

# OptiCaseStudy

## GLOBAL SOURCING OF MACHINE PARTS

OptiBuy

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### → CUSTOMER PROFILE



GEA - one of the largest worldwide suppliers of machinery, plants, and technology for food processing industries. Providing sustainable solutions for sophisticated production processes in diverse end-user markets, GEA is present across over 50 countries, employs over 18 000 people and has reported a revenue of 4,8 bln EUR in 2019.

### → PROJECT GOALS & CHALLENGES

With its slightly scattered structure of the supply chain - the result of group's intensive growth and growing global reach - GEA's main goal was to optimize its supplier base and reduce the overall number of active partners by switching to suppliers offering wider technological and production spectrum. While fully embracing the savings potential of the project, GEA's corporate emphasis on procurement's role in building strategic security for the entire organization, lead to the emergence of another significant goal - the diversification of its sources by increasing group's presence on Central and Eastern Europe markets in terms of supply chain development.

### → PROJECT SCOPE

The project focused on the Machine Parts (Machining) product group, which consisted of almost 900 components for, initially, 5 GEA locations. However, as new sourcing possibilities unfolded, identified by OptiBuy's experts, GEA's management decided to increase the number of plants with sites located in Germany, Netherlands, Switzerland and Italy.

### → PROJECT EXECUTION & FINAL OUTCOMES

Project launched in 2018, with workshops held at each of the initially chosen, five GEA's factories. During these meetings, representatives of OptiBuy and GEA (including members of Engineering and Procurement Departments), set the general frames of the project: scope, range, demands, critical requirements for prospect suppliers, key success criteria etc.

## TO THE POINT!

### THE CUSTOMER

GEA - one of the largest global suppliers of machinery, plants and technology for food processing industries.

### THE GOALS

#### SUPPLIER BASE OPTIMIZATION

- by reducing the number of suppliers
- by switching to suppliers with wider technological and production spectrum

#### STRENGTHENING OF STRATEGIC SECURITY

- by diversifying sources
- by increasing presence on CEE supply markets

#### & BOOKING ASSOCIATED SAVINGS

### THE SCOPE

Product group: Machine Parts

N° of sourced components: ~ 900

N° of sites involved: 13

Geographical reach: DE, NL, CH, IT

### THE EXECUTION & OUTCOMES

Invaluable GEA's top management support and involvement in the project proved to be a key driving factor for embracing organizational changes.

To date, 7 recommended suppliers are in operation, with several more to be contracted in the nearest future (out of 900 longlisted; 30 shortlisted & 14 jointly audited prospects).

### THE TIMEFRAME

ca. 12 months

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## GLOBAL SOURCING OF MACHINE PARTS

OptiBuy's experts have rapidly proved their extensive sourcing experience, supply chain understanding and supplier market know-ledge by presenting promising and realistic possibilities for supplier base optimization with compliance to corporate conditions and outlines. The result was top management increasing the number of GEA factories engaged in the project, from 5 to 13.

Engaging standard procurement tools (RFIs, NDAs, RFQs) but also proprietary methodology developed in the course of years of sourcing activities, OptiBuy's team identified almost 600 companies, based in Central and Eastern Europe. That list was then shortlisted to 30 prospect suppliers, subsequently

audited by joint team of OptiBuy and GEA experts. Eventually, GEA was presented with carefully chosen candidates to become a part of the group's supplier base. Currently, 7 recommended suppliers are in operation, with several more to be contracted in the nearest future.

“ GEA's top management's high-level of involvement, admirably, was of fundamental value for the entire project. Along with the group's internal efficient communication, executive support became a key success factor for the excellent cooperation and swift change introduction. Therefore, for the overall project's performance and final outcomes.

Bartłomiej Baćik, *Partner, OptiBuy*

“ In April 2018 we started a project called “Balanced Supply Chain Footprint” with its main goal to expand our spend in BCC by finding new qualified and competitive suppliers, specialized in machining process, to develop strong and long term relationships. GEA approached OptiBuy to support us and we started our investigations. OptiBuy suggested several potential suppliers, guided us during supplier visits and on-site audits with high potential suppliers in a very efficient way. OptiBuy's expertise and knowledge of the supplier market in CEE positively influenced the outcomes of this project.

Erik Frissen, *Global Category Manager, GEA*

### → QUICK FACTS

**13** GEA sites involved

**885** items in scope

**110** sent RFQs

**580** identified potential suppliers

**14** jointly audited suppliers

**1,2** mln EUR of estimated savings

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