

WHAT IS MATERIAL DEMAND AGGREGATION?

Material Demand Aggregation is a process by which every material input element that contributes to the cost of your finished parts is identified, analyzed, tracked and leveraged – especially the bills of material that go into the finished-parts made by your sub-tier suppliers.

Material inputs like: bar / sheet / plate / fasteners / forgings / castings / billets / pastes / bearings / wires / electronic components / plastics as well as many other finished-part material inputs.

Material Demand Aggregation makes the real cost of finished-part materials **visible** and **controllable**.

It provides a means of leveraging *Aggregate Material Demand* across the entire supply chain and utilizes a sophisticated tool for analyzing *in real time*, the impact of finished-part schedule changes on the materials required to make those parts.

Material Demand Aggregation will make your finished-part suppliers as well as the mills, manufacturers and distributors that supply them with material inputs more **efficient**, more **productive**, and more **competitive**.

Material Demand Aggregation is NOT simply a "consortium buying solution". It is a proprietary business process utilizing **proven** methodologies and a very sophisticated IT system that manages and leverages information *throughout* your finished-part supply chain. And there is nothing else like it.

Material Demand Aggregation drives efficiencies and cost reductions by synchronizing information flows and leveraging aggregate material volumes. It enables material sources and finished-part suppliers to become more efficient, more productive and more competitive which results in continuous and sustainable "year over year" cost savings and operational efficiencies throughout the entire supply chain.



**SUPPLY
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IS MATERIAL DEMAND AGGREGATION AN OPTION FOR MY COMPANY?

You are an ideal candidate for Material Demand Aggregation, if:

- 1• You struggle with controlling material input costs and service levels at your sites and sub-tier suppliers, or;
- 2• You are a manufacturer that purchases a significant amount of parts or assemblies from sub-tier suppliers, or;
- 3• You are an OEM or Tier 1 manufacturer with multiple sites in a variety of geographic locations that struggle with the ABSENCE of one common MRP or ERP system for forecasting and managing common material inputs across sites or affiliated business units.

THE PROBLEM:

If you outsource finished parts or assemblies and you're not systematically tracking the materials that go into them or influencing where and how those materials are purchased and processed then you are not in control of the cost of your finished parts and you can be certain that it's costing you more than it should.

THE SOLUTION:

Material Demand Aggregation by Supply Dynamics will help you solve the following vexing problems:

- Uncontrolled Material Input Costs
- Excess or Obsolete Material Input Inventories
- Lengthy Material Input Lead-Times
- Missed Deliveries
- Production Delays
- Redundant Material Input Standards
- Inefficient or Unresponsive Material Input Sources

THE RESULT:

Lower Material Cost / On Time Delivery / Reduced Material Lead Times / Dynamic Information Flow / More Efficient and Responsive Material Sources / Proactive Inventory Adjustments / Material Standardization Opportunities / More Efficient and Responsive Material Input Suppliers/ Fewer Sole-Sourced Material Inputs/ and Synchronized Supply and Demand

WHAT WILL SUPPLY DYNAMICS DO FOR YOU:

- 1• Leverage and negotiate lower material pricing through consolidated purchasing
- 2• Monitor and expedite (on an on-going basis) the purchase and timely delivery of ALL the material inputs that go into your finished parts (whether you make them or whether your sub-tier supplier makes them)
- 3• Enable ALL your finished-part suppliers to compete equitably for your business
- 4• Reduce the level of "speculative" inventory and buffer stocks throughout your supply chain
- 5• Introduce sophisticated tools and proven processes for developing alternative and competitive material sources with particular emphasis on eliminating sole source items
- 6• Synchronize finished-part demand with material supply to improve on-time deliveries
- 7• Standardize material input specifications and minimize the number of unusual inventory items
- 8• Reduce scrap and maximize material utilization by "nesting" finished part materials across multiple users in your supply chain
- 9• Move excess and obsolete inventories quickly and easily to where they can be used

OUR GOAL:

- Minimize the risk associated with variability of material-input supply to you and your sub-tier suppliers
- Vest Supply Dynamics in **your** success
- Deliver continuous and **sustainable** ROI
 - without gimmicks
 - without expensive, complicated software to install
 - without re-organizing personnel
- NO Empty Promises - Just **Measurable Results**

HOW ARE WE DIFFERENT FROM OTHER SOLUTION PROVIDERS?

Unlike other solutions, **Material Demand Aggregation** does not require you to purchase software, consign material or re-deploy resources. And **only** Supply Dynamics has **OASIS** – the company's web enabled and hosted **decision support system** that makes it all possible.

No other company has assembled the requisite knowledge and experience **required** to deploy and administer the Material Demand Aggregation process for **optimal** results.

CASE STUDIES

One of Supply Dynamic's clients is a **\$13.5 billion** dollar market leader in the Transportation Industry. This company has 14 top-tier suppliers for fabricated parts and assemblies. Although this company's strategic sourcing processes have long been considered a benchmark for the industry, Material Demand Aggregation was able to achieve more than a **20% reduction** in the cost of sheet metal products in the first year alone.

The process minimized speculative inventory and developed second source suppliers for previously sole-sourced materials while dramatically improving 'on time' finished-part delivery and material utilization throughout the supply chain.

This same client also had 26 top-tier machined-parts suppliers purchasing fastener items from **65 different sources**. By reducing the number of sources from 65 to **only 4, Supply Dynamics** was able to negotiate an annual "hard cost" savings of more than **31%** with '**step-down**' pricing for 3 years - while eliminating ALL of the minimum quantity purchase requirements.

Another Supply Dynamics client is a **\$1.6 billion** European engineering company. In a highly escalatory, capacity-constrained environment this company was able to achieve more than a **30% reduction** in the cost of stainless steel alloy bar products reduce annual hardware purchases across **10,000** part numbers by **13%** and extended "vendor managed inventory" service levels to more than 18 OEM sites - **worldwide**.