

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

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