The Client

ITC is one of India’s foremost multi-business enterprise. ITC’s aspiration to create enduring value for the nation and its stakeholders is manifest in its robust portfolio of traditional and Greenfield businesses encompassing Fast Moving Consumer Goods, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, and Information Technology.

Business Requirement

mjunction received a mandate from ITC for sourcing of Logistics Service Providers (LSP’s) for 1283 markets or routes.

The Business Challenge

• Sourcing of new LSPs irrespective of ITC’s irregular business volume and operative routes.
• Unavailability of Standard industry specific RFQ and Established benchmarking technique of the market rates apart from the ITC’s Last Purchase Price trends.
• Evaluating the annual market trends and their impact on the cost drivers to identify the proper benchmark price.
• Analyzing and re-designing a simplified destination matrix for 1283 markets/routes to ensure competition amongst participating Logistics Service Providers.

The Solution and Strategy adopted

• mjunction succeeded in adding new and credible LSPs after conducting their due diligence in terms of capability and capacity to meet eligibility criteria set by ITC.
• mjunction standardised the RFQ by incorporating industry best standard and voice of customer.
• mjunction submitted customized reports on – (a) Present and past bidding information which helped client to select the best strategy for the online event; (b) Incremental freight rate from market information and analysis of major cost drivers.
• The auction strategy was finalised to be Dynamic Bidding as well as Forward Auction of Discount to generate competition and obtain reduction from LPP.

Result and Achievements

• The Total TV of the auction was INR 26.90 Cr
• 2.04% or INR 0.56 Cr reduction from Last Purchase Price (LPP)
• 6 new LSP’s added by mjunction