

# CLIENT USE CASE

## Hydraulic Hoses and Tubes

### BACKGROUND

Our client, a global manufacturer of agricultural and construction equipment, engaged us to source hydraulic hoses and tubes totaling \$150M in annual spend. The category includes a large number of low-complexity, lower-cost SKUs, each customized to suit specific equipment models and applications.

### CHALLENGE

Over the course of the sourcing project, several systemic challenges with the current state were identified:

- (1) Due to the wide variety of product offerings, applications, and customer-specific customization options, excessive part proliferation has resulted in the manufacturer having to manage over 15,000 unique SKUs
- (2) Part numbers were historically awarded based on short-term supplier capacity rather than strategic alignment with the suppliers' core competencies
- (3) Suboptimal forecasting and supply planning resulted in a highly localized supply chain that sacrificed cost competitiveness



### IMPACT METRICS

OVER  
**23%**  
annual savings

OVER  
**50%**  
supplier rationalization

"What I'm most proud of with our team's recommendation for hydraulic hose and tubes was that we were able to successfully bring in new suppliers that offer local assembly and warehousing, giving us faster response times, reduced logistics costs, and improved service to our operations"  
– Client Team Lead

## APPROACH

During the execution of the process, key considerations that drove the teams' strategy and recommended business award included:

- (1) During the **Site Visit** step, the team gained a detailed understanding of each supplier's raw material supply chain, capacity, assembly, and internal testing capabilities thereby gaining confidence that the supplier could meet the technical and quality requirements.
- (2) During the **Negotiations** step, the team incorporated a requirement for selected suppliers to have in-region final assembly and distribution capabilities.

## RESULTS

The Claudia Strategic Sourcing process resulted in the selection of competitive suppliers that could offer **competitive pricing** through a combination of **global manufacturing** and **in-region final assembly and distribution**. Additionally, the team worked with the client's engineering organization to reduce part proliferation through **modular design** principles and part re-use. The team's strategy and business award results in **23% annualized cost savings**.

### ABOUT CLAUDIA

Over the last three decades, our team has delivered more than \$1B in documented client savings across industries, driving measurable value at an ROI of 6-15X.

Contact us today to start a conversation around how we can help you.