

PROJECT OVERVIEW

CHALLENGES:

- Purchasing organization in business units ranged from highly centralized to highly decentralized
- Poor integration of vendors in the conception and design of components
- Marginal penetration of suppliers in low-cost countries

OBJECTIVES:

- To realize significant near-term competitive advantage by reducing the number of suppliers, and by improving integration of suppliers into product development
- Open supplier base to vendors in low-cost countries

OUR SOLUTION

ASSIGNMENT STRUCTURE:

- Regenius divided our services into 2 separate and independent sub-programs addressing different aspects of the client's challenge:
 - Directs (12 months)
 - Logistics (6 months)

ANALYSES APPLIED:

- Value Engineering /Value Analysis
- Reverse Engineering
- Product Benchmarking
- LPP
- TCO Analysis

APPROACH / TOOLS:

- Total Cost of Ownership (TCO) optimization for each product:
 - Streamlined suppliers
 - Performed technical analysis of main parts & components
 - Improved integration of suppliers into product development

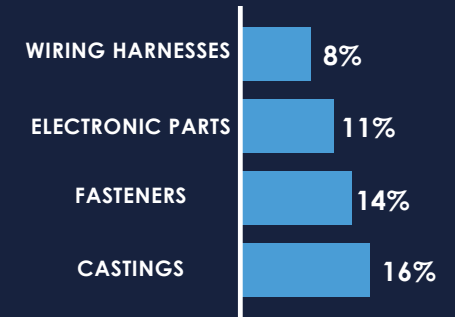
RESULTS

- € 95 million in savings in 12 months

% SAVINGS IN INDIRECTS:



SAVINGS IN SPARE PARTS:



ADDITIONAL BENEFITS:

- Centralized organization will lead and control leverage commodity families, and facilitate R&D and VE/VA
- Integration of key vendors in parts conception
- Deployment of an incentive system for key vendors