

SENSORS

BACKGROUND

A large global OEM engaged Tenet to source \$70M in annual sensor spend. This spend was split across multiple sensor types and applications including position, pressure, speed, force, level, temperature and miscellaneous. Furthermore, numerous sensor technologies were embedded in each of the sensor types, including reed switches, full resolution, contact, non-contact, inductive and Hall Effect.

CHALLENGES

The client had historically carried-over a sensor from one product to another and would periodically adjust the housing, positioning or sensitivity (via software) in the different products and applications. Additionally, the client would procure off-the-shelf sensors in some products/applications and then highly customized solutions in other products for a similar application. The lack of a strategic approach to sensor selection, including type, technology and level of customization, made the historical sourcing of this technical category difficult for the purchasing organization.



IMPACT METRICS

OVER
9%
realized savings

OVER
14%
supplier rationalization



“The part family definition that drove our strategy and business award is a game-changer for our organization.

– Client Team Lead

APPROACH

During the Negotiations step, semiconductor visibility was added as a specific focal point for discussion with the supply base. Suppliers agreed to share semiconductor content information to allow for obsolescence or component shortage tracking as part of an overall risk management strategy the client was embarking on.

During the Supplier Selection process, sensors were grouped by sensing technology type and given a designation of either Commercial-Off-The-Shelf (COTS), Customized COTS, or Highly Engineered. This guided the team as they prepared the category strategy and associated business award while also providing a clear implementation roadmap based on the grouping of the sensors.

RESULTS

The team realigned the supply base according sensor technology type and the client's customization requirements. This coupled with the rationalized supply base based on both price and non-price benefits lead to a streamlined future supplier list. The team achieved over \$14M in annualized cost reduction.

ABOUT TENET

Over the last three decades, our team has delivered more than \$1B in documented client savings across industries, driving measurable value at an ROI of 6-15X.

Contact us today to start a conversation around how we can help you.