



Outbound Road Transportation of Finished Products - Sheets, Coils, Pipes, Wire Rods & Bars



INDUSTRY

Power & Steel



GEOGRAPHY

Jharsuguda (Odisha)



CHALLENGE

Achieving savings from Last Purchase Price within a steep timeline



SOLUTION

Due diligence of Logistics Service Providers, RFQ standardisation and best suited negotiation strategy



RESULTS

Addition of 5 new LSPs and Savings from LPP worth INR 1.37 Cr

The Client:

Bhushan Power & Steel has 2.3 million tpa Integrated Steel and Power Plant in Odisha comprising 8 DRI Kilns of 500 TPD, 376 MW Power Plant, Coal Washery, two CSP Plant, Blast Furnace, Coke Oven Plant, Sinter Plant, Oxygen Plant, Steel Making and Lime & Dolomite Plant, Cold Rolling Mill, Galvanizing and Galvalume.

Business Requirement:

mjunction received a mandate from BPSL to increase efficiency of their logistics processes, adding reliable transporters, incorporate best industry practices, transparency in negotiation process and achieve results in terms of better realization of quantifiable savings & services.

The Business Challenge:

- Unavailability of standard industry specific RFQ and established benchmarking technique of market rates.
- Bringing on board the existing LSPs who are not computer savvy to participate in online negotiation process.
- Analyzing and re-designing a simplified destination matrix for 180+ destinations to ensure competition amongst participating LSPs.

Solution and the Strategy Adopted:

- The team designed RFQ by incorporating best industry standard clauses as there was no prevalent RFQ and hence no contractual binding before the negotiation.
- mjunction succeeded in adding new & credible LSPs after conducting their due diligence to meet eligibility criteria set by BPSL
- The team suggested a strategy for monthly auction so as to gain optimum competition & cost reduction.
- mjunction designed lucid destination matrix covering minute details so as to avoid any wrong bidding.
- The team analysed the auction data every month and accordingly mapped the LSP zone wise to generate fierce competition.

Results and Achievements

- Total transaction value of INR 35.08 Cr
- Reduction from Last Purchase Price by INR 1.37 Cr
- 5 new LSPs added by mjunction