For many organizations, reducing product complexity comes down to better data and analytics. But many companies lack the time, skills, and resources to get the most out of their direct materials data. There are other problems as well:

- Global product development data often isn't centralized and is instead stored in separate product life cycle management (PLM) or enterprise resource planning (ERP) systems.
- Rationalizing discrepancies across these systems is difficult due to poor and incomplete data, and frequently requires manual modification.
- Different product data management systems can limit component consolidation, making bills of materials (BOM) comparisons more complex and cross-product family analyses more onerous.
- Part reuse may not be institutionalized.

What's more, global product and supply chain data often aren't shared across organizational silos. In fact, different sourcing teams across the enterprise may be negotiating independently with suppliers. The result: The same supplier may be providing similar components with similar specs to multiple buyers in the same organization—often at different prices—all without the knowledge of product and sourcing leadership.

Direct materials management is highly complex. This is especially true for companies struggling to launch products faster and integrate product development organizations in the wake of acquisitions, mergers, or rapid growth. With a proliferation of components, disorganized parts data, poor governance, and multiple suppliers for the same component, opportunities to reduce costs and capture hidden value may be overlooked.

DesignSource™
Advanced Analytics to Reduce Product Cost and Complexity

The DesignSource™ advantage
DesignSource, one of Deloitte’s SupplyPRISM suite of products and solutions, automatically analyzes your data across traditional functional silos—including engineering, procurement, and finance. This can give your teams the data-driven insights they need to make a measurable impact on your organization’s Cost of Goods direct material spend.
How we can help

Deloitte’s DesignSource is a rigorous analytical tool that delivers product insights to address organizations’ product and sourcing challenges. The tool collects product, design, and operations data from a variety of sources, performs a thorough cleansing and data enrichment analysis, and merges BOM data with other enterprise, supplier, supply chain, and third-party benchmark data to create a clear picture of cost and complexity reduction opportunities.

DesignSource:
- Automatically enriches part attribute data from Manufacturing Part Numbers and unstructured sources such as drawings and data sheets
- Automatically classifies BOMs for reuse and consolidation in a highly secure environment
- Identifies groups of similarly functioning parts for consolidation and low-cost sourcing
- Deploys pre-built should-cost modules across thousands of parts, associated categories, and benchmarks
- Determines cost and benefit of part resourcing or requalification
- Provides recommendation on design standards and identified preferred parts for reuse

When enabled by robotic process automation (RPA), DesignSource also provides ongoing engineering and design support. This system can select and recommend components that already exist within your company’s portfolio, increasing the efficiency of the product development organization, increasing part reuse, and lowering product costs.

Bottom-line benefits

- Achieve unprecedented true cost visibility in hours and realize savings within a few months
- Decrease COGS/direct material spend and working capital
- Rationalize part numbers and suppliers under management
- Avoid expensive suppliers to minimize New Product Introduction (NPI) costs
- Create actionable road map to capture benefits over short and long term

Learn more

Our DesignSource team offers a variety of different models to meet your product development and sourcing needs. We offer one-time portfolio complexity reduction support, merger or divestiture synergy capture, or ongoing subscription models. We have even leveraged DesignSource to fund large-scale ERP and PLM transformation programs that touch the same product and supply chain data. For more information, please contact:

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Clients have realized cost reductions of between 7 percent and 13 percent from consolidation of spend.

A telecom company identified 8 percent cost savings on $177M in spend, based on:
- Reducing redundancy in the part portfolio by 37 percent
- Driving out $4M in immediate direct material costs
- Developing a long-term road map for product changes to achieve another $10M in direct material savings

A life sciences company identified 5 percent in direct materials savings and an additional $8.7M in one-time savings achievable through improved design standards and consolidated purchasing.