

L&T IES: Cost reduction strategies for better penetration into APAC markets

<p>Service Provider: L&T Integrated Engineering Services Customer Name: Off Highway Equipment Manufacturer headquartered in North America Vertical: Off Highway Vehicles</p>	<p>Customer Profile: The organisation makes construction, mining, and logging machinery; diesel and natural gas engines; industrial gas turbines; and electrical power generation systems</p>
<p>Project Profile: Analysis of the machine data and submission of cost reduction ideas for the machine on design, process and sourcing changes in order to achieve the desired cost reduction</p> <p>Duration of the Project: 3 months</p> <p>Team Description: Size: 6 consultants Profile: Consultants in the areas of component sourcing, costing, teardown analysis, off highway vehicles</p>	<p>Business Objective: In order to be competitive in the Asia Pacific market, the customer needed to reduce around 30 per cent cost from their existing European wheeled excavator</p> <p>Technical Objective: Cost reduction ideas for the machine on design, process and sourcing changes</p>
<p>Methodology:</p> <p>Pre-Tear Down:</p> <ul style="list-style-type: none"> • BOM to BOM comparison & analysis; study machines based on literature, analyse performance test data; costing of customer machine parts <p>Teardown:</p> <ul style="list-style-type: none"> • Complete teardown with the team; complete relative analysis of functions & features of machines <p>Post-Teardown:</p> <ul style="list-style-type: none"> • Complete competitive cost analysis by identifying cost drivers for each part number; discussion with customer's design team & the suppliers regarding the suggested design changes 	
<p>Results Achieved</p> <p>Technical Benefits: More than 300 ideas of cost reduction pertaining to design change, process change, de-contenting and re-sourcing generated</p> <p>Business Benefits: Analysed all data and submitted cost reduction ideas for the machine with 75 per cent+ probability of success</p>	