RateLinx

Accelerate Your Supply Chain.

Solving Supply Chain Problems Outside the TMS

Rockwell Automation

How Rockwell Automation uses RateLinx's Data-as-a-Service to improve its freight management operations without a traditional TMS

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Performance a TMS Couldn't Deliver

Transportation management systems (TMS) have long been the solution to making continuous improvements in a company's freight management operations. Yet many companies say they struggle to justify a return on the investment. While companies can see 5-15% return on investment with a TMS, the burden of measuring ROI is placed on the shipper. Long implementation timelines, maintenance, and training can rapidly consume any return figures used for internal justification.

Still, challenges remain. Shippers need to plan and execute their freight while managing cash flow, inventory, visibility, routing, order fulfillment, and customer experience. Perhaps the biggest common denominator is cost. But without, or even with, a TMS, how can shippers get access to all the information they need to make the best-informed decisions about how to move goods, reliably, and profitably?

Rockwell Automation, a Milwaukee-based industrial automation products manufacturer, found a solution for real-time access to freight transportation insights. The solutions enabled Rockwell to produce more accurate monthly reports of missed savings opportunities and routing guide violations, allowing the company to make better informed, long-term decisions, and work more collaboratively with their suppliers.

Rockwell Automation faced all the challenges that a TMS is designed to resolve—and more. It struggled to improve transport performance because it lacked the insights required to make decisions. Previously, the company's

analysts and technicians had to pour through multiple carrier websites for tracking information, as well as rate quotes.

Limited Insights into Freight Spend

Still, Rockwell Automation could not justify a TMS investment because its freight profile—mostly lightweight and smaller-sized shipments—did not align with a TMS's core mission, which is to generate efficiencies by consolidating heavy, dense shipments into truckloads. Rockwell needed the data a TMS would provide, without the enterprise software required to produce it.

Without a TMS, cost-savings initiatives were challenging because, while data was available, it wasn't timely. Discovering the unintended consequences of supply chain decisions could take months. Insights required to maintain cash-flow and profitability were slow, or worse, costly.

Carrier performance reports—which can produce valuable information about quality, cost, and service levels—were often outdated because they were received weeks after the fact. The heavy overhead costs and labor-intensive work was frustrating and burdensome.

The results had a cascading effect up the organization for reporting. Market fluctuations and conditions driving how operations secured it's transportation could rapidly increase spend. Lags in spend data made freight accruals notoriously difficult to accurately predict. The data was not coming in fast enough to know the real variances in spend. Excessive variances impacted cash-flow and profitability, negatively influencing quarterly reporting and, potentially, shareholder value. As a result, reconciling accruals and variances between the finance and transportation departments was a grind.

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Avoiding Unintended Consequences:

The modeling produces the required information that analysts use to make more precise shipping decisions—in real-time and without a traditional TMS.

Shifting to Real-Time Decisions

Rockwell partnered with the logistics solution provider, RateLinx, to better manage domestic less-than-truckload (LTL) freight. RateLinx has helped Rockwell improve visibility across its shipping network, reduce costs, and streamline operations, according to the company's Global Transportation Manager. The company is reaping the benefits of a TMS without a full-blown investment in the software.

"This is a dynamic way of doing something without taking on the heavy investment [of a TMS]," Dudzik said, noting that Rockwell Automation's monthly fee to RateLinx is a fraction of the cost of the hardware, software, and related services associated with a TMS. "It was minimal risk for Rockwell as an organization—a somewhat small investment to create better visibility and control over my freight network."

RateLinx offers a white-glove service approach with its DaaS software. The cloud-based software captures, integrates, and cleanses data from multiple streams, and then delivers information in the form of reports and dashboards that companies can use to make better decisions about carriers and shipping methods. Rockwell began using RateLinx's PayLinx Intelligent Invoice Management (IIM) solution, which captures freight data from a company's invoices and runs it through a modeling environment. The modeling produces the required information that analysts use to make more precise shipping decisions—in real-time and without a traditional TMS.

"Once we gathered all that information, we were able to help Rockwell," said RateLinx Founder and President Shannon Vaillancourt. "They were trying to see if there was a better way to buy their freight. We have a modeling environment where we can put in all of that history, with all the details, and it tells you, 'Here are the discounts that you need to have while still adhering

to your service requirements.'"

Buying Freight Better, Improving Relationships

One such detail is the base rates used for calculating shipping costs. Maintaining carrier rate bases is difficult for shippers to do on their own because it involves analyzing detailed information such as ZIP code, freight class, and similar factors and matching it against individual carriers' strengths and service capabilities. RateLinx powerfully maintains carrier rate bases for shippers, allowing shippers to get accurate carrier pricing and enabling the carrier to be more strategic in its operations.

Rockwell made the shift away from the common rate base for all carriers towards individual carriers' base rates for shipping quotes.

"By having all this detailed information and each carrier's base rate, we merge all that together so that out of your six carriers, for example, you can see which one should be used," explained Vaillancourt. "Rockwell saves money, and Rockwell's carriers make more money—because they haul in the lanes they are more efficient in."

Dudzik added, "This has allowed us to gain better insight into our rating and freight profile with the carriers, allowing both sides to be more strategic." The shipper-carrier relationship between Rockwell Automation and their carriers improved as both sides gained more efficiencies and better collaboration to benefit both parties.

He used a regional example to illustrate this point. Using its common rate base model, Rockwell Automation would get the same quote to ship anywhere in New York, including New York City, where rates are often considerably higher than in other parts of the state. With RateLinx, Rockwell

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can provide the carrier with more detailed routing information—down to the five-digit ZIP code—allowing the carrier to provide more accurate quotes for the areas it serves and potentially reducing shipping costs.

"Now, I can drill down to every region of the state, and they will price it down to the correct ZIP code," Dudzik said. "It allows any carrier to get much more strategically priced in the markets where they want to provide service while avoiding the markets they do not want to [serve]."

Perhaps just as important was the real-time access to their freight spend which made predicting monthly accruals significantly easier. Variances were captured in real-time, informing regional managers of changes happening up the supply chain. The more timely data increased the accuracy of reporting and eased challenges between finance and operations.
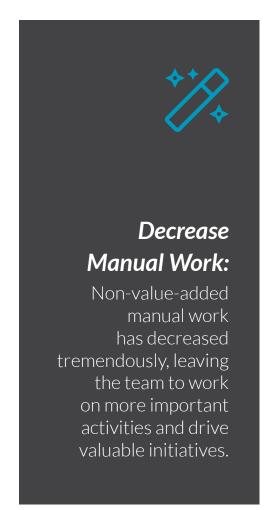
Getting Lasting Results

Rockwell Automation won't disclose the savings from its implementation of RateLinx, however, they say the project has yielded considerable benefits in the company's transportation execution.

A smoother workflow has made a difference in employees' lives as well: RateLinx provides a single interface for research and quoting activities, compared with the multiple screens and websites the team formerly had to navigate to produce a single quote. Non-value-added manual work has decreased tremendously, leaving the team to work on more important activities and drive valuable initiatives with timely, accurate, and complete data available at their fingertips.

They identify inbound freight as a key example: Real-time access to better information has produced more accurate monthly reports of missed savings

opportunities and routing guide violations, which allows their team to make better informed long-term decisions and work more collaboratively with their suppliers.

Rockwell plans to leverage RateLinx to move into other modes beyond LTL, including truckload (TL), parcel, and heavy air for domestic shipments, and heavy air, ocean, and parcel for international shipments.

"RateLinx allows me to get post-TMS data without the heavy burden and investment," he said.

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