fuelTRAC
Our expertise. Your advantage.

Benchmarking Case Study

Are you getting the best deal from your current supply arrangement?

The Australian arm of an international mining company was facing increasing pressure to achieve cost-downs. With petroleum products making up their third largest spend, this area was identified as the one to address. Their current supply contract was still valid for 18 months and contained significant break clauses. How could they determine if they were already getting the best deal, or if it was worth the expense and complexity of a tender process?

Fueltrac conducted a Benchmarking study to find out:

- How competitive their existing contract was
- Whether direct negotiation with their current supplier would be more beneficial than going to market
- How their spend on petroleum products compared with their competitors' spend
- If it was possible to achieve a considerable and sustainable cost reduction across their entire petroleum spend

Our Approach

Fueltrac assessed key products based on total spend and critical-use applications and benchmarked these using our comprehensive and up-to-date data. We also took into account recent oil company initiatives and the complicated distinctions in contract terms and conditions.

Our Benchmarking process identified that the benefits of negotiating with their current supplier within their existing contract outweighed an expensive tender process.

Specific Outcomes

Armed with our irrefutable market intelligence, the client was able to negotiate with their current supplier to achieve:

- 'Best in class' pricing for bulk diesel purchases, equating to a potential saving of $2.5 million per annum
- A potential saving of $3 million on lubricant products over the three-year contract term
- Significantly reduced pricing in two delivery locations

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> This Benchmarking process was so successful for our company, it has become our operating standard throughout the group.'
>
> STRATEGIC SOURCING MANAGER

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