



## Adaptive Decisions' Bid Optimizer™

- An "OEM" decision optimization plug-in solution for Strategic Sourcing and SRM vendors
- AMR Research calls dynamic decision optimization one of the "Five Key Tenets of SRM"
- At least three sourcing technology vendors already offer decision optimization as part of their solution

### Current Market Environment

Corporate buyers are demanding ever more sophisticated analytical and decision support capabilities from their strategic sourcing and supplier relationship management (SRM) vendors. The most pressing decision support need is in the area of bid evaluation and award. Many requests for proposal (RFPs) are complex, containing thousands of line items and are bid upon by hundreds of suppliers with various pricing models. As a result, buyers want the ability to consider the interdependences between thousands of line items and hundreds of bids, or sets of items and bids – and to do that within a single supplier's bid or across hundreds of bids. Parametric weighting and side-by-side comparisons – the most common decision support offered by sourcing solutions today – simply do not have that capability.

### The Optimization Advantage

To deliver robust decision support to their end customers, strategic sourcing and SRM vendors are turning to optimization technology – a proven technology for complex decision-making. With decision optimization, buyers can determine the best combination of bids among multiple suppliers to reach the total lowest cost based upon price and non-price factors. Optimization technology allows buyers to simultaneously evaluate all supplier bids while incorporating business rules, procurement policies, and other non-price factors such as quality, delivery schedules, and current contract compliance. Optimization technology also empowers the buyer to conduct exhaustive what-if analyses to compare various trade-offs and purchase options to arrive at the best award decision. AMR Research recently announced that dynamic optimization is one of the "Five Key Tenets of SRM." In other words, decision optimization is quickly becoming a must-have for sourcing solutions. A handful of strategic sourcing and SRM companies – like i2 Technologies, Emptoris, and Perfect Commerce – already offer optimization technology as a key differentiator in their analytic and decision support toolsets. Because they have this advanced capability, their customers are able to consider many factors in making award decisions, such as price, discount/rebate schedules, supplier capacity, delivery dates, etc. across a large number of suppliers.

In turn, their customers can then weigh all those variables against specific purchasing policies or constraints, such as:

- Limit award to at least 2 but no more than 5 suppliers
- Each supplier selected must receive at least 5% but no more than 40% of the business
- Designated supplier(s) must receive at least 10% of the award.

Determining the best possible award for a large complex RFP requires the consideration and analyses of thousands, or even millions, of possible combinations and is virtually impossible to do manually. By adding Adaptive Decisions' Bid Optimizer to your current sourcing solution, you can offer your customers a powerful set of decision support tools that automate these complex analyses.

## Key Benefits of Adaptive Decisions' Bid Optimizer

Adaptive Decisions is a leader in building enterprise optimization technology solutions. Adaptive Decisions' Bid Optimizer is the only out-of-the-box optimization plug-in solution that can be integrated into your sourcing platform in a matter of weeks versus the many months it would take you to build the capability yourself. Adaptive Decisions' Bid Optimizer takes your decision support capabilities from simplistic parametric weighted analysis to highly complex, mathematical analysis (see table below).

<u>Parametric Weighting Analysis</u>		<u>AdaptiveTrade Bid Optimizer</u>
Side-by-side comparison and simple supplier ranking	➔	Actionable recommendations for suppliers, items, quantities, etc.
Inability to consider interdependencies among items, groups, suppliers in complex RFPs	➔	Simultaneously consider interdependencies among thousands of items/bids, within or across suppliers
Limited to very basic business rules	➔	Buyer can define and apply in-depth business rules and key attributes on the fly
Limited to either simple price lists or indivisible bundles (i.e., combinatorial auctions)	➔	Allows both indivisible and divisible bundles, and volume discounts at all levels (item, bundle, supplier)
Not easily changed or upgraded	➔	Easily extensible with new constraints, new attributes, new objectives

## Easily Integrates Into Existing Strategic Sourcing or SRM Solutions

Adaptive Decisions' Bid Optimizer enables leading sourcing vendors to bring a robust decision support capability quickly to market without the huge investments required to master optimization technology. Our plug-in solution was developed with a leading strategic sourcing provider and has been extensively tested for quality and performance in high volume environments.

With a well-defined data model and XML interface, Adaptive Decisions' Bid Optimizer can be quickly and easily integrated into any existing user interface and/or application environment. And since it is written in Java, the Adaptive Decisions solution is capable of running in almost any software environment.

While Adaptive Decisions is offering an out-of-the-box solution, we recognize that a “one-size fits-all” solution is not acceptable. Since Adaptive Decisions’ Bid Optimizer is built on our patent-pending Adaptive Enterprise Optimization™ technology, it is easy to extend, modify, or enhance any of the models, algorithms, or data structures used in the solution. Features such as transportation costs, multi-currency, and blending or substitution are very easy to add. Adaptive Decisions also developed the AEO Studio. It is an easy-to-use tool set our developers use to maintain and modify Adaptive Decisions’ Bid Optimizer to your specific needs, or the specific needs of your individual customers.

## Why Adaptive Decisions Can Help You

Your customers are demanding decision support tools so they can analyze complex RFPs and proposals; understand the thousands of interdependencies between and within line items, supplier bids, and business rules; and develop and apply buyer-developed business rules, attributes, and constraints.

Adaptive Decisions designed Bid Optimizer to quickly take you ahead of your competition. Our plug-in solution has the following powerful benefits:

- Robust “black box” decision optimization plug-in solution
- Architected to quickly integrate with existing sourcing platforms and workflow applications
- AEO Studio allows us to extend and tailor Bid Optimizer to your needs and your customers’ needs
- Implementation period of weeks.

Call toll free at 1-866-836-1779, today, to schedule a demo of our plug-in solution and learn more about our decision optimization technology.

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### About Adaptive Decisions

Adaptive Decisions is building the next generation of enterprise optimization technology solutions. AMR Research has recognized Adaptive Decisions as a “leading edge vendor” in the area of supply chain optimization. To find more information about Adaptive Decisions’ Bid Optimizer, visit our web site. To receive a white paper on Adaptive Enterprise Optimization, please write to [info@AdaptiveDecisions.com](mailto:info@AdaptiveDecisions.com). To learn more about Adaptive Decisions and our solutions, please visit [www.AdaptiveDecisions.com](http://www.AdaptiveDecisions.com) or call us at 1-866-836-1779.