Boston Strategies International
Global growth. Guaranteed.

CASE STUDY



Complex Category Cost Reduction

"Your assessments were spot on."
Capital Acquisition Director

"Exactly what we were looking for."
Global Procurement Policy Coordinator

ABOUT THE CLIENT

Industry	Oil and Gas
Revenues	Hundreds of billions of dollars
Employees	Tens of thousands
Location	Middle East
BSI Service or Solution	Supply Risk Mitigation Service

Key Challenges
- Supplier price increases above cost inflation
- Long lead time complex equipment
- Significant disparities in lead times and prices between buyers for similar products
- Lower production rates from outdated drilling, completion, and other technologies
- Short equipment life due to counterfeit products

Why BSI was Selected
- "Supply chain economists"
- Trusted economic forecasting model
- Fact-based, numbers-driven analysis
- Leading edge analytics
- Research/consulting synergies
- Thought leadership
- Clear, simple, and objective
- Proven accuracy and reliability
- Over 15 years of repeat engagements
- Baselines and targets, measurable improvement every time

Project Scope
- 50 sourced categories in 10 commodity groups
- Highly complex engineered equipment
- Global supply options

Project Approach
- Economic modeling and forecasting
- Primary and secondary market intelligence
- Sourcing recommendations
- Quarterly reports
- Savings calculation tools

Financial Benefits Realized
- 30%+ higher profit from more capacity and from new capacity available sooner
- 5% lower upfront cost of major capital investments, while market prices rose 10% per year
- 2% less inventory holding cost
- 1% lower operating cost

Operational Benefits Realized
- Quicker delivery of equipment by identifying pockets of supplier capacity
- Lower inventory through local sourcing and lead time reduction
- Deployment of newer technologies

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