

IPSCO (a Division of SSAB), Regina, Saskatchewan

IPSCO, a Division of SSAB, Canadian Steel Operations is located in Regina Saskatchewan where it manufactures approximately 105 kilometres of pipe and 3,000 tons of steel on a daily basis. To keep this monster operation flowing, its Supply Chain/Logistics Team procures over 95,000 tons of scrap metal every month. One key ingredient to the manufacture of steel is scrap, recycling steel provides a significant cost advantage over traditional iron ore. Scrap steel is sourced from various suppliers who range in size and location. This material is sourced from bulk commodity producers located in five of the seven major regions throughout Canada and the US: the Prairies, Eastern Canada, Twin Cities, Wisconsin and the Dakotas. Each of these regions sell commodities at different prices but depending on their location, transportation of those commodities must be considered intrinsic to the purchase cost.

To avoid both high scrap inventories and the risk of running short on supply, the monthly scrap buy is a balancing act between cost and delivery times. This analysis must consider all relevant supply chain variables such as freight cost, scrap costs and transit times. IPSCO would like to optimize our monthly scrap purchase as a function of the price differential and associated transportation costs. If I can buy scrap at bargain basement prices in Singapore, does the cost of transportation make that shipment less cost-effective than a purchase from a more local market at a higher price?

IPSCO Inc would like to develop a spreadsheet based tool that takes all supply chain variables into account; such as costs and transit, to optimize our monthly scrap buy. This tool, combined with experience and market trends will be used to efficiently plan our scrap purchasing.