

PROJECT OVERVIEW

CHALLENGES:

- Strong need to reduce total cost of ownership (TCO) and improve asset utilization
- High pressure from general price decrease in market
- Need to create an organization and incentive structure to ensure savings
- Need to integrate key vendors to spur technical optimization

OBJECTIVES:

- Optimize spend in 15 commodities across multiple spending areas including process chemicals, instrumentation, transportation, CAPEX, electrical, mechanical parts and indirects
- Reduce TCO by 14% and develop system to ensure sustainability

OUR SOLUTION

ASSIGNMENT STRUCTURE:

- Regenius focused on five key areas: process chemicals, instrumentation, transportation, CAPEX, and electrical

ANALYSES APPLIED:

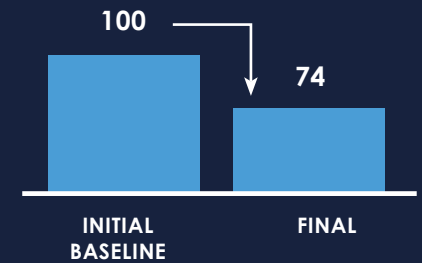
- Quantified the TCO benefit potential from supplier-users joint workshops
- Comparison of price data for selected commodities across sites (internal benchmarking)

APPROACH / TOOLS:

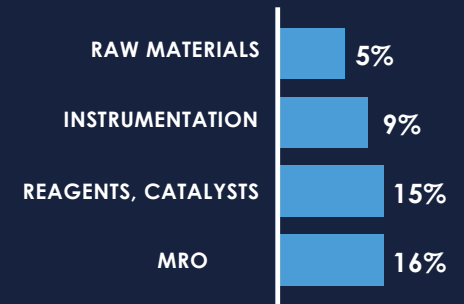
- Aggregated spend data from multiple sources to produce 70/30 database
- Established key spend categories within each commodity and prioritized
- Cross-functional/TCO approach heavily applied through idea generation sessions at each site
- Designed and sent selected RFPs (not present for analysis)
- Created "commodity councils" to ensure implementation and additional idea generation

RESULTS

16% SAVINGS



SAVINGS BY COMMODITY (%)



ADDITIONAL BENEFITS:

- Developed cross-functional commodity councils to improve connectivity between manufacturing, engineering services, and procurement
- Increased awareness of TCO value potential
- Defined process improvement initiatives, redefined purchasing organization