

Deep sea sourcing

“Identifying and then approving a new supplier to make components like this requires a considerable amount of time and resource. Outsourcing enabled us to access Vendigital’s best practice research and market pricing techniques.”

Neil Robinson
Vice President of Supply Chain Management, Vetco Gray

Finding a new supplier for safety critical components is often a difficult business. However, oil and gas drilling specialists, Vetco Gray, discovered the opposite was true when they outsourced the role to Vendigital.

The required components operate valves controlling the flow of oil and gas from wells at the bottom of the seabed. Quality is the main consideration, as the financial cost of lost production, should a component fail, can be greater than the value of the annual contract for their manufacture.

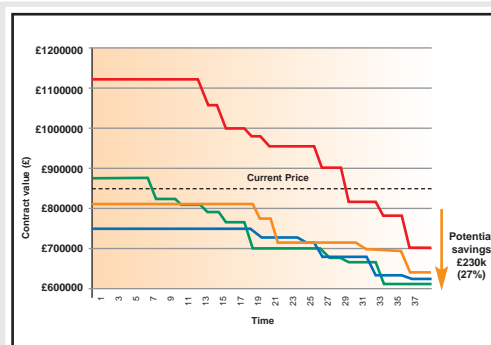
Given the complicated nature of this contract, Vetco Gray had concerns about finding suitable suppliers. However, through outsourcing they were able to crush the theory that there were a limited number of suppliers that could produce such a sophisticated component.

Over an 8 week period, Vendigital identified 227 potential suppliers across Europe, 69 of which met the agreed criteria. Vendigital assessed the suppliers’ capabilities of fulfilling the contract and 32 proceeded to the next stage. The final outcome was 5 better suppliers were identified and cost savings exceeding 25% achieved.

Neil continues: **“This was a thorough marketplace review and we were delighted with the quality and flexibility of the suppliers that were identified. The project identified five viable sources for the components, three were very competitive and we selected one supplier for a year’s contract. As the suppliers responded so well to the process, we are looking to apply this approach to as many areas as appropriate.”**



Title:	Supplier sourcing
Company:	Vetco Gray
Main business:	Oil & gas production systems
Value:	c £1m pa
Main benefit:	Better supplier & 25% cost red.



- ▲ A graph showing one of the stages of an online negotiation
- ▼ Neil Robinson, *Vice President of Supply Chain Management*



“...this was a thorough marketplace review...”