



CASE STUDY

ELECTRICITY

Strategic Sourcing Review

PROJECT SNAPSHOT

CLIENT INDUSTRY

Automotive



LOCATION

Qld/NSW/Vic



SOLUTION

Strategic sourcing review



OUTCOME

32% annualised P&L savings



• BACKGROUND

The client had sites in multiple states on different electricity contracts with different providers that had differing contract termination dates. The client knew what they wanted to achieve, however didn't know how best to go about it. Their prior experience with electricity brokers had been poor, with high, ongoing costs & low service levels, so they knew they had to do something different.

• PROJECT OVERVIEW

Spend Solutions was engaged by the client to conduct an electricity tender that sought to develop a group wide sourcing strategy. Central to this strategy was to consolidate contracts with a common end date. With contract expiry dates on some contracts ending within weeks, a short term plan was required to provide the client breathing room to implement the most effective sourcing strategy.

Once the short term contract issues were resolved, Spend Solutions sought to develop a strategic procurement solution that considered the current market & future requirements of the client. With pricing at yearly lows, it was recommended to immediately engage the market under a closed tender process, targeting suitably qualified suppliers to maximise competitive tension & ultimately obtain lower pricing.

• PROJECT OUTCOMES

With pricing at multi year lows, the project timing was perfect, with savings of 32% per year on the retail rates compared with the previous contracted rates.

In addition, all sites were consolidated under 1 agreement with common terms, including rates & expiry date. This consolidation allowed for easier ongoing monitoring of electricity rates as well as management of future electricity contracts.

Overall, the client obtained a significant cost savings & achieved its strategic aims of establishing a simpler mechanism to manage its electricity agreements moving forward.

CONTACT DETAILS