GEP | CASE STUDY

PRIVATE EQUITY-BACKED MANUFACTURER BOOSTS EBITDA BY $30M+ WITH GEP



A leading private equity (PE) firm's portfolio company — a global industrial equipment manufacturer — faced structural cost inefficiencies driven by single-sourced dependencies and overreliance on high-cost country (HCC) suppliers. GEP partnered with the enterprise to improve margins and drive profitability. Through cost diagnostics, process optimization, and margin initiatives, GEP delivered $30M+ in sustainable EBITDA uplift.

Key Challenges

The global industrial manufacturing company had a concentrated, high-cost supplier base that hindered profitability and heightened tariff uncertainty.

- Heavy reliance on single-sourced suppliers (85%+) was inflating direct material costs and increasing supply risk
- Over 75% of procurement was concentrated with HCC suppliers, affecting cost competitiveness
- Limited cost visibility and fragmented execution were impacting scale leverage
- Inefficient SKU and inventory management was limiting flexibility and tying up working capital
- Exposure to tariff and geopolitical risks was compromising cost predictability and supplier reliability

GEP's Role & Impact

GEP achieved significant outcomes, streamlining the manufacturer's sourcing and supplier management activities, and meeting the goals set by the PE firm.

- Delivered $25M+ EBITDA impact through a 19% reduction in direct material costs (OpEx) and $5M+ savings from indirect spend
- Accelerated key high-value initiatives, reducing value capture timelines by 3 months and strengthening cash flow
- Increased long-term contract coverage from 10% to 50%, minimizing supplier renegotiations and ensuring cost consistency
- Developed an operating framework to sustain performance across business units, enhancing cost discipline and supplier visibility, and boosting contract compliance

A Two-Phased Approach

GEP conducted a holistic cost diagnostic exercise to identify cost-optimization opportunities, followed by a rigorous execution phase.

1. Cost Diagnostic

- **Comprehensive Spend and Supplier Analysis:** Delivered categorization and assessment of spend and suppliers, creating the foundation for value identification and execution roadmapping
- **Spend and BOM Rationalization:** Uncovered potential for component standardization and strategic supplier shifts from high-cost countries (HCC) to best-cost countries (BCC)
- **Tariff Risk Mitigation Strategy:** Evaluated and designed a future-state supply network to protect against cost fluctuations due to geopolitical and trade volatility
- **Supplier Benchmarking and Commercial Assessment:** Identified competitive pricing opportunities and innovative ways to improve cost
- **Sales Forecast Integration and Cash Flow Analysis:** Integrated sales forecasts with cost-reduction strategies and built cash flow models to align COGS savings with demand cycles, and improve NRE (non-recurring engineering) cost planning

2. End-to-End Execution

The team deployed sourcing and supplier optimization strategies as well as digital capabilities in a phased manner.

- **Phased Execution Model:** A multi-wave program prioritized by lead times, transition risk, and product complexity was executed across 3,000 SKUs and 200+ suppliers. To drive alignment, GEP worked closely with R&D, operations, and supply chain teams
- **AI for Speed and Accuracy:** The team leveraged GEP's AI-driven platform for faster supplier validation and accelerated execution
- **Negotiations and Reallocation:** GEP conducted competitive sourcing events, maximizing savings with incumbents and reallocating spend to best-cost suppliers
- **Governance and Transparency:**
  - A two-tier governance model was put in place, with PE sponsors maintaining direct oversight and the portfolio company's leadership ensuring accountability
  - Weekly and monthly KPI reviews were established to track cost savings against targets, margin gains, tail-spend risks, and supplier transitions

Drive Repeatable, Scalable Success With GEP

This case study demonstrates how GEP delivers sustainable value through strategic cost diagnostics and large-scale execution. Our deep expertise in COGS reduction, SG&A optimization, operating model redesign, digital transformation, and supply chain resilience enables enterprises to enhance their long-term performance.

By combining category intelligence, should-cost modeling, and governance frameworks with disciplined execution, we help organizations accelerate cash flow, improve predictability, and institutionalize cost discipline across business units. For PE firms and portfolio companies, this means not only capturing near-term EBITDA gains but also building the structural capabilities needed to improve margins, support growth, and maximize exit valuations.

To learn more about how we can help you, contact Vikas Kumar Yadav, vice president, GEP, at vikaskumar.yadav@gep.com



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.

Fresh thinking, innovative products, unrivaled domain expertise, smart, passionate people — this is how GEP SOFTWARE™, GEP STRATEGY™ and GEP MANAGED SERVICES™ together deliver procurement and supply chain solutions of unprecedented scale, power and effectiveness. Our customers are the world's best companies, including more than 1,000 Fortune 500 and Global 2,000 industry leaders who rely on GEP to meet ambitious strategic, financial and operational goals.

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.

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Connect With GEP

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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