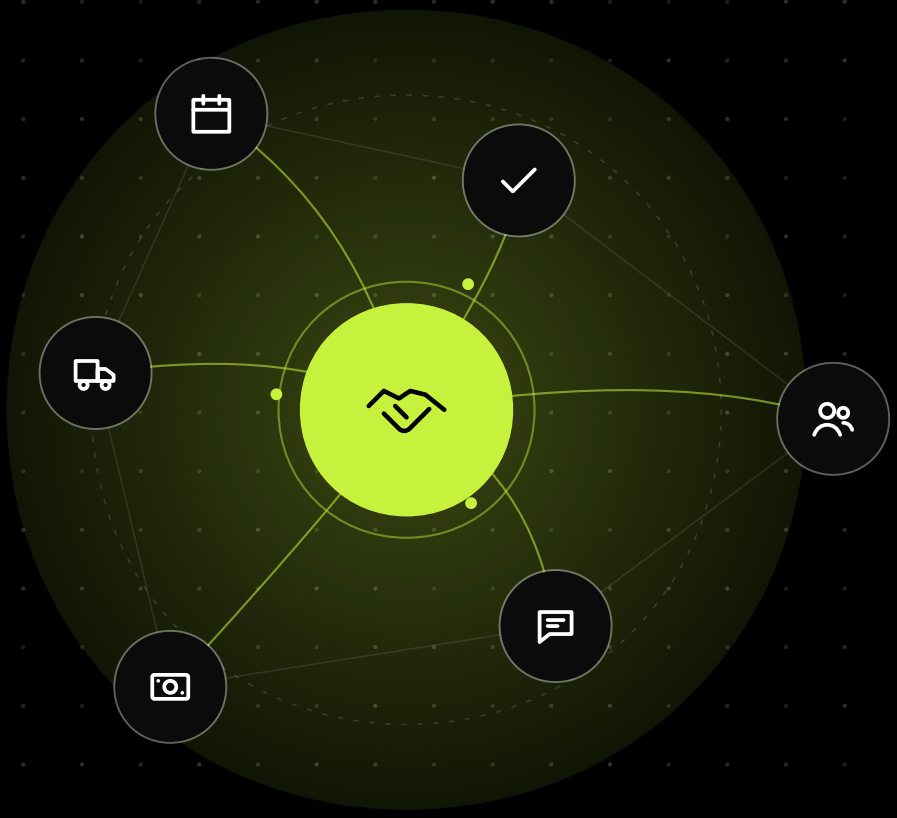


Walmart

Supplier deals closed in 11 days on average

Walmart piloted an AI chatbot from Pactum that negotiates with suppliers by text. It closed deals with 64% of the suppliers invited, more than three times the target.

Retail | Procurement, supplier negotiations | Negotiation chatbot | Pactum AI

64%
of invited suppliers reached a deal (target 20%)

11 days
average negotiation turnaround

1.5%
average savings on spend negotiated

AT A GLANCE

COMPANY	SUPPLIERS	AI VENDOR	REPORTED
Walmart (Walmart Canada pilot)	More than 100,000 across Walmart	Pactum	Harvard Business Review, Nov. 8, 2022; Talking Logistics, May 1, 2023

01

The challenge

Walmart works with more than 100,000 suppliers.

As a result, around 20% of its suppliers, the tail-end suppliers, had signed agreements with cookie-cutter terms that are often not negotiated.

Pactum's approach aims not to beat the supplier but to find win-win outcomes, where each side gains something it values.

100,000+
suppliers across Walmart

~20%
on standard terms that are often not negotiated

20%
deal rate set as the pilot target

BEFORE

- × Tail-end suppliers on standard terms
- × Terms often not negotiated
- × Cookie-cutter agreements
- × Savings and terms left as signed

AFTER

- ✓ Chatbot negotiates with each supplier by text
- ✓ Deals with 64% of invited suppliers
- ✓ 1.5% average savings, 35-day average terms
- ✓ Use widened to new categories after the pilot

02

The solution

Walmart used Pactum's AI-powered negotiation software, a text-based chatbot, to negotiate with suppliers directly.

Walmart first tested it in a sandbox. Then, after a slight Covid delay, it ran a three-month trial in Canada on indirect spend supporting its stores, from fleet services to shopping carts.

The pilot team included 89 suppliers, five buyers, and people from Walmart Canada's finance, treasury and legal departments, plus Pactum.

HOW IT WORKS

STEP 01

Test in a sandbox

Autonomous negotiations were tried in a safe test setting first.

STEP 02

Pick the right category

Indirect spend, such as fleet services and shopping carts.

STEP 03

Set acceptable trade-offs

Walmart decides which trade-offs it will accept.

STEP 04

Negotiate by text

The chatbot works with each supplier toward a win-win deal.

STEP 05

Close the agreement

Agreed terms on price and payment timing.

STEP 06

Scale up

New categories, mid-tier suppliers and more languages.

BUILT WITH

Pactum AI | Text-based chatbot | Sandbox testing | Finance, treasury and legal review

03

The results

The chatbot reached agreements with 64% of the 100 tail-end suppliers invited, well above the 20% target, with an average turnaround of 11 days.

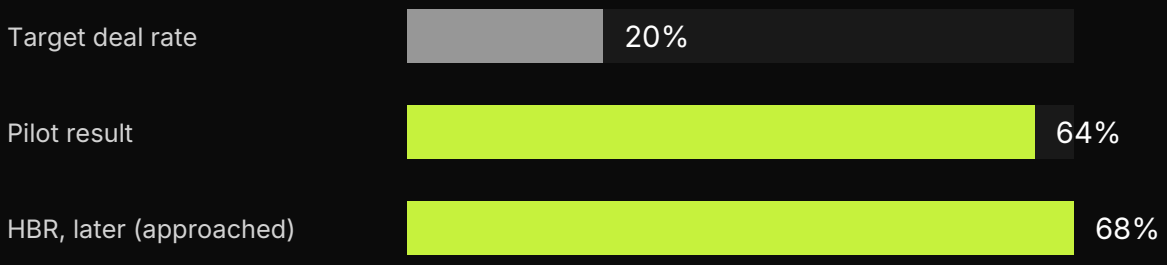
64%
deal rate, against a 20% target

11 days
average negotiation turnaround

1.5%
average savings on the spend negotiated

35 days
average payment terms after extension

DEAL RATE: TARGET VS RESULT



TIMELINE

Mar. 25, 2020
Walmart engages Pactum

Pilot
Sandbox test, then 3-month trial in Canada

Nov. 8, 2022
HBR: 68% of suppliers approached closing deals

After the pilot
Expanded to transport routes and some goods for resale

04

What made it work, and what to watch

> "Procurement professionals will focus less on negotiating agreements and more on strategic relationships, exceptions, and continuous improvement."
>
> Van Hoek, DeWitt, Lacity and Johnson, Harvard Business Review, Nov. 2022

1	**Move quickly to a real pilot**	HBR's first lesson: get to a production pilot fast.
2	**Start with low-risk spend**	Begin with indirect spend and pre-approved suppliers.
3	**Decide your trade-offs up front**	Agree which terms you will give and which you want before the bot talks to anyone.
4	**Scale step by step**	Extend to new regions, categories and uses once it works.

OPEN QUESTIONS

The case write-up raises fair questions: will this improve trust between trading partners or erode it, and what happens when suppliers use chatbots too? Pactum separately reports that in a Walmart payment-terms campaign, 82% of suppliers said they preferred negotiating with Pactum over a human.

IS THIS A FIT FOR YOUR BUSINESS?

- ✓ Do you buy from many small vendors on terms nobody has revisited?
- ✓ Would better payment terms or small savings add up across your spend?
- ✓ Do you know which terms you would happily trade?
- ✓ Would you approve deals if the back-and-forth were done for you?

05

How Agent Victoria could do this for you

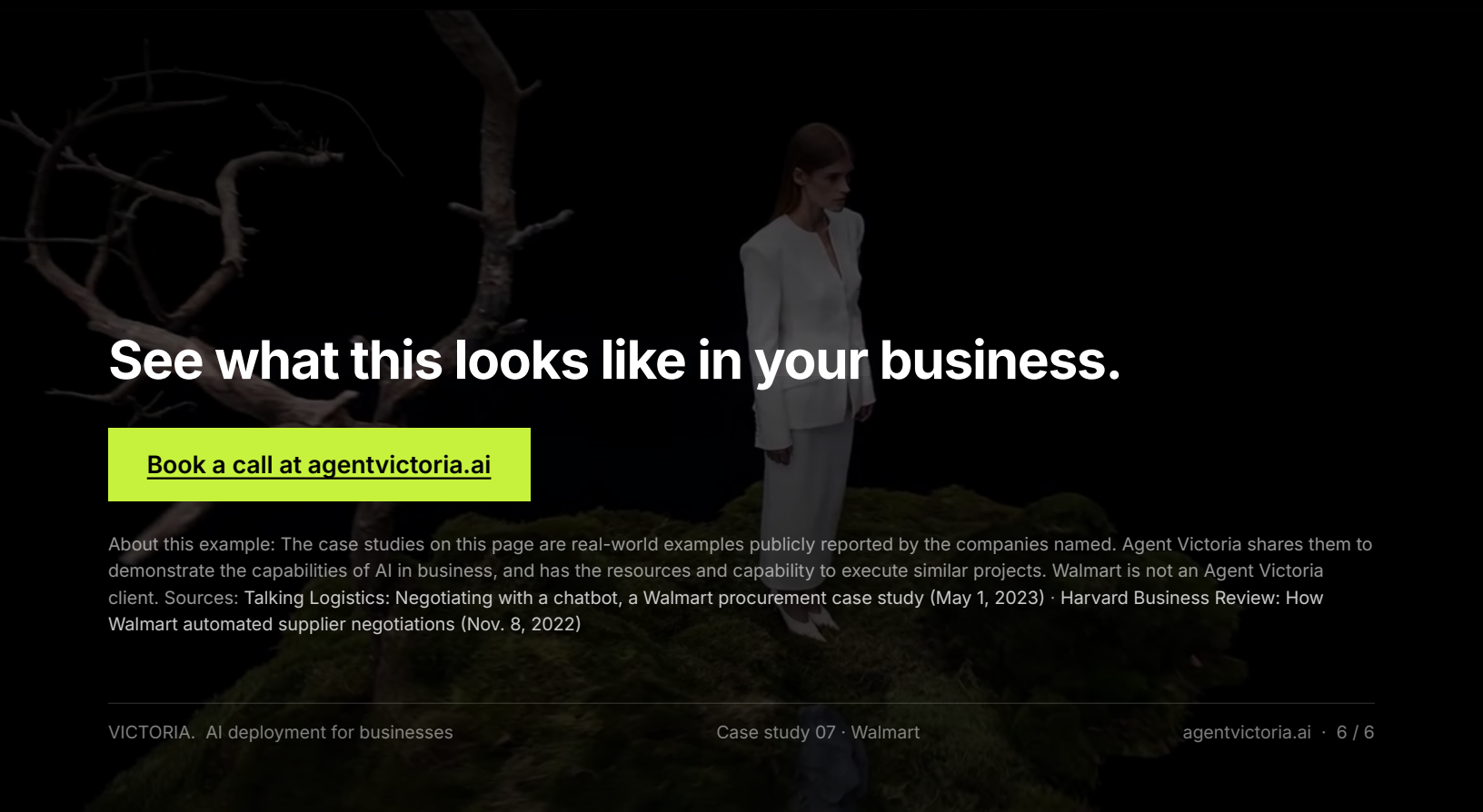
We could build an agent that reaches out to your vendors to renegotiate pricing or payment terms within limits you set. It handles the back-and-forth, and you approve the final deal.

01
List your vendors
Start with the long tail nobody has time for.

02
Set your limits
Pricing and payment terms you will accept.

03
It negotiates
The agent handles the back-and-forth.

04
You approve the deal
Nothing is signed without you.



See what this looks like in your business.

Book a call at agentvictoria.ai

About this example: The case studies on this page are real-world examples publicly reported by the companies named. Agent Victoria shares them to demonstrate the capabilities of AI in business, and has the resources and capability to execute similar projects. Walmart is not an Agent Victoria client. Sources: Talking Logistics: Negotiating with a chatbot, a Walmart procurement case study (May 1, 2023) · Harvard Business Review: How Walmart automated supplier negotiations (Nov. 8, 2022)