



**METALS AND ADVANCED MANUFACTURING** A DIVISION OF  **Management Science Associates, Inc.**

## Introduction to MSA's RMDAS™

### MSA's Raw Material Data Aggregation Service Initiative

Accurate, comprehensive and timely information is a strong competitive advantage. In the steel industry, there has never been a reliable source of accurate ferrous scrap price or purchased volume information, with which to make decisions or measure one's performance. Although there are published prices for regional markets, these numbers can be inaccurate due to the limited sample size and unscientific method used to gather information. Additionally, the existing indices do not consider volume information that is obviously extremely relevant. As a solution to these problems, Management Science Associates, Inc. (MSA) developed RMDAS™ for companies within the steel industry.

This service was developed by MSA as an approach to make realistic aggregated scrap market information available to participants as close to real-time as possible, in an easily reviewed manner that assists steel mills in reducing operating expenditures related to purchases of raw materials. MSA developed a

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monthly index, called the RMDAS™ Ferrous Scrap Price Index, in response to requests from participants and industry supporters. The index is published on the 20th of each month for the commodities of Prompt Industrial Composite, #2 Shredded, and #1 Heavy Melting Steel. Our reliable RMDAS Index enables companies, both participants and non-participants, to enter into more realistic, formula-based, long-term purchase agreements with scrap suppliers. In addition, some companies use the RMDAS Index as the basis for

more responsible scrap surcharges, when needed. RMDAS Participants have the added benefit of being able to access the RMDAS Weekly Tracking Price (WTP) for these same index commodities.



Currently, MSA has contracts with a significant number of EAF mini-mills and integrated steel producers in North America which represent over 55% of the total purchased scrap consumed in the United States each month. These participants have determined that accurate, comprehensive and timely information is a strong competitive advantage.

### Why Steel Producers and Foundries Need RMDAS

Participants in this service enjoy many value propositions including the capability to accurately benchmark buying performance, quickly sense trends, and recognize cost-favorable springboard sourcing opportunities from other nearby regions. RMDAS provides participants with a unique historical

perspective of realistic comparative data, which could be the basis for future forecasting by each participant, as well as an efficient, easy-to-use, powerful analytical reporting tool for internal data.

There are many external factors influencing each region's marketplace, including the influence of inaccurate market information, whether published or spread by word-of-mouth, which may have affected previous months' prices. Through regular review of RMDAS' reliable, comparative market information, RMDAS steel mill participants are better able to evaluate their previous commodity purchasing decisions and make more knowledge-based decisions with their new purchases, to enjoy a reduction of each of their locations' overall scrap cost per ton.

## How RMDAS Works

MSA separately contracts with each participant company. Each participant company's data is kept in a confidential manner by MSA at all times. Only aggregated data, based on pre-established minimum reporting criteria, is shared among all RMDAS participants. Each company provides MSA with their actual purchase order data for scrap materials at each location, on a timely basis. RMDAS utilizes MSA's Data@Factory™ and secure data repository to collect, cleanse, analyze, verify and store all of the data. MSA then aggregates all the mills' information and allows access to this data in a number of report formats. Participant companies are granted quick and secure

access to their data on the Internet and can use MSA's online analytical reporting system to easily analyze comparative regional aggregated data. Hardcopy comparative analysis reports are also provided to participants each month, with additional data, such as price ranges by commodity within each region.

## About MSA

Founded in 1963, MSA is an international leader in decision-support analysis software and business automation systems. MSA is a privately-held company, headquartered in Pittsburgh, and employs 850 employees throughout the world. MSA specializes in data management, business analysis, information systems management, and business continuity and disaster recovery services. MSA has nearly 50 years of experience in providing secure data collection, management, and analytics, including forecasting, for individual companies and entire industries.

MSA's Metals & Advanced Manufacturing Division has been providing turnkey computer systems, process control and optimization systems, and other services to the steel industry since 1982. MSA develops applications for scrap yard management, scrap charging, melting, refining and casting operations. MSA's Blending Optimization Software Suite (BOSS™) provides optimal savings for purchasing, heat campaign planning, individual heat charges, and alloy additions calculations.



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