Appliances – Raw Material Rationalization

- Problem – Client was buying slightly different variations of raw materials, which limited their ability for volume buys.

- Background - Raw materials are the least complex in terms of physical attribute variation, yet an area of high total spend:
  - Coil steel, wire, bar stock, adhesives, resins, lubricants, etc.

- Solution - Created a central classification database for all raw materials across the globe. More than 10,000 raw materials needed to be categorized and enriched.

- Benefits:
  - Reduce number of configurations:
    - e.g. From 50 to 25 different steel thicknesses.
  - Find lowest cost configurations and vendors:
    - e.g. Change thickness to standard automotive values to get economy of scale.
  - Assess impact of commodity pricing changes on unit costs:
    - e.g. Determine impact of oil prices on resin costs and evaluate how to reduce impact through the usage of filler materials.

- Results — 3 to 8% cost take-out reported. When multiplied by volume, the results yield high cost savings.

- Data Governance — More than 100,000 parts were cleansed, classified, and loaded into PTC Windchill PLM.

convergence data