

\$70K Monthly Savings on Expedited Shipping Costs

BUSINESS CHALLENGE

A manufacturer of designer cosmetics and fragrances was intent on operating a just-in-time materials resource planning strategy. Their existing process for accomplishing this goal was to allow procurement and resource planners to break down sales orders, determine which components would be needed in their production facility by given dates and then order said components from respective vendors. Frequently, in order to meet with sales order volume and short deadlines for completed product delivery, purchasing would expedite inbound shipments of materials.

Fifteen days after the close of each month, purchasing executives were receiving reports revealing they'd spent as much as \$120,000 on expedited shipping in the prior month, leaving them to ask, "what was expedited and why?"

THE SOLUTION

UltraShipTMS houses an expedited shipping control module which was activated as part of the existing TMS implementation for this customer's inbound shipping solution. The module automates the process of strategic collaboration between the functionaries in purchasing where inbound orders originate, the pools of shipping expertise in the transportation department and the executives in both departments with responsibility for financial controls.

UltraShipTMS introduced a new process for expedited shipping, wherein purchasing initiates a request for expedited shipments to address sales orders. The request is routed electronically to transportation experts with experienced perspectives on shipping modes, transit times and related costs. In a typical scenario, the request may come from Purchasing for inbound materials to be expedited via air freight. Upon receiving the request, and based upon his domain expertise in transit times, the transportation expert may determine that a driver team can get the product delivered in the same time, but for half the cost

CUSTOMER

Cosmetics & Fragrance Manufacturer

CHALLENGE

- Just-in-time materials sourcing strategy
- Procurement making expedite requests to meet sales orders
- Consistent cost overruns due to expedited shipping premiums
- Visibility into expedite spend only occurring ex post facto

SOLUTION

- UltraShipTMS expedited shipping control module activated
- New expedite request process developed
- System configured to loop in transportation and Directors/VPs
- All electronic notification and approvals implemented

RESULTS

- Transportation decisions made by those with relevant expertise
- Inbound shipping requirements unimpacted by new module
- Savings averaging \$70k/month totaling \$1.5mm in 2 years
- SKU and hundred-weight level visibility into expedite shipping costs

of air freight. With more cost-effective shipping identified, the load is then routed electronically to a Purchasing Director or VP (according to pre-established cost thresholds) for approval or denial.

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THE RESULTS

The changes wrought by the activation of the expedited shipping control module of the UltraShipTMS effectively realigned the people with the proper skill sets and experience with the appropriately corresponding functions within the supply chain. This ensured that all parties were included as appropriate, but that decision making was relegated to the most appropriate persons at every juncture and that someone in a director level (or higher) role was making the most informed decisions possible. Moreover, reporting generated by UltraShipTMS provided unprecedented visibility into the sources of expedite requests; approvals and denials by each planner and each facility; and expedite costs per SKU and hundred weight.

At the end of the first month of use, the module produced expedited shipping cost savings of \$70,000. Over the course of the next two years, this simple module saved this client more than \$1,500,000.00 in expedited shipping costs while helping the client maintain its “just-in-time” inventory and resource planning program.



UltraShipTMS is a respected provider of supply chain management technologies, services and consultation, helping Fortune 1000 organizations optimize and transform their transportation networks from opaque and rigid cost centers to strategic and responsive value drivers. UltraShipTMS provides a single-source solution for optimization, transportation and settlement for in- and out-bound shipping across all modes of transport. Delivered in the flexible, affordable Software-as-a-Service (SaaS) model, the UltraShipTMS suite offers proven tools for reengineering supply chain processes while unlocking complete transportation network visibility, improved collaboration and accountability. Built and supported by the same team of transportation industry veterans and software developers, UltraShipTMS is an emerging leader in the supply chain management industry.

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