

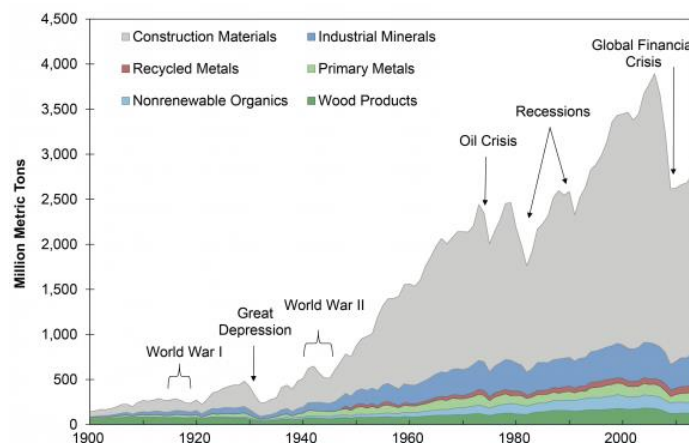
DIGITAL SILVER BULLET: SURVIVE AND THRIVE COVID-19 BY SAVING \$150M IN EQUIPMENT COSTS



Situation: Status Quo has Vanished

We are not going back to the pre-Corona virus way of working anytime soon. Market recovery will be slow and unpredictable, and the way companies operate will have changed.

If we look at the 2008 financial crisis, demand for material dropped by [30-40%](#) in the immediate aftermath, so whilst we don't know how the markets will respond now, we know that we should brace for impact.



[Source: University of Michigan](#)

Response: Use Digital to Save Costs and Become More Agile

Companies should be looking for strategies to reduce costs and become more agile so that they can not only survive the current crisis but come out stronger on the other end. A recent [article](#) from Boston Consulting Group stresses that Digital Acceleration is a key imperative to success in a post Covid world. We believe a large company can save \$150M+ by improving asset management through taking a few simple steps

Step 1: Establish a Baseline

There is an old adage “you can’t manage what you can’t measure;”, establish a baseline on how many assets the company owns, rents or uses. It is critical that you find a way of consolidating all your equipment into one platform.

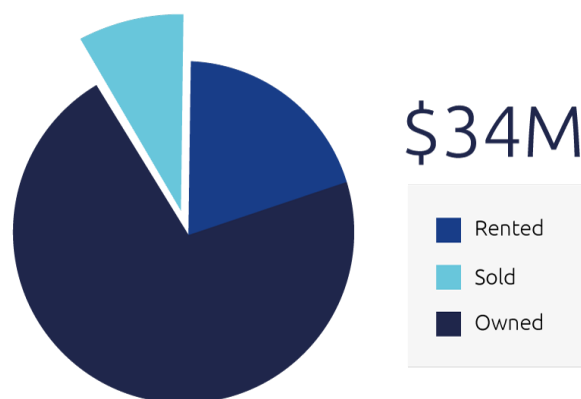
Step 2: Free Up Cash Through Improved Management

We recently put together a proposal for a company with 5000+ assets worldwide, which we are sharing here to give inspiration on how you can free up much needed cash

Review Asset Efficiency

- Optimise the equipment utilisation across your whole fleet
- Review asset sizing and pairing for the relevant applications

In our proposal we were able to show that by reallocating equipment the customer could still meet its targets with fewer and better paired assets resulting in a **\$34M** injection of cash through the sale of 10% of their fleet

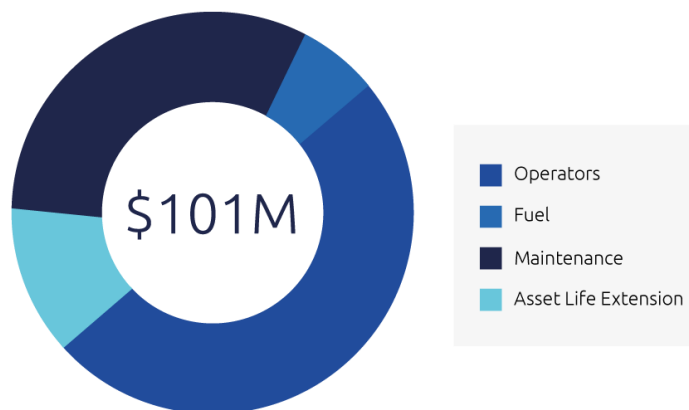


Manage Your Operating Costs

- Monitor your machine activity and focus on bottlenecks which manifest in inefficient utilisation

In our proposal, by focusing on getting average idling down from 40% to 20%, there was an opportunity to save **\$101M** in operating costs: the fuel bill would come down by **\$7M**, reallocation of operators would decrease the wage bill by **\$49M**, lowering unnecessary idling hours would prevent over-maintaining the equipment and thus save **\$30M**, and lastly it would extend the asset life by **\$15M**.

Even if you don't operate the equipment yourself, it is in your interest to work with your contractor to improve operational efficiencies as everyone stands to benefit.



- Review the operating hours and validate them against time sheets

In our proposal we noticed that by reviewing and validating the machine hours there was an opportunity to renegotiate contracts with the plant hire companies resulting in a **\$15M** saving.



Increase Site Productivity

- Monitor your collective machine activity patterns – they are generally telling you a story, highlighting opportunities to increase productivity

On one site a review in idling patterns indicated that the bottleneck was because the critical unit of production was at capacity and by bringing another online, the overall site productivity increased by almost 40%

Lengthy periods where the machines are collectively off may suggest opportunities to optimise shift changeovers and breaks

- Benchmark the productivity across the different sites, it may be worthwhile ceasing operations at some sites all together and moving the equipment to the more efficient operations

Step 3: Institutionalise Change

Driving change is never easy, especially on a large scale. We have worked with numerous organizations over the last few years and the best practices we have observed are:

- Ensure senior sponsorship at Headquarter level
- Find early adopters at a few sites
- Build a case for change
- Procure and fund platforms at a centralized level
- Invest in dashboards and analytics to track progress

Next Steps: Act Now

We don't know how long this crisis will last. But we do know that one day it will pass and only the most agile and innovative companies will come out from this in a better position. As Winston Churchill said "never waste a good crisis", use this opportunity to accelerate digitization. If you want to learn more on how MachineMax can help you achieve this goal, drop me a note at jennifer.thomson@machinemax.com