

CASE STUDY

Beating The Market: Using Predictive AI for Faster Wins in Materials Cost Management

As inflation and supply chain issues have hit the construction industry post-COVID, Power Design, a leading national design build contractor sought a solution that would allow them to be more agile and data-driven in collecting and comparing quotes from suppliers to make decisions quickly and drive material cost reductions in a volatile market. Here's how they did it with Arkestro's Predictive Procurement.

-11 days

on average to buy materials

370+

closed competitive events to date



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Arkestro shines quite a bit by having an easy interface and being able to collect bids quickly from suppliers. We were able to clearly understand costs rather than waiting on emails and spreadsheets and manually compiling data – which was a big win for us.

~ CONNER KUEHN,
DIRECTOR OF SUPPLY CHAIN AT POWER DESIGN

Overview

Ever since COVID, price inflation and market volatility have been major challenges in the construction industry. Finding basic building materials has become costly and unpredictable, delaying construction projects and for fixed-price contracts, eating into the margins that trade contractors earn.

When you are working on major developments, high rises, multi-family, hotels and more – sourcing and costing setbacks can be a frustrating experience. Power Design had the added challenge of an outdated file posting system used for publishing opportunities to their suppliers that was rigid and ultimately frustrated the salespeople who needed to create and provide quoted pricing.

Using the power of predictive AI, Power Design leveraged Arkestro to dramatically shorten the time it took to collect and decision multiple quotes. For Power Design's fixed-price contracts, cost reductions represented measurable bottom line impact, allowing them to lock in preferred costs before market conditions changed. Arkestro's user-friendly interface also alleviated suppliers' issues with submitting offers, receiving feedback, and helped them get to a faster best-and-final offer and ultimately a Purchase Order.

Approach

The transition from the old system to Arkestro for sending requests for quotes out to suppliers happened virtually overnight.

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We were initially focused on using Arkestro to accelerate procurement cycles in order to maximize the efficiency of our procurement team and thus maintain access to scarce supplies. We are now buying materials an average of 11 days before they are actually needed, helping us to guarantee supply access and paving the way for smoother, more cost-efficient and timely projects overall.

~ CONNER KUEHN,
DIRECTOR OF SUPPLY CHAIN AT POWER DESIGN

Result

Arkestro was able to help Power Design meet their challenges head on by offering flexibility and agility in their bid events to make decisions quickly. In the past, Power Design would win a construction design contract and it would take multiple months of going back and forth with suppliers over their quotes line by line to organize internally and output the Bill of Materials for bidding to begin. Now they are purchasing materials before they even launch construction projects by getting to faster best-and-final offers with their preferred suppliers. The result is a win-win: faster deals for sales teams at their suppliers, better costs for Power Design's bottom line.

Conclusion

“Arkestro allowed us to adapt faster to be able to launch bids. We are purchasing materials before we sign on the dotted line for construction projects. It helps us predict costs and make sure we don't experience cost escalations – definitely a winning brag for our procurement team!”

~ CONNER KUEHN, DIRECTOR OF SUPPLY CHAIN AT POWER DESIGN

Now that materials are becoming more available and prices are stabilizing, the company hopes to focus on the negotiation and relationship-building aspects of procurement versus the cost avoidance model they had to adapt to from COVID and the post-COVID inflationary period. This means finding the appropriate strategic partners, focusing on regular market tests and competitive bidding – leveraging Predictive Procurement via Arkestro.



Ready to see how real-time recommendations can amplify your procurement team's impact? **Let's talk.**

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