

# Sterlite develops e-auction portal in-house

Sterlite Technologies has developed an in-house auction portal that supports and links existing SAP and partner portals, providing key functional requirements like negotiation, RFX events and a user-friendly ecosystem for operations.

## By Ankit Gupta

An auction portal is an online market for buyers and sellers to bid and win products as per their industry requirements. Sterlite was also looking at creating an auction portal that suffices the need for transparent collaboration with partners while deskill the negotiation process. The auction portal was required to provide innovative solutions to customise various processes as per the changing business requirements, thus, creating healthy competitive environment among Sterlite's partners. An emergent need to improve process compliance, maintain confidentiality and reduce the cost of auction on other available tools also arose. One of the major requirements was to establish end-to-end integration from RFI to awarding the auction to its release through SAP.

## The Challenge

Even the best global auction portal presents issues such as:

- **End-to-end integration:** Starting from RFI to awarding the auction, integration to available ERP platform was difficult, with many manual interventions.

- **Confidentiality of information:**

Despite a robust contractual framework with auction portal partners, there is a threat of flowing of leakage of sensitive information. This information may not be only related to price points but also business strategy and policy.

- **Cost per auction:** All outside portals come either with annual lump sum or as per auction basis payment models. This presents a cost saving opportunity.

- **Engagement of internal manpower:** In any case, even for external auction, one extra resource is required, to liaison with internal and external (auction portal provider) resources.

## Approach

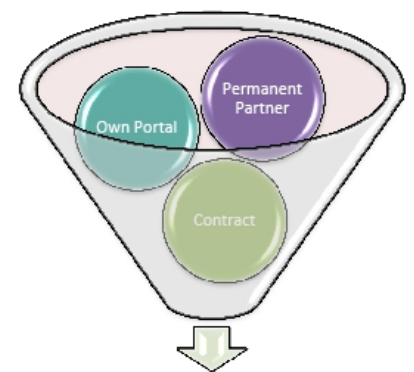
Though Sterlite had worked with auction portals for a long time, the team had limited experience of designing one. To start with, the team mapped Sterlite's comprehensive requirements of additional functionalities and features over all past portals used, as well as fixing the defects of those portals. The members also pooled in their own experiences of conducting auctions.

## The Solution

A team of Supply Chain and IT was formed which worked in collaboration with external IT development partners to evaluate the technology options available. The team developed a

web-based solution that was integrated with backend systems like SAP. This strong IT backend with Tier-4 data centre ensures security and availability of the information. To implement this solution, a workflow was created with specified roles for buyers, central purchase department, partners and commercial, finance & SCM heads. Some of the main features include creation of platform for RFX events, reverse & forward auctions, registration of potential partners, separate login details for internal & external stakeholders, separate buyer & partner screens, generation of online reports, low maintenance costs with immediate payback, no restriction on license and access rights matrix.

### Development of Internal Auction Portal



Sterlite Auction Portal

The screenshot displays the Sterlite auction portal interface. It features a navigation menu on the left with options like 'Home', 'Auctions', 'My Account', 'Profile', 'Security', and 'Logout'. The main content area is divided into several sections: 'Auctions for Sale', 'Auctions for Buy', 'Auctions for Bid', and 'Auctions for Bid'. Each section contains a table of auction items with columns for ID, Description, Type, Date, and Status. The 'Auctions for Sale' table lists items such as 'Welding Machine', 'Cable Ties', 'Welding Rods', 'Welding Electrodes', and 'Welding Gas'. The 'Auctions for Bid' table lists items like 'Welding Machine', 'Welding Electrodes', 'Welding Gas', 'Welding Rods', and 'Welding Cable Ties'. The interface also includes search filters and a 'Sterlite' logo in the top right corner.

## Measurement of success

- Reduction in negotiation cycle:** Based on the time of project undertaken, auction eliminates long negotiation periods, reduces the purchase period, and the purchase closing date is known.
- Transparency in purchase and award decision:** Buyers know they are competing fairly and on the same terms as all other suppliers.
- Target Qualified Buyers:** The success of auction is ensured due to the selection of an appropriate audience for the products offered.
- Reduce Ownership Costs:** As soon as the choice of buying & selling is made, the faster the selling & buying process can be done the better. Usual costs linked to ownership of property such as maintenance, interest, taxes and insurance can be lowered drastically. Auctions lower ownership costs through quickly getting response of the products & services.

## Impact on business

After the development & implementation of the in-house auction portal, Sterlite conducted 41 auctions with addressable spend of

around Rs. 202 crore so far, resulting into an expected saving of Rs 9.59 crore with average 4.73% since April 2015. This has also helped build long-term strategic partnership, improved transparency & efficiency in purchase and award decision, increased process efficiency and de-skilled the negotiation process. Other benefits include improved compliance to internal process and creation of an established platform for long-term saving.

## Impact on business

- Total auction conducted:** 41
- Identified spend:** Rs 202,56.08 Lakh
- Identified savings:** Rs 958.74 Lakh
- Identified savings Percentage:** 4.73%
- Categories covered:** Logistics, scrap, consumable items, electrical items
- Buyers from plants trained**
- Plan for future:** To make 100% implementation & develop more auction strategies for negotiation across STL for raw materials, Capex items, etc