

About Client: Client is a leading boiler manufacturer operating in the region of South East Asia

Client Situation: Client was looking to reduce its cost of manufacturing through effective sourcing of raw materials

What we did: Our solution had following elements:

- We collected Bill of Material to identify components going into all major equipments manufactured by the client
- We found 20% of the items that were commanding 80% of the cost of the equipment
- We coordinated with Procurement function to find out the cost of procurement of each item
- We undertook low cost country sourcing, long term contracting, mass discounts, vendor rationalization to reduce cost of these 20% items

Outcome

- 5-7% reduction in material cost for major equipment manufactured over a two year period