

Inbound Routing Guide Compliance

CUSTOMER:

Leading Global Cosmetics Manufacturer receiving nearly 40,000 LTL and truckload shipments annually in North America into more than 700 plants and warehouses.



BUSINESS CHALLENGE:

The customer permitted its vendors to execute routing and tendering for all inbound shipments. Providing a spreadsheet containing routing guide information to all its vendors, vendors were directed to select origin and destinations and lanes as well as pickup times and dates, then to offer their loads to approved carriers in the order provided until the load was ultimately accepted. However, the vendor was making decisions regarding mode selection that were often not appropriate for the shipment size. The customer was paying all freight charges for delivered loads.

Although the customer provided routing guides and a mandate to vendors to allow no less than 36 hours of lead time, there was simply no way to enforce Routing Guide compliance or lead time requirements. Moreover, there were no constraints in place to ensure freight was properly consolidated. In some cases, vendors were shipping three and four LTL loads per week at greater expense to the customer. Additionally, receiving locations had no visibility to their inbound freight down to the SKU level nor were they getting any advance shipping notice.

The manual nature of the process yielded very little to no compliance with the customer's business rules. As such, the customer was not aware of the inefficiencies borne of non-compliance (and the associated costs) until quarterly reviews of freight payment.

SOLUTION:

UltraShipTMS was engaged to implement its TMS solution for inbound logistics automation and management. The implementation began with the loading of the customer's routing guide information into the UltraShipTMS freight routing engine. At

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CHALLENGE:

- Customer allowed vendors to execute routing and tendering
- Insufficient lead times
- Lack of compliance with routing guide
- No constraints in place to encourage consolidation
- No visibility to SKU level

SOLUTION:

- UltraShipTMS implemented for inbound logistics
- Routing and tendering returned to Customer control
- Business processes assessed and issues corrected
- Vendor web portal deployed and vendors trained on its usage
- Constraints imposed to disallow same-day pickups and other inefficient shipping practices

RESULTS:

- Routing guide compliance from 25% to 100%
- Lead times dramatically increased
- Redundancy in shipping eliminated
- Vendor compliance with business rules yields 2% savings on annual freight spend
- Visibility improvements provide auditability for greater efficiency

the same time, Ultra's process experts helped the customer perform an internal review of all business rules applied to vendor shipments to determine which were aligned with best practices and which required improvement. Non-cost-effective policies were replaced with best practices and the new policies were communicated to all vendors. The TMS was configured with constraints to ensure vendor compliance with all customer policies.

Next, all of the approximately 1000 participating vendors were set up and trained by UltraShipTMS training teams on the system as well. The UltraShipTMS web-based vendor portal was deployed, providing simple access to the TMS via internet connection to all participating vendors. According to the new process, vendors with orders ready to ship to the customer were directed to log in via the vendor portal and create an “order” containing such information as:

- What is to be shipped (including purchase order data)
- Where the load was to be delivered
- Requested pickup dates/times
- Which customer division was to be billed

With the above portions of the process automated, control over mode selection was then returned to the customer’s transportation department.

The TMS was also configured with systematic constraints which disallowed same-day pickups, forcing vendors to comply with lead-time requirements giving the customer time to optimize and consolidate shipments. Automatic cascade tendering removed vendors from the tendering process; at once ensuring routing guide compliance and reducing the workload for the vendors themselves. Once a load was accepted by a carrier, vendors received an email confirmation with the time/date the carrier would arrive to pick it up. Other constraints were configured to limit the number of shipments per week so as to maximize payloads. Together, these constraints ensured much greater efficiency.

RESULTS:

Within the first month of the new TMS implementation, routing guide compliance levels grew from a problematic 25% to a perfect 100%.

Lead-time compliance similarly reverted to well within acceptable tolerances and only legitimate expedite needs were easily conveyed to the UltraShipTMS spot bid module.

Codified business rules and shipping policies were properly enforced ensuring vendor compliance and yielded an additional 2% savings on overall freight spend.

The visibility provided by the TMS capture of all transactional data yielded numerous positive benefits including:

- Greatly increased auditability for greater spend control and enabled more regular usage of low-cost carriers for significant cost savings
- Insight into which vendors were driving problematic usage of transportation
- The ability to accurately charge-back freight charges to vendors who were habitually non-compliant with business rules

Additionally, increased levels of freight consolidation added to the cost savings by eliminating redundant shipments weekly.

| METRTIC | BEFORE | AFTER |
|----------------------------------|-------------------|---------------------------|
| ROUTING GUIDE COMPLIANCE | 25% | 100% |
| MULTI-STOP SHIPMENTS | <2% | >23.4% |
| AVERAGE LTL PAYLOAD | 4010 lbs | 5576 lbs |
| VENDOR LEAD TIME | UNKNOWN | 33.2 HOURS AVERAGE |
| AVERAGE TRUCKLOAD PAYLOAD | 24,303 lbs | 31,605 |



UltraShipTMS offers award winning software-as-a-service solutions to leading shippers in food production, packaging, manufacturing, retail and other industries. UltraShipTMS and the award-winning LoadFusion transportation optimizer provide a single-source solution for optimization, transportation and settlement for in- and out-bound shipping across all modes of transport. Built and supported by a brilliant team of transportation industry veterans and acclaimed software developers, UltraShipTMS is an emerging leader in the supply chain management industry.

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