

The following presentation was given at:

SCAF Vendor & Service Provider Day

Tuesday 14th November 2017

The BAWA Centre, Filton, Bristol, BS34 7RG

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Using Cost engineering to deliver sustainable improvements

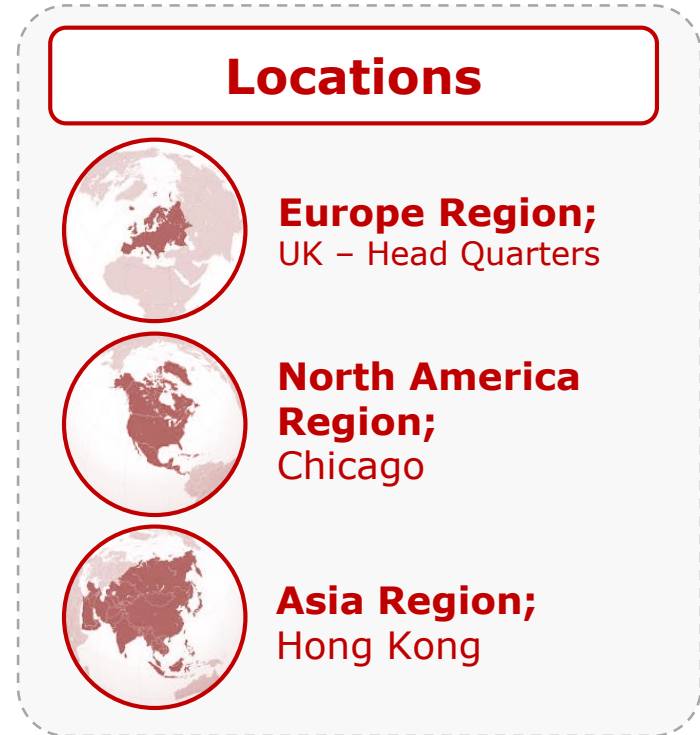
Paul Adams

Richard Gane

Alan March

Who We Are

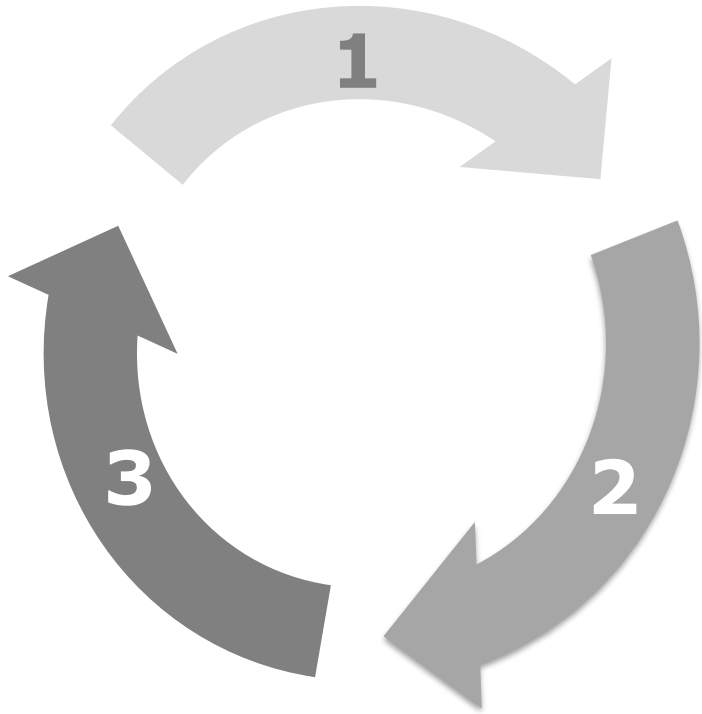
- ▶ Vendigital specialise in procurement & supply chain cost
- ▶ We deliver high-impact, fast and sustainable cost improvements for our clients



"Delivering a New Business as Usual..."

Delivering a New Business as Usual

▶ Three key elements guide our work:



1. We deliver tangible results, fast

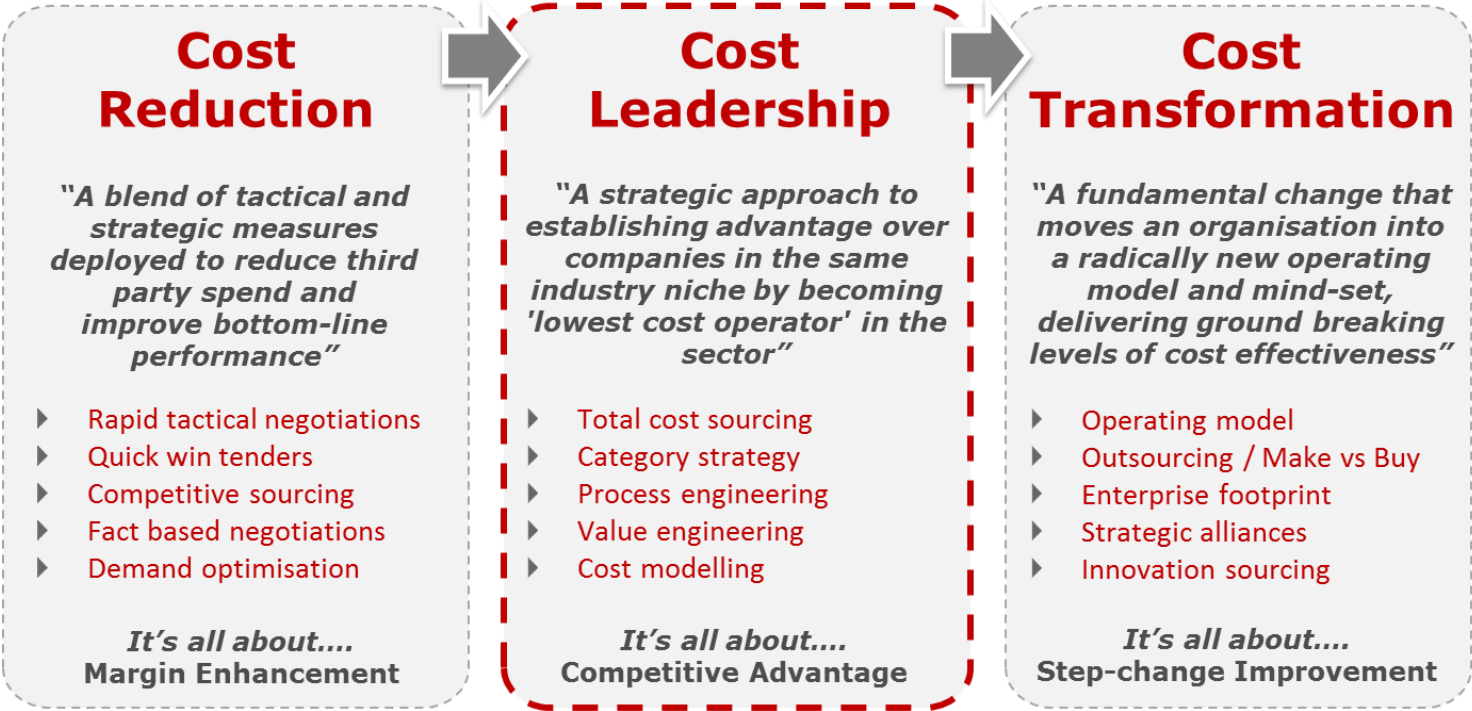
2. We understand the Aerospace & Defence supply chain

3. We are an agile SME with cross-industry expertise



What we do – How does cost engineering fit?

▶ We make the way you engage your cost base increasingly strategic



▶ Cost engineering is core to delivering cost leadership in any given market



The Vendigital approach to Cost engineering

- ▶ Vendigital's combined procurement and engineering expertise ensure savings are both identified and secured



- ▶ We use proprietary methods and an in depth knowledge of supply chains in a variety of markets to find savings others may miss

Airbus case study

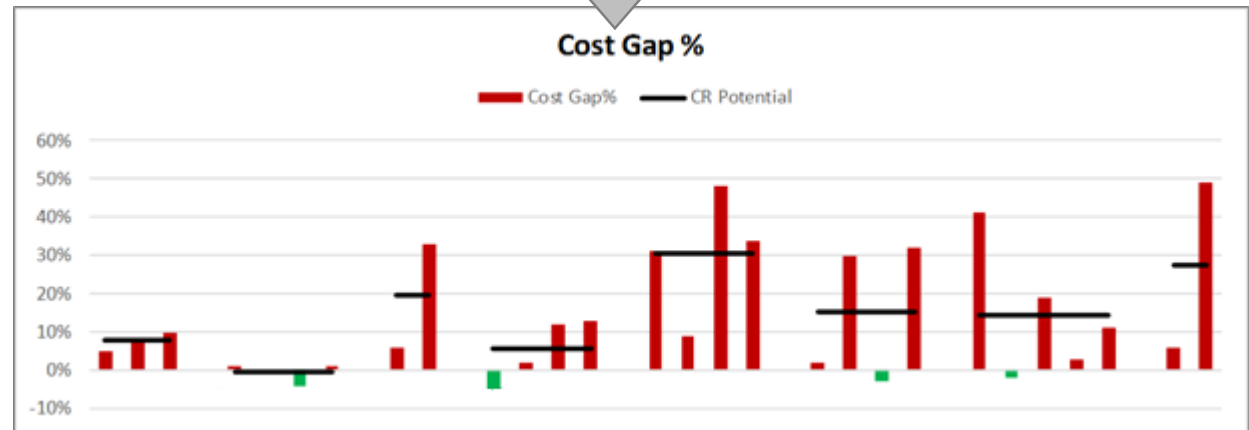
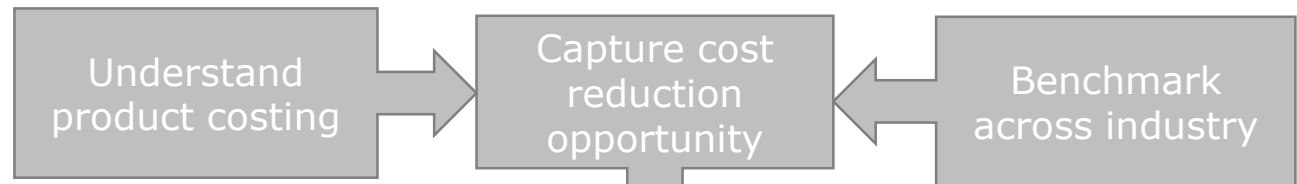
The Project Objective

The task was to deliver significant improvements in cost performance on key commercial telecommunication satellite components including:

- ▶ No degradation of product performance
- ▶ Protection of key strategic supplier relationship
- ▶ Deliver sustainable not one-off improvements to bill of material cost

The Vendigital approach

Vendigital led a joint collaborative programme of workshops between the client & a key supplier, using both bottom-up costing and fact-based negotiation



Some of the tools we used...

Client data analysis

Assembly – Hourly rate

Total: €220.06 / Hour Estimate

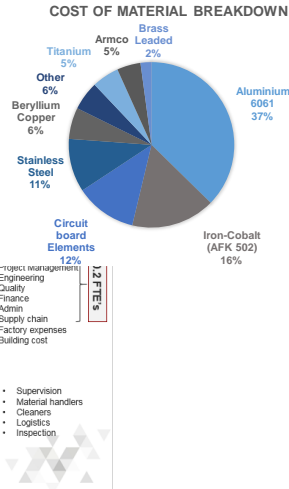
Clean room €12.72/Hr	• €2.2m investment • 2200 switches p.a
Operator €24.72/Hr	• Skilled • Shift allowance • Training
Workstation €9.70/Hr	

Manning example:

- 20 direct operators
- 8 indirect shop floor based
- 20.2 FTE office based
- R&D
- Head office heads

VENDIGITAL®

8%	R&D €24.80/Hr	Head office €28.00/Hr
22%	Profit €26.66/Hr	Factory €40.20/Hr
40%	Indirect function €20.30/Hr	



Vendigital tool kit

Spend Analytics



Procurement Optimiser



QuickQuote



Risk Intelligence in Supply Chain

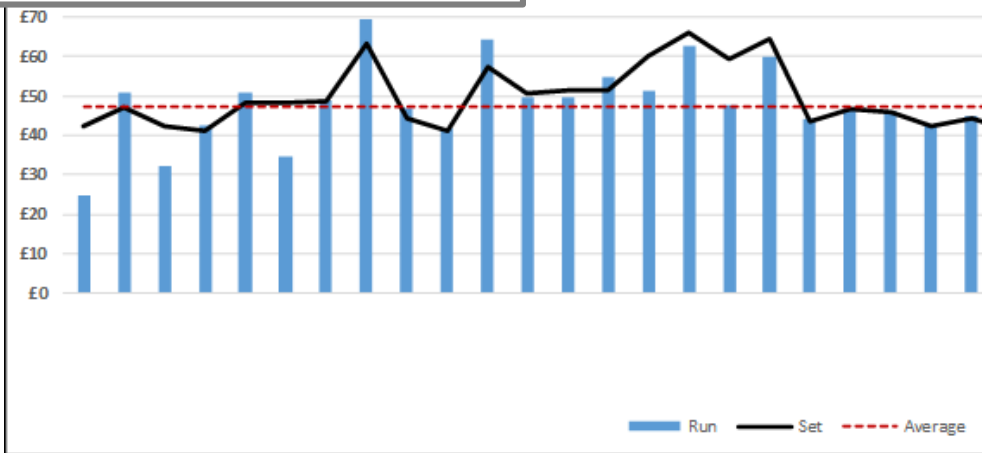


Vendor Performance



In depth industry knowledge

ABC Hourly Rates



Airbus case study – summary of the results

► Savings delivered:

- 18% savings delivered and contracted on low volume, 8% on high volume product
- Additional savings identified pending changes to specification

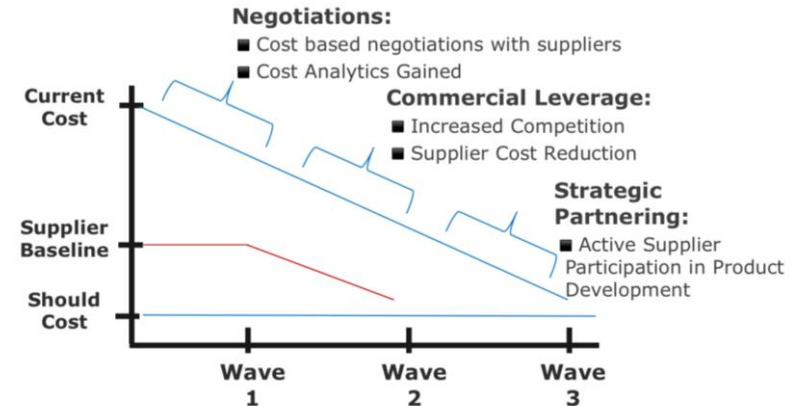
► Buyer/Supplier relationships

- Data centric approach ensured supplier understood aim of project is to deliver sustainable savings, not erode margin

► Outstanding RoI

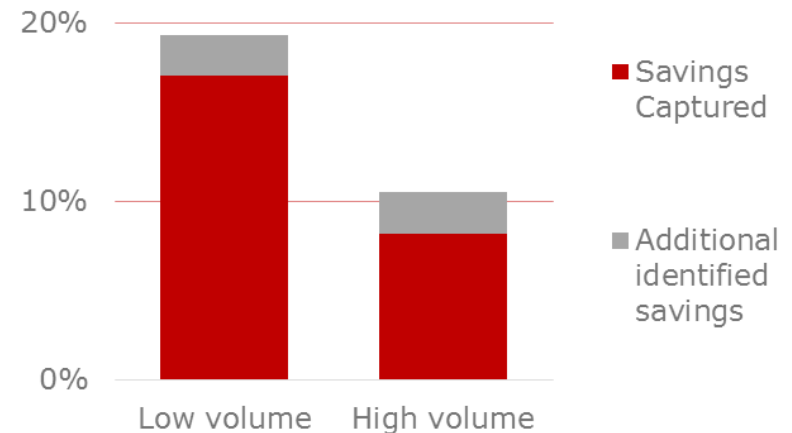
- Vendigital delivered over 400% Return on Investment for the project

Vendigital should cost strategy



Understanding cost drivers leads to long term, sustainable, attainment of should cost levels in all industries

Savings summary





VENDIGITAL[®]