

Vallourec & Expense Reduction Analysts: Collaboration, Insider Knowledge & Streamlined Processes

CLIENT: Vallourec Oil & Gas UK Ltd
SECTOR: Oil and Gas
COST CATEGORIES: Waste, Crane Maintenance, Workwear, Cleaning & Manned Guarding, Waste

International Oil and Gas company, Vallourec, engage ERA services, achieving large savings across a variety of cost categories.

THE CLIENT

Vallourec have been supporting North Sea customers from their UK and Norwegian bases for decades. In line with the responsiveness and premium expectation of the oil and gas companies operating in the area, they provide OCTG premium connections and services, as well as digital solutions including the revolutionary Smartengo services and tools, fully illustrating the appetite for innovation of this mature oil and gas area.

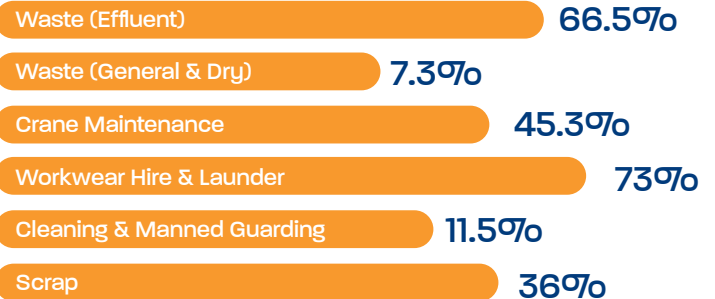
THE CHALLENGE

Vallourec have a highly experienced and qualified procurement team who have been managing their procurement activities internally for many years. However, the team's resource was becoming increasingly stretched, so Vallourec was keen to explore the potential of alternative solutions and the benefits of additional savings.

Having worked with Bernard & Expense Reduction Analysts (ERA) at a previous company, Kenny Hall, Finance Director at Vallourec, knew that they would receive a quality service and be provided with advice by experts in the areas of spend that were identified.

Vallourec engaged with ERA, with the first project commencing in July 2016. ERA analysed Vallourec's spend in Waste, Crane Maintenance, Workwear Hire and Launder, Cleaning & Manned Guarding and Waste - all cost categories saw a 24 month project length, highlighting how ERA handled the whole process from analysis through to implementation and monitoring.

SUMMARY OF SAVINGS



"I have to say all of the guys I have dealt with from ERA have been very approachable and easily contactable when needed and that really helps make our lives easier when they can efficiently deal with any questions and queries we have."

LESLEY MCASLIN,
SOURCING MANAGER, VALLOUREC OIL & GAS UK LTD.

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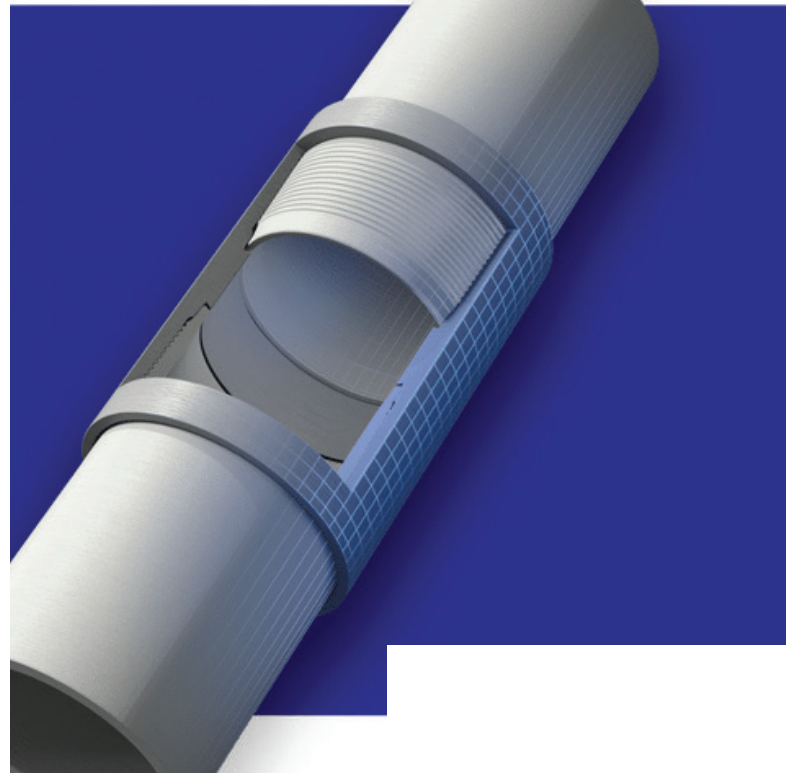
THE SOLUTION

Across all cost categories, ERA were able to deliver insider knowledge and streamline Vallourec's processes. When looking at Waste, ERA initially achieved savings of 7.3% with the incumbent supplier. To do this, ERA found that the waste charging mechanism needed to be reconfigured so it reflected closer to the average weight of bins - as the bins were originally only 60% full. At a later date, ERA revisited the Waste category and achieved a better result by sourcing a new supplier. They achieved a saving of 66.5% (£75,366) in effluent and £14,663 (36%) in scrap.

45.3% savings were found in Crane Maintenance, ERA set new standards for any planned and reactive maintenance ensuring any future plans are transparent, with an agreed rate per hour for additional work. For Laundry, Vallourec had a large amount of charges for garments that were not actually being laundered. As a result, ERA implemented a new purchasing and laundering structure to minimise unnecessary charges. Here, ERA found a 73% savings with the incumbent supplier, equivalent to £34,843.

ERA sourced a new supplier when analysing Vallourec's spend in Cleaning and Manned Guarding. The new supplier was able to provide alternative and innovative methods and equipment which greatly benefited Vallourec, saving them 11.5% (£23,498).

Lesley Mcaslin, Sourcing Manager at Vallourec, summarised the partnership with ERA:
"Beyond the tender process, once new rates have been secured and the contract is signed, they continue to manage the contract well following up issues and challenging discrepancies with suppliers over the term of the agreement however they also offer support to our team and clarify and educate us on their specialist areas to better help understand particular contracts."



"We now consider ERA to be a key service provider within our sourcing toolbox, and regularly use them to supplement our internal sourcing resources. When we create our budget for the following year, we specifically review our spend for projects that ERA could help us on."

**KENNY HALL, DIRECTOR OF FINANCE & ADMIN,
VALLOUREC OIL & GAS UK LTD.**