



\$60M IN COST SAVINGS IN 1 YEAR

ELECTRONICS

CHALLENGE

A global electronics company needed a formal cost-benchmarking model to track and forecast material cost inflation by commodity, equipment component and service.

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SOLUTION

1. IHS worked with the procurement team to identify over 300 “buys” and assigned each one an escalation measure.
 2. IHS constructed forecasting models for each assigned price measure.
 3. IHS formulated the model to compare historical and forecast escalation measures against the company’s own data. This provided an objective view of the purchasing department’s cost inflation management.
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RESULTS

In the first year alone, the client estimated US\$60 million in cost savings in materials procurement. The client now uses the model as a strategic tool to establish purchasing performance targets.