



CLIENT SUCCESS

Supply Chain Excellence Pumps Up Control

Nationwide Pump Manufacturer Experiences Significant Savings With a Strategic Logistics Partnership

The Challenge

A nationwide pump manufacturer experienced significant growth into a multi-division enterprise with a very complex transportation network comprised of inbound, outbound and third party freight. With several modes of transportation, dozens of shipping locations, hundreds of freight carriers and thousands of shipments requiring audit and freight payment every month, the pump manufacturer was experiencing difficulty in maintaining control of daily shipment execution. At \$9 million per year, freight costs were on the rise and becoming tougher to handle. Essential transportation data was increasingly difficult to gather and becoming less reliable, which in turn, confounded strategic planning. Managerial control over day-to-day transportation operations was stretched thin with most of the cost-sensitive daily decisions completely invisible to corporate management.

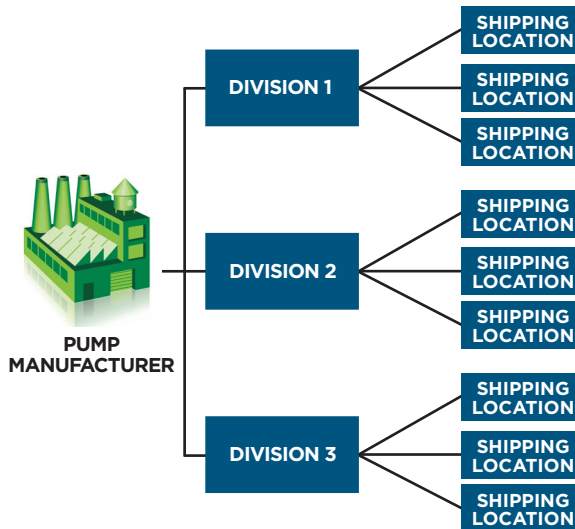
Strategy

The pump manufacturer formed a strategic logistics partnership with Transportation Insight that centered on cost reduction, process control and business intelligence.

Transportation Insight began the cost reduction efforts by helping the client achieve industry-leading carrier pricing. They performed an enterprise-wide freight analysis of all transportation modes to clearly define the current freight profile. An industry-wide carrier bid process was under way, leveraging the client's entire freight volume, together with Transportation Insight's hundreds of millions in freight already under management, to achieve the lowest possible carrier pricing. Along the way, the client made all carrier selection decisions and the improved pricing was published in the client's name. The client experienced an annualized \$855,000 financial savings due to Transportation Insight's carrier bid process.

Each week, Transportation Insight began auditing and paying the client's freight bills. Every LTL and TL carrier invoice was re-rated relative to the published carrier pricing to identify and eliminate carrier overcharges. Parcel invoices were audited to identify and pursue service refunds. The client experienced an annualized \$173,973 financial savings due to Transportation Insight's identification and correction of carrier overcharges. In addition to the direct financial savings, the client also saved an estimated \$170,403 in avoided internal freight bill auditing, general ledger accounting and check-writing administrative costs by redirecting that labor towards other, more strategic duties.

As an additional step of cost reduction, Transportation Insight configured and deployed web-based Insight TMS® software applications to give the client unprecedented visibility and control over their transportation management system and processes. Insight TMS® automates carrier routing decisions across the entire enterprise, making it fast and easy for personnel at all locations to choose the "right" carrier at every movement. Transportation Insight then set up least-cost carrier compliance reports for strategic management personnel at all locations to help them achieve routing optimization. The client experienced an annualized \$150,243 savings due to the routing optimization provided by our state-of-the-art technology, Insight TMS® and least-cost reporting.



Ongoing efforts for cost reduction continue monthly and annually with Transportation Insight's continuous improvement promise. In addition to the financial savings derived from routing optimization, visibility, control and business intelligence, Transportation Insight helped the client identify numerous other strategic financial opportunities, including a 1% reduction in gross spending through shipment aggregation.

Beyond continued vigilance on logistics-related costs, Transportation Insight's team of LEAN consultants have worked with the client to understand current state production processes and recommend solutions that have had a profound impact on the company's bottom line. Transportation Insight was able to help the client reduce the shipping and delivery time to U.S. customers from one of its manufacturing facilities in Mexico by streamlining scheduling processes; thus enabling shipments to move more quickly through the border crossing to its U.S. distribution center.

Value Summary Results

The pump manufacturer and Transportation Insight formed a strategic logistics partnership that created a significant competitive advantage for the manufacturer. Transportation Insight reduced their transportation costs by nearly 16%, implemented state-of-the-art Insight TMS® applications to maximize managerial control over the transportation network and began delivering reliable enterprise-wide business intelligence to support sound decision-making.

Value Summary

(Based on \$9M Annual Freight Spend)

\$ 855,000	Rate Reductions
\$ 150,243	Routing Optimization
\$ 173,973	Overcharge Corrections
\$ 75,000	Annual Rate Negotiations
\$ 170,403	Audit/Payment Time Savings

\$1,424,619 Annual Financial Impact

15.8% Total Cost Reduction