



Case Study

Multi-Billion Dollar U.S.-Based Engineering and Construction Firm Utilizes GPO to Strategically Source Audio Conferencing

*Written by a U.S.-Based Engineering and Construction Firm,
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The Challenge

The Indirect Procurement group at a U.S.-based engineering and construction firm set out to source audio conferencing services in late 2008. Annual revenue of this Fortune 500 firm exceeds \$6 billion. The objective of the sourcing project was to achieve improved and uniform global audio conferencing services, decrease usage costs, and leverage spend through standardizing on a global supplier. Initially the firm's U.S. operations were excluded from the project.

The Solution

In 2007, the firm joined Corporate United, the nation's largest group purchasing organization (GPO). The firm's objective in its membership was to achieve significant savings on indirect goods and services by participating in a portfolio of leveraged agreements across a wide variety of spend areas.

The firm's sourcing strategy for indirect spend is to utilize Corporate United category offerings whenever feasible. The firm's audio conferencing service sourcing project was more successful due to its membership in the GPO which offered an existing global agreement leveraged across the GPO's member companies. This agreement is with InterCall, the world's largest audio conference provider. Access to this agreement also greatly shortened the traditional procurement cycle time for the firm.

Upon deciding to consolidate and replace existing suppliers with InterCall, the firm utilized a typical strategic sourcing process and completed the following major tasks:

1. **Endorsement & Spend Analysis:** Indirect Procurement hosted kick-off calls with affected stakeholders to discuss the benefits of a global strategy. InterCall's features, systems and reporting capabilities were presented. Based on a review of historical pricing, it was determined that an average 76 percent cost savings would result through consolidating the supply chain with InterCall.
2. **Identify Requirements:** Indirect Procurement documented stakeholder expectations, including required service levels, types of services needed, and desired modes of communication with InterCall regarding account management. The project team then commenced a successful pilot on multiple continents.

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3. **Analyze Market & Develop Strategy:** Minimal activity was required by Procurement. Because of InterCall's global leadership position and its status as the incumbent provider to Corporate United, this phase was limited to conducting due diligence.
4. **Solicitation and Contract Award:** Leveraging Corporate United personnel, a global agreement was established with conference calling rates and services specific to all countries where the firm has operations.
5. **Implement Strategy:** International IT managers assigned the responsibility of managing the InterCall Online (IOL) tool to designated individuals. IOL is used to open and close accounts, review usage, and request additional services from InterCall as needed (i.e., operator assisted calls, recording, etc.). These IT managers also met with local InterCall representatives to set-up and train users on the InterCall product.

Working globally in collaboration with IT, the audio conferencing functional owner, local user lists were compiled. InterCall appointed regional representation to support the firm's local points of contact, and also established a global account team to manage the overall program. Corporate United furnished personnel (at no cost) who assisted Indirect Procurement with implementation strategy.

Impact & Conclusions

The firm achieved a global solution with InterCall's Reservationless Plus service which provides individual users with their own permanent dial-in number, conference code, and listing of toll-free dial-in numbers for international participants. For example, the firm's operations in Argentina and Brazil previously had no existing contracted service and had been dialing international long distance to join calls hosted from the U.S. Upon implementing the program, employees in both countries began using in-country local numbers or toll-free dial-in numbers through local bridges to access international audio conferences.

Valuable features were also added to the conferencing service, such as the ability to record conference calls for later play-back, transcription services, and translation services.

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Cost savings were calculated based on a 12-month cost history for major locations. Six different providers were previously under contract for these services at varying degrees of pricing and service levels. N.B. footnote 1, as these savings exclude certain costs that were difficult to quantify.

Region	Initial Number of Users	Identifiable Annual Spend ¹	Minimum Target Savings	Annual Savings %
Canada	284	\$143,269	\$91,735	64.0%
APAC	127	\$120,898	\$103,781	83.4%
EMEA	76	\$37,344	\$33,124	88.7%
Latin America	78	Unknown	N/A	N/A
		\$301,511	\$228,640	75.8%

Two consequential benefits of this project include:

- ... Following the completion of the initial sourcing project and implementation, a decision was made to switch audio conference providers within the United States to achieve a truly global solution with a single provider. Planning immediately commenced to move the U.S. services from the current supplier. This second implementation was completed in two months. Estimated annual cost savings of \$600,000 (minimum) per year were realized.
- ... A significant opportunity exists to further reduce long distance and international telecommunications cost by viewing the new conferencing platform as the low-cost option to direct dialing a long distance number. The conferencing paradigm should shift from being a call with three or more locations being the platform for all international calls and perhaps most in-country long distance calls.

Footnotes

¹ Annual spend was quantified by reviewing phone bills and annualizing costs as necessary. Additional cost that will be saved in addition to the contract pricing with InterCall is the cost associated with multiple global audio conference providers. For example, if an international toll call was placed to join an audio conference call hosted in another country, that cost was not identified but will be eliminated due to the nature of InterCall's in-country bridges which result in always dialing a local number or toll-free number to join a conference.

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About the Member Company

U.S.-based engineering and construction firm
Fortune 500 company
Revenue (2008): \$6.4 billion
Employees: 25,000

About Corporate United

Corporate United is the nation's leading group purchasing organization, serving the world's leading companies across every industry sector. Corporate United's more than 140 member companies collaborate for the purposes of enhancing their spend management efforts, sharing best practices and interacting with an unrivaled network of professionals.

For more than a decade, Corporate United has provided its membership with unique solutions to more effectively manage indirect spend across their enterprise. By combining leveraged agreements with ongoing supplier development and implementation support, member organizations realize savings and resource flexibility. For more information, contact our headquarters at 440.895.0938 or visit www.corporateunited.com.

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