

PROJECT OVERVIEW

CHALLENGES:

- Over 50 labs worldwide
- Integration of new acquisitions
- New CPO hired from unrelated industry 1 year after Regenius engagement began
- Significant under-investment in purchasing capabilities and organization
- Historically poor purchasing performance led to difficult supply situation, e.g. key commodities with single source, poor management of price increases, etc.

OBJECTIVES:

- Drive \$12 million in short- and long-term savings opportunities in key categories
- Develop long-term sourcing capabilities

OUR SOLUTION

ASSIGNMENT STRUCTURE:

- Program lasted 24 months and focused on key categories totalling approximately \$100 million: petri dishes, plastics, medias, chemicals, diagnostic kits, raw materials, equipment and maintenance, subcontractors, real estate, MROs, labcoats, insurance, car fleet, and temp labor

ANALYSES APPLIED:

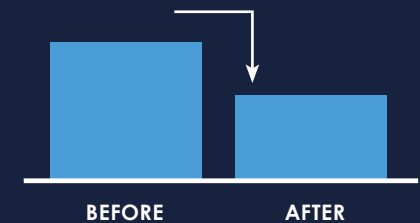
- Product benchmarking
- TCO analysis
- Target costing

APPROACH / TOOLS:

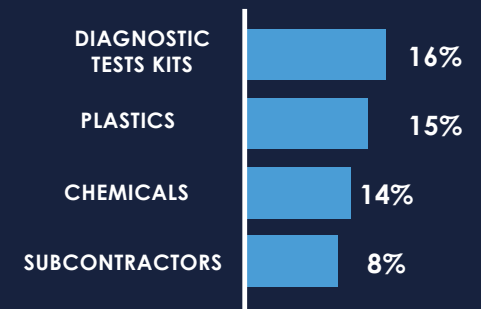
- Applied 7-step sourcing process led by client procurement and R&D resources:
 - Built a detailed spend fact-base for all targeted commodities
 - Conducted 'back of the envelope' diagnostic for ingredients and contract manufacturing
 - Conducted 200+ vendor workshops and over 80 requests for proposals (RFPs)
 - Developed target costing analysis for key products to understand 'should costs' and used as target price and basis for negotiation
- Developed analytical tools for analysis of RFP responses

RESULTS

15% OVERALL SAVINGS



SAVINGS BY CATEGORY (%)



ADDITIONAL BENEFITS:

- Trained client management in effective negotiation skills and developing clean sheets
- Enhanced focus on fact-based decisions