

eAuction savings report

Q2 2021



eAuction savings report

Every quarter, Scanmarket reports on statistics covering insights into the savings performed by eAuctions executed globally.

The statistics are provided for procurement professionals who wish to better understand and optimize their businesses to achieve higher savings and efficiency.

Scanmarket has been reporting these statistics each quarter since 2006, and they continue to be a highly valuable data asset to gain insights into categories and strategic sourcing trends.

Q2 2021 commentary

As we reflect on another insightful quarter of data across the Scanmarket platform, we continue to see the effects of the COVID-19 pandemic still weighing heavily on global supply chains. The professional world continues to move forward, but within a more virtual landscape for now.

The data from the first quarter of 2021 was record-breaking with over double the number of eAuctions conducted compared to the same quarter in 2020, and we have once again seen this trend repeat with over double the number of eAuctions conducted in Q2 2021 vs. Q2 2020. This trend is especially impressive given that Q2 2020, at the time, was the highest ever Q2 recorded in terms of the number of eAuction events conducted.

At a regional level, Scanmarket is observing strong levels of growth in eAuction usage across the world, with the Asia-Pacific region enhancing its footprint again as a significant driver of event volumes. While a portion of this growth is driven by Scanmarket's ever growing family of valued clients around the world, we take great pride in seeing our existing users deploying eAuctions on an ever-increasing level.

At a top line percentage savings level, Q2 saw an average savings of 5.44% vs. current price. This once again follows the volatile trend in savings recorded from last year. In recent times, trending conversations with clients have been about the challenges posed by skyrocketing commodity prices in key categories brought about by supply shortages as the global economy emerges from the COVID-19 induced hibernation. This is no more evident than across many major European economies where the average rate of savings vs. current price was reported below the global average of 5.44%.

2nd quarter 2021

The average savings realized in Q2 dropped to a level of 5.44%, coming from a savings of 8.10% in Q1. Compared to Q2 of 2020 we also see a dramatic drop from a high of 17.99%.

5.44%



Other interesting highlights

Not all categories have been able to extend their levels of overall savings such as **Packaging**, **Retail Non-foods** and **Ingredients for food production**. Client insights from around the world have painted a picture of a seller's marketplace with demand quickly outstripping supply in certain areas. The Food & Agriculture Organization of the United Nations (FAO) reported the highest rate of monthly food price increases in more than a decade in the month of May. Percentage increases in areas such as cereal, sugar and oils saw as high as a 7.8% month-over-month increase.

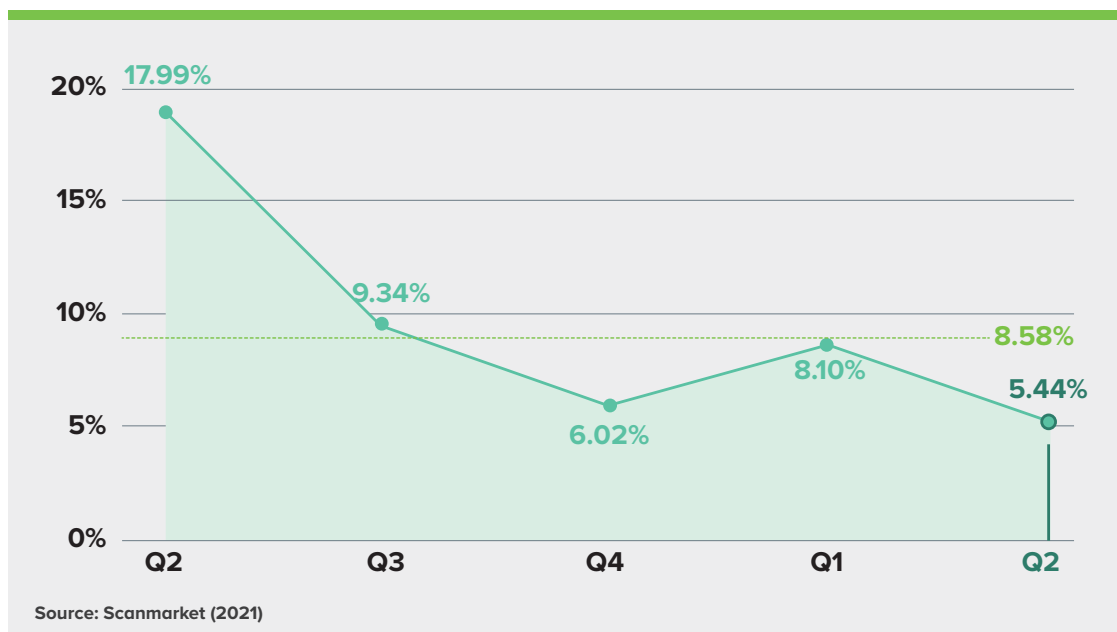
Despite challenges in the areas reported above, Q2 also delivered a selection of great savings stories with **Services** once again being the most heavily conducted category, further extending the savings achieved with a highly impressive 13.32% recorded in Q2 vs. 8.56% in the previous quarter.

For those yet to fully embrace eAuctions, the **Services** category is often an area of debate as to why eAuctions cannot be deployed due to the complexity of negotiating the category. It is thrilling to see this multi-faceted category maintain its position as the most eAuctioned category across the Scanmarket software, and significantly advance its levels of reported savings.

As global companies continue to work remotely, negotiation strategies prior to COVID-19 have been significantly weakened. Face-to-face negotiations are now virtual and often perform poorly. We are seeing many of our customers focus on eAuctions as a fully operational method of negotiation to mitigate those challenges. If you are analyzing the latest Scanmarket eAuction savings and are yet to make your entrance into the world of eAuctions, there truly is no better time.

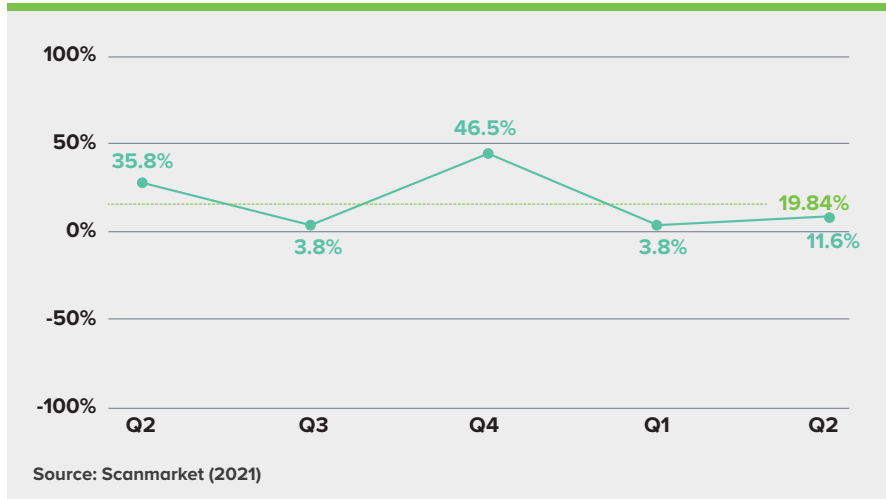
Rolling five quarters of auction savings

This chart illustrates the past five quarters of average savings across all categories ranging from Q2 of 2020 to Q2 of 2021. The dotted line indicates the average savings achieved over the five quarters.



Rolling five quarters of auction growth

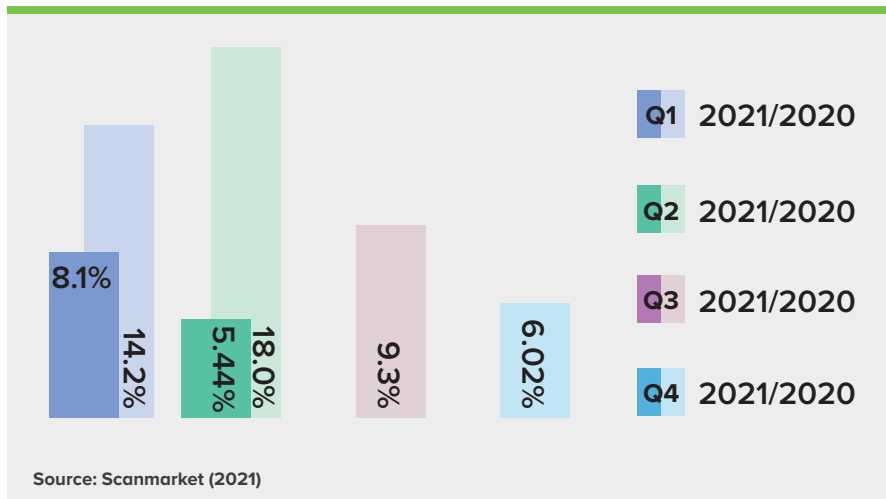
This chart illustrates the past five quarters of average auction growth from quarter to quarter, across all categories ranging from Q2 of 2020 to Q2 of 2021 (both included). The dotted line indicates the moving average growth achieved over the five quarters.



Quarter over quarter

This chart shows this year’s quarters compared to the previous year’s quarters. Here, 2021 is compared to 2020 in terms of average savings for all categories in each quarter.

Q2 2021 achieved 5.44% savings on average across all categories versus 18% in Q2 of 2020.



Categories

The ten best performing categories are reported every quarter, and we rank these categories by volume (number of auctions in the quarter) and by the savings achieved in the various categories.

Top 10 categories by volume

This table shows the top 10 highest performing categories in terms of auction volume during the second quarter of 2021.

Rank	Chg.	Prev.	Category area	% Savings
1	-	1	Services (temporary labour, cleaning, IT & security services, etc.)	13.32%
2	-	2	Iron and metals (tools, spare parts, cables, screws, etc.)	24.10%
3	-	3	Construction & repair (flooring, damage control, engineering, rebuilding, etc.)	6.84%
4	▲	5	Electrical and telecommunication equipment (mobile phones, batteries, scanners, electrical wires, etc.)	8.54%
5	▼	4	Industrial machinery (assembly lines, injection moulding machines, etc.)	1.26%
6	▲	9	Retail – non food (bags, cleaning, textiles, appliances, lamp oil etc.)	2.64%
7	▼	6	Freight & transportation (sea, land & air)	6.83%
8	-	8	Packing materials (cardboard, foils, tape, pallets, labels, etc.)	1.98%
9	New	-	IT equipment (stationary, laptops, printers, flat screens, projectors etc.)	19.41%
10	New	-	Ingredients for food production (additives, flour, sugar, vegetables etc.)	-4.12%
Left top-10 since last quarter				
		9	Clothing (safety equipment, working clothes & shoes, bags, gloves etc.)	
		10	Office supplies and furniture (paper, prints, toner, usb stocks etc.)	

Source: Scanmarket (2021)

5.44

Average savings for all categories

Scanmarket

Scanmarket is an industry leading Source-to-Contract software provider that delivers superior results in savings, transparency and efficiency to hundreds of organizations globally. Known for its ease of use and expert support, Scanmarket increases user adoption by more than 300% on average. Whether it is Spend Analytics, eRFx, eAuction, Contract Management, Project Management, Supply Base Management, or Consultancy Services, we can help your organization get the results you need.

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