

## ***Motorola, Inc. Supplier Negotiations Software Platform***

In the early 2000's Motorola, Inc. was faced with reduced demand, obsolete products, and a volatile internal cost structure. In response the company set out on a campaign to reduce internal costs and develop innovative products. However, in addition, the company still needed to cut costs for purchases of goods and services in order to remain viable. Therefore, "it implemented a complete, end-to-end, Internet-enabled supplier-negotiations software platform with advanced capabilities that would support the entire company" (Metty, Harlan, Samelson, Kanner, Potts, & Robbins, 2005).

This initiative was achieved through the implementation of Emptoris's strategic sourcing platform in 2002 (Ibid). Motorola referred to the e-platform as MINT (Motorola Internet negotiation tool). MINT provides many capabilities, but the savings of over \$600 million by the end of 2003 was mainly attributable to the following:

- The ability to engage more suppliers during more negotiations and to help them to compete more effectively in bidding.
- Second, is the ability of suppliers to make higher value-added bids, which helps to reduce Motorola's total cost by approximately 30%.
- And, third is the reduction in time spent on negotiations and reduction in travel and other factors (Ibid, p. 17).

Companies can learn from this example, and could benefit from such an initiative since fluctuating demand for its products puts the company at risk for increased costs. For example MINT motivates suppliers to compete on many different elements. "These elements include buyer requirements, business rules, and supplier-cost-reduction options around item quantities, delivery locations, delivery times, shipping options, capacity limits, substitutions, and pricing discounts (for example, packaged bundled deals and quantity discounts based on value)" (Ibid, p. 16, para. 2).

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