



Data insights calm turbulent trade waters

Client story

Client
Global automotive supplier

Sector
Automotive and transportation

Project
Strategic tariff mitigation program



Client challenge

Facing rapid shifts in the trade landscape, a global automotive supplier was feeling the impact of new Chinese steel tariffs from its suppliers and its customers. The company's major OEM customers agreed to offset some of the increased costs, but they wanted proof of the tariff impacts on the finished products they purchased rather than agree to an across-the-board price increase. To better understand their exposure to changing tariffs, company executives needed a reliable source of data that could be updated continually so they could better judge the impact on their costs and have better visibility into their supply chain.



Benefits to client

The KPMG approach provided the company with a data-backed insights dashboard and information to show customers that it had taken every step possible to reduce the cost impact of new tariffs. As a result:

- Managers are better able to understand risks, identify savings, negotiate deals, and make more informed, real-time strategic business decisions
- More complete data shows the impact of individual functions on the supply chain
- At-a-glance insight into concessions coming from suppliers or customers
- The company knows exactly what its costs are; can justify tariff-impacted price increases when renegotiating with customers
- Overall supply chain costs are reduced
- Siloed stakeholders are encouraged to work together.



KPMG response

The global automotive supplier reached out to KPMG because of our strategic tariff mitigation capability, which helps clients access and analyze data to determine the impact of higher tariffs as they are announced in real time.

We began the four-month engagement by working with KPMG Tax teams to develop tariff mitigation and sourcing strategies that aimed to minimize tariff impacts. While the company already used a number of sources to calculate the impact of tariffs, we added various additional external sources to fine-tune the data. Our data-mining professionals and tools provided real-time insights into business operations, supply chain, tariffs, and compliance.

Armed with more complete data, we created a full supply chain cost analyzer, processing 12.5 million records relating to U.S. plant production. The analyzer mapped purchased materials to bills of material to finished goods and, finally, to customer purchases. Using this information, we developed an interactive dashboard for drill-down analysis and report generation.

The dashboard consolidates all relevant data in one place, showing the impact of individual functions on the overall supply chain and encouraging formerly siloed stakeholders to work together.

Powered by real-time global data, the dashboard helps company managers better understand risks, identify savings, negotiate deals, and make more informed strategic business decisions today and into the future. Using artificial intelligence and machine learning, the KPMG Tax Intelligence Solution displays extensive reports of company data across 50 different metrics.

Now the company can determine at a glance whether it is receiving concessions from suppliers or customers and the amount relative to each finished good. When it's time to set a price, the company knows exactly what its costs are.



KPMG insights

Tariff engineering can convert market disruption into competitive opportunities.

Evaluating your manufacturing processes throughout the supply chain can uncover savings in design classifications, product origin, and product exclusions. When a KPMG client moved one piece of machinery from Europe back to Canada, the 25 percent duty rate declined to 2.5 percent.

A wide-ranging view of the data can identify exposure and compliance risks.

An integrated view of the duty tied to each component provides visibility that can yield cost savings—for example, preventing someone in sales from selling something at a loss and eroding profit margins.

If you are interested in learning more about this case study, or if you are experiencing similar issues, please contact us.

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