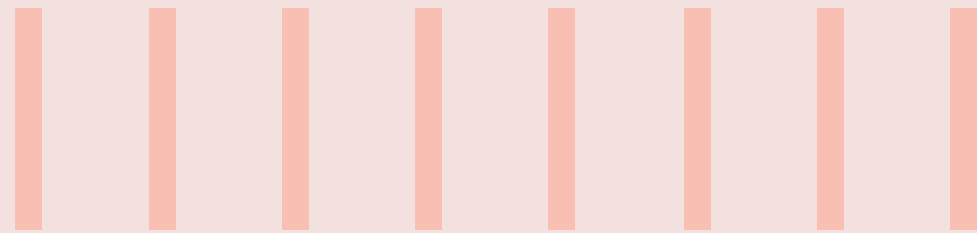




## A WINNING BID FOR SAVINGS

Discovering real value through e-auctions



### Abstract

Takeshi Watanabe, Manufacturing Manager of a leading multinational conglomerate, was finding it a challenge to identify high quality supplies at speed. However, as this case study details, when he leaned on Infosys BPM to conduct a reverse e-auction for him, he not only realised the quality supplies he needed in minimal time, but also gained ~35% in cost savings.



## The need to find quality, quickly

Takeshi Watanabe is a Manufacturing Manager of a leading multinational conglomerate. Takeshi was given a straightforward yet challenging task to find good suppliers and quickly negotiate suitable terms on costs, quality, and delivery. However, the materials for manufacturing were often needed at short notice in the dynamic business Takeshi operated in, so this was often a challenge.

With speed of negotiations at a premium, Takeshi decided that conducting e-auctions would not only help him to close contracts faster, but also get him better products and better pricing too. If he could get it right, e-auctions would give the company a huge impact by way of savings, but for that he needed some expert support. And so, Takeshi reached

out to Rekha Banerjee, an Account Manager with Infosys BPM. The company had a 5-year strong relationship with Infosys BPM, with the latter providing several business process management services relating to procurement over the years.

## Bidding on e-auctions for success

In his meeting with Rekha, Takeshi outlined his challenges in sourcing good suppliers who could provide both high-quality products and competitive prices. Takeshi swiftly identified potential suppliers from their extensive network of supplier database and reviewed the suppliers' catalogs as well as their initial quotations. He then bounced-off the

idea of conducting e-auctions, and with Rekha concurring on the benefits it would offer, mandated her to proceed with the process immediately for some of his urgent requirements. The purpose of the e-auction was to secure the best possible prices from suppliers while ensuring fair trade practices.

They finalised on a reverse format e-auction, where they would first put up the request for the required material. Shortlisted suppliers would then place bids for the amount they were willing to accept for the material provided, and the winning supplier would be the one prepared to accept the lowest amount.

## Approach summary



To set up the e-auction, Rekha tasked her team with first bringing all suppliers onto the same page and ensuring their agreement on common terms and conditions. While this was a challenge, the team after many rounds of discussions with the suppliers finally brought about the needed consensus. Then, the team proceeded with the groundwork to conduct the actual auctioning process. This involved extensive market research

to prepare the RFPs, after which they were floated to the suppliers.

In order to conduct the e-auction seamlessly, the team built robust terms and conditions that included setting a starting price and time for the auction, and also ensuring to have an 'extra inning', in case of any similar prices. Then, after the suppliers responded with their offers, Rekha and her team conducted several rounds of training

on how the e-auction would actually be conducted, familiarising them with the processes involved. The detailed trainings helped the suppliers realise the win-win potential of the auctioning process and once they were ready, the e-auction was finally conducted. Needless to say, after all the hard work done by the team, the process went smoothly and delivered stellar outcomes.

## Bidding on e-auctions for success

Takeshi's budgeted amount for the e-auction was just over ₹15,500K, and he had finalised five suppliers to participate based on their pre-quotations, of which four were trading companies and one was an OEM. Once the e-auction began, the prices bid by the suppliers dropped sharply within just an hour, and by the end of the

auction, the winning supplier bid was found to be ₹10,200K – 44% lower than the initial pre-quotation of ₹18,200K.

When Takeshi and Rekha reviewed the results of the e-auction, they were more than happy. The product that the suppliers were bidding to supply had a high sales

value, and yet the auction concluded with a very quick turnaround – less than two hours. This also resulted in cost savings of ~35%, which would have otherwise been only 10% without the auction..

## Key benefits



As news of this successful, new mode of procurement spread within the company, both Takeshi and Rekha received a number of accolades. What was more however, because of the seamless way

in which Rekha and her team conducted the e-auction process, the multinational conglomerate was also the beneficiary of huge credibility from the suppliers. This paid off over time, with much more willing

participation seen from the supplier base in the e-auctions conducted later.

*\*Names have been altered to preserve the identities of the people involved.*

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