

Case Study: Global Manufacturing Leader Seeks Ways to Rev Up its Global Sourcing Strategy

EquaTerra Reviews and Recommends Creative New Ways to Reduce Expenses

At a Glance

Company Profile

The company is a global leader in manufacturing products that improve vehicle safety and operating costs. With a strong history of technological leadership, this leading manufacturer has introduced some of the industry's most important innovations for commercial vehicles. More than 7,000 people are employed by the company worldwide.

Services Featured

- Global Sourcing Strategy
- Applications Development Evaluation
- Infrastructure Management Evaluation

Business Processes Involved

- IT

Executive Summary

Management wanted an objective review of its global sourcing strategy and recommendations regarding the offshoring of a portion of its IT function. Working closely with EquaTerra advisors, the company discovered several ways to reduce IT expenses, while maintaining quality customer service.

The Business Challenge

The company focused on harnessing its strengths to bring increased value and support to customers, and to set it apart as a preferred solutions partner. This ethos held true in the organisation's IT area as well.

Following change within the senior management team, the IT group announced that it wished to focus more on adding business value to ensure operational excellence and avoid business disruption.

The company was already familiar with outsourcing, but the organisation wished to review its existing sourcing strategy and look for ways to better leverage offshoring opportunities. To ensure a thorough, objective examination, EquaTerra was engaged to conduct the review exercise and make suitable recommendations.

How We Helped

EquaTerra advisors immediately launched a sourcing strategy exercise using their Value Assessment Methodology. The objective was to look deep into the current state of the organisation and answer numerous questions (both internal and external):

- Was the company getting the best value for its expenditure on IT?
- Did the company IT set-up fit with its business needs?
- Was the company's IT strategy moving in the right direction?

The advisors also reviewed each of the following components of the manufacturer's existing sourcing strategy:

- Current capabilities
- Current costs
- Need
- Long-term sourcing vision

Next, EquaTerra reviewed various opportunities in which IT could be used to greater advantage, and also posed questions about the organisation's future plans to determine if IT could enable the company to exploit new market opportunities. EquaTerra advisors learned that the organisation needed to align numerous internal views and they worked to assist the CIO with understanding possibilities about the future of IT, particularly the adoption of new technologies and systems. In addition, the company's management had to consider the diverse business risks that went along with each future projection and to review sourcing market trends that might impact them.

EquaTerra also identified several opportunities by which global sourcing could be used to benefit both the company's IT facilities and the broader organisation. In addition, the company could see significant cost reductions from consolidation, economies of scale and blended sourcing.

However, cost was not the only driver for global sourcing. Business value, flexibility and capacity were also equally important.

In support of this, EquaTerra provided the company with a detailed resource map and highlighted potential global sourcing partners, as well as several Indian-based Tier 1 and Tier 2 service providers. EquaTerra made the organisation aware of Indian-based opportunities, because at that time, the Chinese offshoring market was not in a position to meet the specific needs of the client and Eastern Europe was experiencing serious wage inflation. As a result, India remained the most compelling global sourcing destination for the client.

Results

At the conclusion of EquaTerra's investigation, it was recommended that management consider consolidating the company's applications development and review the potential of remote infrastructure management. This typically included the management of servers and databases, as well as network monitoring.

EquaTerra also recommended that the company move from staff augmentation mode to partnership mode with their service providers. This allowed the company to explore various options for infrastructure outsourcing and start moving towards a partnership model that would consolidate ADM capabilities.

About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, Middle East, Africa and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

Contact Us

If you would like to know more about EquaTerra please contact us.

BeLux
Pegasuslaan 51831
Diegem (Brussels), Belgium
Tel: +32 (0)2 709 29 32
infobelux@equaterra.com

China
Level 31, Jin Mao Tower, 88 Shi Ji Avenue
Pudong, Shanghai 200120, China
Tel: +86 (0)21 28909093
infochina@equaterra.com

Finland (Baltics and Russia)
Mannerheimintie 12b, 5th Floor
FIN-00100 Helsinki, Finland
Tel: +358 (0)9 2516 6368
infofinland@equaterra.com

Germany
Herriotstrasse 1
60528 Frankfurt, Germany
Tel: +49 (0)69 67733423
infoGermany@equaterra.com

India
Level 4, Rectangle No.1,
Commercial Complex D4, Saket,
New Delhi 110017, India
Tel: +91 (0)11 4051 4227
infoindia@equaterra.com

The Netherlands
Postbus 75090
1070 AB Amsterdam, Netherlands
Tel: +31 (0)88 002 2900
infonl@equaterra.com

Sweden (Nordic HQ)
Strandvägen 7a
114 56 Stockholm, Sweden
Tel: +46 (0)8 662 30 67
infonordics@equaterra.com

United Kingdom
150 Minorities, London EC3N 1LS
United Kingdom
Tel: +44 (0)845 838 7500
infoUK@equaterra.com

Americas
Three Riverway, Suite 1660
Houston, TX 77056
United States of America
Tel: +1 713 470 9812
infoamericas@equaterra.com

www.equaterra.com