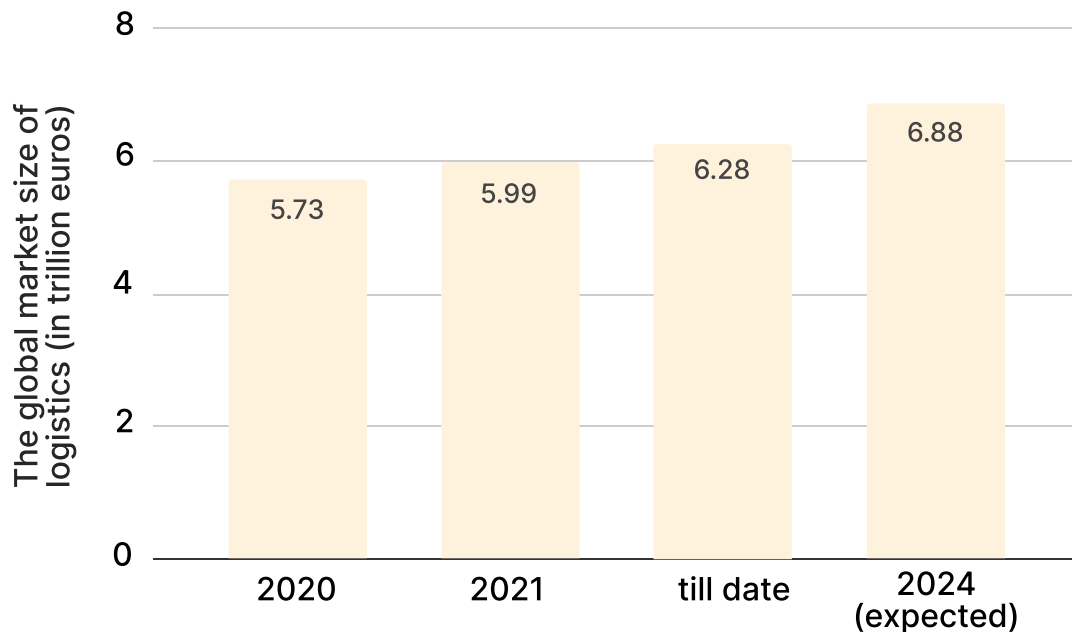


CASE STUDY

How Procol Delivered 8.3% Cost Savings with Time Efficiency in the Logistics Industry

Company Background



The logistics industry is the pillar of national and international trade between two or more parties, using transportation, storage, and delivery, which involves multiple supply chains like B2G, B2B, B2C, or C2C. The global market size of logistics has risen to **6.28 trillion euros from 5.73 trillion euros in 2020 and 5.99 trillion euros in 2021**. While the industry's market size shrank severely due to the pandemic, it is seeing remarkable resilience now. The market size is expected to rise to 6.88 trillion euros by 2024. The clients in question are leading global leaders in logistics and transportation with an annual turnover of more than **16,000 crores** and a strong presence in the Americas, Europe, and the Asia Pacific, including India.

Problem Statement



The logistics and transportation industry in India is growing rapidly and facing new challenges along the way. The global logistics industry has always faced challenges like high shipping and fuel costs, cut-throat competition, taxations, etc. The pandemic affected the industry in a worse manner as its global market size in 2019 was 6 trillion euros, which shrank to 5.73 trillion in 2020. China was the worst affected globally, as Wuhan was the pandemic's epicentre.

China plays a major role in the global manufacturing and consumption of electronics, FMCG, and agricultural products. The automotive, consumer goods, electronics, pharmaceuticals, and medical supplies industries were majorly affected due to China's significant trade involvement in these sectors.

Below are some key limitations and challenges faced by companies in the logistics industry.

- Higher cost of fuel and shipping
- Tight global competition with market leaders
- Strict legal and governmental policies
- Cost of taxation and warehouse management
- Lack of savings and ever-increasing costs
- Lack of transparency in the procurement process and other areas of operation
- Slow and delayed output due to manual processes used in some business areas

Companies in the logistics category face countless challenges, which Procol is helping to overcome with its custom solutions.

Procol identified the following challenges and problems that needed to be addressed:



Maintaining 100% transparency in the procurement process

The client wanted to maintain 100% transparency in the buying process.



Full participation of vendors

The client wanted to ensure the full participation of vendors in the auction.



Required cost reduction in the previous manual procurement process

Earlier, the client operated with a manual procurement process that lacked cost reduction and savings. The client wanted to make the entire procurement process uncomplicated and easier.



Inefficiency in the manual procurement process

The biggest challenge of the manual procurement process was time inefficiency. The turnaround time (TAT) from purchase requisition to negotiation and awarding took around 60–90 days.



Key stakeholders' visibility

The key stakeholders' presence and visibility need to be ensured in end-to-end processes.

Procol Technologies' value proposition and impact on cost savings



Below are the innovative strategies Procol devised to help these clients achieve cost and time efficiencies.

Introduced e-auction

Procol introduced an e-auction system for the client to raise purchase requisitions, collect bids, and negotiate with suppliers. An e-auction system is a software process that enables businesses to conduct auctions and sell goods through online competitive bidding.

The Procol dashboard is easier to use and fastens the procurement process, saving clients' time.

● Types of e-auctions

There are two main types of e-auctions: forward auction and reverse auction. Forward auction is associated with the traditional method of auctioning where buyers compete to obtain a product or service by offering increasingly higher prices. On the other hand, in reverse auction, the roles of buyers and sellers are reversed i.e. sellers will compete with the buyers requirement and underbid.

● Benefits of e-auctions

An e-auction is an online bidding process where buyers bid and negotiate alongside multiple buyers simultaneously. Here, the system is pre-defined. Some of its benefits include:

- Saves time as buyers can avoid one-to-one discussions
- Reorganises the procurement process
- For suppliers, winning bids leads to more customers in the future.

Added event add-ons



Procol added event add-ons such as dynamic event time, automated email quote collection, ability to show rankings, or lowest bid mid-auction.

Delivered cost savings with time efficiency



Procol delivered appreciable cost savings to the client in their procurement process through Procol's platform by up to 8.3% in four months (July 2021 to October 2021).

Improved TAT



Procol improved the turnaround time of the procurement process from purchase requisition to negotiation and closure. On average, the improvement in TAT was from 3 days to 24 hours.

Introduced book-building strategy



Procol introduced a book-building strategy for clients to assist them in auctions and savings generation.

SOPs and checklists for buyers



Procol created SOPs and checklists for buyers to assist them.

Procol's future roadmap



Procol planned a systematic and strategic roadmap for its clients to systematically achieve organisational strategies and overcome challenges. The future roadmap explained strategies to implement that can help clients achieve success



Contract digitisation

Contract digitisation will keep all existing contracts in one place and centralise them. Users will get timely updates for contract renewal and pending deliveries.



Vendor discovery

Procol will introduce a vendor discovery category on its platforms so that clients can explore more vendors for their respective categories.



Expanding landscape

Procol will expand its landscape to inbound and outbound logistics, which will ensure that it can reach all 34 plants of the client and manage their logistics.

Procol's Impact



98.41 crores

expenses digitised and optimised

Procol helped clients digitise and optimise their expenses worth 98.41 crores by implementing reverse auctions in the negotiation process, bringing better visibility and transparency for key stakeholders.



8.3%

cost savings of
approximately 8.90
crores (8.3%)

Procol helped the client generate considerable cost savings of approximately 8.90 crores (8.3%) compared to the benchmark savings in the logistics industry.



60

suppliers onboarded

Procol also helped the client by onboarding more than 60 suppliers onto the platform

In Summary



Procol helped clients overcome significant challenges, such as the inability to increase cost savings and enhance time efficiency due to the manual procurement process. Procol introduced a reverse auction strategy to increase visibility and transparency in the procurement process for key stakeholders. Moreover, it introduced an e-auction strategy that helped reduce the TAT from 3 days to 24 hours. Procol also helped increase cost savings by 8.3% from benchmark savings



Get a free demo

<https://www.procol.io/request-demo/>