



Inbound road transportation of Raw Materials and Packaging Materials



INDUSTRY

FMCG



GEOGRAPHY

PAN India



CHALLENGE

Sourcing of new LSPs, standardising industry specific RFQ and re-designing destination matrix



SOLUTION

New eligible LSPs added, Dynamic Bidding as well as Forward Auction



RESULTS

2.04 % or INR 0.56 Cr reduction from Last Purchase Price

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