


Sometimes a Little Change
Creates a Big Return.



OnDemandSourcing™

**“Check out an innovative new e-Sourcing alternative
for small and mid-sized companies in this interview
with Ramesh Mehta, CEO of Moai Technologies.”**

—Cool Tools for Purchasing, April 2003

Global 2000 procurement professionals have multiple alternatives when it comes to e-Sourcing solutions. Those working for smaller employers have not been so fortunate, until now, with the release of OnDemandSourcing™ from Moai Technologies. Learn more about this innovative alternative in this conversation between Debbie Wilson of Cool Tools for Purchasing and Moai President & CEO, Ramesh (Ron) Mehta. For more information, visit the Pittsburgh, Pennsylvania company's online resources at www.moai.com or www.ondemandsourcing.com.

Debbie: Tell me about Moai.

Ramesh: Moai is a six-year-old, debt-free, cash flow positive company funded by marquee investors including Accenture, Hewlett Packard, Intel, Eastman Chemical, Seligman Ventures, Harbourvest, Redleaf, and UPS. The company initially provided auction tools for online exchanges, but when I acquired Moai in 2002, we leveraged our experience with online sourcing to focus on procurement and sourcing solutions for large corporations. Our technology is proven and respected: last year, the UK-based Institute of Transport Management recognized us with its IT Award of Excellence.



Debbie: What sort of traction have you achieved in the marketplace?

Ramesh: We continue to enjoy the business of thirty active and repeat customers, including several of the largest, well-known, Global 2000 companies in retail and manufacturing. Some of the names we are allowed to disclose include Eastman Chemicals, Forest Express, the US Army, and the Government of United Kingdom Forestry Commission.

Collectively, our customers have sourced more than \$10 billion worth of supplies, raw materials, and components through our solution, and they have saved more than 10%, or \$1 billion, in the process. Our solution is proven and it provides sustained value. As a result, our customers are very happy and loyal.

All our Moai Masters (employees) adhere to our corporate values: Customer Care, Integrity, Performance, and total customer satisfaction. For more information on this, please visit our value page on the Moai Web site.

Debbie: What is OnDemandSourcing, and why is Moai excited about it?

Ramesh: Our enterprise sourcing solution, CompleteSource™ 4.6, supports and enables sourcing 'events,' including RFIs (requests for information), RFPs (requests for proposal), RFQs (requests for quotation), online negotiations, and auctions (forward auctions, Dutch, English, Japanese, reverse, and so on). CompleteSource offers advanced sourcing features including total cost modeling, what-if analyses, a database of suppliers, and import/export compatibility with Microsoft Excel. We have spent six years and tens of millions of dollars refining and perfecting this solution. It is a mature product, ideal for very large companies.

Moai's new OnDemandSourcing program repackages, in an easy to use manner, the same powerful technology and services available in our enterprise solution at a fraction of the cost for small- and medium-sized businesses. We're very excited about this innovative offering because companies with sales ranging from \$100 million to \$1 billion can now enjoy the benefits of online sourcing, in an easy-to-use and very low risk pay-as-you-save fashion.

OnDemandSourcing comes in three flavors. If you are a novice at online sourcing and would rather not attempt to run your own events, we can run and manage them for you through our Managed-Service option. As you become a believer, you can upgrade to our Self-Service module, where you manage your own events, and we just provide technical assistance. Or if you want to completely outsource your event, you can use our Full-Service offering.

Debbie: Are your solutions primarily suitable for certain types of purchases, such as indirect materials and services?

Ramesh: Our solutions work well for any commodity. Most of our customers start out with indirect purchases, sourcing a commodity group that isn't strategic to their business. They do this to test the technology with suppliers that aren't strategic. Once they run several events successfully, they'll use it for direct materials and merchandise.

Debbie: What vertical markets are you strongest in?

Ramesh: As a result of our customer base, we have the most to offer to the manufacturing, CPG, retail, and forestry products industries. For example, we have created sourcing templates that address their specific market needs.

Debbie: Other companies offer low-cost reverse auction/RFX solutions. What is distinctive about Moai's offerings?

Ramesh: There are several things that differentiate us in terms of e-Sourcing tools for small to mid-sized companies. First and foremost, our technology is broad, rich, deep, and robust, and we have features and functionality that came recommended from large, successful procurement organizations. Unlike folks that provide only hosted solutions, we thoroughly test all our applications before we put any software in the hands of our customers. That means that you can have confidence in the integrity of our solution, whether you use the Managed-Service or the Self-Service version, or you install our application behind your firewall.

We offer a flat, fixed fee pricing model with no monthly or setup fees. The customer can just try a single event and have no further obligation. We also offer a streamlined, highly intuitive user interface. If you can watch the TV, you can use our software. That's something really unique.

And finally, we offer a path to independence. As customers run multiple events, they can move from Managed- to Self-Service and ultimately on to their own copy of the software, behind their firewall, and under their IT control.

Debbie: It sounds like OnDemandSourcing is suitable for companies that are new to e-Sourcing.

Ramesh: That's absolutely correct. With Managed-Service, you don't need to know anything about software to reap the benefits of e-Sourcing. We manage your event and do all the work for you, as your agent. You are the executive reviewer.

Here's how it works. Let's say you're the purchasing director of clothing chain store. All you need to do is give us your specifications and the contact information for the vendors you wish to invite. We take it from there and configure the event, contact your suppliers, train them for online bidding, answer their questions, run the bidding event, and deliver you the results: huge savings!

Debbie: What type of return would a small to mid-sized company expect to see with OnDemandSourcing?

Ramesh: Our large customers have seen returns on investment greater than 1000%, and we expect smaller companies to realize similar results. In addition to that hard dollar savings, our solution has proven to reduce sourcing cycle times by two-thirds. Without e-Sourcing, soliciting bids is a lengthy, laborious process, as is obtaining all the approvals you need to make an award. When you see a new style of sweater appear in Milan, you'll be able to reproduce it in a matter of weeks, not months, here in your region.

Debbie: You mentioned that you are pricing Managed-Service by the event. What does it cost?

Ramesh: Our no-hassle, easy-to-use solution is priced by the event, and the price decreases as the number of events increases. In volume, it costs as low as \$1,600 for a reverse auction and \$2,000 for a multi-line event. When you are ready to run events yourself, you can use our Self-Service model, which costs even less. In fact, we would prefer all our customers to pay by the event. (Laughter).

Debbie: What sort of training is involved to use your solutions?

Ramesh: To get started with Managed-Service, we offer two hours of free consulting, which covers choosing an appropriate product to source, deciding upon the event strategy, understanding the buyer's role, and communicating effectively with suppliers. No other training is required for the buyers. We also provide up to a 60-minute training session for all the suppliers involved in an event.

If you want to run your own event, the buyer training takes about 4 hours. Our user interface is incredibly easy and intuitive to use. If you can create a Word document, you can run an event. This is ideal for purchasing professionals without an army of in-house IT folks.

Debbie: Any last words?

Ramesh: We don't ask our customers to completely change the way they're doing business to use our solution. All our solutions are enablers; they are adaptable to customers' business processes. Also, we believe in evolution not revolution; delivery, not promises; substance, not hype; incremental investment by our customers; and the relentless pursuit of total customer satisfaction. Companies need to adopt new technologies slowly, to gain good experience at one level before taking the next step, and that takes time. Moai's e-Sourcing solutions add tremendous value because they enable a gradual and rewarding journey to self-sufficiency.

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