



MANUFACTURING / SOURCING, AUCTIONS

KSB: Better Prices Instantly

How KSB Achieves Significant Savings with eAuctions.

The Challenge

Purchasing values long-term partnerships that offer high quality standards, as well as competitive prices. Negotiating prices is always time-consuming and labor-intensive, regardless of whether it is for production material, investment goods, services or C-parts. Not every negotiation strategy can be applied to every commodity. In order to get the best prices quickly and easily, KSB needed a tool that would shorten labor-intensive negotiation processes and that would make prices more transparent.

“Now we can clearly define the parameters of the auction, can establish uniform award guidelines for suppliers, and get a competitive price.”

Thomas Ihli,
Global Category Manager, KSB AG

The Solution

KSB AG can now instantly gain an overview of all of the market prices for their suppliers. The company chose to work with a comprehensive procurement tool to run auctions. The tool allows the leading international producers of pumps and valves to negotiate better prices. By setting clear award guidelines and parameters for the auction, KSB has been able to achieve significant savings

Better Prices Around the Globe

KSB's procurement department is organized by commodity and procures production material and services for all of the company's international manufacturing and distribution locations. The overall purchasing volume is around 1 billion euros per year, and covers all of the products that a mechanical engineering company would need, such as raw materials, components, trade goods, services, capital goods, and C-parts. Since 2014, KSB has been working with JAGGAER and has been



successfully using price auctions. The tool has been well received due to its high usability and numerous benefits.

The decision to choose the solution specialists was also based on the deep ERP integration and SAP compatibility. The SaaS solution (Software as a Service) can communicate seamlessly with SAP R/3. This meant that the team did not have to change any of its operation methods. A further advantage that benefits JAGGAER users is that the SaaS tool can be used anywhere

KSB

KSB is a leading international manufacturer of pump and valves. The company's headquarters are in Frankenthal, and it has its own distributorships, production plants and service companies on five continents. Approximately 16,000 employees bring in an annual revenue of 2.3 billion euros. www.ksb.com

The pumps and valves produced by KSB are used for building services, industry, water transport, waste water treatment, and power plant processes. The company employs more than 16,000 people around the world. KSB has a partnership with its suppliers that is based on trust and offers high quality standards, as well as competitive prices. KSB needed a tool that would quickly provide them with an overview of the best current market prices.



All About Negotiations

In addition to using the Auction module from JAGGAER, KSB also uses classic negotiation methods to find the best prices, because the tool is not suited for all of the products and services that KSB needs. However, with the help of JAGGAER, KSB has been able to auction electric motors and valves for the first time. Depending on the amount and item to be awarded, KSB can choose from different types of auctions, such as the English or the Dutch Ticker. The English Ticker is one of the most common auction types and provides a good overview of market prices. A ranking system promotes competition. In contrast, the Dutch Ticker auction does not use a transparent ranking system. Competition is on a "first

come first served” basis, so when there is a high level of price pressure, KSB can achieve the best price even after short negotiations. The ability to freely combine auction types gives KSB complete flexibility when dealing with their suppliers, who have had very positive reactions to the new tool. Many suppliers were already familiar with the process from other customers, and were able to work with JAGGAER's intuitive system very easily.

Significant Savings and Clear Award Guidelines

KSB has achieved significant savings using JAGGAER eAuctions with various procurement items. Procurement can now clearly define the parameters of the auction and can establish uniform award guidelines for suppliers. This puts more pressure on KSB's suppliers and provides KSB with a good overview of current market prices, allowing the company to achieve competitive prices. KSB has expressed interest in expanding the All-in-One solution further. A possible next step that would be to include the Sourcing module, which would allow KSB to improve their RFQ processes.

Goals Reached with JAGGAER

- Instant overview of market prices
- Upper hand in negotiations thanks to easy offer comparison
- Significant savings from eAuctions
- Define clear award guidelines for suppliers
- High usability thanks to intuitive tool
- Flexibility from different types of auctions
- Use the tool anywhere in the world
- Deep ERP integration and SAP compatibility

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