

Product Cost Reduction

SAGENTIA

Many companies routinely apply cost reduction approaches that focus mainly on reducing the cost of components in a product. This approach typically leads to cost savings of a few per cent per year. Sagentia's approach to product cost reduction – Product Challenge – delivers savings of between 20 and 40 per cent, and sometimes as high as 70 per cent. We do this by questioning the fundamentals of a product's specification, technology and manufacture, and by taking a system level approach to its design.



Because Product Challenge fundamentally reassesses a product's technology and design, it can also deliver dramatic product performance improvements with little or no increase in manufacturing cost. In a recent example, we improved a product's battery life by a factor of 1,000 by radically redesigning part of the product, thereby giving our client access to a larger market.

Over the past eight years Sagentia has undertaken more than 70 Product Challenge assignments, from home smoke detectors to complex, full function ATM machines. While much of our work is focused primarily on mature products, we are increasingly working with relatively new products. Our task always is to increase the profitability of an already successful product and maximise the return on the initial investment.

Product Challenge takes a structured approach. We normally begin by making an initial assessment, to identify the potential for cost savings and/or performance improvements. If these can justify the required investment – including design,

development, tooling, testing and certification – then we prepare a proposal which sets out the scope of the study, and which typically includes the following elements:

- design for assembly and manufacture
- manufacturing process review
- technology evaluation
- competitor analysis
- structured ideation tools

Throughout this process, we maintain a high level of interaction with our clients, ensuring their 'buy in'. Following the study, a set of options will be presented along with recommendations for further work, based on return on investment. If appropriate, we can then assist our clients to take the favoured option through design and into production.

For further information email:
info@sagentia.com

Sagentia

Many minds make bright work

We create value from technology by developing richer solutions with our clients that enable them to realise better business opportunities.

We operate in six market sectors developing new technologies, products and services that change the basis of competition. We assist business leaders and policy makers to create strategies for technology, innovation and growth.

Our *Collective Technology Wisdom*[®] – the unique characteristic of our company – guides how we work. We form highly creative teams that draw on individuality and collective experience. And we take a multi-dimensional approach to opportunity discovery and problem solving, drawing on our combined technical expertise, business acumen and industry experience.

We can work with you wherever you are in the world. Our teams are situated in state-of-the-art facilities in Europe, the USA and China.

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