K2 Sourcing is based in Belgium, but is saving money around the globe

Don't tell Matt Miller, chief executive officer of Belgium-based K2 Sourcing, about the tribulations of doing business in the current economy.

"Our company grew by 200% during the past year. This is a very good economic climate for us because we can help people save a lot of money, and that is what companies are looking to do now," Miller said.

"Companies are finding out they must find new, faster methods to reduce the cost of goods and services procured."

As a strategic sourcing firm, K2 Sourcing links companies with preferred suppliers, opening the door to savings on virtually every commodity or service.

"We believe any company should be able to reduce costs in this market on basically anything they write out a check for, whether it is for materials, insurance, transportation, telecommunication and data services or even things like cleaning and landscaping services," Miller said.

He said the best prices for clients are often obtained through reverse auctions, where suppliers and service providers compete for contracts by posting ever-decreasing prices until a deal is reached.

Building on the success of reverse auctions, K2 Sourcing created a user-friendly e-sourcing software platform that includes different ways to categorize bids, bidder requests and message centers.

“We guarantee savings by our clients. If they just want access to our platform, they can save 20% on procurement. If they want us to manage the process, savings of as great as 70% to 90% are possible,” Miller said.

“The best way to find places for a company to save is simply to look at their check register and see where they are spending money.”

Depending on how the individual contract is written, the company is paid either a flat fee or a percentage of the savings found for a client.

Miller started the e-commerce company at his Belgium home seven years ago. He previously worked as a global procurement manager for Applied Power Solutions on Milwaukee’s North Shore.

He was able to find substantial savings for his employer by using virtual connections and reverse auction software, and saw an opportunity to develop a similar service on a contract basis with other companies.

K2 Sourcing was born.

“We took eight months to design and test an improved reverse auction solution. After the first bids, we knew we had it right. With positive feedback from both buyers and suppliers, we had proof the K2 Sourcing reverse auction process yielded improved results,” Miller said.

He now employs four project managers who work from their own home offices rather than a corporate headquarters.

“There is a lot of money saved — and overhead eliminated — by not having to own and maintain a building. And then there is the hour or more each day we don’t have to waste commuting,” Miller said of the advantages of working in

e-commerce.

He dispelled the suggestion that e-commerce workers sit around in bunny slippers all day.

“I don’t even own a pair of bunny slippers. There are plenty of PJ days, however,” Miller said.

There are downsides to making a living exclusively in the cyber universe.

“In the corporate world, there was always a boss I had to answer to. In this business, I probably have 30 or 40 bosses I have to answer to and clients can be pretty demanding,” Miller said.

“Of course, I get to decide whether to take on more clients, too.”

Most of the contracts his company has with outside firms include confidentiality agreements, but Miller said K2 Sourcing provides services with several Fortune 500 retailers and Fortune 1,000 manufacturers.

“Many of our clients would be well-known to anyone familiar with the Milwaukee market,” Miller said.

Earlier this month, the company landed a lucrative contract to provide e-sourcing and reverse auction services with one of the country’s largest on-line retailers.

K2 Sourcing already has clients from across the country, as well as Canada, Mexico and Europe.

“The best part is that we don’t need a sales department to keep growing. We maintain a presence on the Web, and customers come to us,” Miller said.

In recognition of its innovative approach to e-sourcing, the company has twice earned annual awards from Supply & Demand Chain Executive magazine.

The strength of the company, Miller said, is that it can provide broad-based comparisons of costs for goods and services to clients that don’t want to maintain their own sourcing departments.

“One of the fears some companies have of doing business with us is that we are going to outsource them out of jobs. That is not what we are about. They are the ones with the inside information about their industry, and it is through a partnership with the client we
are able to find places to save money,” Miller said.

“We start with a bigger pool of suppliers than most companies would typically have access to, say five to seven different providers, and give them solid information on which to make a decision.”

MATT MILLER, chief executive officer of K2 Sourcing, relaxed in his Belgium home office.