



# Costimator®

## CASE STUDY

### AUTOMAT

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#### **The Client**

Automat (Barcelona, Spain), a ferrous wire industry supplier founded in 1987, is dedicated to the design and manufacture of machines for manufacturing ferrous wires and wire coatings. Its facilities are comprised of engineering, research, administrative, production services in order to manufacture more efficient, cleaner, and ergonomic machine designs engaged for the wire production industry. Automat outsources machined and fabricated components that go into the wire equipment that they sell. Some examples of these parts include drive gear shafts and camshafts, which both are used to spool or wind coils of ferrous wire.

#### **The Problem**

OEMs (original equipment manufacturers) that outsource parts need to know that they are purchasing them at fair and reasonable prices; however, the task of determining what a part should cost to manufacture can be challenging and sometimes quite costly. Prior to implementing the Costimator should cost estimating software, their manual estimating method contained no standardized, scientific way of estimating labor hours. Instead, they relied solely on the experience of their estimators; this approach was extremely time consuming, inaccurate, and inconsistent. Since their previous cost estimating method did not generate a reliable should cost, they had no way of validating that supplier quotes were reasonable, causing them to overpay for parts. Automat was looking for a solution that would help them to quickly generate dependable cost estimates, which would enable them to negotiate lower part costs with suppliers.

#### **The Solution**

Automat began using Costimator in March of 2010, which has since helped save the company considerable time and money while improving the overall results of the products they assemble and offer for sale. The should cost estimating software offers them a quicker way to estimate an accurate and more reliable part cost. Their team validates their estimates with their supplier quotes and then uses the estimated results to help them better negotiate a lower part cost with their suppliers. "We now use this 'should cost' estimating software to estimate and quote the costs of our service parts and compare them to the quotes we get from our supplier," explains Luis Gerardo Carmona Cruz, Central Negotiations, at Automat. "The benefits are vast! I have estimating experience in machining for over 15 years and I never imagined finding software that could help us simplify and break down each of the costs. Furthermore, the software helps me to have better negotiations, have better control of the information (Prices), and then validate the purchases we make."

**"Costimator has increased our estimating speed, accuracy, and consistency between 20 - 40%, which has led to an increase in overall profits by 20%"**

