

Case Study

ProSidian
Consulting

Global Pharmaceuticals Company Implements Energy Risk Management Strategies To Manage Costs To Control Earnings And Cash Flow Volatility.

ProSidian Consulting partnered with a global research-based biopharmaceutical company to develop an energy risk management strategy, facilitate strategic procurements, continually monitor markets for short, medium and long term opportunities, provide deal capture, and on-going support to manage and reduce the risk of volatile energy prices. The goal was to manage costs and control earnings and cash flow due to energy and utilities.

CLIENT: Global research-based biopharmaceutical company. The company is an industry leader in research, manufacture and worldwide marketing of products in several therapeutic classes.

CHALLENGE: A Global Pharmaceuticals Company faced significant risks to earnings and cash flow due to the complexity of the energy markets and increased price volatility combined with current high prices.

The company maintains a group of procurement professionals responsible for procuring electricity and natural gas for its facilities and desired outside services to assist in the development of an energy procurement strategy, framework, and ongoing procurement advisory services.

Accordingly, the company requested a review of current energy procurement processes with the objective of enhancing the energy management organization's ability to meet the needs of its facilities in a manner that is strategic, proactive, and efficient.

1. Manage and reduce the risk of volatile energy prices.
2. Continually monitor markets for short, medium and long term opportunities
3. Determine the best buying opportunity – then act when the opportunity exists

RESULTS: The results of this project led to **4% savings below previous strategy from utilities spend across the facilities** and provided integrated information on energy and utilities to all supply chain constituents.

The client maintained competitive positioning in the market place through higher service levels and reduced logistics and transaction costs. The result also provided the client with more accurate information regarding utilities spend to improve their decision-making processes.

APPROACH: Provided expertise in energy management and consumption; on-going support for monthly, quarterly, and annual reports for all facilities; industry projections to assist with utility budgeting for each facility; alignment of energy strategy with client business objectives, and lowering costs of energy purchases by -4% below previous strategy.

Provided the client with an energy risk management strategy approved by management allowing efficient execution of transactions in the commodities market. I improved utility data management for all facilities, cost benefit analysis of competitive energy procurement as well as physical energy hedging opportunities.

ProSidian Consulting worked with the client to understand energy supply options and established relationships with key suppliers in the marketplace while maintaining connectivity to utilities in the market area.

SOLUTION: Assessment, Implementation, and On-Going Support. Assessment of current energy management processes and requirements including management's risk appetite.

Development of Energy Management Strategy based on company risk tolerance tailored to the needs of the client for all facilities. Adhered and updated company policies and procedures.

Defined structured methodology and roadmap for client; facilitated training/education energy team; implement structured approach for managing energy risk including supplier selections, global energy market updates, price evaluation and ongoing support for energy procurements.

RESULTS: Significant savings below previous strategy, streamlined procurement processes and improvement on what is characterized by incomplete information, high fixed costs, and slow reactions to market conditions.

EXCELLENCE & EXPERIENCE MATTERS

FOR ADDITIONAL INFORMATION, CONTACT:

For More Information About ProSidian Consulting's Energy & Sustainability Solutions.
www.ProSidianConsulting.com
solutions@ProSidianConsulting.com
800.597.6904 Ext. 100