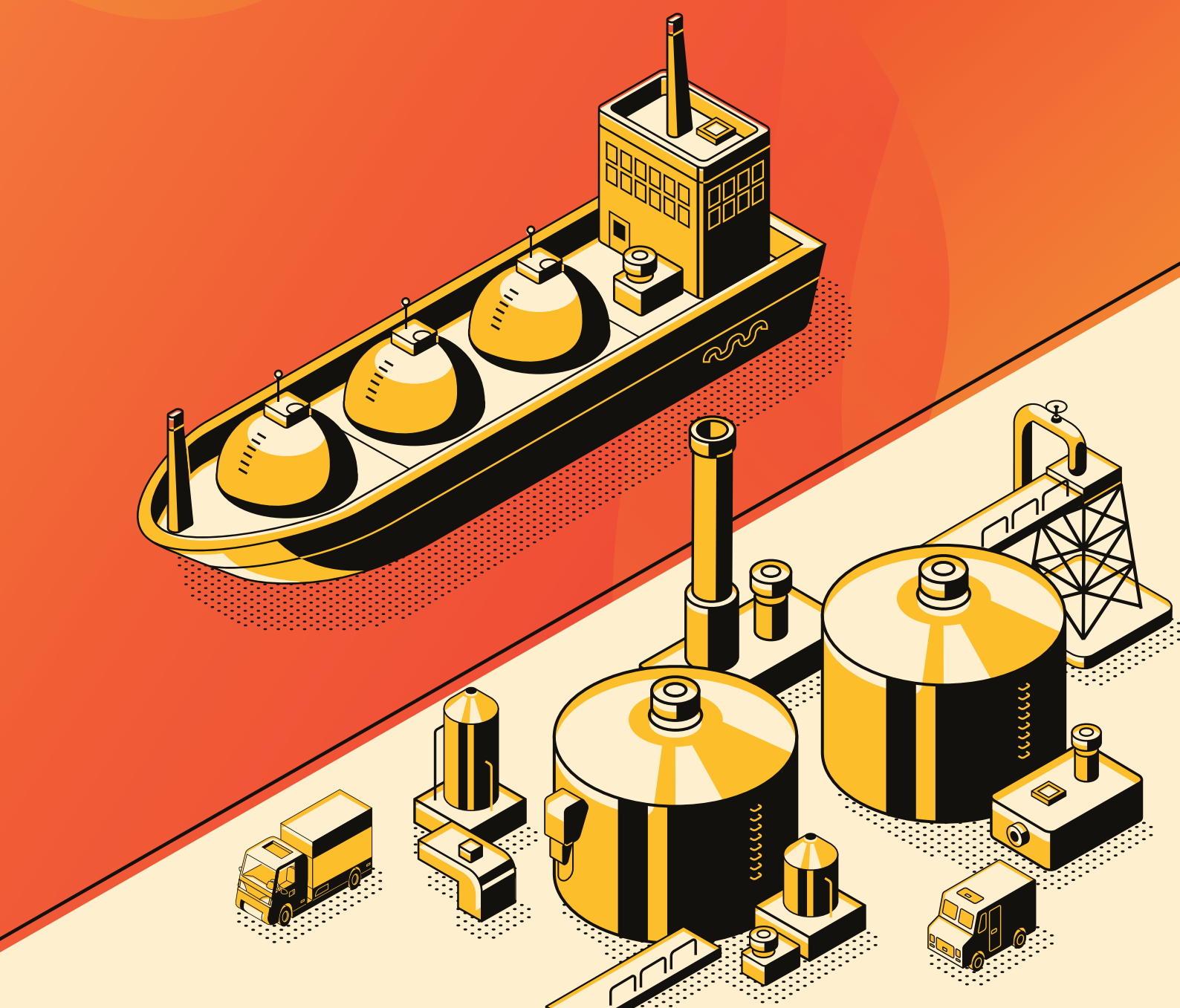
GEP | CASE STUDY

HOW AN OIL, GAS & CHEMICALS STORAGE COMPANY ACHIEVED 10X ROI BY CENTRALIZING SOURCING AND DIVERSIFYING SUPPLIERS



Faced with geopolitical turmoil and spiraling costs, a global chemicals storage operator teamed with GEP to centralize fragmented procurement processes, secure global suppliers and overhaul source-to-contract processes. The result: $19 million saved, 10x ROI in a year, and a high-performance procurement team that cut risk, enhanced resilience and tamed costs amid market volatility.

OBJECTIVES

- Reduce exposure to geopolitical and market volatility
- Develop strategies to mitigate risks and disruptions, building supply chain resiliency
- Centralize and standardize sourcing and procurement processes for agility and efficiency
- Redesign supplier networks and logistics for greater cost efficiency and stability
- Transform procurement into a proactive, strategic business partner

APPROACH

- Developed a global sourcing strategy for direct materials and critical equipment with a focus on suppliers from low-cost countries
- Standardized specifications of items globally to cut costs and enhance synergies
- Owned and managed the source-to-contract process, from supplier identification to negotiations and contracts
- Implemented best practices and global standards across company operations worldwide

RESULTS

- Transformed the organization's end-to-end capex sourcing process
- Achieved 10x ROI within 12 months
- Delivered $19 million+ savings through supplier optimization and economies of scale across multiple locations
- Reduced maintenance costs through standardized product specifications, OEM pricing for spare parts and extended maintenance plans
- Accelerated sourcing timelines and procurement turnaround times
- Enabled procurement to focus on value-add activities and facilitated the transition from a tactical support function to a strategic business partner

A STRATEGIC OVERHAUL TO REIN IN COSTS AND BUILD RESILIENCE

In a busy storage terminal along a vital trade corridor, a crisis was brewing: a shipment of pipes, valves, and fittings essential for building 25 new storage tanks was stuck at sea. Repeated closures of the Suez Canal had delayed its journey. Meanwhile, geopolitical fallout from the Russia-Ukraine conflict and new tariffs on imported materials were driving costs through the roof, throwing project budgets into disarray.

As the global storage provider faced relentless external shocks, its fragmented procurement processes only added to the challenges. The procurement team struggled to navigate siloed, disjointed tendering processes and find alternative suppliers, and was constantly prioritizing urgent fixes over high-value projects. Even engineers and project managers were pulled in, spending a lot of time firefighting rather than focusing on strategic work. With no centralized strategy, the company faced inflated costs and eroding margins.

Recognizing that ad-hoc solutions were unsustainable, the company sought GEP's help to overhaul its source-to-contract (S2C) processes, build resilience and manage spend better.

A SHIFT TO GLOBAL STRATEGY, STANDARDIZATION AND SUPPLIER DIVERSIFICATION

GEP's consulting team developed a global sourcing strategy to shift the company's spend to low-cost, high-value suppliers in markets such as China, India, Japan and Turkey, keeping in mind local requirements.

Specifications for commodity-based materials valued at ~$20 million — such as steel, valves and piping — were standardized to eliminate unnecessary regional variations. The project team collaborated with teams across Europe and South America to ensure alignment with operational needs and regulatory requirements in each region. This effort significantly improved cross-regional synergies and reduced costs by leveraging economies of scale and competitive pricing from suppliers.

GEP took ownership of the end-to-end S2C lifecycle, from supplier discovery and risk assessments to negotiations and contract compliance. This shift allowed procurement to focus on strategic initiatives instead of routine tasks, and freed engineers and project managers from time-consuming procurement activities.

The team also unified workflows and implemented best practices across all locations after working with the company's local teams to understand processes, requirements and pain points. This harmonized approach enhanced resilience and minimized the risk of supply disruptions.

GREATER SAVINGS AND AGILITY ACROSS PROCUREMENT OPERATIONS

GEP's restructuring of the chemicals storage terminal operator's procurement strategy delivered clear, quantifiable outcomes: The company achieved a 10x ROI within 12 months, with over $19 million in savings from supplier diversification and a centralized sourcing strategy across direct materials and construction.

Standardizing product specifications across regions also paid off, cutting maintenance costs by minimizing equipment variability and failure rates.

With GEP managing the source-to-contract process, timelines accelerated, giving the company the agility it needed.

Starting as a fragmented, reactive function, procurement became a strategic partner that stabilized costs amid market volatility, reduced risk and delivered resilience.



GEP® INTELLIGENCE DRIVES INNOVATION

GEP® delivers AI-powered procurement and supply chain solutions that help global enterprises become more agile and resilient, operate more efficiently and effectively, gain competitive advantage, boost profitability and increase shareholder value.

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A leader in multiple Gartner Magic Quadrants, GEP's cloud-native software and digital business platforms consistently win awards and recognition from industry analysts, research firms and media outlets, including Gartner, Forrester, IDC, ISG, and Spend Matters.

GEP is also regularly ranked a top procurement and supply chain consulting and strategy firm, and a leading managed services provider by ALM, Everest Group, NelsonHall, IDC, ISG and HFS, among others. Headquartered in Clark, New Jersey, GEP has offices and operations centers across Europe, Asia, Africa and the Americas. To learn more, visit www.gep.com.

GEP SMART®

GEP SMART is an AI-powered, cloud-native software for direct and indirect procurement that offers comprehensive source-to-pay functionality in one user-friendly platform, inclusive of spend analysis, sourcing, contract management, supplier management, procure-to-pay, savings project management and savings tracking, invoicing and other related functionalities.

GEP NEXXE®

GEP NEXXE is a unified and comprehensive supply chain platform that provides end-to-end planning, visibility, execution and collaboration capabilities for today's complex, global supply chains.

Built on a foundation of big data, artificial intelligence and machine learning, GEP NEXXE is next-generation software that helps enterprises make supply chain a competitive advantage.

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