



CASE STUDY

CONQUERING SUPPLY CHAIN CHALLENGES & ACHIEVING MAJOR COST SAVINGS WITH NEW SOURCING CAPABILITIES



ABOUT THE CLIENT

A leading U.S. manufacturer of kitchen appliances that is recognized globally as the foremost brand in the high-end appliance industry and sold through a network of premium distributors and dealers worldwide.

THE SITUATION

The client had little to no resources dedicated to their supply chain—so there was no strategic sourcing, negotiating, or savings-driven mindset within procurement, which left them very reactive to the market. At the onset of the COVID-19 pandemic in 2020, the client was forced to cut spending by 40%, which made it increasingly difficult to negotiate pricing and build relationships with suppliers, let alone realize any opportunity for cost savings. The client

ultimately entrusted Simfoni to provide an expedient, cost-effective, and sustainable solution to bolster their sourcing function by bringing innovative new capabilities to the table.

We're driving savings by bringing additional suppliers into the picture, something that end users don't typically have the capacity to do. Simfoni exists because it is a full time job to do the market research, vet the suppliers, schedule site visits, schedule demos, and manage supplier performance.

-Dan Aquilino
VP, Simfoni



SIMFONI'S APPROACH

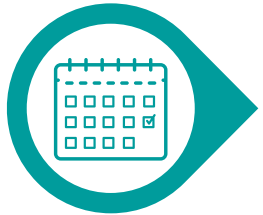


Simfoni's team set to work by compiling a wave management plan that identified categories of addressable spend and expected savings to be achieved. Initially, the program was set up to focus on managing direct spend categories strategically to drive cost savings. However, as the ongoing pandemic continued to disrupt the supply chain, and with suppliers even going out of business, it became clear a new strategy was needed to open more opportunity for cost savings. After all, it's very difficult to negotiate with suppliers you can't spend with in the first place! The program was quickly reconfigured to focus on indirect spend opportunities. Simfoni's analytics team put a critical eye to every line item of indirect spend (nearly 10,000 separate line items!) to ensure the client was receiving the best pricing on the market and focused on putting reduced pricing contracts into place, as none had existed previously. Simfoni's BuyDesk catalog service was also implemented for daily procurement and supplier needs, bringing added value through supplier consolidation, price increase mitigation, and supplier performance management.

RESULTS



\$908K
in annual cost savings delivered



887%
in cumulative savings YOY



455+
suppliers managed

Supply & Demand Chain Executive **named this Simfoni project a recipient of the 2023 Top Supply Chain Projects award**, which profiles innovative projects that automate, optimize, streamline and improve the supply chain.



CONCLUSION

Through deep spend analysis and the ability to quickly pivot strategy, Simfoni was able to achieve a much greater savings return for the client. By recognizing and redirecting the focus from direct to indirect spend, Simfoni increased monthly net and cumulative savings by a whopping 887% year over year, with the program continuously improving, despite the supply chain issues exacerbated by the global pandemic. Simfoni's team was also able to ensure the most competitive pricing in the market by implementing multi-year contract agreements to keep costs down across the organization for years to come.

- Indirect spend accounted for 60% of the total savings, while only representing 44% of the total spend managed.
- The procurement team was freed up to focus on supply chain challenges while Simfoni boosted financial performance through the savings program.
- Client has gained a competitive advantage as the program will allow for exponential cost savings over time.



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