

The target of this thesis was to determine how implementing globally centralized sourcing will affect Nefab Group and if it will be possible to reduce Total Cost of Ownership (TCO). For this, scenario analysis and TCO calculations were used. In addition, expert opinions were gathered to get wider perspective of sourcing in Nefab.

As a result of the analysis, global sourcing can reduce cost. Firstly, it was possible to decrease direct cost of products by purchasing from one location globally or regionally. Secondly, by integration of processes, cost related to supplier relationship management was reduced. The calculations showed that due to longer lead times and thereby higher stock levels, inventory cost increased due to global sourcing.

In order for Nefab Group to reduce costs, the author recommended forming a central procurement team to support and control subsidiaries, manage the procurement process for most important product groups and suppliers selling to several Nefab companies. TCO calculations should be used by sourcing teams as decision-making tool.