



AL-KO adopts new Strategic Approach to Purchasing with Vendigital

AL-KO, Europe's leading supplier of automotive technology, garden and hobby goods and ventilation systems, has adopted a new strategic approach to purchasing. AL-KO has consolidated its supply of standard fasteners and reduced the number of suppliers to three as well as achieved 13% annual savings worth €136,790.

With a globally dispersed structure and wide range of products, AL-KO rarely undertook bundled purchasing activities. This changed when Vendigital carried out a market research study on all the standard fasteners used by AL-KO facilities.

After analysing the purchase history of over 400 line items purchased from sites in Germany, Italy and Austria, Vendigital structured a contract that would appeal to potential suppliers. It soon became obvious that suppliers were competitive for different parts. Therefore they were asked to quote on a line item basis - 65 suppliers registered their interest in the contract and 10 preliminary bids were received of which 6 were invited to participate in an online auction.

The online event was run on a line by line basis with 98 items negotiated, representing 80% of the total contract value. Due to the large number of line items, the auction ran for 25 hours with Vendigital providing round the clock support.

AL-KO now plans to run the fasteners tender yearly to ensure a robust process of assessing the true market price.

Ulrich Pilhofer, Purchasing Director: "We were surprised at the positive effect of combining systematic sourcing and supplier negotiation through online auctions. As an instrument to reduce costs and identify supply options we will certainly work with Vendigital again."



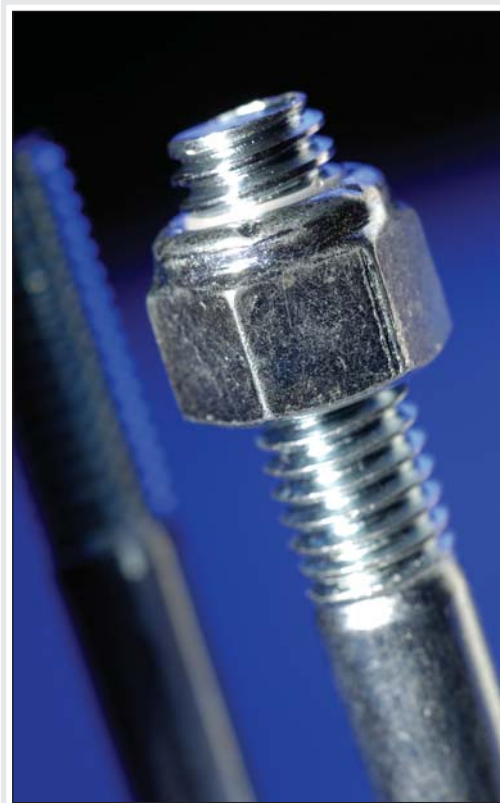
Title: **Strategic sourcing project**

Company: **AL-KO**

Main business: **Gardening technology**

Value: **€136,790**

Main benefit: **New approach to purchasing**



VENDIGITAL[®]
dynamic procurement