



Our solutions helped an engine manufacturer achieve 11.3% in savings by reducing spend on indirect sourcing

About client: Client is an India based manufacturer of forgings and automotive engine parts. It exports to more than 30 countries

Client Situation: Client had a target of reducing spend base by 10% for all the indirect sourcing categories for which it was looking for an external help

Our Solution: Following were the major aspects of our solutions

- A comprehensive spend analysis to identify major heads of spends. Spend analysis identified the addressable spend base for reduction
- A pareto analysis of addressable spend base
- Attacking the spends which formed 80% of the value.
- Solutions for categories like office supplies, security, maintenance revolved around low cost country sourcing, identifying newer cost competitive vendors, renegotiating contracts and consolidation of vendors
- Some of the indirect sourcing category manager positions were outsourced for a long-term value creation. The FTE position based out of India helped in category strategy formulation and its implementation throughout the year in line with the organizational objectives

Outcomes

- 11.3% reduction in indirect sourcing spend base
- Savings due to offshoring and near-shoring