



## CASE STUDY

 Client:  
**Leading global steel manufacturer**

 Sector:  
**Industrials**

 Solution:  
**Commodity Volatility Management**

### Key highlights

- ▶ The Smart Cube is the long-term procurement **intelligence and analytics partner** to a leading global steel manufacturer
- ▶ The client was facing **volatile commodity prices**, which led to increased pressure to contain costs and deliver greater savings
- ▶ Leveraging The Smart Cube's Commodity Volatility Management solution, the client realised **savings worth £4million** (10% of spend) across its key commodity suppliers

## Supporting a leading global steel manufacturer to address volatile commodity prices

### Business challenge

A leading global steel manufacturer was facing volatile commodity prices and challenging overall business conditions, which together led to pressure to deliver higher cost savings.

The Smart Cube, as the company's long-term procurement intelligence and analytics partner, was tasked with providing commodity insights to inform pricing negotiation discussions with suppliers in high-spend categories, with the objectives of reducing costs and improving contract terms.

### The Smart Cube solution

The first stage of The Smart Cube's solution was a price benchmarking exercise, to map the current costs of the company's various commodities against underlying price indexes, and provide insights into market rates and trends.

Additional information such as market dynamics, price movements, availability of alternative suppliers and products, Forex rates and financial performance, was also gathered and added to the price benchmarking outcomes. The data sets were consolidated, then analysed, to give complete visibility of the client's commodity landscape, and produce insights into various cost drivers.

From this, The Smart Cube identified key demand-based and commercial negotiation levers, and created precise messaging and talking points supported by fact-driven intelligence for the client, to inform supplier negotiation discussions and counter expected arguments.



## Results

- ▶ Using the negotiation levers recommended by The Smart Cube, the client generated **savings worth £4million (10% of spend)** across its key commodity suppliers
- ▶ New contract terms were agreed, which enable the client to capitalise on positive commodity price changes and mitigate negative changes, thus reducing risk exposure in the future



## Value delivered

- ▶ **Presenting fact-based arguments** during pricing negotiations put the client in the driving seat, and led to successful outcomes in line with the objectives
- ▶ **Understanding the underlying fundamentals** of the commodities – how they perform, why prices change etc. – creates the basis for a sound and informed category management strategy
- ▶ **Establishing a price benchmark and a process to track key commodities regularly,** and on a long-term basis, provided the client with information that will enable better sourcing decisions and supplier management going forward

To learn more about how to better manage your exposure to commodity price volatility and risk with custom forecasts and predictive analytics, please [visit our website](#).

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