

AUTOMOTIVE

CHALLENGE

A truck manufacturer needed help negotiating a long-term supply contract valued at US\$2.5 million.

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SOLUTION

The client used the IHS Cost Analyzer to derive a 1.4% escalation rate compared to the supplier's 2.5% index. When confronted with this more appropriate index, the supplier conceded the lower rate.

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RESULTS

The client saved over US\$2 million by identifying the right series for its escalator clause.

“We buy a lot of steel sheet and we needed to lock in prices for the coming year before those costs increased. Working with IHS analysts, we found that a recent weather disruption and several other factors had resulted in an artificial price spike for steel sheet. They advised us to buy on the spot (not on contract) and we wound up saving millions.”



**ACHIEVED
\$2M IN COST
SAVINGS**