

Procurement Cost Reduction

For business owners such as Private Equity Houses, Venture Capitalists and Private Shareholders a key objective is to rapidly improve earnings and to release cash from their portfolio companies. Procurement cost reduction can contribute significantly and quickly to this business performance improvement.

How can Vendigital help?

For organisations with procurement spends >£10m on bought in goods and services

Benefits available from advanced market purchasing techniques including:
Reverse auctions, e-Sourcing, Strategic commodity management.

Typical quick-hit results

Savings >£250k-£500k realisable within 3-6 months.

Examples

Food manufacturer – £135k saving on £750k packaging spend delivered in 5 weeks.
Aerospace manufacturer – £295k saving on £1.1m of metal parts in 6 weeks.
Automotive tier 1 – £80k saving on £400k of safety critical brake components – 6 weeks.
University – £300k saving on £800k of office supplies (80 days – OJEU process)
Not-for-Profit Organisation – £200k saving on £1m of I.T. hardware and services (6 weeks)



For organisations with procurement spends >£50m or with multiple sites

Benefits available from advanced market purchasing techniques including:
Reverse auctions, leveraging group deals, Supplier consolidation

Typical results

5-10% reduction in procurement spend in 12-18 months / Organisational change to ensure sustainable savings.

Example

Mid-tier manufacturing company spending £200m saved £12m in 18 months.



Additional Benefits for Manufacturing Companies

Low-cost sourcing strategies identified and implemented (e.g.China, Eastern Europe).

Examples

50% reduction of £1.5m wire harness spend by moving to specialist Polish supplier.
40% reduction of £400k Printed Circuit Board Assemblies moved from USA to China.



Value Engineering

Optimising the design or manufacturing process of a product to maximise the function per unit cost.

Example

Aerospace manufacturer saved £4m on VE in 12 months.



Vendigital's **Savings Optimiser** toolset is used to assess and quantify opportunities for rapid cost reduction within a one day workshop. This process analyses spend data and supply relationships around a number of criteria for each key spend category. This data can instantly "size the prize" for procurement cost reduction within businesses.



VENDIGITAL[®]
dynamic procurement