

Success Story



"Setting up an event properly makes all the difference in whether or not a company experiences significant savings and retains good buyer-supplier relationships. Perfect Commerce has provided invaluable assistance, in this regard. "

UMB Financial Corporation
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Pain Point:

Mitigate the risk of harming supplier relationships while driving significant cost savings.

Solution:

Perfect Commerce Event Manager and Perfect Event Support Services.

Results:

UMB uncovered savings from 15% to 50%, on computing equipment and printing services. Using Perfect Commerce services, UMB achieved total savings of 7% on their purchase of printers. The result is notable, as it exceeded a projected savings of 2%, in a category that had already experienced heavy pricing pressure.

Perfect Commerce Event Manager Case Study

Submitted by: UMB Financial Corporation (UMB Bank)

The Challenge

UMB embarked on an initiative to drive significant cost savings in its supply chain using the latest technology tools available to purchasing professionals. In addition, the company required that buyer-supplier relationships not be negatively impacted.

The Solution

The company deployed an automated online auction strategy, using Perfect Commerce Event Manager which supports automated sourcing by giving customers a personalized portal designed to manage all sourcing-related activities. UMB was able to manage a personalized set of suppliers, categories and events, all from one location. In addition, Event Manager enables competitive, online events with suppliers in real-time including, real-time bidding and analysis, simple reverse auctions and complex multi-stage RFx events. Buyers have control and notifications on status, buyer and supplier responses. In addition, advanced functionality allows for weighting and scoring of complex events ensuring accurate post-award analysis. To complement these capabilities, UMB utilized Perfect Event Support Services to assist with the design, development and execution of auction events.

The Result

UMB deployed Event Manager against a variety of categories. In each case, significant cost savings were realized.

Computing Equipment

UMB Implemented the Event Manager auction tool, to assist with selecting a new provider for personal computers (desktops and laptops) involving the major PC manufacturers: Compaq, HP, IBM, Dell and Gateway. Using a complex reverse auction, UMB locked in very aggressive pricing for the manufacturer

to provide the bar coding, image (if desired), as well as spare parts and accessories. These were all separate bid items in the auction. The pricing model UMB used enabled them to take advantage of the dynamics of falling PC/laptop prices and increasing processor power. With Event Manager, UMB was able to lock in vendor pricing quickly, efficiently and very competitively. It facilitated the establishment of what continues to be a very strong relationship between UMB and HP/Compaq.

Savings exceeded 15%. Over the next three years, UMB expects to save more than \$750,000 including significantly reduced shipping costs.

Printers

Using the same suppliers that were already bidding on the UMB printer business, incremental savings were obtained with the deployment of two reverse auctions. With very competitive pricing already taking place in this category, the expectation was for a savings of just 1 to 2%.

Combined, the auctions delivered a total savings of 7%. The first auction resulted in a 2% savings while the second auction delivered 5%.

Printing Services

Perfect Commerce Event Manager has been invaluable, in the company's effort to consolidate print vendors and facilitate the movement to electronic purchasing. Changes were made quickly and efficiently, while remaining fair-minded to UMB's current suppliers. In addition to the dollar savings, UMB experienced considerable savings in the speed with which it implemented e-purchasing - saving 6 months or more in transition time. Based on this success, UMB has scheduled upcoming auctions on batch headers, G/L tickets, envelopes and roll paper (IBM printers).

UMB generated savings from 15% to over 50% on the following:

- MICR Items - 57%
- Drive-up Envelopes - 19%
- Promotional Items - 17%
- Special Envelopes - 16%
- #10 Envelopes - 15%

This tool, in conjunction with the move to electronic purchasing, has allowed UMB to reduce headcount by 25%.

The features and functionality of Event Manager allow for the retention of previous auction/event information enabling buyers to re-use data (types of items, supplier information, etc.), when conducting subsequent auctions for the same items (example: printers, envelopes, etc.). This makes it extremely quick and easy to conduct repeat events. Perfect Commerce's recent upgrade of its auction tool was accomplished with minimal impact resulting in a seamless transition as UMB migrated to the new platform. The newly launched Event Manager delivered a significantly enhanced user experience.

UMB gains tremendous value add, utilizing Perfect Commerce's services offerings. The proper set-up of an auction and the understanding of auction psychology is critical to a successful program. The in-depth training and expertise provided by Perfect Commerce allowed for a quicker than anticipated ramp up of the program.

Finally, UMB's objective to get the most from conducting auctions without alienating their suppliers (as can happen with reverse auctions) was met. Setting up an event properly makes all the difference in whether or not a company experiences significant savings and retains good buyer-supplier relationships.

About Perfect Commerce, Inc.

Perfect Commerce delivers world-class On-Demand SRM solutions and the Open Supplier Network, with more than 150 Global 2000 clients, 160,000 users and 8,000 suppliers. The company now serves a broad cross section of Global 2000 and Fortune 500 clients, with significant presence in the oil/gas/chemical, financial services, automotive, and consumer package goods industries.

Perfect Commerce is focused on maximizing the buyer-supplier relationship and has enabled large volumes of transactions and savings for its clients. In 2003, the company's consolidated purchasing transaction volume exceeded 3.5 million with dollar volumes reaching \$3.6 billion. Perfect Commerce solutions have helped customers reduce costs by more than 15 percent, compress cycle time by up to 75 percent and significantly enhance the buyer-supplier relationship. Headquartered in the metropolitan Kansas City area, Perfect Commerce can be reached at 877.871.3788 or www.perfect.com.

About UMB Financial

UMB Financial Corporation, a financial services company with \$7.7 billion in assets, offers complete banking and related financial services to both individual and business customers. Its banking subsidiaries own and operate 153 banking centers throughout Missouri, Illinois, Colorado, Kansas, Oklahoma and Nebraska. Subsidiaries of the holding company and the lead bank, UMB Bank, N.A., include an investment services group based in Milwaukee, WI, a trust management company in South Dakota and single-purpose companies that deal with brokerage services, consulting services and insurance.