

IT Hardware: Beating Industry Cost Curves



We combined industry knowledge with our structured strategic sourcing methodology to drive hardware savings.

27%
Savings

THE CHALLENGE

- Competitive market conditions driving need for significant cost reductions
- Nearing the end of a multi-year contract for PC desktop and laptop hardware
- Desktop and laptop pricing dropped 2% and 6.8% respectively in prior year
- Average price decline of 6% expected in sourcing year
- Aggressive savings achieved in previous contract negotiation

THE APPROACH

- Assess requirements against PC desktop and laptop market conditions
- Develop a two-stage sourcing strategy using both an RFP and a reverse auction
- Rank suppliers and identify “short list” for final negotiations
- Engage in “face to face” negotiations with shortlist suppliers
- Award business and facilitate final contract negotiations

THE RESULT

- PC desktop and laptop category sourced and contracted in just over four months
- Highly satisfied customers
- 27% in annual savings or \$2 million in savings on a spend of \$7.3 million annually
- Saving achieved in excess of 4X the average annual price decrease

