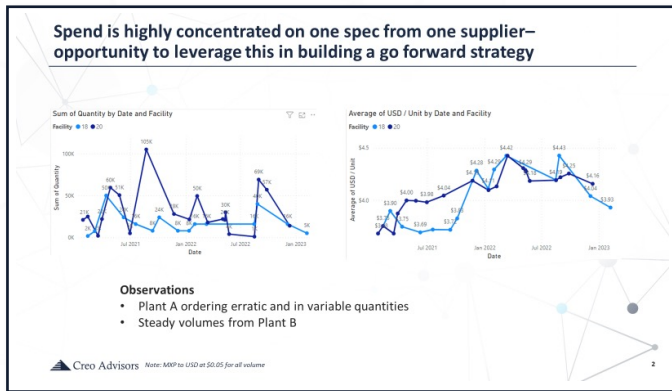


# Implemented spend analysis which enabled the client to achieve 15% savings

## Case Study – Profit Improvement

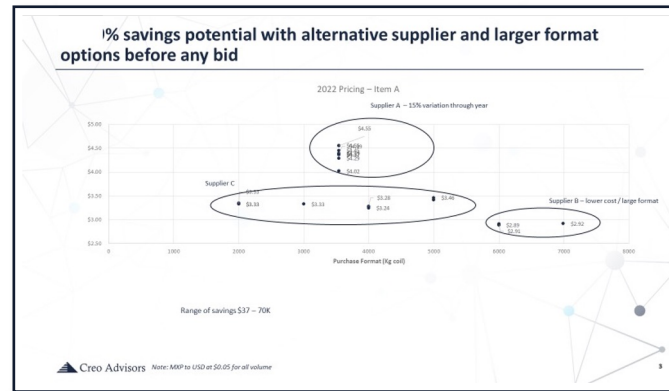
### Situation

- Worked with a leading manufacturing company to implement a procurement spend analysis based on their recognized need to gain efficiency in purchasing
- Company had limited visibility and capacity to analyze their spending patterns resulting in missed savings opportunities



### Actions

- Consolidated spend data and segmented based on suppliers, categories and items to identify spending patterns and potential areas for cost savings
- Evaluated the suppliers based on criteria such as pricing and quality and identified opportunities for consolidation
- Developed bid implementation plan



### Results

- Identified savings of \$3.0M on \$20M spend
- Recommend focus on master data structure to support future automation
- Focused areas for potential bid to new suppliers for materials which have low impact on quality of end product
- Identified alternative suppliers for key item classes

#### Proposed approach – start with \*\*\*, look at alternatives but need to mitigate risk

- Engage Supplier in comprehensive review of current practices. Look for ways to reduce total cost and build joint value
  - Ordering flow (VMI) and optimal packaging and quantities
  - Terms of sale
  - Managing tail and other needs
- Include additional options if comfortable with risk of change
- Request comprehensive proposal for optimal service to high volume facilities
  - Focus on core high volume product
  - Understand options to streamline and standardize process
- Include Plant A specifications and product portfolio as incremental spend potential - need to understand implications

Target 5-15% price reduction with optimal packaging and service performance – upside if inclusive of new techniques

Creo Advisors