

Client Success Story

Global Integrated Mining and Metals Company Unlocks Millions in Potential Cost Savings

The Challenge:

This integrated mining and metal processing company operates a global asset based across 2 continents. The company employs 1500+ people and has gross revenue from operations of \$400M.

As with all mining companies, they have a keen focus on AISC (All In Sustaining Costs) and pursue every means of reducing this key metric – including driving efficiencies from their Supply Chain.

Performance at the company's smelter operations was lagging. The site was not hitting target output and there were a strong feeling that the performance of their supply chain was a contributing factor.

Improvement was required, but it was unclear where to start and what should be the short/ medium term priorities to get back on track. Resources were limited so focusing efforts where they would yield the greatest benefit was critical.

The Solution:

- ❖ Xtivity was selected to undertake an **End to End Assessment** of the sites supply chain, identifying both opportunities to improve operating efficiency and short to medium term cost savings.
- ❖ Combining our robust analytical tools, domain expertise and a proven methodology we were able to conduct a comprehensive assessment in 8 weeks.
- ❖ Upon completion the client was provided with a detailed business case, individual workstream chartered and a sequenced, multi-year improvement route map that could be used to inform subsequent planning.

Helping clients improve performance, ensure reliable operations and improve cash flow.

THE IMPACT:

Cost savings/avoidance opportunities identified through the course of this assessment are **\$8.41M USD**, summarized as follows:

- ✔ **\$7.96M** – in spend avoidance on catalogued items
- ✔ **\$.114M** – freight cost savings related to reduction in material purchases (49% reduction in POs over 12 months)
- ✔ Strategic Sourcing Opportunities (Next 18 months) – **\$.176M** from top spend categories through improved tendering & contract negotiations
- ✔ **\$.164M** – Inbound Concentrate Freight Cost avoidance through amended concentrate planning logic

“ The MRO Health Check process was an important first step in implementing a successful Supply Chain improvement program. The process provided us the opportunity to get everybody at the site involved. The working sessions were really productive, allowing the Xtivity team to better understand the issues and onsite challenges while validating the data and current practices. Their recommendations of custom solutions gave us confidence in executing the implementation plan.”

-Inventory Control Specialist