

CASE STUDY

H.B. FULLER

European Market Procurement – Market Intelligence and Timing Yield 27% Saving



CASE STUDY

The Company:

H.B. Fuller is a leading global adhesives provider focusing on perfecting adhesives, sealants and other specialty chemical products to improve products and lives. Across the globe, the manufacturing company serves customers in more than 100 countries across a variety of segments.

The Background:

H.B. Fuller has been a pan-European Alfa Energy client since 2015.

Traditionally they have utilised fixed term fixed price contracts in Portugal, where the company has both Operations and Business sites, as well as a Shared Services Centre serving the EIMEA region (Europe, India, Middle East and Africa) and the United States in areas like Finance, Customer Service, Sourcing, HR and Talent Acquisition, Business Intelligence, Supply Chain and Operations.



The Challenge:

Like many other companies, at the start and during the Covid-19 pandemic, H.B. Fuller's primary concern was employee health and safety whilst adopting new ways of working to face the new commercial environment that all businesses found themselves in.

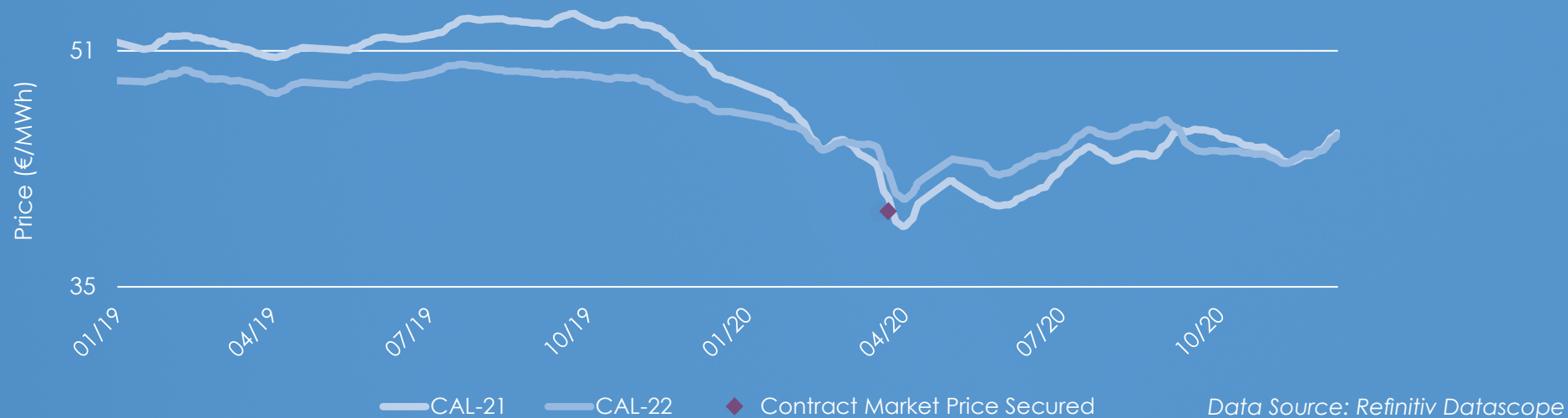
Operationally, the focus was on the day-to-day business, working hard to differentiate H.B. Fuller and be first and fastest at setting up the new normal and serving customers around the world. At the time, energy procurement was important but not as critical as keeping the business open as an essential contributor to those goods that are critical to human life – from serving basic human needs with tissue paper, safe food and potable water to live-saving equipment, like ventilators and personal protection equipment. However, as retained energy consultants we were convinced that the structure of the forward Power and Gas curve was such that it represented true value added opportunity, meaning that cost could be driven out of the businesses overhead for 2021 and 2022. Given the company's preference for fixed term fixed price supply contract arrangements, market timing was decisive.

The Solution:

During March 2020, we agreed with the businesses key stakeholders to conduct a supply contract review process and look for improvements. We subsequently launched an RFQ process to renew their Gas and Power arrangements in Portugal.

First round offers were concluded very quickly and a thorough analysis process was conducted in all offers during that same month of March. We took the portfolio back to the market for a second round in early April and were ready to place contracts with Iberdrola (power) and Galp (gas) of Portugal.

Portugal Power Futures



Graph commentary: Market drivers such as EUA Carbon, Brent Crude and Coal were at multi-year lows and demand was suppressed. They bounced back strong and EUA Carbon is testing record highs since.



The Result:

By doing this, we were able to drive a 27% saving for H.B Fuller's 2021 and 2022 power contract and a 11.6% saving for the company's 2022 gas contract.

Susana Pedro, EIMEA Indirect Sourcing Manager, H.B. Fuller, commented: "We've been working closely with Alfa Energy in EIMEA for a number of years now and have a very good relationship in place. I was particularly impressed by the proactive approach led by Alfa in the early days of the pandemic lockdowns and their expertise in quickly managing and securing a significant saving on supply contracts for our facilities in Mindelo, Portugal, which is one of the major sites of H.B. Fuller in Europe."